

**Catalyst International UCITS ICAV**  
(registration number C417737)  
and its sub-fund  
**Catalyst International Income Opportunities**  
**Fund**

(An open-ended Irish collective asset management vehicle which is constituted as an umbrella fund with segregated liability between Funds and with variable capital)

**Unaudited Interim**  
**Financial Statements**

**For the financial period from 1 January 2023 to 30 June 2023**

# Catalyst International UCITS ICAV

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## Catalyst International UCITS ICAV

### Directors and Other Information

Directors	Teddy Otto (German)* Alan Kerr (Irish)** Michael Schoonover* (American)
Registered Office	Catalyst International UCITS ICAV 2nd Floor, Block E, Iveagh Court Harcourt Road Dublin 2 Ireland
Manager	Carne Global Fund Managers (Ireland) Limited 2nd Floor, Block E, Iveagh Court Harcourt Road Dublin 2 Ireland
Investment Manager	Catalyst International Advisors LLC 53 Calle Palmeras Suite 601 San Juan, PR 00901 United States of America
Sub-Investment Manager	ESM Management LLC 100 Westchester Road Newton, MA 02458 United States of America
Administrator	U.S. Bank Global Fund Services (Ireland) Limited 24-26 City Quay Dublin 2 Ireland
Depository	Elavon Financial Services DAC Trading as US Bank Depository Services Block F1 Cherrywood Business Park Dublin 18 Ireland
Legal Advisors	A&L Goodbody LLP International Financial Services Centre North Wall Quay Dublin 1 Ireland
Independent Auditor	Grant Thornton Chartered Accountants and Statutory Audit Firm 13-18 City Quay Dublin 2 Ireland
ICAV Secretary	Carne Global Financial Services Limited 2nd Floor, Block E, Iveagh Court Harcourt Road Dublin 2 Ireland

\* Non-executive

\*\*Independent, non-executive

# Catalyst International UCITS ICAV

## INVESTMENT MANAGER'S REPORT

For the period from 1 January 2023 to 30 June 2023

### Catalyst International Income Opportunities Fund

#### Semi-Annual Commentary

The Catalyst International Income Opportunities Fund (the "Fund"), a sub-fund of the Catalyst International UCITS ICAV, generated a +2.67% return during Q2 2023, significantly outpacing the Bloomberg U.S. Aggregate Bond Total Return Index and Bloomberg U.S. MBS Total Return Index returns of -0.84% and -0.64%, respectively, during Q2. The Fund has returned +7.68% for the past year, while the Bloomberg U.S. Aggregate Bond Total Return Index and Bloomberg U.S. MBS Total Return Index are still in negative territory with -0.94% and -1.52% one-year returns, respectively.

Although baseline yields are now at very attractive levels for non-agency RMBS and CMBS, that was not the case for the past year. In fact, we estimate that a majority of the +7.68% trailing one-year return is due to the alpha that the Sub-Investment Manager generated from asymmetric upside trades. We believe that the combination of attractive baseline yields and the potential for asymmetric upside trades to generate alpha positions the Fund well for future outperformance.

We are pleased with the continued performance of the Fund's Sub-Investment Manager, ESM Management LLC ("ESM"). ESM currently manages approximately \$826 million in this actively managed, non-traditional fixed income strategy in various formats, with most of the investor assets currently in the U.S. mutual fund offering of the strategy under the Rational Funds product line-up.

#### Sub-Investment Manager Commentary

The ability of the asymmetric upside potential trades to add value to the Fund was again highlighted on the 27th of June when a non-agency RMBS investment generated a meaningful return, contributing significantly to the Fund's +1.33% June return. This trade involved a class of bonds where there was a lawsuit (in which we were not involved) against the originator. The defendant had already agreed to pay a settlement amount into the trust to conclude the litigation. When the money was wired into the trust, the market was uncertain about how the funds would be distributed among the different bond groups.

One class of bonds had unambiguous language, and it was clear that this class would receive substantial payments. However, the second class of bonds had more confusing language. This led to further litigation, and the judge in that case decided that both classes of bonds should be paid out at the same time. The market did not price this correctly, and we were able to obtain the first set of bonds at about a 40% discount. Market participants were effectively treating the two classes of bonds the same way, and we paid an amount that reflected the (non-existent) uncertainty over how it would receive proceeds from the settlement.

This is the type of trade that demonstrates how our unique combination of expertise allowed us to benefit from following litigation closely. We were able to analyse the language in the settlement documents and the judge's rulings, allowing us to handicap the outcome better than the rest of the market.

#### *Market Outlook:*

Legacy (pre-2008) non-agency RMBS bonds continue to comprise most of the Fund's holdings. We believe that on a relative value basis, these bonds provide superior yields. Since our focus has always been on the more senior bonds in these structures, credit risk generally reduces each month as the underlying mortgage loans are paid down, which means the bonds the Fund holds are paid down. The current spreads to U.S. Treasuries are very wide (though not the absolute widest) compared to what we have seen on average over the last five years, and the total yield is the highest we have seen over that period. Interestingly, over this same period, these bonds have actually been de-risking, due to both monthly paydowns and from appreciation of the underlying collateral (i.e., the homes themselves).

## **Catalyst International UCITS ICAV**

### **INVESTMENT MANAGER'S REPORT (continued) For the period from 1 January 2023 to 30 June 2023**

There have been articles recently that question whether there might be a second U.S. mortgage crisis like in 2007-2008. We believe that such an event is not likely, and we further believe that a housing crisis would not fundamentally affect our bonds. Our portfolio of RMBS bonds today has an average loan-to-value ("LTV") of around 30%; in other words, the owners have about 70% equity in their homes, on average. This means that if home values were to drop by 50% (which would be more extreme than the 2007-2008 crisis), then our bonds would still be backed by homeowners that continue to have positive equity in their homes. This is important because history has clearly shown that homeowner equity, or the lack thereof, is what drives defaults. We are confident that the RMBS portion of our portfolio is sound, well protected from even extreme economic shocks and yields around 200 bps over short-term treasuries, which in our opinion is an excellent return given the relatively mitigated interest rate risk and credit risk.

We are getting increasingly excited about opportunities in the commercial MBS ("CMBS") marketplace. It is no secret that commercial real estate is under stress. Financial publications cannot write enough about how bad the market is or how bad it will become. From our perspective, the disruption of the market is in its early stages. Although there are ample bad investments that keep many investors away, our unique expertise and experience allows us to identify multitudes of significantly under-priced CMBS bonds.

Our general strategy for CMBS is to structure the portfolio by seeking to minimize traditional fixed income risks: interest rate risk and credit risk. We accomplish minimizing credit risk by finding bonds that have significant credit support through subordination and/or through strong underlying collateral. Interest rate risk reduction is found by either acquiring floating rate bonds or short-term bonds. Deploying our approach in the CMBS space is providing us with opportunities to achieve yields well in excess of what we believe is warranted given the risks we are taking. On average, we are deploying capital at high teens yields, where there is additional upside for even better results.

We see the disruption in the CMBS market providing opportunities for excellent risk adjusted returns for years to come.

#### **Important Considerations**

The Fund is actively managed and is not managed in reference to any benchmark. The benchmarks included above provide illustrate the performance of an investment in broader MBS and bond markets and are provided as a performance comparison only.

