

The Montreux Healthcare Fund PLC
Annual Report and Audited Financial Statements
For the 18 month period ended
30 September 2022

The Montreux Healthcare Fund PLC

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The Montreux Healthcare Fund PLC

Fund Information

Board of Directors

Barry Monks
Ita Mary McArdle
Martin Ryan Cregeen

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Investment Advisor

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Manager and Administrator

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Auditor

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*Montreux Capital Management (UK) is an Appointed Representative of Sapia Partners LLP, a firm authorised and regulated by the Financial Conduct Authority (FCA).

**Suntera Fund Services (IOM) Limited is licensed by the Isle of Man Financial Services Authority.

The Montreux Healthcare Fund PLC

Directors' Report

The Directors present the annual report and audited financial statements of The Montreux Healthcare Fund Plc ("the Fund") for the period ended 30 September 2022.

Principal activity

The Fund was incorporated on 17 June 2013 under the Companies Act 2006 of the Isle of Man. The Fund commenced trading on 25 September 2014. The Fund's objective is to develop a national platform operating in the Healthcare Sector in the UK, operating in a diverse range of areas including spinal cord injuries, acquired brain injuries (ABI), learning disabilities and other neurological conditions in domiciliary and residential settings.

The report of the Investment Advisor should be considered for a greater insight into how the Fund has been invested during the course of the period.

For the purposes of the Collective Investment Schemes Act 2008, the Fund is constituted as a Qualifying Fund and it is, therefore, subject to the requirements of the Collective Investment Schemes (Qualifying Fund) Regulations 2010.

Listing

The shares of the Fund are not listed.

Results and dividend

The results for the period are set out in the Statement of Comprehensive Income. The Directors do not propose the payment of a dividend (2021: £Nil).

Distributions

The Fund made distributions of £11,466,162 (2021: £5,416,463) to holders of distributing shares during the period. The below table discloses the total distributions of all share classes.

	2022 GBP	2021 GBP
Class A GBP	-	-
Class B CHF	-	-
Class B EUR	-	-
Class B1 EUR	-	-
Class C CHF	13,983	9,393
Class C EUR	70,825	49,785
Class C GBP	5,302	3,390
Class C USD	8,644	15,973
Class C1 CHF	35,866	24,473
Class C1 EUR	177,307	132,193
Class C1 GBP	149,658	95,887
Class C1 USD	195,523	131,166
Class C2 CHF	46,466	162
Class C2 EUR	172,224	19,326
Class C2 GBP	42,550	9,761
Class C2 USD	105,193	10,456
Class D EUR	136,574	35,334
Class D GBP	769,574	340,446
Class D USD	6,649,393	2,701,874
Class D1	667	210
Class D1 GBP	-	-
Class F EUR	-	-
Class F GBP	85,179	78,658
Class F USD	903	875
Class G GBP (No EQ)	-	-
Class J GBP	2,800,331	1,757,101
	<u>11,466,162</u>	<u>5,416,463</u>

The Montreux Healthcare Fund PLC

Directors' Report (continued)

Directors

The Directors of the Fund during the period and to the date of this report were:

Barry Monks

Ita Mary McArdle

David Hamlett - resigned 3 March 2022

Martin Ryan Cregeen - appointed 3 March 2022

The Directors all serve in a non-executive capacity in relation to the Fund and have, although they are responsible for portfolio management decisions and risk assessment, delegated the day-to-day management of the Fund to the Manager and the Investment Advisor.

All directors, except David Hamlett (resigned 3 March 2022), are independent non-executive directors for the purposes of the Collective Investment Schemes (Qualifying Fund) Regulations 2010.

Auditor

Grant Thornton Limited were appointed during the period and continue in office in accordance with the Isle of Man Companies Act 2006.

Signed on behalf of the Board of Directors by:

Director

Date: 28 April 2023

The Montreux Healthcare Fund PLC

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law.

The Directors are required to prepare financial statements for each financial year. They have elected to prepare the financial statements in accordance with applicable law and UK-adopted IAS (International Accounting Standards).

The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Fund and of the result of the Fund 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 International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Fund's transactions and disclose with reasonable accuracy at any time the financial position of the Fund and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities.

The Directors have resolved to prepare financial statements for each financial period.

Signed on behalf of the Board of Directors by:

Director

Date: 28 April 2023

The Montreux Healthcare Fund PLC

Investment Advisor's Report

Investment objective

The Montreux Healthcare Fund ('MHF') PLC is an open-ended Isle of Man Fund which commenced trading in September 2014. In the year ended 31 March 2018, the Fund successfully sold its operating company, The Regard Group (subsequently renamed Achieve Together), for a record sector multiple and invested the proceeds into a new platform: Active Assistance, now known as the Active Care Group ('ACG'). The Fund will not be available to new investors while it considers a sale of its assets to a related entity.

ACG is a leading provider of care and support for individuals with complex physical and mental health conditions. It provides specialist care to individuals with acquired brain injury (ABI), spinal cord injury (SCI), learning disability (LD), mental health conditions, and severe epilepsy. It does so in domiciliary, residential, and hospital settings. ACG also owns the UK's largest Case Management group with over 25% market share. Case managers are responsible for designing and initiating the care for clients with acquired brain injuries or other neurological conditions. Perhaps the greatest challenge for any participant in the UK Health and Social Care sector is staff. ACG has acquired two staffing businesses to support the company's recruitment needs, as well as considering a wide range of overseas initiatives. ACG generates in excess of £200M revenue pa, employs over 5,000 people, and has provided care for c.2,500 people over the preceding 18 months.

The Investment Advisor ('IA'), Montreux Capital Management (UK) Limited remains bullish on the UK specialist healthcare market. An affiliate of the IA, Montreux Healthcare Partners, will act as the investment advisor to a Jersey domiciled close-ended vehicle ('MH2') with a '5+1+1' time horizon. MH2 intends to purchase ACG from MHF. The additional capital MH2 intends to receive from institutional investors should increase the expected growth trajectory of ACG as it will allow MH2 to participate in more deal processes. This should increase ACG's value and further enhance the high standard of care the operator provides.

MHF will benefit from a liquidity event and additional investment capital upon completion of the transaction. MHF intends to be a limited partner in MH2, thereby participating in the Jersey Fund's performance. Investors in MH2 will also benefit from a more in-depth, frequent and comprehensive reporting on the performance of ACG in line with MH2's peer group.

The IA believes the quality of assets and the variety of service users catered for within the Group, coupled with the care pathway on offer will set the asset apart from other providers in the sector. As a result, the IA expects the combined organic and acquisitional growth strategy which drove investor returns in MHF's previous investment should continue to deliver returns in the current operating company, ACG. This will be further augmented by the significant increase in investable capital provided by the other limited partners in MH2.

The value of the Fund's assets and a reconciliation between the IFRS value and the quoted NAV presented in accordance with the Offering Document is set out in note 9 to the Financial Statements.

Share Class D1, the share class with which the Fund was established, has returned 10.2681% per cent over the preceding 18 months despite the challenging macroeconomic environment. The Fund continues to seek consolidation opportunities in the fragmented UK specialist healthcare sector while utilising the IA's healthcare, change management, and acquisitional expertise to maximise value for the Fund's investors.

Market review

Total expenditure on adult social care rose sharply in 2020/21 to £26.0 billion from £24.8 billion in 2019/20, an increase of 4.8 per cent in real terms and an increase of 11.8 per cent (£2.7 million) in cash terms. Spending per head of population also increased, from £560 to £585. This is funded via National Health Service, Local Authorities, Clinical Commissioning Groups (now Integrated Care Boards), and Insurance Companies. ACG's services predominantly focus on adult specialist care which has a market value of £13.6bn, a five-year CAGR increase of 1.2% in real terms.

The Montreux Healthcare Fund PLC

Investment Advisor's Report (continued)

Market review (continued)

Whilst budget cuts have been announced in other public services, an increase in demand for UK specialist care continues to be reflected in Government spending. Increases in the national living wage have been cushioned by £2.8 billion more funding in 2023/24 and £4.7 billion in 2024/25 in cash terms. Funding comes from new government grants, recycling the funds that would have been used to introduce social care charging reforms and extending flexibilities for councils to raise local taxes. While NHS England spending is below the long-term average, the Department of Health and Social Care budget is set to rise by 1.2 per cent in real terms on average over the next two years.

A change of Government is still not considered a significant risk to the sector given future budget funding commitments coupled with demand/supply factors impacting the sector. The most profound risk posed by Brexit is the removal of frictionless movement of potential employees from the European Union; however, internalising the group recruitment, focusing on human capital outside the Eurozone, and proposed visa-waiving measures for essential areas such as healthcare should go some way to ameliorate any disruption caused by the UK's decision to leave the EU.

The key sector drivers:

- a) Changing demographics** - Modern medicine and improved diagnostics have extended life, increasing both the size, and the average age, of the population. Increasing the life expectancy of those with more complex care needs has also created demand for additional types of care provision. ACG works closely with all its Service Users, planning a pathway of support toward achieving their maximum level of independent living. There are over 1 million people in the UK with complex care needs. A study carried out by the London School of Economics Care Policy and Evaluation Centre projects c.29% more adults between the ages of 18-64 will need care in 2038 compared to 2018.
- b) Changing landscape of care** – The quality of an individual's life is paramount to a care provider's purpose. Individuals with complex care needs can sometimes be left within a hospital setting for a prolonged period; this has a detrimental impact on both the individual, the efficacy of their care, and puts a strain on hospitals' overstretched resources. ACG's strategy for individuals who have either a spinal or brain injury is to partner with the major trauma centres to ensure that when it is appropriate for the individual to be discharged from hospital into a secondary step-down care facility, the facility will be intimately familiar with the Service User. This ensures the care pathway works in the best interest of the individual's care needs, therefore delivering the best care outcomes.

To fully achieve the defined change in the delivery of care, alongside generating the growth required to meet demand; significant energy, momentum, and resource are required. The private sector appears to offer the only real, long-term solution. New providers are not deemed a significant threat to ACG's prominence in the sector due to its standing. The increased importance of the provider's relationships with funding bodies and regional health teams further strengthens ACG's position.

COVID-19

The pandemic appears to have subsided with most of the exceptional costs associated with it recovered. However, some measures instilled during the contagion have yet to be abrogated in the name of best practice. The sector's resistance to the more substantive damage inflicted on other parts of the UK economy has attracted interest from the investment community.

The IA believes ACG will continue to be an appealing asset due to its high standards of care, unique care pathway offering, the strength of its management team and property ownership structure.

The Montreux Healthcare Fund PLC

Investment Advisor's Report (continued)

The Cost of Living

Increased energy and food costs caused by, inter alia, the war in Ukraine have precipitated rising inflation which has occasioned interest rate hikes globally. It would be erroneous to suggest these factors have no impact on the business' profitability. However, the fees ACG commands have generally increased with reference to the Retail Price Index (RPI). In conjunction with the absolute necessity to provide care for individuals with complex care needs, the business remains well placed to continue to weather these macroeconomic headwinds.

Operational assets and outlook

The financial strength of both the Fund and its operating company allows ACG to focus on expanding estate capacity and improving underlying profitability, both of which will increase investor value and help mitigate against any potential future adverse fee or cost pressures. The focus of the strategy continues to be:

- a) Organic growth - increasing capacity and improving the occupancy and efficiency of the existing estate;
- b) M&A Opportunities – The acquisition and integration of assets into ACG.
- c) Improving margins – Seeking synergies across the platform, through use of better systems, rationalisation, corporatisation, and procurement economies of scale.

The IA's reputation within the healthcare sector, particularly its Merger & Acquisitions activity, means the IA is frequently approached with opportunities in the market. The IA plans to complete on a mix of corporate and real estate acquisitions in the short to medium term. The fragmented nature of the sector creates ongoing consolidation opportunities. The increasing cost and regulatory burden on single unit and small regional groups creates opportunities to acquire operators at attractive earnings multiples, and at discount to the earnings multiples upon which larger national providers transact.

The Boards of the Fund, the IA, and ACG, continue to work closely together to deliver quality care and a sustainable return for the Fund's investors.

Montreux Capital Management (UK) Limited

28 April 2023

Independent Auditor's Report to the members of The Montreux Healthcare Fund PLC

Our opinion

We have audited the financial statements of The Montreux Healthcare Fund PLC (the 'Company') for the period ended 30 September 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares, the 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 UK-adopted IAS (International Accounting Standards).

In our opinion, The Montreux Healthcare Fund PLC financial statements:

- give a true and fair view in accordance with UK-adopted IAS (International Accounting Standards) of the assets, liabilities and financial position of the company as at 30 September 2022 and of its financial performance for the period then ended; and
- have been prepared in accordance with the requirements of the Isle of Man Companies Act 2006.

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 are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the directors' report set out on pages 3 and 4 and investment advisor's report set out on pages 6 to 8, 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the members of The Montreux Healthcare Fund PLC

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 require us to report to you if, in our opinion:

- the company has not kept proper books of account, or if proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the books of account and returns; or
- the financial statements do not contain particulars as to loans to, and remuneration of directors; or
- we have not received all the information and explanations which are necessary for the purposes of our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 5, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

– The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including UK-adopted IAS (International Accounting Standards), the Isle of Man Companies Act 2006, the Isle of Man Collective Investment Schemes Act 2008 and the Isle of Man taxation laws. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items. We apply professional scepticism through the audit to consider potential deliberate omission or concealment of significant transactions, or incomplete/inaccurate disclosures in the financial statements.

Independent Auditor's Report to the members of The Montreux Healthcare Fund PLC

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

– We understood how the company is complying with those legal and regulatory frameworks by, making inquiries to management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of minutes and documents provided to the board.

– We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:

- identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- challenging assumptions and judgements made by management in its significant accounting estimates; and
- identifying and testing journal entries, in particular any unusual journal entry postings.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with the terms of our engagement. 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.

Grant Thornton Limited

Douglas
Isle of Man

Date: 28 April 2023

The Montreux Healthcare Fund PLC

Statement of Comprehensive Income For the period ended 30 September 2022

		Period ended 30 September 2022 GBP	Year ended 31 March 2021 GBP
	Note		
INCOME			
Bank and broker interest		11	11
Net realised profit/ (loss) on financial assets and liabilities at fair value through profit or loss		26,522,773	(5,880,441)
Movement in net unrealised gains on financial assets and liabilities at fair value through profit or loss		16,746,913	93,341,824
Net unrealised gains/(loss) on foreign currency		600,213	(247,481)
Realised loss on foreign currency		(1,180,026)	(4,166,932)
Other income		6,198	957
Total income		<u>42,696,082</u>	<u>83,047,938</u>
EXPENSES			
Interest expense		4,197	7,906
Performance fee	3	(25,575)	2,825,088
Management fee	3	654,732	357,142
Investment advisory fee	3	8,696,525	4,596,129
Custodian fee		485,284	260,800
Audit and other professional fees		249,685	101,905
Directors' fees	4	164,179	108,000
Commission charges		1,050,512	961,613
Marketing expenses	15	1,260,000	640,000
Restructuring costs		-	4,898,000
Other expenses		197,094	125,095
Total operating expenses		<u>12,736,633</u>	<u>14,881,678</u>
Increase in net assets attributable to holders of redeemable participating shares from operations		<u>29,959,449</u>	<u>68,166,260</u>

The Directors' consider that the results derive from continuing activities.

The notes on pages 16 to 40 are an integral part of these financial statements.

The Montreux Healthcare Fund PLC

Statement of Financial Position As at 30 September 2022

		Period ended 30 September 2022 GBP	Year ended 31 March 2021 GBP
	Note		
ASSETS			
Financial assets at fair value through profit or loss	12, 13	384,237,723	344,005,080
Cash and cash equivalents	5	41,125,159	6,161,563
Due from affiliate	15	2,679,519	2,014,610
Other assets	14	24,314	49,048
Total assets		428,066,715	352,230,301
LIABILITIES			
Financial liabilities at fair value through profit or loss	12, 13	852,150	1,536,769
Management and Investment advisory fee payable	3	298,335	426,357
Performance fee payable	3	219,233	1,234,544
Audit and other professional fees payable		145,200	56,637
Performance fee retention		35,448	41,645
Accrued expenses	6	446,954	7,203,932
Total liabilities (excluding net assets attributable to holders of redeemable preference shares)		1,997,320	10,499,884
NET ASSETS		426,069,395	341,730,417
Attributable to: Management Share Capital	7	100	100
Holders of Redeemable Participating Shares	8	426,069,295	341,730,317
		426,069,395	341,730,417

These financial statements from page 12 to 40 were approved by the Board of Directors and signed on its behalf by:

Director

Director

Date: 28 April 2023

The notes on pages 16 to 40 are an integral part of these financial statements.