The performance figures quoted refer to the past and past performance is not a guarantee of future performance or a reliable guide to future performance. The value of your investment and any income on it may go down as well as up, and may vary. Income may fluctuate in accordance with market conditions and taxation arrangements. Changes in exchange rates may have an adverse effect on the value, price or income of an investment. An investment in shares of any sub-fund of the ICAV should only be made by persons who can sustain a loss on their investment. Any such investment should not constitute a substantial portion of an investment portfolio and may not be appropriate for all investors.

The information provided does not constitute investment advice and/or recommendations or tax, legal or economic advice and is not an offer or solicitation to buy or sell shares in any of the financial instruments mentioned. In particular, this information does not replace appropriate personal and product-related advice. The information provided is for your information only. If you are in any doubt as to the meaning of the information provided, please consult your financial advisor or other independent professional advisor.

The ICAV is an open-ended Irish collective asset-management vehicle which is constituted as an umbrella fund with segregated liability between sub-funds and with variable capital.

The Manager of the ICAV is Carne Global Fund Managers (Ireland) Limited (the Manager), a company regulated by the Central Bank of Ireland.

## **Catalyst International UCITS ICAV**

### **INVESTMENT MANAGER'S REPORT (continued) For the period from 1 January 2023 to 30 June 2023**

This commentary is directed mainly at professional and institutional clients who possess the necessary experience, knowledge and expertise to make their own investment decisions and properly assess the risks involved in an investment. The information contained in this commentary is not directed at, or intended for distribution to, any person (or entity) who is a citizen or resident, (located or established) in any country or jurisdiction where the use of the commentary or distribution of the commentary information would be contrary to applicable laws or regulations. The commentary does not constitute, and may not be used for the purpose of, an offer or solicitation to invest in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorized or in which the person making such offer or solicitation is not qualified to do so. The ICAV, the Manager or their respective delegates may terminate arrangements made for the marketing or placement of any shares in a sub-fund of the ICAV in any jurisdiction in accordance with the requirements of applicable laws and regulation.

Information in this commentary was obtained from various sources and the ICAV, Manager, Investment Manager and Sub-Investment Manager do not guarantee its accuracy. The information is for your private use and discussion purposes only and expressed views and opinions may change.

Investment in shares of any sub-fund of the ICAV is subject to risks. Potential investors should read the Prospectus, relevant Fund Supplement, and Key Investor Information Document, paying particular attention to the sections related to risk factors and risks, before making any investment decisions.

Your investment may also be subject to currency, interest rate, as well as market fluctuations. Consequently, an investor may not get back a sum equal to the amount originally invested.

Where provided for in the Prospectus, relevant Fund Supplement, and Key Investor Information Document, a sub-fund of the ICAV may utilize Over the Counter or Exchange Traded derivative instruments for hedging or investment purposes. Transactions in derivative instruments involve a risk of loss or depreciation of capital due to adverse changes in security prices, exchange rates or interest rates or in the case of Over the Counter instruments, default of the Counterparty. An investment in a sub-fund of the ICAV that may make such investments may not be suitable for all types of investors. It is recommended that you consult with your professional advisors before making an investment.

The commentary, or any document referred to in this commentary, is not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters. The commentary may not be adequate for the needs, profile and experience of each individual investor. Each prospective investor should consult with their own professional advisers as to any legal, economic, or tax implications and related aspects which may be relevant to the purchase, holding or disposal of shares in one or more sub-funds and as to suitability of an investment for such investor. The levels and bases of taxation are dependent on individual circumstances and subject to change and therefore it is highly recommended that you consult a professional tax advisor.

Catalyst International Advisors LLC  
August 2023

# Catalyst International UCITS ICAV

## STATEMENT OF FINANCIAL POSITION As at 30 June 2023

### Catalyst International Income Opportunities Fund

	Note	30 June 2023 US\$	31 December 2022 US\$
<b>Assets</b>			
Financial assets at fair value through profit or loss:	3, 5		
- Transferable securities		5,878,622	5,658,569
Cash and cash equivalents	2	313,723	313,254
Interest receivable		27,581	26,954
Other assets and prepaid expenses		59,743	32,390
<b>Total assets</b>		<b>6,279,669</b>	<b>6,031,167</b>
<b>Liabilities</b>			
Administration fee payable	6	(866)	(575)
Audit fee payable		(2,977)	(14,767)
Depositary fee payable	6	(207)	(207)
Other payables and accrued expenses		(55,110)	(41,098)
<b>Total liabilities (excluding net assets attributable to holders of redeemable participating shares)</b>		<b>(59,160)</b>	<b>(56,647)</b>
<b>Net assets attributable to holders of redeemable participating shares</b>		<b>6,220,509</b>	<b>5,974,520</b>
Number of Founder USD Class shares outstanding		60,003	60,003
Net asset value per share - Founder USD Class		103.67	99.57

*The accompanying notes form an integral part of these financial statements.*

## Catalyst International UCITS ICAV

### STATEMENT OF COMPREHENSIVE INCOME

For the financial period from 1 January 2023 to 30 June 2023

#### Catalyst International Income Opportunities Fund

		For the financial period ended 30 June 2023 US\$	For the financial from 29 July 2021 to 30 June 2022 US\$
	Note		
<b>Investment income/(expense)</b>			
Interest income on financial assets at fair value through profit or loss		350,027	55,681
Net loss on financial assets and liabilities at fair value through profit or loss and foreign exchange	4	<u>(70,817)</u>	<u>(173,807)</u>
<b>Net investment income/(expense)</b>		<b><u>279,210</u></b>	<b><u>(118,126)</u></b>
<b>Expenses</b>			
Administration fee	6	(1,811)	(1,182)
Audit fee		(3,927)	(6,593)
Depositary fee	6	(604)	(394)
Legal fee		(5,361)	(6,635)
Directors' fee	6, 10	(26,938)	(16,151)
Management fee	6	(22,691)	(17,121)
Company secretary fee		(6,735)	(5,066)
D&O insurance fee		(2,116)	(4,716)
Interest expense		(18)	-
Other expenses		(57,332)	(47,429)
Expense cap reimbursement by Investment Manager	6	<u>94,312</u>	<u>-</u>
<b>Total operating expenses</b>		<b><u>(33,221)</u></b>	<b><u>(105,287)</u></b>
<b>Net gain/(loss) from operations</b>		<b><u>245,989</u></b>	<b><u>(223,413)</u></b>
<b>Change in net assets attributable to holders of redeemable participating shares resulting from operations</b>		<b><u>245,989</u></b>	<b><u>(223,413)</u></b>

There were no recognised gains or losses arising in the financial period other than the increase/(decrease) in net assets attributable to holders of redeemable participating shares of the Fund. In arriving at the results for the financial period, all amounts above relate to continuing operations.