The Montreux Healthcare Fund PLC

Statement of Changes in Net Assets Attributable to Holders of Redeemable Participating Shares For the period ended 30 September 2022

	Note	Period ended 30 September 2022 GBP	Year ended 31 March 2021 GBP
Net assets attributable to holders of redeemable participating shares at start of period/ year		341,730,317	244,748,907
Proceeds from the issue of redeemable participating shares		125,201,791	127,450,764
Payments for the redemption of redeemable participating shares		(59,362,016)	(93,324,145)
Net equalisations		5,916	104,994
Distributions	17	(11,466,162)	(5,416,463)
Net proceeds from redeemable participating shares		<u>54,379,529</u>	<u>28,815,150</u>
Increase in net assets attributable to holders of redeemable shares from operations		<u>29,959,449</u>	<u>68,166,260</u>
Net assets attributable to holders of redeemable participating shares at end of period/ year		<u>426,069,295</u>	<u>341,730,317</u>

The notes on pages 16 to 40 are an integral part of these financial statements.

The Montreux Healthcare Fund PLC

Statement of Cash Flows

For the period ended 30 September 2022

		Period ended 30 September 2022 GBP	Year ended 31 March 2021 GBP
Cash flows from operating activities	Note		
Increase in net assets attributable to holders of redeemable participating shares from operations		29,959,449	68,166,260
Proceeds from sale of investments	13	20,927,500	3,554,910
Purchases of investments	13	(45,097,850)	(20,357,761)
Net receipts/(payments) from derivatives activities		26,522,773	(5,880,441)
Net gain on investments		(43,269,687)	(87,461,383)
Net (gain)/loss on foreign exchange		(600,213)	247,481
Net (decrease)/increase in creditors		(7,817,945)	6,478,856
Net (increase)/decrease in debtors and other receivables		(640,175)	69,144
Net cash outflow from operating activities		(20,016,148)	(35,182,934)
Net impact from foreign exchange		600,213	(247,481)
Cash flows from financing activities			
Proceeds from the issue of redeemable participating shares		104,579,778	127,450,764
Payments for the redemption of redeemable participating shares		(38,740,000)	(93,324,145)
Net equalisations		5,916	104,994
Distributions		(11,466,162)	(5,416,463)
Net cash inflow from financing activities		54,379,532	28,815,150
Net increase/(decrease) in cash and cash equivalents		34,963,597	(6,615,265)
Cash and cash equivalents at the start of period/year		6,161,562	12,776,827
Cash and cash equivalents at the end of period/year		41,125,159	6,161,562
Cash and cash equivalents consist of:			
Cash at bank and Foreign Exchange Provider		41,125,159	6,161,563
Net cash and cash equivalents		41,125,159	6,161,563
Supplementary information:			
Interest received		11	11
Interest paid		(4,197)	(7,906)

The notes on pages 16 to 40 are an integral part of these financial statements.

The Montreux Healthcare Fund PLC

Notes to the Financial Statements For the period ended 30 September 2022

1. The Fund

The Fund was incorporated on 17 June 2013 under the laws of the Isle of Man (Company number 009788V) and its physical address is Peveril Buildings, Peveril Square, Douglas, Isle of Man, IM99 1RZ. The Fund is a body corporate with unlimited duration under the provisions of the Companies Act 2006 (the "Act"). The Fund is an "open-ended investment company" and a "collective investment scheme" for the purposes of the Collective Investment Schemes Act 2008 (CISA) and it is, therefore, subject to the requirements of the Collective Investment Schemes (Qualifying Fund) Regulations 2010.

The Articles empower the Fund to create one or more Classes of Shares. As at 30 September 2022, the Fund has established the following Share Classes: ("Share Class A", "Share Class A1", "Share Class A2", "Share Class B", "Share Class B1", "Share Class B2", "Share Class C", "Share Class C1", "Share Class C2", "Share Class D", "Share Class D1", "Share Class E", "Share Class F", "Share Class H", "Share Class I" and "Share Class J") each of which have up to 6 currency subscription options (USD, Eur, CHF, GBP, ILS and SGD). All prospective Shareholders will have different risk and return objectives and investment into one or more Share Classes will need to be considered in conjunction with these parameters.

The investment activities of the Fund are managed by the Board based on advice provided by the investment advisor, Montreux Capital Management (UK) Ltd (the "Investment Advisor") and the administration of the Fund is delegated to Suntera Fund Services (IOM) Limited (the "Manager").

The investment objective of the Fund is to develop and grow a portfolio of UK healthcare assets. These assets will generate revenue from various sources, including the NHS, local authorities, insurance companies and private fee paying individuals. The Fund's Subsidiary Companies will run a portfolio of specialist care service providers.

The Fund may also invest in listed securities, collective investment schemes, and debt instruments within the sector as part of the overall strategy. To date, the Fund has only invested in one debt instrument.

The state of the origin of the fund is the Isle of Man. In Switzerland, this document may only be provided to qualified investors within the meaning of art. 10 para. 3 and 3ter CISA. In Switzerland, the representative is Acolin Fund Services AG, Leutschenbachstrasse 50, 8050 Zürich, Switzerland, whilst the paying agent is Helvetische Bank AG, Seefeldstrasse 215, CH- 8008 Zürich, Switzerland. The basic documents of the fund as well as the annual and, if applicable, semi-annual report may be obtained free of charge from the representative. Past performance is no indication of current or future performance. The performance data do not take account of the commissions and costs incurred on the issue and redemption of units.

The Fund has no employees.

Change in accounting period

During the period, the directors made a decision to change the accounting period for the Fund from March to September resulting in the financial statements being for a period of 18 months to 30 September 2022.

2. Significant Accounting Policies

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is Pound Sterling ("GBP"), which reflects the Fund's primary economic environment and its main share class which is denominated and issued in GBP.

The Directors have elected to have Pound Sterling (GBP) as the presentation currency, rounded to the nearest pound.

The Directors consider the Fund to be a going concern, therefore the financial statements have been prepared on the going concern basis. In coming to this conclusion the Directors have considered the future expected cash flows of the Fund, including options available for managing the Fund's liquidity position, and the performance of its underlying investments. See Note 13 for additional disclosures around the Fund's risk management policies and procedures.

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

2. Significant Accounting Policies (continued)

The Directors have assessed the potential impact of COVID-19 on the financial statements. See Note 19 which details specific actions taken to mitigate the impact of COVID-19 on the activities of the business. The Directors have determined that there has not been any material impact on the financial performance of the business. As there has been no material impact on the value of the asset (underlying investment) the Directors have concluded that the preparation of the financial statements on a going concern basis is appropriate.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period ending 30 September 2022 are included in Note 13 and relate to the determination of the fair value of financial instruments with significant unobservable inputs.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Comparative financial statements are for the year from 1 April 2020 to 31 March 2021.

The following is a summary of significant accounting policies followed by the Fund:

(a) Statement of Compliance

The Fund's financial statements have been prepared in accordance with UK-adopted IAS (International Accounting Standards) as issued by the International Accounting Standards Board ("IASB"). The financial statements are prepared under the historical-cost convention, as modified by the revaluation of financial assets and liabilities held at fair value through profit or loss.

The preparation of financial statements in conformity with UK-adopted IAS (International Accounting Standards) requires the use of accounting estimates. It also requires management to exercise its judgement and make assumptions in the process of applying the Fund's accounting policies.

New standards and interpretations effective from 1 April 2021

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 April 2021 that have a material effect on the financial statements of the Fund.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

(b) Investment Entity

The Fund is an investment entity as defined by IFRS 10 Consolidated Financial Statements and measures all of its investments at fair value through profit or loss.

In determining whether the Fund meets the definition of an investment entity, management considered the fact that the Fund measures and evaluates the performance of substantially all of its investments on a fair value basis.

Considering the above, the Fund's management determined that the Fund meets the definition of an investment entity in accordance with IFRS 10 Consolidated Financial Statements and, accordingly, the Fund has not consolidated its subsidiaries. The Fund measures its investments in subsidiaries at fair value through profit or loss (Note 12). Such an approach provides a fair and transparent view of the Fund's financial performance and position to the Fund's shareholders and stakeholders.

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

2. Significant Accounting Policies (continued)

(c) Subsidiaries

Subsidiaries are investees controlled by the Company. The Company controls an investee when it is exposed to, or has right to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the investee. Investments in unconsolidated subsidiaries are measured and accounted for at fair value through profit or loss (see Note 12).