*The accompanying notes form an integral part of these financial statements.*

## Catalyst International UCITS ICAV

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE PARTICIPATING SHARES

For the financial period from 1 January 2023 to 30 June 2023

#### Catalyst International Income Opportunities Fund

	For the financial period ended 30 June 2023 US\$	For the financial from 29 July 2021 to 30 June 2022 US\$
Net assets attributable to holders of redeemable participating shares at the beginning of the financial period	5,974,520	-
Change in net assets attributable to holders of redeemable participating shares resulting from operations	245,989	(223,413)
Proceeds from redeemable participating shares issued	-	6,000,300
<b>Net assets attributable to holders of redeemable participating shares at the end of the financial period</b>	<b>6,220,509</b>	<b>5,776,887</b>

*The accompanying notes form an integral part of these financial statements.*

# Catalyst International UCITS ICAV

## STATEMENT OF CASH FLOWS

For the financial period from 1 January 2023 to 30 June 2023

### Catalyst International Income Opportunities Fund

	For the financial period ended 30 June 2023 US\$	For the financial from 29 July 2021 to 30 June 2022 US\$
<b>Cash flows from operating activities</b>		
Change in net assets attributable to holders of redeemable participating shares resulting from operations	245,989	(223,413)
<b>Change in operating assets and liabilities</b>		
Net change in financial assets at fair value through profit or loss	(220,053)	(5,558,811)
Net change in interest receivable	(627)	(17,755)
Net change in other assets and prepaid expenses	(27,353)	(11,490)
Net change in fees and other payables	2,513	53,265
<b>Cash flows provided by/(used in) operating activities</b>	<b>469</b>	<b>(5,758,204)</b>
<b>Financing activities</b>		
Proceeds from issue of redeemable participating shares	-	6,000,300
<b>Cash flows from financing activities</b>	<b>-</b>	<b>6,000,300</b>
Net increase in cash and cash equivalents for the financial period	469	242,096
Cash and cash equivalents at the beginning of the financial period	313,254	-
<b>Cash and cash equivalents at the end of the financial period</b>	<b>313,723</b>	<b>242,096</b>
<b>Supplementary information on cash flow from operating activities include:</b>		
Interest received	349,400	37,926
Interest paid	(18)	-

*The accompanying notes form an integral part of these financial statements.*

# Catalyst International UCITS ICAV

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 1 January 2023 to 30 June 2023

### 1. General information

Catalyst International UCITS ICAV was registered in Ireland by the Central Bank of Ireland on 28 January 2020 as an umbrella fund with segregated liability between sub-funds governed by the laws of Ireland and an open-ended investment fund authorised as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019, as amended (the “Central Bank UCITS Regulations”).

As at 30 June 2023, the ICAV has two sub-funds, Catalyst International Income Opportunities Fund (registration number C470569) which launched on 1 March 2022, and Catalyst International Convertible Securities Fund (registration number C496048) which has not yet launched. The investment objective of both Funds is to seek total returns consisting of capital appreciation and income.

The Catalyst International Income Opportunities Fund is actively managed and seeks to achieve its investment objective by primarily investing in fixed income securities that may, based on ESM Management LLC's (the Sub-Investment Manager) analysis, present market opportunities, in particular agency and non-agency U.S. residential and commercial mortgage-backed securities (“MBS”), as well as other asset-backed securities (“ABS”).

The ICAV's registered office is located at 2nd Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland. The ICAV had no employees during the financial period.

The ICAV's investment activities are managed by Catalyst International Advisors LLC (the “Investment Manager”) with its administration delegated to U.S. Bank Global Fund Services (Ireland) Limited.

### 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### 2.1. Basis of preparation

This condensed interim financial information for the period from 1 January 2023 to 30 June 2023 is unaudited and has been prepared in accordance with IAS 34, “Interim Financial Reporting”. Further disclosures are made under the requirements of the Central Bank UCITS Regulations schedule 8 “Additional information to be included in the half-yearly report”.

These condensed financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss. The condensed interim financial statements should be read in conjunction with the annual financial statements for the financial period from 29 July 2021 to 31 December 2022.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all financial periods presented, unless otherwise stated.

#### 2.2. Foreign currency translation

##### (a) Functional and presentation currency

The Directors consider the US Dollar (“US\$”) as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in US\$, which is the ICAV and Fund's functional and presentation currency.

##### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

# Catalyst International UCITS ICAV

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial period from 1 January 2023 to 30 June 2023

### 2. Summary of significant accounting policies (continued)

#### 2.2. Foreign currency translation (continued)

##### (b) *Transactions and balances (continued)*

Assets and liabilities are translated using prevailing exchange rates at the financial period end. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the financial period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Translation differences on non-monetary financial assets and liabilities at fair value through profit or loss are recognised in the Statement of Comprehensive Income within the fair value net gain or loss.

The foreign exchange rates versus US\$ used as at 30 June 2023 were as follows:

Currency	30 June 2023 US\$ Rate	31 December 2022 US\$ Rate
EUR	0.9164	0.9370

#### 2.3. Investment transactions and valuation

##### (i) *Financial instruments*

In accordance with IFRS 9, Financial Instruments (“IFRS 9”), the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

##### *Financial assets*

###### *Financial assets measured at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at Fair Value through Profit or Loss (“FVPL”).

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

The Fund includes in this category cash and cash equivalents and other assets.

###### *Financial assets measured at FVPL*

All financial assets not classified as measured at amortised cost as described above are measured at FVPL. This includes Asset Backed Securities, corporate bonds and Mortgage-Backed Securities. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. The Fund has not designated any financial assets at FVPL that otherwise meets the requirements to be measured at amortised cost.

The Fund makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- 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 managers of the business are 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 financial periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVPL.

# Catalyst International UCITS ICAV

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial period from 1 January 2023 to 30 June 2023

### 2. Summary of significant accounting policies (continued)

#### 2.3. Investment transactions and valuation (continued)

##### (i) *Financial instruments (continued)*

###### **Financial liabilities**

Financial liabilities are measured at amortised cost or FVPL.

###### *Financial liabilities measured at FVPL*

A financial liability is classified as at FVPL if it is classified as held-for-trading, including derivatives and if it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the Statement of Comprehensive Income.

The Fund held no financial liabilities measured at FVPL as at 30 June 2023.

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

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the Statement of Comprehensive Income. Any gain or loss on derecognition is also recognised in the Statement of Comprehensive Income.

The Fund includes in this category other payables.

##### (ii) **Recognition**

The Fund recognises financial assets and financial liabilities on the date they become a party to the contractual provisions of the instruments. Investment transactions are recognised on a trade date basis and determined on a first-in, first-out (“FIFO”) basis. Realised and unrealised gains and losses on securities transactions are reflected in the Statement of Comprehensive Income.

##### (iii) **Initial measurement**

Financial instruments are measured initially at fair value (transaction price) plus, in the case of a financial asset or financial liability not at FVPL, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Transaction costs on financial assets and financial liabilities at FVPL are expensed immediately on the trade date, while on other financial instruments they are amortised.

##### (iv) **Subsequent measurement**

Subsequent to initial recognition, all instruments classified at FVPL, are measured at fair value with changes in fair value recognised through profit or loss in the Statement of Comprehensive Income. Financial liabilities, other than those at FVPL, are carried at amortised cost using the effective interest rate.

The fair value of financial instruments is based on their quoted market prices at the Statement of Financial Position date without any deduction for estimated selling costs.

The policy set out in the Fund’s valuation policies provide for investments to be valued by the Administrator based on prices provided by an independent market data vendor or pricing service that is internationally recognised and well established in the context of the relevant instruments.

IFRS 13, Fair Value Measurement, defines fair value as 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 (i.e. an existing price). All prices used are considered most representative of fair value within the bid-ask spread. The bid-ask spread is the amount by which the ask price exceeds the bid price for an asset in the market.

##### (v) **Impairment**

IFRS 9 requires the Fund to record the expected credit losses (“ECLs”) on all of its financial assets at amortised cost, being cash and cash equivalents and other assets on either a 12-month or lifetime basis. As the Fund hold receivables and cash they have exposure to credit risk. An ECL assessment was carried out, and based on this ECL assessment, there is an immaterial exposure to default risk.