Unconsolidated directly held subsidiaries are as follows:

Name	Country of Incorporation
Montreux Holdings Limited	Isle of Man

(d) Valuation of investments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The best estimate of the fair value of a market instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets. When the transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognised in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Assets and long positions including liabilities and securities sold short are measured at mid market value.

The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period when the change occurred.

The Fund has made an assessment of portfolio bid-ask spread in order to identify the most applicable fair value, and mid price is considered appropriate.

All changes in fair value, other than interest income are recognised in the statement of comprehensive income as part of the net realised and unrealised gain from investments.

The Fund classifies financial instruments issued as financial liabilities in accordance with the substance of the contractual terms of the instruments.

The Fund's management engages valuation experts BDO LLP to perform an independent valuation annually.

(e) Redeemable participating shares

The redeemable participating shares are classified as a liability and are measured at the present value of the redeemable amounts attributable to the relevant share classes. Redeemable shares are issued and redeemed at prices based on the Fund's net asset value per share at the time of issue or redemption. The Fund's net asset value per share is calculated by dividing the net assets attributable to the holders of each class of redeemable shares with the total number of outstanding redeemable shares for each respective class. Note 7 details the share capital issued by the Fund.

(f) Expenses

Expenses are recognised on an accruals basis.

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

2. Significant Accounting Policies (continued)

(g) Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from bank and broker.

(h) Realised and unrealised gains or losses on investments

Realised and unrealised gains or losses on investments represent the difference between disposal proceeds or valuation and historic cost. Realised and unrealised gains or losses on investments are recorded in the Statement of Comprehensive Income.

(i) Cash and cash equivalents

Cash and cash equivalents are defined as cash held with brokers and custodians, cash held with foreign exchange providers, cash in hand and deposits repayable on demand or within a three month maturity period less bank overdrafts that are repayable on demand.

(j) Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities are at fair value through profit or loss ("FVTPL"). Financial assets or liabilities at fair value through profit or loss are acquired or incurred principally for the purpose of selling or repurchasing in the short term.

Financial assets and liabilities at fair value through profit or loss are recognised on the trade date, being the date on which the Fund commits to purchase or sell the investment. Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Financial assets and liabilities at fair value through profit or loss are derecognised when the rights to receive cash flows from the assets have expired or the Fund has transferred all risks and rewards of ownership. Gains and losses arising from changes in the fair value of the "financial assets and liabilities at fair value through profit or loss" category are included in the Statement of Comprehensive Income in the period or year in which they arise.

Classification of financial assets and financial liabilities

On initial recognition, the Fund classifies financial assets as measured at amortised cost or FVTPL.

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.

All other financial assets of the Fund are measured at FVTPL. Financial liabilities are classified as measured at amortised cost and subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

2. Significant Accounting Policies (continued)

(j) Financial assets and liabilities at fair value through profit or loss (continued)

Business model assessment (continued)

- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has two business models:

- Held-to-collect business model: this includes cash and cash equivalents, balances due from affiliates, brokers and other assets. These financial assets are held to collect contractual cash flow.
- Other business model: this includes debt securities, equity investments and derivatives. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features limit the Fund's claim to cash flows from specified assets); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Fund was to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

Recognition

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

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

2. Significant Accounting Policies (continued)

(j) Financial assets and liabilities at fair value through profit or loss (continued)

Recognition (continued)

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

Fair value measurement principles

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an on-going basis. The Fund measures instruments quoted in an active market at the last traded price.

If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

A hierarchical disclosure framework has been established which prioritises and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgement used in measuring fair value.

Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition.

The Fund uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(k) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Fund has a legal right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

(l) Currency translation

Financial assets and liabilities denominated in currencies other than the base currency (GBP) are translated into GBP at the closing exchange rate at the reporting date. Transactions during the period are translated at the rate of exchange prevailing on the date of the transaction. Foreign currency translation gains and losses are included in the Statement of Comprehensive Income.

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

3. Investment Management, Advisory and Performance Fees

Management Fees

The Fund has appointed Suntera Fund Services (IOM) Limited (the “Manager”) to provide management services to the Fund. The Manager is entitled to either a minimum fee of £10,000 per month from the Fund or an ad valorem fee based on the net asset value of the Fund (whichever is greater): up to £100 million - 0.125% of the net asset value of the Fund; £100 million to £150 million - 0.1125% of the net asset value of the Fund; greater than £150 million - 0.10% of the net asset value of the Fund. Management fees incurred during the period were £654,732 (2021: £357,142) out of which a balance of £41,550 (2021: £30,830) is outstanding as at 30 September 2022.

Investment Advisory Fees

The Fund has appointed Montreux Capital Management (UK) Ltd as investment advisor (the “Investment Advisor”). The Investment Advisor is entitled to receive an advisory fee of 1.5% per annum or 0.125% per month for Share Class A, Share Class B, Share Class B1, Share Class B2, Share Class C, Share Class C1, Share Class C2 and Share Class I, 3.5% per annum or 0.292% per month on, Share Class F and 2.0% per annum or 0.167% on Share Class A1, Share Class A2 and Share Class G. The Investment Advisor is entitled to receive an advisory fee of 1.0% per annum or 0.08333% per month for Share Class D, Share Class D1 and Share Class J. Share Class E and Share Class H are not charged any advisory fees. Investment advisory fees incurred during the period were £8,696,525 (2021: £4,596,129) out of which £256,785 (2021: £395,528) was outstanding as at 30 September 2022.

Performance Fees

The Investment Advisor is also entitled to receive a performance fee equal to 20% of any net profits (realised and unrealised) after a monthly hurdle rate of 0.83% is achieved for Share Class A, Share Class B, Share Class C, Share Class D and Share Class I. The Investment Advisor is entitled to receive a performance fee equal to 20% of any net profits (realised and unrealised) after a monthly hurdle rate of 0.65% is achieved for Share Class A1, Share Class A2, Share Class B1, Share Class B2, Share Class C1 and Share Class C2. The Investment Advisor is also entitled to receive a performance fee equal to 20% of any net profits (realised and unrealised) after a monthly hurdle rate of 1% is achieved for Share Class D1. The Investment Advisor will receive a performance fee equal to 100% of any net profits (realised and unrealised) after a monthly hurdle rate of 0.922% and 0.917%, respectively, is achieved for Share Class F and G. The Investment Advisor is entitled to receive an annual performance related fee in respect of each performance fee calculated with reference to the net profit attributable to Share Class H and Share Class J in excess of the Target Fixed Return based upon the Net Asset Value of Share Class H. Share Class E is not charged any performance fees.

The fee is calculated monthly and crystallised quarterly with a new High-Water Mark established on a quarterly basis. A subsequent performance fee in respect of a Share that was in issue at the date of such high water mark will be payable only if and so far as the subsequent Net Asset Value exceeds such high water mark as increased at the monthly hurdle rate.

In respect of Share Class F, the Investment Advisor is entitled to any performance of Share Class F in excess of performance hurdle of 0.922% per month (taking into account capital appreciation and quarterly distributions) which has the effect of capping the return to investors in Share Class F at approximately 11.63%. Investors in Share Class F will not be entitled to participate in returns of the Fund in excess of this amount. The performance fee will accrue monthly and be payable quarterly on the last Business Day in each quarter.

Performance fees incurred during the period were a reversal of £25,575 (2021: £2,825,088 charge) out of which £219,233 (2021: £1,234,544) was outstanding as at 30 September 2022.

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

4. Directors' Fees

Each Director is entitled to fees of £30,000, excluding VAT where applicable, per annum. The charge during the period ended 30 September 2022 (including VAT on fees) is £164,179 (2021: £108,000). There was £6,000 prepayment (2021: £33,000 payable) as at 30 September 2022.

5. Cash and Cash Equivalents

	2022 GBP	2021 GBP
Cash held with brokers and custodians	8,977,651	2,781,448
Cash held with foreign exchange provider	32,147,508	3,380,115
Total	41,125,159	6,161,563

6. Accrued Expenses

	2022 GBP	2021 GBP
Directors fee payable (Note 4)	-	33,000
Financial statement preparation fee payable	10,500	21,000
General expenses payable	2,859	2,183
Marketing expenses payable	302,847	283,000
Custodian fees payable	91,663	69,829
FATCA services fee payable	5,995	3,745
Secretarial fees payable	2,200	5,200
Investment consultancy fees payable	30,890	-
Redemptions payable	-	6,785,975
Total	446,954	7,203,932

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

7. Share Capital

The Fund is authorised to issue up to 100 Management Shares of GBP1.00 each and an unlimited number of Redeemable Participating Shares of no par value. One hundred Management Shares have been issued at par and allotted to Montreux Capital Management Zug AG. The holder of Management Shares has the right to receive notice of, attend and vote at a members' meeting of the Fund. Management Shares carry no right to dividends declared in respect of the Fund.

The Redeemable Participating Shares are voting redeemable participating shares issued in classes with reference to a particular Share Class. Participating Shares carry a right to dividends (if any) declared in respect of the relevant Share Class. Share Class C, Share Class C1, Share Class C2, Share Class D, Share Class D1, Share Class F, Share Class G and Share Class J are distributing share classes and, subject to the Act, the Directors intend to declare and pay a twice-yearly cash distribution of 3.75% of the Net Asset Value of Share Class C, Share Class C1, Share Class C2, Share Class D, Share Class D1 and Share Class J as at the distribution dates, which will fall in June and December. For Share Class G the Directors intend to declare and pay quarterly cash distributions of 1% in March and September, and 4.5% in June and December, of the Net Asset Value of Share Class as at the distribution dates. With regards to Share Class F, the Directors intend to declare and pay a quarterly cash distribution of 1.0325% of the Net Asset Value as at the distribution dates. It is not expected that dividends will be declared or paid in respect of any other Share Class.

The Participating Shares are participating voting redeemable shares.

Authorised and issued Share Capital	No of Shares	GBP
Details as at 30 September 2022		
Management Shares (£1 each)	100	100
Redeemable Participating Shares (Note 8)	414,876	426,069,295
Total	414,976	426,069,395

Shares do not carry any preferential or pre-emptive voting rights and each share, irrespective of the Class to which it belongs or its Net Asset Value, is entitled to one vote at all members' meetings of Shareholders. Fractions of Shares are not entitled to a vote, but are entitled to participate in any dividends and liquidation proceeds.

Directors may create one or more additional Share Classes at any time with such rights, investment objectives, policies and restrictions as they may consider appropriate.

8. Net Asset Value Attributable to Redeemable Participating Shares

The Net Asset Value ("NAV") attributable to redeemable participating shares is calculated by dividing the net assets attributable to holders of redeemable participating shares on a mid-market basis as per the Offering Document by the number of redeemable participating shares in issue at period end.

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

8. Net Asset Value Attributable to Redeemable Participating Shares (continued)

Total net assets attributable to Redeemable Participating Shares (GBP)	Net Asset Value 2022	Net Asset Value 2021
Class A EUR	5,643,283	5,975,087
Class A GBP	13,370,617	14,004,395
Class A USD	11,642,257	12,038,895
Class A1 CHF	3,516,274	3,383,481
Class A1 EUR	7,408,153	8,925,230
Class A1 GBP	31,258,567	32,617,056
Class A1 ILS	13,850,964	12,856,716
Class A1 USD	35,821,048	32,225,960
Class A2 CHF	231,546	250,062
Class A2 EUR	1,256,244	1,002,365
Class A2 GBP	21,328,275	12,657,636
Class A2 ILS	4,061,397	1,459,109
Class A2 USD	12,757,599	5,811,980
Class B CHF	962,257	980,016
Class B EUR	24,972,718	24,803,121
Class B GBP	3,682,812	4,206,394
Class B USD	165,310	227,569
Class B1 CHF	852,870	743,659
Class B1 EUR	31,689,236	32,901,654
Class B1 GBP	3,997,724	4,341,169
Class B1 USD	3,774,242	3,272,636
Class B2 CHF	2,117,920	410,728
Class B2 EUR	18,486,007	2,397,143
Class B2 GBP	2,370,944	774,113
Class B2 USD	14,359,364	5,424,636
Class C CHF	39,394	115,569
Class C EUR	557,810	633,010
Class C GBP	41,294	45,741
Class C USD	69,080	202,255
Class C1 CHF	293,339	300,067
Class C1 EUR	1,060,708	1,747,317
Class C1 GBP	1,165,465	1,291,398
Class C1 USD	1,802,665	1,611,743
Class C2 CHF	450,483	42,089
Class C2 EUR	1,888,879	659,451
Class C2 GBP	480,473	261,022
Class C2 USD	2,072,490	195,312
Class D EUR	1,230,008	895,632
Class D GBP	6,656,893	4,809,739
Class D ILS	13,870,219	-
Class D SGD	1,588,846	-
Class D USD	68,807,216	40,438,638
Class D1	5,224	5,728
Class E	30,704,857	30,587,798
Class E EUR	162,325	115,514
Class E USD	-	651,236
Class F GBP	1,203,421	1,433,009
Class F USD	-	19,930
Class I CHF	632,343	405,229
Class I GBP	-	7,736,644
Class J GBP	21,708,235	23,835,436
	<u>426,069,295</u>	<u>341,730,317</u>

The Montreux Healthcare Fund PLC
Notes to the Financial Statements (continued)
For the period ended 30 September 2022

8. Net Asset Value Attributable to Redeemable Participating Shares (continued)

Issued Redeemable Participating Shares	Number of Shares 2022	Number of Shares 2021
Class A EUR	2,457.6585	2,595.9153
Class A GBP	4,790.8937	5,044.0143
Class A USD	4,597.1913	5,813.1748
Class A1 CHF	3,248.9674	3,518.6283
Class A1 EUR	6,113.5282	7,251.5436
Class A1 GBP	20,766.4986	21,537.2354
Class A1 ILS	50,191.6930	52,019.6630
Class A1 USD	27,402.3466	29,751.9800
Class A2 CHF	251.3765	305.6669
Class A2 EUR	1,429.9491	1,125.0893
Class A2 GBP	19,692.6965	11,595.0675
Class A2 ILS	15,572.5903	6,245.2263
Class A2 USD	13,524.0327	7,419.5439
Class B CHF	598.5189	699.0829
Class B EUR	11,926.6351	11,883.4668
Class B GBP	1,171.8276	1,355.3322
Class B USD	68.5450	116.0115
Class B1 CHF	700.0803	700.0803
Class B1 EUR	24,841.3500	25,872.9277
Class B1 GBP	2,620.3070	2,880.1016
Class B1 USD	2,824.9797	3,012.0902
Class B2 CHF	2,205.9059	490.8222
Class B2 EUR	20,371.6783	2,659.6528
Class B2 GBP	2,130.9349	704.0293
Class B2 USD	14,772.8557	6,864.4256
Class C CHF	40.0000	120.0000
Class C EUR	425.6817	432.0917
Class C GBP	24.1042	24.1042
Class C USD	58.6053	188.1053
Class C1 CHF	308.2028	322.4008
Class C1 EUR	1,172.1420	1,727.4797
Class C1 GBP	1,211.3580	1,211.3580
Class C1 USD	1,775.5873	1,740.3637
Class C2 CHF	547.4841	52.3091
Class C2 EUR	2,390.6644	746.5629
Class C2 GBP	509.9086	250.0000
Class C2 USD	2,578.5398	266.6286
Class D EUR	1,523.8808	1,000.0000
Class D GBP	4,566.1063	3,000.8990
Class D ILS	58,520.5188	-
Class D SGD	2,776.5466	-
Class D USD	55,277.7011	35,895.5317
Class D1	2.3622	2.3622
Class E	6,639.0392	6,848.6614
Class E EUR	135.4295	98.8787
Class E USD	-	784.1286
Class F GBP	943.1761	1,034.4630
Class F USD	-	19.9402
Class I CHF	534.2691	392.7293
Class I GBP	-	4,232.4948
Class J GBP	18,642.1149	18,642.1149
	<u>414,876.4636</u>	<u>290,494.3795</u>

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued)