# Catalyst International UCITS ICAV

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial period from 1 January 2023 to 30 June 2023

### 2. Summary of significant accounting policies (continued)

#### 2.3. Investment transactions and valuation (continued)

##### (vi) 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 asset qualifies for derecognition. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

#### 2.4. Use of estimates

The preparation of financial statements requires the ICAV to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the financial period. Actual results could differ from those estimates.

#### 2.5. Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

Cash balances throughout the financial period and at the financial period end, are held with US Bank Depository Services.

	S&P Credit Rating	As at 30 Jun 2023	As at 31 Dec 2022 US\$
<i>Cash and cash equivalents</i>			
US Bank Depository Services	AA-	313,723	313,254
		<b>313,723</b>	<b>313,254</b>

#### 2.6. Expenses

All expenses are recognised in the Statement of Comprehensive Income on the accruals basis.

#### 2.7. Interest

Interest income is calculated using the effective interest rate method.

#### 2.8. Redeemable participating shares

All redeemable participating shares issued by the Fund provide the investors with the right to require redemption for cash at the value proportionate to the investor's share in the Fund's net assets at the redemption date. In accordance with IAS 32 such instruments give rise to a financial liability for the present value of the redemption amount.

#### 2.9. NAV per redeemable share

The NAV per redeemable share disclosed on the face of the Statement of Financial Position is calculated by dividing net assets included in the Statement of Financial Position by the number of redeemable participating shares outstanding at financial period end.

#### 2.10. New standards and interpretations adopted

There are no standards, amendments to standards or interpretations that are effective for annual financial periods beginning on 1 January 2023 that have a material effect on the financial statements of the ICAV.

#### 2.11. New standards, amendments and interpretations effective after 1 January 2023 not early adopted

Certain new accounting standards and interpretations have been published that are not mandatory for annual financial periods beginning on 1 January 2023 and have not been early adopted by the ICAV.

## Catalyst International UCITS ICAV

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial period from 1 January 2023 to 30 June 2023

#### 3. Financial assets and liabilities at fair value through profit or loss

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

##### Catalyst International Income Opportunities Fund

	30 June 2023	31 December 2022
		US\$
Bond Corporate	686,929	568,586
Mortgage Backed Securities	5,191,693	5,089,983
<b>Total financial assets at fair value through profit or loss</b>	<b>5,878,622</b>	<b>5,658,569</b>

#### 4. Net gain and loss on financial assets and liabilities at fair value through profit or loss and foreign exchange

##### Catalyst International Income Opportunities Fund

	For the financial period ended 30 June 2023	For the financial period from 29 July 2021 to 30 June 2022
	US\$	US\$
Net realised (loss)/gain on financial assets and liabilities at fair value through profit or loss and foreign exchange	(52,335)	12,676
Change in unrealised loss on financial assets and liabilities at fair value through profit or loss and foreign exchange	(18,482)	(186,483)
<b>Net loss on financial assets and liabilities at fair value through profit or loss and foreign exchange</b>	<b>(70,817)</b>	<b>(173,807)</b>

#### 5. Fair value information

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the financial period-end date. IFRS 13, 'Fair Value Measurement' requires the Fund to price its financial assets and liabilities using the price in the bid-ask spread that is most representative of fair value for both financial assets and financial liabilities. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of financial assets and liabilities that are not traded in an active market are determined by using various methods including alternative price sources sourced from a reputable broker/counterparty, validated and periodically reviewed by the Investment Manager, independently of the party that calculated them, using market standard models.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2: Inputs other than quoted prices included in Level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using; quoted prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques for which all significant inputs are directly or indirectly observable from market data.

Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

## Catalyst International UCITS ICAV

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial period from 1 January 2023 to 30 June 2023

#### 5. Fair value information (continued)

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.

#### Catalyst International Income Opportunities Fund

30 June 2023

Assets	Level 1		Level 2		Level 3	
	Fair value US\$	As % of net assets	Fair value US\$	As % of net assets	Fair value US\$	As % of net assets
<b>Investment type</b>						
<i>Fixed Income Securities:</i>						
United States						
Corporate Bonds	-	-	686,929	11.04%	-	-
MBS	-	-	5,191,693	83.46%	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5,878,622</b>	<b>94.50%</b>	<b>-</b>	<b>-</b>

31 December 2022

Assets	Level 1		Level 2		Level 3	
	Fair value US\$	As % of net assets	Fair value US\$	As % of net assets	Fair value US\$	As % of net assets
<b>Investment type</b>						
<i>Fixed Income Securities:</i>						
United States						
Corporate Bonds	-	-	568,586	9.52%	-	-
MBS	-	-	5,089,983	85.19%	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>5,658,569</b>	<b>94.71%</b>	<b>-</b>	<b>-</b>

There are no Level 3 positions at financial period end. There have been no transfers between levels during the financial period.

All other assets and liabilities are carried at amortised cost and are classified as Level 2 within the fair value hierarchy. Their carrying values are a reasonable approximation of fair value. Fees payable and other payables represent the contractual amounts and obligations due by the Fund for settlement of trades and expenses.

The puttable value of redeemable participating shares is calculated based on the net difference between total assets and all other liabilities of the Fund in accordance with the Fund offering memorandum. These shares are not traded in an active market. A demand feature is attached to these shares, as they are redeemable at the holders’ option and can be put back to the Fund at any dealing date for cash equal to a proportionate share of the Fund’s NAV attributable to the share class. The fair value is based on the amount payable on demand, discounted from the first date that the amount could be required to be paid. The impact of discounting in this instance is not material. As such, Level 2 is deemed to be the most appropriate categorisation for Net Assets Attributable to Holders of Redeemable Participating Shares.

#### 6. Fees and expenses

##### Investment management fee

The Investment Manager is paid a fee in respect of each Share Class at an annual rate as set out in the table below (plus VAT thereon, if any) out of the assets of the Fund, calculated and accrued on each Dealing Day and payable monthly in arrears (the Investment management fee).

# Catalyst International UCITS ICAV

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial period from 1 January 2023 to 30 June 2023

### 6. Fees and expenses (continued)

#### Investment management fee (continued)

Share class	Investment management fee
Founder class	0.66%
Institutional class	1.00%

The Investment Manager may, from time to time at its sole discretion, waive any or all of its fees in respect of any particular payment period, provided that Shareholders in the same Share Classes are treated equally and all Shareholders are treated fairly. The Investment Manager may also, from time to time at its sole discretion and out of the Investment Manager's own resources, reimburse the Fund for certain operating expenses. The Sub-Investment Manager is entitled to receive from the ICAV such portion of the investment management fees payable out of the assets of the Fund to the Investment Manager as may be agreed with the Investment Manager from time to time and notified to the ICAV.

The Investment Manager waived investment management fees during the financial period.

#### Performance fee

The Investment Manager is entitled to receive out of the assets of the Fund a performance fee in respect of each Share Class (the Performance fee).

Share class	Performance fee
Founder class	10%
Institutional class	15%

The performance fee is calculated and to be taken into account in the calculation of the Net Asset Value per Share as at the Valuation Point in respect of each Dealing Day. The performance fee is calculated and accrued on each Dealing Day and payable annually in arrears. The Performance Period for each Share Class commences on 1 January in each year and ends on 31 December in that year.