For the period ended 30 September 2022

8. Net Asset Value Attributable to Redeemable Participating Shares (continued)

Net Asset Value per share (GBP)	Net Asset Value per share	Net Asset Value per share
Redeemable Participating Shares	2022	2021
Class A EUR	2,296.2031	2,301.7265
Class A GBP	2,790.8398	2,776.4384
Class A USD	2,532.4717	2,070.9673
Class A1 CHF	1,082.2743	961.5909
Class A1 EUR	1,211.7639	1,230.8042
Class A1 GBP	1,505.2401	1,514.4495
Class A1 ILS	275.9613	247.1511
Class A1 USD	1,307.2256	1,083.1535
Class A2 CHF	921.1124	818.0866
Class A2 EUR	878.5236	890.9204
Class A2 GBP	1,083.0551	1,091.6397
Class A2 ILS	260.8042	233.6359
Class A2 USD	943.3280	783.3339
Class B CHF	1,607.7303	1,401.8595
Class B EUR	2,093.8612	2,087.1957
Class B GBP	3,142.7934	3,103.5889
Class B USD	2,411.7003	1,961.6073
Class B1 CHF	1,218.2460	1,062.2481
Class B1 EUR	1,275.6648	1,271.6634
Class B1 GBP	1,525.6701	1,507.2972
Class B1 USD	1,336.0245	1,086.5000
Class B2 CHF	960.1135	836.8163
Class B2 EUR	907.4366	901.2992
Class B2 GBP	1,112.6309	1,099.5466
Class B2 USD	972.0100	790.2534
Class C CHF	984.8500	963.0750
Class C EUR	1,310.3922	1,464.9900
Class C GBP	1,713.1454	1,897.6361
Class C USD	1,178.7330	1,075.2222
Class C1 CHF	951.7727	930.7266
Class C1 EUR	904.9313	1,011.4834
Class C1 GBP	962.1144	1,066.0746
Class C1 USD	1,015.2500	926.0955
Class C2 CHF	822.8239	804.6210
Class C2 EUR	790.1063	883.3161
Class C2 GBP	942.2728	1,044.0880
Class C2 USD	803.7456	732.5246
Class D EUR	807.1550	895.6320
Class D GBP	1,457.8927	1,602.7660
Class D ILS	237.0146	-
Class D SGD	572.2382	-
Class D USD	1,244.7554	1,126.5647
Class D1	2,211.4978	2,424.8582
Class E	4,624.8947	4,466.2447
Class E EUR	1,198.5941	1,168.2395
Class E USD	-	830.5219
Class F GBP	1,275.9240	1,385.2685
Class F USD	-	999.4885
Class I CHF	1,183.5665	1,031.8278
Class I GBP	-	1,827.9158
Class J GBP	1,164.4728	1,278.5800

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

9. Reconciliation of Published Net Asset Value to Audited Net Assets

Published Net Asset Value (GBP)	471,447,999
Timing adjustments:	
Reclassified affiliate costs and other adjustments	(42,147,370)
Reorganisation costs*	(365,358)
Prepaid commissions**	(2,865,976)
Audited Net Asset Value	<u>426,069,295</u>

* Re-organisation costs are expenses incurred by the Fund in restructuring its investments in the underlying companies. These are capitalised and amortised over a specified number of years. For the purposes of IFRS, these are fully expensed in the year incurred.

** Prepaid commissions are fees paid to the Fund's introducers over a period of 1 to 5 years, on some of the investment classes. These are capitalised and amortised over the number of years prescribed. For the purposes of IFRS, these are fully expensed in the year incurred.

10. Exchange Rates

The following foreign currency exchange rates to the GBP, were used as at 30 September 2022 in the application of the policy disclosed in accounting policy Note 2 (I).

	2022	2021
CHF	1.1025	1.3001
Euro	1.1396	1.1745
US Dollar	1.1170	1.3800
ILS	3.9836	4.6120
SGD	1.6032	1.8547

11. Taxation

Under Isle of Man Tax legislation, the Fund is subject to tax at a rate of 0%.

12. Financial Assets and Liabilities at Fair Value Through Profit or Loss

The following table details the categories of financial assets and liabilities held by the Fund at the reporting date:

	30 September 2022	31 March 2021
	GBP	GBP
Assets		
Financial assets at fair value through profit or loss		
Equity investment	1	20,747,420
Bond	376,399,999	309,741,482
Derivative financial instruments: forward currency contracts	7,837,723	1,016,178
option	<u>-</u>	<u>12,500,000</u>
Total financial assets at fair value through profit or loss	<u>384,237,723</u>	<u>344,005,080</u>
Liabilities		
Financial liabilities at fair value through profit or loss		
Forward currency contracts	852,150	1,536,769
Total financial liabilities at fair value through profit or loss	<u>852,150</u>	<u>1,536,769</u>

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

12. Financial Assets and Liabilities at Fair Value Through Profit or Loss (continued)

The Directors have assessed the impact of COVID-19 on the Fund's assets and liabilities and have concluded that such impact is not likely to be material. The Fund's borrowings, used to finance the purchase of investments, are at variable rates. Refer to Note 13 for the interest rate sensitivity. In terms of receivables, of the underlying investments, COVID-19 has resulted in an increase in the receivables collection period. This is not anticipated to significantly affect the recoverability of receivables as the underlying investments have high quality counterparties. See note 13 for the impact of COVID-19 on the credit risk. The Fund has made use of derivatives to hedge against any other impact of COVID-19 on assets and liabilities.

The Fund strategy is to build a national platform focused on providing services to a range of areas including complex care, acquired brain injuries and spinal injuries. This will be achieved by investing into a network of companies providing such services, currently made up of the Active Care Group. The portfolio is held through the ultimate Holding Company, that invests on behalf of the Fund into a UK holding company which in turn is a co-investor within the underlying structure. The Fund remains the ultimate majority shareholder of the entire structure, holding 75% of the Active Care Group.

13. Risk Management Policies and Procedures

The Fund is exposed to currency, credit and market risk, which includes interest rate risk, liquidity risk and other risk arising from the financial instruments it holds. The risk management policies employed by the Fund to manage these risks are discussed below.

Market Risk

The Fund's securities and trading derivative financial instruments are susceptible to market price risk arising from changes in market prices that affect the Fund's income on the fair value of its holdings of financial instruments.

The UK Healthcare market is facing a number of uncertainties common to the wider macro environment. While this represents a risk to the sector, the demand for healthcare services in general, and specialist healthcare services in particular, continue to grow. Healthcare service providers continue to see pressure on margins and availability of resources and will be expected to adapt to the environment.

COVID-19 has resulted in an increase in market risk to the Fund by way of the market valuation of its underlying assets and trading derivatives. Most of the international markets have seen a move to more liquid investments by investors and as such COVID-19 had the potential to result in disinvestment from the Fund. The Directors have done an assessment of this effect on the Fund and it has proven to be robust as highlighted by the excess of subscriptions over redemptions pre and post year end, highlighting the confidence the market has in the Fund and as such its underlying business. This resilience by the Fund and as such its underlying business has continued to make the Fund an attractive option for larger investors seeking an attractive business capable of generating returns even under difficult market conditions.

The Fund's overall market positions are monitored on a regular basis by the Fund's Investment Advisor.

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

13. Risk Management Policies and Procedures (continued)

Market Risk (continued)

At 30 September 2022, the overall market exposures were as follows:

	Contractual Amount GBP	Fair Value GBP	% of Net Assets GBP
Equity investment	-	1	0.00%
Bond	-	376,399,999	88.34%
Forward currency contracts	308,540,390	6,985,574	1.64%
Option	-	-	0.00%
	308,540,390	383,385,574	89.98%

At 31 March 2021, the overall market exposures were as follows:

	Contractual Amount GBP	Fair Value GBP	% of Net Assets GBP
Equity investment	-	20,747,420	6.07%
Bond	-	309,741,482	90.64%
Forward currency contracts	204,138,192	(520,589)	0.15%
Option	50,000,000	12,500,000	3.66%
	254,138,192	342,468,313	100.52%

In line with the accounting policies in Note 2(j), the Bond does not meet the conditions to be designated at amortised cost and is therefore held at fair value through profit or loss.

The trading activity of the underlying investment, Active Care Group, is solely in the UK.

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

13. Risk Management Policies and Procedures (continued)

Currency Risk

The Fund holds assets denominated in currencies other than GBP, the functional currency. The Fund is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in exchange rates.