For each Performance Period, the Investment Manager is entitled to receive a performance fee out of the assets attributable to each Share Class at the rate set out in the table above, calculated on the amount by which the Net Asset Value of the Share Class exceeds the High Watermark (as defined below) (plus VAT, if any), taking subscriptions and redemptions into account and calculated in the following manner:

- a. For the first Performance Period for all the Share Classes, the High Watermark is the Initial Offer Price per Share;
- b. If the Net Asset Value per Share of a Share Class at the end of the first Performance Period exceeds the High Watermark, a performance fee is payable. For each subsequent Performance Period, the High Watermark is the reported, final Net Asset Value per Share of the Share Class at the end of the previous Performance Period for which a performance fee was payable;
- c. If the Net Asset Value per Share of a Share Class at the end of a Performance Period is lower than the High Watermark, no performance fee is payable. In this case, the High Watermark for the next Performance Period is the High Watermark for the previous Performance Period being the previous Performance Period for which a performance fee was payable; and
- d. When a performance fee is payable on Shares, it is calculated as the Net Asset Value per Share of the Share Class less the High Watermark multiplied by the performance fee rate for the relevant Share Class set out above, multiplied by the number of Shares in issue at the end of the Performance Period. The number of Shares of the Share Class in issue at the end of the Performance Period shall be deemed to include Shares which fall to be redeemed and exclude Shares which fall to be issued as at the end of the Performance Period.

Performance fees are only payable by the Fund on achieving a new high Net Asset Value over the life of the relevant Share Class. The Performance Fee is payable to the Investment Manager within 14 calendar days of the end of the Performance Period, or the Dealing Day on which a Share is redeemed, as applicable.

# Catalyst International UCITS ICAV

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial period from 1 January 2023 to 30 June 2023

### 6. Fees and expenses (continued)

#### Performance fee (continued)

The Sub-Investment Manager shall be entitled to receive from the ICAV such portion of the performance fee payable to the Investment Manager as may be agreed with the Investment Manager from time to time and notified to the ICAV.

The performance fees during the financial period were waived by the Investment Manager.

#### Management fee

The Manager is paid a fee out of the assets of the Fund, calculated and accrued on each Dealing Day and payable monthly in arrears, of an amount up to 0.05% of the Net Asset Value of the Fund (plus VAT, if any), subject to a monthly minimum fee up to €3,500 (plus VAT, if any). Management fees payable as at 30 June 2023 amounted to US\$11,472 (31 December 2022: US\$3,753). During the financial period ended 30 June 2023, the management fee expense totalled US\$22,691 (30 June 2022: US\$17,121).

#### Directors' fees

The Directors who are not connected with the Investment Manager or the Sub-Investment Manager (as applicable) will be entitled to remuneration for their services as directors provided however that the aggregate emoluments of each Director in respect of any twelve month accounting period shall not exceed €25,000 with the exception of the Director acting as chairperson of the board whose fees may not exceed €30,000 to reflect the additional time commitment of that role, where the ICAV has one Fund, which may be increased by up to €3,000 for each Director for each additional Fund established by the ICAV, up to a maximum of five new Funds, without notice to Shareholders. Such fees may be increased by a resolution of the Board and Shareholders will be notified in advance of any such increase. In addition, the Directors will also be entitled to be reimbursed for their reasonable out of pocket expenses incurred in discharging their duties as directors. Directors' fee prepaid as at 30 June 2023 amounted to US\$1,592 (31 December 2022: US\$1,318). During the financial period ended 30 June 2023, Directors' fee expense totalled US\$26,938 (30 June 2022: US\$16,151).

#### Administration fee

The Administrator is to receive out of the assets of the Fund (with VAT thereon, if applicable) an annual fee of up to 0.06% of the Net Asset Value of the Fund, subject to a minimum fee of US\$3,500 per month (plus VAT, if any). Such fees will accrue on each Dealing Day and be payable monthly in arrears. Administration fees payable as at 30 June 2023 amounted to US\$866 (31 December 2022: US\$575). During the financial period ended 30 June 2023, the administration fee expense totalled US\$1,811 (30 June 2022: US\$1,182).

#### Depositary fee

The Depositary is to receive out of the assets of the Fund (with VAT thereon, if applicable) an annual fee of up to 0.02% of the Net Asset Value of the Fund, subject to a minimum fee of US\$1,500 per month. Such fees will accrue on each Dealing Day and be payable monthly in arrears. Depositary fees payable as at 30 June 2023 amounted to US\$207 (31 December 2022 US\$207). During the financial period ended 30 June 2023, the Depositary fee expense totalled US\$604 (30 June 2022 US\$394).

#### Expense cap

The Fund, effective from 1 September 2022 to at least 30 June 2023 has implemented an expense cap. The expense cap limits the operating expenses (excluding management fees and performance fees) to 1.10% of net assets at the Fund level. Catalyst International Advisors LLC will reimburse the Fund for all operating expenses exceeding the cap on a Quarterly basis. Expense Cap receivable as at 30 June 2023 amounted to US\$49,305 (31 December 2022: US\$31,072). During the financial period ended 30 June 2023, the Expense Cap totalled US\$94,312 (30 June 2022: US\$nil).

### 7. Taxation

The ICAV intends to conduct its affairs so that it is Irish tax resident. On the basis that the ICAV is Irish tax resident, the ICAV qualifies as an "investment undertaking" for Irish tax purposes and, consequently, is exempt from Irish corporation tax on its income and gains.

## Catalyst International UCITS ICAV

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial period from 1 January 2023 to 30 June 2023

#### 7. Taxation (continued)

On the basis of current Irish law and practice, the ICAV is not subject to Irish tax on its gains or income. However, tax can arise on the happening of a chargeable event in the ICAV. No tax will arise in the ICAV in respect of a chargeable event in respect of a shareholder who is not an Irish resident or ordinarily resident in Ireland at the time of the chargeable event provided that a relevant declaration is in place and the ICAV is not in possession of any information which would reasonably suggest that the information contained therein is no longer materially correct. In the absence of a relevant declaration there is a presumption that the investor is Irish Resident. A detailed description of taxation of the ICAV can be found in the ICAV's prospectus.

#### 8. Share capital

The authorised share capital of the ICAV is 2 subscriber shares of €1 each and 1,000,000,000,000 Shares of no par value initially designated as unclassified shares. The unclassified shares are available for issue as Shares. There are no rights of pre-emption attaching to the Shares in the ICAV.

There are 2 subscriber ICAV shares currently in issue, held by the Investment Manager.

Redeemable participating shares carry the right to a proportionate share in the assets of the Fund and the holders of redeemable participating shares are entitled to attend and vote on all meetings of the Fund. Shares are redeemable by holders of the relevant share class at the respective NAV. Shares may be redeemed at the option of the relevant shareholder on any dealing day. The movement in the number of participating shares was as follows:

As at 30 June 2023	Shares at beginning of financial period	Shares Issued	Shares Redeemed	Shares at end of financial period	Net Asset Value per Share US\$	Net Asset Value US\$
Founder Class USD	60,003	-	-	60,003	103.67	6,220,509
Institutional Class USD	-	-	-	-	-	-
	<b>60,003</b>	<b>-</b>	<b>-</b>	<b>60,003</b>	<b>103.67</b>	<b>6,220,509</b>

As at 31 December 2022	Shares at beginning of financial period	Shares Issued	Shares Redeemed	Shares at end of financial period	Net Asset Value per Share US\$	Net Asset Value US\$
Founder Class USD	-	60,003	-	60,003	99.57	5,974,520
Institutional Class USD	-	-	-	-	-	-
	<b>-</b>	<b>60,003</b>	<b>-</b>	<b>60,003</b>	<b>99.57</b>	<b>5,974,520</b>

#### 9. Financial risk factors

##### Mortgage-Backed Securities Risk

Mortgage-backed securities represent participating interests in pools of residential mortgage loans, some of which mortgage loans are guaranteed by the U.S. government, its agencies or instrumentalities. These guarantees are made at the "loan level" and relate only to the payment of principal and interest on the underlying mortgage loans. These loan-level governmental guarantees do not cover the payment of principal and interest on, or fluctuations in the market values of, the related mortgage-backed securities, and do not apply to investors' purchase of shares of the Fund. Mortgage-backed securities issued or guaranteed by governmental agencies or instrumentalities such as Ginnie Mae, or government-sponsored entities such as Fannie Mae and Freddie Mac, are generally known as "agency mortgage-backed securities." Agency mortgage-backed securities are backed by mortgage loans that satisfy the underwriting and other criteria published by the applicable governmental entity. The payment of interest and principal on these mortgage-backed securities is generally guaranteed by the applicable governmental entity.

## Catalyst International UCITS ICAV

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial period from 1 January 2023 to 30 June 2023

#### 9. Financial risk factors (continued)

##### **Mortgage-Backed Securities Risk (continued)**

Mortgage-backed securities issued by private issuers are also known as “non-agency” mortgage-backed securities. Non-agency mortgage-backed securities are not subject to the same stringent underwriting requirements as agency mortgage-backed securities and, therefore, the mortgage loans underlying privately issued mortgage-backed securities may have less favourable collateral, credit risk or other underwriting characteristics, and wider variances in interest rate, term, size, purpose and borrower characteristics. The market for non-agency mortgage-backed securities is smaller and less liquid than the market for agency mortgage-backed securities.

Mortgage-backed securities do not have a fixed maturity and their expected maturities may vary as interest rates rise or fall. An increased rate of prepayments on the Fund’s mortgage-backed securities will result in an unforeseen loss of interest income to the Fund as the Fund may be required to reinvest assets at a lower interest rate. A decreased rate of prepayments lengthens the expected maturity of a mortgage-backed security. The prices of mortgage-backed securities may decrease more than prices of other fixed-income securities when interest rates rise. The liquidity of mortgage-backed securities may change over time.

##### **Asset-Backed Securities Risk**

Issuers of asset-backed securities may have limited ability to enforce the security interest in the underlying assets, and credit enhancements provided to support the securities, if any, may be inadequate to protect investors in the event of default. Asset-backed securities are subject to prepayment risk, which is the risk that a borrower's payments may be received earlier or later than expected due to changes in prepayment rates on underlying loans. Asset-backed securities are also subject to extension risk, which is the risk that a rise in interest rates could reduce the rate of prepayments, causing the price of the asset-backed securities and the Fund’s share price to fall. The ICAV’s activities expose it to a variety of financial risks (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

##### **(a) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Investment Manager moderates market risk through careful selection of securities and other financial instruments within specified limits. The Fund’s overall market position is monitored on a daily basis by the Investment Manager and is reviewed on a regular basis by the Manager.

As at 30 June 2023, the Fund's market risk is affected by three components:

- (i) changes in actual financial instrument prices (“market price risk”);
- (ii) interest rate movements (“interest rate risk”); and
- (iii) foreign currency movements (“currency risk”)

##### **(i) Market price risk**

Market price risk arises from the possibility that the value of the Fund’s financial instruments will fluctuate as a result of changes in market price caused by factors other than interest rate or foreign currency movements. Market price risk arises mainly from uncertainty about future prices of financial instruments that the Fund might hold. The Fund’s securities and instruments which they invest into are exposed to normal market fluctuations, which are monitored by the Investment Manager in pursuance of the stated investment objectives and policies as set out in the Prospectus and the relevant Supplement

##### **(ii) Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. Changes to prevailing interest rates or changes in expectations of future rates may result in an increase or decrease in the value of the securities held. In general, if interest rates rise, the value of fixed income securities will decline. A decline in interest rates will in general have the opposite effect. Other assets and liabilities bear no interest rate risk. The Investment Manager monitors positions on a daily basis.

# Catalyst International UCITS ICAV

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial period from 1 January 2023 to 30 June 2023

### 9. Financial risk factors (continued)

#### (a) Market risk (continued)

##### (iii) Currency risk

Currency risk arises from the possibility that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in the rate of exchange between the currency in which the financial asset or financial liability is denominated and the functional currency of the Fund. The value of the financial instruments of the Fund denominated in a currency other than the functional currency may rise and fall due to exchange rate fluctuations in respect of the relevant currencies.

The Investment Manager or the Sub-Investment Manager (as applicable) may, but is not obliged to, mitigate this risk by using financial instruments. A Fund may, from time to time, utilise techniques and instruments to seek to protect (hedge) currency exchange transactions either on a spot basis or by buying currency exchange forward contracts.

#### (b) Liquidity risk

Liquidity risk arises from the possibility that the Fund may encounter difficulty in meeting obligations associated with financial liabilities. The ICAV's Prospectus provides for the subscriptions and redemptions of shares on each dealing day and it is therefore exposed to the liquidity risk of meeting shareholder redemptions at any time.

Redemptions or withdrawals from a Fund could require that Fund to liquidate its positions more rapidly than otherwise desirable, which could adversely affect that Fund's net asset value. Illiquidity in certain securities could make it difficult for a Fund to liquidate positions on favourable terms, which may affect that Fund's net asset value. Although a Fund may suspend redemptions or withdrawals in the manner described in the Prospectus in order to minimize this risk, it might not always do so, nor would use of this provision eliminate such value or liquidity risks.

#### (c) Credit risk

Credit risk arises from the possibility that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it entered into with the ICAV on behalf of the Fund. The Majority of the investments and cash of the ICAV are held by the Depositary. Bankruptcy or insolvency of the Depositary may cause the ICAV's rights with respect to its investments in securities held by the Depositary to be delayed or limited. The ICAV's securities are segregated from the assets of either the Depositary or its agents. Thus in the event of insolvency or bankruptcy of the Depositary, the ICAV's assets are segregated from those of the Depositary or its agents.

The ICAV will, however, be exposed to the credit risk of the Depositary, or any depositary used by the Depositary, in relation to the ICAV's cash held by the Depositary. In the event of the insolvency or bankruptcy of the Depositary, the ICAV will be treated as a general creditor of the Depositary in relation to cash holdings of the ICAV. Credit risk is the risk that an issuer of a security will fail to pay principal and interest in a timely manner, reducing the Fund's total return. In addition, the credit quality of fixed income securities held by the Fund may be lowered if an issuer's financial condition changes. The issuer of a fixed income security may also default on its obligations. The Sub-Investment Manager's credit evaluation process seeks to reduce the risk of the Fund to the default of the underlying borrowers by focusing on investments with strong credit fundamentals (such as seniority or higher ranking in order of priority for repayment, long payment history and higher homeowner equity within the collateral underlying such securities).

The S&P long term credit rating for US Bank Depositary Services is AA-.

# Catalyst International UCITS ICAV

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the financial period from 1 January 2023 to 30 June 2023

### 10. Connected persons and related party disclosures

#### 10.1. Connected persons

Regulation 43(1) of the UCITS Regulations “Restrictions on transactions with connected persons” states that “A responsible person shall ensure that any transaction between a UCITS and a connected person is conducted a) at arm’s length; and b) in the best interest of the unit-holders of the UCITS”.

As required under UCITS Regulation 81.4, the Directors of the Manager (the Responsible Person) are satisfied that there are in place arrangements, evidenced by written procedures, to ensure that the obligations that are prescribed by Regulation 43(1) are applied to all transactions with a connected persons; and all transactions with a connected persons that were entered into during the financial period to which the report relates complied with the obligations that are prescribed by Regulation 43(1).