At 30 September 2022

(Denominated in GBP)

	GBP GBP	EUR GBP	USD GBP	CHF GBP	ILS GBP	SGD GBP
Assets						
Cash equivalents at bank and broker	41,062,601	15,168	31,688	5,191	9,700	811
Financial assets at fair value through profit or loss	376,400,000	1,443,357	6,129,149	243,309	-	21,908
Due from affiliate	2,679,519	-	-	-	-	-
Other assets	24,314	-	-	-	-	-
Total assets	420,166,434	1,458,525	6,160,837	248,500	9,700	22,719
Liabilities						
Financial liabilities at fair value through profit or loss	-	-	-	-	852,150	-
Accrued expenses	1,150,205	24,531	(26,845)	(2,721)	-	-
Redeemable Participating shares	107,269,944	124,897,903	151,433,597	9,096,426	31,782,579	1,588,846
Total Liabilities	108,420,149	124,922,434	151,406,752	9,093,705	32,634,729	1,588,846
Net Assets	311,746,285	(123,463,909)	(145,245,915)	(8,845,205)	(32,625,029)	(1,566,127)

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

13. Risk Management Policies and Procedures (continued)

Currency Risk (continued)

At 31 March 2021

(Denominated in GBP)

	GBP	EUR	USD	CHF	ILS
	GBP	GBP	GBP	GBP	GBP
Assets					
Cash equivalents at bank and broker					
Financial assets at fair value through profit or loss	5,879,325	59,671	212,439	9,145	983
Due from affiliate	342,988,902	-	1,016,178	-	-
Other assets	2,014,610	-	-	-	-
	49,048	-	-	-	-
Total assets	350,931,885	59,671	1,228,617	9,145	983
Liabilities					
Financial liabilities at fair value through profit or loss	-	1,293,084	-	150,342	93,342
Accrued expenses	8,650,245	96,008	209,769	5,865	1,229
Redeemable Participating shares	138,607,279	80,055,524	102,120,790	6,630,900	14,315,824
Total Liabilities	147,257,524	81,444,616	102,330,559	6,787,107	14,410,395
Net Assets	203,674,361	(81,384,945)	(101,101,942)	(6,777,962)	(14,409,412)

The below table sets out the effect on the Fund's changes in net assets attributable to holders of redeemable participating shares of a possible weakening of GBP against the USD, CHF, EUR, ILS and SGD by 10%. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2022	2022	2021	2021
	GBP	%	GBP	%
USD	14,524,592	3.4221	10,110,194	2.9585
CHF	884,521	0.2081	677,796	0.1983
EUR	12,346,391	2.9008	8,138,495	2.3816
ILS	3,262,503	0.7639	1,440,941	0.4217
SGD	156,613	0.0368	-	-

A 10% strengthening of GBP against the above currencies would have resulted in an equal but opposite effect to the amounts shown above.

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

13. Risk Management Policies and Procedures (continued)

Currency Risk (continued)

The Fund uses Foreign Exchange contracts to provide shareholder hedging to ensure that shareholders are not subject to currency risk on their capital values. Profits and losses on these contracts are directly attributable to the relevant share classes.

The Fund uses hedging tools to eliminate any currency exposure including the currency exposure as a result of COVID-19. This has the net effect of eliminating any unexpected, adverse currency movement impact on the Fund.

Liquidity Risk

The Fund is exposed to monthly redemptions of redeemable participating shares, unless the Directors agree otherwise. It currently invests the majority of its assets in investments that are not traded in an active market and cannot be readily disposed of. As such the Fund is dependent on the receipt of ongoing subscriptions to meet its redemption, distribution and expense requirements in the short term. In the event of significant redemptions arising in any share class, the Fund has the ability to gate the level of redemptions at 10% of the shares in issue in any share class. The Directors also have the ability not to declare distributions in any distributing share in the event that sufficient liquidity is not available to meet such distributions.

The Fund may from time to time invest in derivative contracts traded over the counter, which are not traded in an organised public market and may be illiquid. As a result, the Fund may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

COVID-19 has affected the liquidity of the Fund, in particular the potential threat of investors moving their funds to more liquid investments resulting in the Fund struggling to meet its liquidity requirements. Subscriptions have continue to exceed redemptions, highlighting the insignificant impact of COVID-19 on the Fund's liquidity.

The table below analyses the Fund's financial assets and liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

At 30 September 2022	Less than 1 month GBP	1-3 Months GBP	No stated maturity GBP
Financial assets at fair value through profit or loss (Note 12)	7,837,723	-	376,400,000
Cash and cash equivalents (Note 5)	41,125,159	-	-
Due from affiliate (Note 15)	-	2,679,519	-
Other assets	24,214	-	100
Total financial assets	48,987,096	2,679,519	376,400,100
Financial liabilities at fair value through profit or loss (Note 12)	852,150	-	-
Other accrued expenses	298,335	846,835	-
Redeemable participating shares (Note 8, 9)	-	426,069,295	-
Total financial liabilities	1,150,485	426,916,130	-
Mismatch Surplus/ (Deficit)	47,836,611	(424,236,611)	376,400,100
Cumulative mismatch Surplus/ (Deficit)	47,836,611	(376,400,000)	100

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

13. Risk Management Policies and Procedures (continued)

Liquidity Risk (continued)

At 31 March 2021	Less than 1 month GBP	1-3 Months GBP	No stated maturity GBP
Financial assets at fair value through profit or loss (Note 12)	-	1,016,178	342,988,902
Cash and cash equivalents (note 5)	6,161,563	-	-
Due from affiliate (Note 15)	-	2,014,610	-
Other assets	4,770	44,178	100
Total financial assets	6,166,333	3,074,966	342,989,002
Financial liabilities at fair value through profit or loss (Note 12)	-	1,536,769	-
Other accrued expenses	7,212,332	1,750,783	-
Redeemable participating shares (Note 8, 9)	-	341,730,317	-
Total financial liabilities	7,212,332	345,017,869	-
Mismatch Surplus/ (Deficit)	(1,045,999)	(341,942,903)	342,989,002
Cumulative mismatch Surplus/ (Deficit)	(1,045,999)	(342,988,902)	100

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial assets which are potentially subject to interest rate risks are cash and cash equivalents.

For the period ended 30 September 2022, had the interest rates on cash and cash equivalents increased or decreased by 1% (31 March 2021: 1%) with all other variables remaining constant, the decrease or increase in net assets attributable to holders of redeemable shares for the year would be £411,252 (31 March 2021: £61,616).

Credit Risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the Statement of Financial Position date, if any. All transactions in listed securities are settled / paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet their obligation.

The Fund's exposure to credit risk arises in respect of the following instruments:

Cash and cash equivalents – see Note 5;
Derivative assets - Note 13;
Other assets - Note 14

The impact of COVID-19 from a credit perspective has largely been the increase in the receivables collection period, in the underlying investment. The receivables balance in the underlying investments has been relatively larger than that in the prior year. While the operating underlying investment has experienced an increase in receivables, the quality of counterparties ensures that the receivables remain recoverable. Subsequent to year end additional effort has been applied to this area which has resulted in a continuing reduction in receivable levels.

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

13. Risk Management Policies and Procedures (continued)

Offsetting financial assets and financial liabilities

The Fund has pledged £32,147,358 (2021: £3,380,015) in respect of forward foreign currency contracts with GC Partners as at 30 September 2022.

The Fund's maximum credit exposure at the reporting date is reported by the respective carrying amounts of the relevant financial assets in the Statement of Financial Position.

The Funds cash and cash equivalents are held mainly with Cayman National Bank (Isle of Man) Limited. Cayman National Bank (Isle of Man) Limited is not rated by any rating agency.

No financial assets carried at amortised cost were past due or impaired as at 30 September 2022 and 31 March 2021.

Fair Value Measurement

Many of the Fund's financial instruments are carried at fair value in the Statement of Financial Position. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including investments in derivatives, amounts due to/from brokers, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates bond and equity prices, foreign currency exchange rates, equity indices, EBITDA multiples and revenue multiples and expected price volatilities and correlations.

The objective of valuation techniques is to arrive at fair value measurements that reflect the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Fund uses widely recognised valuation models for determining the fair value of common and simple financial instruments, such as interest rates and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple OTC derivatives such as interest rate swaps. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and reduces the uncertainty associated with the determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Fair value estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties; to the extent that the fund believes that a third party market participant would take them into account in pricing a transaction. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Fund and the counter party where appropriate. For measuring derivatives that might change classification from being an asset to a liability or vice versa, such as interest swaps, fair values include adjustment for both own credit risk and counterparty credit risk.

Model inputs and values are calibrated against historical data and published forecast and, when possible, against current or recent observed transactions and broker quotes. This calibration process is inherently subjective and it yields ranges of possible inputs and estimates of fair value, and management judgement is required to select the most appropriate point in range.