#### 10.2. Directors

Michael Schoonover, as well as being a Director of the ICAV, is also the Chief Operating Officer of the Investment Manager. Mr Schoonover does not receive a fee in connection with his duties as a Director of the ICAV. Teddy Otto as well as being a Director of the ICAV, is also a Director of the Manager. Directors’ fee prepaid as at 30 June 2023 amounted to US\$1,592 (31 December 2022: US\$1,318). During the financial period ended 30 June 2023, Directors’ fee expense totalled US\$26,938 (30 June 2022: US\$16,151), which includes payments to Carne Global Financial Services Limited, the parent Company of the Manager, for Director support services of US\$7,333.52 (30 June 2022: US\$4,832), excluding VAT.

#### 10.3. Investment Manager

There are two Subscriber shares to the ICAV beneficially held by the Investment Manager. Investment management fees payable as at 30 June 2023 amounted to US\$nil (31 December 2022 US\$nil). During the financial period ended 30 June 2023, the investment management fee expense totalled US\$nil (30 June 2022 US\$nil).

#### 10.4. Manager

Carne Global Fund Managers (Ireland) Limited, as Manager to the ICAV, earned fees during the financial period as detailed in note 6.

Teddy Otto, a Director of the ICAV during the financial period, is also a Director of Carne Global Fund Managers (Ireland) Limited (the “Manager”) and an employee of Carne Global Financial Services Limited, the parent Company of the Manager. Carne Global Financial Services Limited earned fees during the period in respect of Director support services and other fund governance services provided to the ICAV. The Director support services fees are outlined in section 10.2 and the fees for fund governance services fees for the financial period ended 30 June 2023 amounted to US\$30,999 (30 June 2022: US\$32,691), excluding VAT, of which USD\$22,704 (31 December 2022: US\$15,117) was payable at financial period end.

### 11. Efficient portfolio management

The Fund may use both spot and forward foreign exchange contracts in respect of the Hedged Share Classes for hedging purposes. The Investment Manager employs a risk management process on behalf of the UCITS which enables it to accurately measure, monitor and manage the various risks associated with forward foreign exchange contracts. The Investment Manager uses the commitment approach to calculate the Fund's daily global exposure, being the incremental exposure and leverage generated through the use of Financial derivative instruments (“FDI”) in accordance with its risk management process and the requirements of the Central Bank.

### 12. Contingent liabilities

As at 30 June 2023, the ICAV did not have any significant commitments or contingent liabilities.

### 13. Soft commission arrangements

There were no soft commission arrangements in operation during the financial period under review.

## **NOTES TO THE FINANCIAL STATEMENTS (continued)** **For the financial period from 1 January 2023 to 30 June 2023**

### **14. Significant events**

The outbreak of Coronavirus (COVID-19), declared by the World Health Organisation (“WHO”) as a global pandemic in March 2020 and has impacted many aspects of daily life and the global economy since this date. On 05 May 2023, the WHO have announced that COVID-19 is no longer a public health emergency of international concern. However, this does not mean the pandemic itself is over, but the global emergency it has caused is, for now. The WHO will establish a Review Committee that will develop long-term, standing recommendations for countries on how to manage COVID-19 on an ongoing basis. Most travel movements and operational restrictions implemented by many countries have returned to normal. While many economies globally have reopened the pace of recovery has varied from country to country and most countries also now impacted by the rising inflation as a global phenomenon. The Directors together with the Manager will continue to monitor business continuity and resilience processes with the objective of mitigating any ongoing impact of COVID-19.

Events arising in Ukraine, as a result of military action being undertaken by Russia in Ukraine, may impact on securities directly or indirectly related to companies domiciled in Russia and/or listed on exchanges located in Russia (“Russian Securities”). As at 30 June 2023, none of the Sub-Funds, have direct exposure to Russian Securities. The Directors are monitoring developments related to this military action, including current and potential future interventions of foreign governments and economic sanctions.

### **15. Subsequent events**

The Catalyst International Income Opportunities Fund’s supplement was updated to reduce the investment limitation in other collective investment vehicles to 10%.

There are no other events subsequent to 30 June 2023 which, in the opinion of the Directors of the ICAV, may have had an impact on the financial statements for the period ended 30 June 2023.

### **16. Approval of financial statements**

The financial statements for the financial period from 1 January 2023 to 30 June 2023 were approved by the Directors on 28 August 2023.

# Catalyst International UCITS ICAV

## SCHEDULE OF INVESTMENTS

As at 30 June 2023

<b>Catalyst International Income Opportunities Fund</b>	<b>Quantity</b>	<b>Fair value</b>	<b>% of net assets</b>
<b>Financial assets at fair value through profit or loss</b>			
<b>Transferable securities</b>			
<b>Corporate Bonds</b>			
<b>U.S.A</b>			
Ambac Assurance Corp	405,770	590,903	9.50%
Mbia Global Funding Llc Flt 06/09/25 Sr:Emtn	100,000	96,026	1.54%
<b>Total Corporate Bonds</b>		<b>686,929</b>	<b>11.04%</b>
<b>Mortgage Backed Securities</b>			
<b>U.S.A</b>			
Mlrt 2009-Rs1 B15 Flt 04/16/36 Sr:Rs1 Tranche:B15	606,799	347,718	5.59%
Jpmcc 2006-Ldp9 Ams 5.337% 05/15/47 Sr:Ldp9 Tranche:Ams	357,773	334,815	5.38%
Rali 2005-Qa2 Nb2 Flt 02/25/35 Sr:Qa2 Tranche:Nb2	352,427	286,442	4.60%
Comm 2010-C1 D Flt 07/10/46 Sr:C1 Tranche:D	277,615	263,216	4.23%
Jpmcc 2010-C2 D Flt 11/15/43 Sr:C2 Tranche:D	276,088	256,514	4.12%
Gsms 2010-C1 D Flt 08/10/43 Sr:C1 Tranche:D	324,000	243,506	3.92%
Wmabs 2006-He5 1A Flt 10/25/36 Sr:He5 Tranche:1A	319,035	240,265	3.86%
Gt 1996-10 B1 Flt 11/15/28 Sr:10 Tranche:B1	232,558	225,915	3.63%
Cgcc 2014-F11 B Flt 06/15/31 Sr:F11 Tranche:B	217,117	216,356	3.48%
Cbass 2004-Rp1 M3 Flt 05/25/50 Sr:Rp1 Tranche:M3	188,537	189,112	3.04%
Rali 2007-Qo5 A Flt 08/25/47 Sr:Qo5 Tranche:A	983,149	183,847	2.96%
Armt 2005-7 4A1 Flt 10/25/35 Sr:7 Tranche:4A1	180,609	171,370	2.76%
Gsms 2018-Srp5 A Flt 09/15/31 Sr:Srp5 Tranche:A	206,431	170,281	2.74%
Rali 2005-Qa2 A1i Flt 02/25/35 Sr:Qa2 Tranche:A1i	470,820	157,843	2.54%
Balta 2005-10 11A1 Flt 01/25/36 Sr:10 Tranche:11A1	151,342	134,725	2.17%
Oak 1997-D B1 Flt 02/15/28 Sr:D Tranche:B1	138,510	133,413	2.15%
Msm 2005-8S1 M1 Flt 11/25/35 Sr:8S1 Tranche:M1	59,180	124,264	2.00%
Wamu 2003-Ar6 A1 Flt 06/25/33 Sr:Ar6 Tranche:A1	129,792	121,961	1.96%
Arsi 2003-W10 M2 Flt 01/25/34 Sr:W10 Tranche:M2	131,025	120,456	1.94%
Raac 2006-Rp1 M3 Flt 10/25/45 Sr:Rp1 Tranche:M3	120,000	119,434	1.92%
Imm 2007-A M1 Flt 05/25/37 Sr:A Tranche:M1	118,120	110,793	1.78%
Marm 2007-1 2A1 Flt 11/25/36 Sr:1 Tranche:2A1	173,715	100,840	1.62%
Cwhl 2004-14 4A1 Flt 08/25/34 Sr:14 Tranche:4A1	111,610	100,583	1.62%
Cmlti 2009-4 7A5 Flt 05/25/35 Sr:4 Tranche:7A5	101,898	93,273	1.50%
Jpmcc 2007-C1 Aj Flt 02/15/51 Sr:C1 Tranche:Aj	97,289	92,110	1.48%
Gt 1998-3 M1 Flt 03/01/30 Sr:3 Tranche:M1	95,481	88,574	1.42%
Rali 2005-Qa3 Nb1 Flt 03/25/35 Sr:Qa3 Tranche:Nb1	144,862	75,698	1.22%
Fche 1998-2 A1 6.990% 01/25/29 Sr:2 Tranche:A1	67,829	68,105	1.09%
Rfms2 2006-Hsa3 A Flt 05/25/36 Sr:Hsa3 Tranche:A	64,015	63,556	1.02%
Ramp 2004-S11 A8 6.500% 11/25/31 Sr:S11 Tranche:A8	65,644	58,765	0.94%
Gsr 2003-9 A2 Flt 08/25/33 Sr:9 Tranche:A2	59,889	56,242	0.90%
Wfrbs 2013-C14 B Flt 06/15/46 Sr:C14 Tranche:B	65,000	53,037	0.85%
Cwl 2006-S7 A5 Flt 11/25/35 Sr:S7 Tranche:A5	54,555	52,954	0.85%
Gsr 2006-1F 1A3 5.500% 02/25/36 Sr:1F Tranche:1A3	30,801	50,046	0.80%
Jpmmt 2007-S2 3A2 6.000% 06/25/37 Sr:S2 Tranche:3A2	48,969	46,529	0.75%
Cfab 2003-6 2M1 Flt 11/25/34 Sr:6 Tranche:2M1	36,896	39,029	0.63%
Comm 2013-Lc13 Xa Flt 08/10/46 Sr:Lc13 Tranche:Xa	4,039,455	106	0.00%
<b>Total Mortgage Backed Securities</b>		<b>5,191,693</b>	<b>83.46%</b>