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

13. Risk Management Policies and Procedures (continued)

Fair Value Measurement (continued)

The Directors have assessed the impact of COVID-19 on the inputs used in the Fair value measurement model. Regardless of the underlying investment showing signs of resilience, the Directors have been prudent in applying inputs to the fair value measurement model. Due to inherent uncertainty in level 3 valuation methodology and inputs, as well as, the uncertainties due to the impact of COVID-19 pandemic on the financial market, the amounts realised at disposal, may materially differ from the amounts stated in the financial statements. As at the reporting date, the impact of those uncertainties cannot be reliably quantified. See Note 19, for a detailed description of the actions undertaken by the Directors to mitigate the effects of COVID-19.

The Fund measures fair value using the following fair value hierarchy that reflects the significance of inputs used in making the measurements.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. 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 Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

13. Risk Management Policies and Procedures (continued)

Fair Value Measurement (continued)

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities measured at fair value:

30 September 2022

	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Assets				
Financial assets at fair value through profit or loss: (Note 12)				
Equity investments	-	-	1	1
Bond	-	-	376,399,999	376,399,999
Derivative financial assets	-	7,837,723	-	7,837,723
Total assets	-	7,837,723	376,400,000	384,237,723
Liabilities				
Financial liabilities at fair value through profit or loss: (Note 12)				
Derivative financial liabilities	-	852,150	-	852,150
Total liabilities	-	852,150	-	852,150

31 March 2021	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Assets				
Financial assets at fair value through profit or loss: (Note 12)				
Equity investments	-	-	20,747,420	20,747,420
Bond	-	-	309,741,482	309,741,482
Derivative financial assets	-	1,016,178	12,500,000	13,516,178
Total assets	-	1,016,178	342,988,902	344,005,080
Liabilities				
Financial liabilities at fair value through profit or loss: (Note 12)				
Derivative financial liabilities	-	1,536,769	-	1,536,769
Total liabilities	-	1,536,769	-	1,536,769

There were no movements between levels 1 and 2 during the period ended 30 September 2022 and the year ended 31 March 2021.

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

13. Risk Management Policies and Procedures (continued)

Fair Value Measurement (continued)

The following table shows a reconciliation of the opening and closing balance for Level 3 instruments on the fair value hierarchy:

	Equity investment 2022 GBP	Bond 2022 GBP	Option 2022 GBP	Investments 2021 GBP
Balance as at beginning of period	20,747,420	309,741,482	12,500,000	225,934,719
Total (loss)/gain recognised in profit or loss	(747,419)	22,488,167	(12,500,000)	100,251,332
Purchases	-	45,097,850	-	20,357,761
Sales	(20,000,000)	(927,500)	-	(3,554,910)
Balance at end of the period	1	376,399,999	-	342,988,902
Change in unrealised gains or losses for the period included in profit or loss for financial assets and financial liabilities held at fair value through profit or loss	(747,419)	22,488,167	(12,500,000)	100,251,332

Adjusted EBITDA

In arriving at the fair value of the financial assets held at FVTPL, the unobservable inputs used to derive a market multiple include comparison to listed peer multiples and precedent transaction multiples of similar assets. The medians of each of these, respectively, have been used to determine a range of 12.00x to 14.00x. Within this range, the Fund has determined the reasonably possible alternative assumptions to be 12.00x to 14.00x as at 30 September 2022 which indicates a fair value range of £349m to £409m. The Fund has applied a multiple within the range at 13x (2021: 12.5x) to the consolidated Adjusted Earnings Before Interest and Tax (Adjusted EBITDA) for the underlying entities. Adjusted EBITDA is calculated using EBITDA adjusted for non-recurring income and expenses in order to arrive at maintainable earnings. Adjusted EBITDA used in determining the value of the investment in the period under review is £37.4 million (2021: £34.7 million). Alternative valuation methodologies applied include the discounted cash flow method.

Sensitivity

Management has used a market approach to arrive at a fair value for the Fund's financial assets. Although management believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. Fair value measurements of Level 3 investments are subject to a number of inputs and changing one or more of the assumptions used would have the following effects on the net assets attributable to holders of redeemable participating shares:

	Favourable GBP (million)	(Unfavourable) GBP (million)
2022		
Unlisted equity investment	49	(49)
2021		
Unlisted equity investment	43	(43)

The favourable and unfavourable effects on the valuation of the unlisted equity investments have been calculated by applying a 10% movement to the average multiple applied to Adjusted EBITDA.

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

13. Risk Management Policies and Procedures (continued)

Geographic Risk

The Fund's underlying investments are all located in the UK and are therefore exposed to any sovereign events that may impact the UK economy as whole. However, the UK market is significantly fragmented such that by having exposure to more than 40 NHS and Local Authorities management control the overall risk exposure.

Industry Risk

The Fund investments are all engaged in activities related to the UK healthcare sector and are therefore exposed to any deterioration in this sector.

Capital Management

The holders of management shares are entitled to repayment of up to par value only on the winding-up of the Fund in priority to redeemable shares. The Fund is not subject to other externally imposed capital requirements. The redeemable shares issued by the Fund provide an investor with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at each redemption and are classified as liabilities. For a description of the terms of the redeemable shares issued by the Fund, see Note 8. The Fund's objective in managing the redeemable shares are to ensure a stable base to maximize returns to all investors, and to manage liquidity risk arising from redemptions. The Fund's management of the liquidity risk arising from redeemable shares is discussed in Notes 7 and 8.

14. Other Assets

	2022	2021
	GBP	GBP
Prepayments	6,000	4,771
Management share capital receivable	100	100
Other receivables	18,214	44,177
	<u>24,314</u>	<u>49,048</u>

15. Related Party Transactions

Montreux Capital Management Zug AG holds 100 Management Shares as at 30 September 2022.

The fees paid to the Investment Advisor and Manager are disclosed in Note 3.

The fees paid to Directors are disclosed in Note 4.

During the period ended 30 September 2022, the Fund extended loans to its affiliates amounting to £11,779,569 (31 March 2021: £4,001,665), with a balance due from affiliates of £2,679,519 (31 March 2021: £2,014,610) outstanding as at 30 September 2022.

Montreux Group Entities, linked by common ownership to the Investment Advisor, recharged marketing expenses of £1,260,000 (31 March 2021: £640,000) to the Fund for cost incurred in direct marketing of the Fund during the year.

In the period under review, the Fund has invested in the Montreux Healthcare Fixed Yield Fund, a fund under the common control of the Investment Advisor. A total of £ Nil (31 March 2021: £ 20 million) has been invested into this fund, with a fair value of £ Nil (31 March 2021: 20.42 million) as at 30 September 2022.

The Montreux Healthcare Fund PLC

Notes to the Financial Statements (continued) For the period ended 30 September 2022

16. Capital Commitment

The Fund has no capital commitments at the date of these accounts.

17. Distributions

The Fund has paid distributions of £11,466,162 (31 March 2021: £5,416,463) during the period.

18. Approval Of Financial Statements

The Financial Statements were approved by the Board on 28 April 2023.

19. COVID-19

The healthcare industry has been impacted significantly by COVID-19 in a number of areas including: the cost of keeping service users safe; the ability to acquire new service users; the ability to treat existing service users where such service was delivered in a non-secure environment; the ability to ensure staffing levels were not significantly impacted such that it negatively affected the quality of the service being delivered.

The Active Care Group (the "ACG") implemented a plan at an early stage which ensured that the impact on service users would be limited. This plan included an effective lockdown of all services and close monitoring of service users and staff. Actions included strictly controlling movement within its services, monitoring and testing both service users and staff as appropriate, acquiring sufficient PPE to ensure the safety of all appropriate individuals. Management met on a regular basis to ensure that the ACG was acting appropriately to ensure the safe navigation of the social and economic costs of the pandemic.

20. Subsequent Events

On 3 October 2022, the Fund entered a "closed period" where dealing in participating shares was suspended due to the potential sale of a portion of the Fund's portfolio. The Closed Period will end on either the completion or the termination of the sale.

A reconciliation from the published NAV to the audited NAV is included in note 9.

The Montreux Healthcare Fund PLC

Unaudited Schedule of Investments

As at 30 September 2022

Investments	Cost GBP	Fair Value GBP	% of NAV GBP
Financial assets			
Equity investments	1	1	0.00%
Bond	184,961,780	376,399,999	88.34%
Derivatives: forward currency contracts	-	7,837,723	1.84%
Total financial assets	184,961,781	384,237,723	90.18%
Financial liabilities			
Derivatives	-	(852,150)	-0.20%
Total financial liabilities	-	(852,150)	-0.20%
Total Investments	184,961,781	383,385,573	89.98%