**Catalyst International UCITS ICAV**  
**SCHEDULE OF INVESTMENTS (continued)**  
**As at 30 June 2023**

<b>Catalyst International Income Opportunities Fund</b>	<b>Quantity</b>	<b>Fair value</b>	<b>% of net assets</b>
<b>Total transferable securities</b>		<b>5,878,622</b>	<b>94.50%</b>
<b>Total financial assets at fair value through profit or loss</b>		<b>5,878,622</b>	<b>94.50%</b>
Cash and cash equivalents and other net assets		341,887	5.50%
<b>Net assets attributable to holders of redeemable participating shares</b>		<b>6,220,509</b>	<b>100.00%</b>
<b>Analysis of total assets</b>			
Transferable securities listed on an official stock exchange or dealt on another regulated market		5,878,622	93.61%
Other assets		401,047	6.39%
<b>Total asset value as at 30 June 2023</b>		<b>6,279,669</b>	<b>100.00%</b>

# Catalyst International UCITS ICAV

## SCHEDULE OF INVESTMENTS

As at 31 December 2022

<b>Catalyst International Income Opportunities Fund</b>	<b>Quantity</b>	<b>Fair value</b>	<b>% of net assets</b>
<b>Financial assets at fair value through profit or loss</b>			
<b>Transferable securities</b>			
<b>Corporate Bonds</b>			
<b>U.S.A</b>			
Ambac Assurance Corp	405,770	568,586	9.52%
<b>Total Corporate Bonds</b>		<b>568,586</b>	<b>9.52%</b>
<b>Mortgage Backed Securities</b>			
<b>U.S.A</b>			
Mlrt 2009-Rs1 B15 Flt 04/16/36 Sr:Rs1 Tranche:B15	620,456	322,200	5.39%
Rali 2005-Qa2 Nb2 Flt 02/25/35 Sr:Qa2 Tranche:Nb2	382,332	310,788	5.20%
Jpmcc 2010-C2 D Flt 11/15/43 Sr:C2 Tranche:D	276,088	266,743	4.46%
Gt 1996-10 B1 Flt 11/15/28 Sr:10 Tranche:B1	265,473	251,971	4.22%
Gsms 2010-C1 D Flt 08/10/43 Sr:C1 Tranche:D	324,000	247,556	4.14%
Wmabs 2006-He5 1A Flt 10/25/36 Sr:He5 Tranche:1A	328,104	246,512	4.13%
Jpmcc 2006-Ldp9 Ams 5.337% 05/15/47 Sr:Ldp9 Tranche:Ams	252,299	235,758	3.95%
Cgcc 2014-F11 B Flt 06/15/31 Sr:F11 Tranche:B	217,117	215,417	3.61%
Balta 2005-10 11A1 Flt 01/25/36 Sr:10 Tranche:11A1	158,840	204,975	3.43%
Armt 2005-7 4A1 Flt 10/25/35 Sr:7 Tranche:4A1	206,117	196,454	3.29%
Cbass 2004-Rp1 M3 Flt 05/25/50 Sr:Rp1 Tranche:M3	190,496	193,207	3.23%
Comm 2010-C1 D Flt 07/10/46 Sr:C1 Tranche:D	192,939	187,084	3.13%
Rali 2007-Qo5 A Flt 08/25/47 Sr:Qo5 Tranche:A	983,149	181,605	3.04%
Gsms 2018-Srp5 A Flt 09/15/31 Sr:Srp5 Tranche:A	209,311	176,314	2.95%
Rali 2005-Qa2 A1i Flt 02/25/35 Sr:Qa2 Tranche:A1i	480,888	163,959	2.74%
Oak 1997-D B1 Flt 02/15/28 Sr:D Tranche:B1	164,429	159,215	2.66%
Msm 2005-8S1 M1 Flt 11/25/35 Sr:8S1 Tranche:M1	66,711	135,613	2.26%
Wamu 2003-Ar6 A1 Flt 06/25/33 Sr:Ar6 Tranche:A1	140,587	130,198	2.18%
Raac 2006-Rp1 M3 Flt 10/25/45 Sr:Rp1 Tranche:M3	120,000	118,835	1.99%
Imm 2007-A M1 Flt 05/25/37 Sr:A Tranche:M1	125,991	116,938	1.96%
Cfab 2003-6 2M1 Flt 11/25/34 Sr:6 Tranche:2M1	112,474	114,612	1.92%
Marm 2007-1 2A1 Flt 11/25/36 Sr:1 Tranche:2A1	182,634	107,973	1.81%
Rfms2 2006-Hsa3 A Flt 05/25/36 Sr:Hsa3 Tranche:A	105,248	104,006	1.74%
Cwhl 2004-14 4A1 Flt 08/25/34 Sr:14 Tranche:4A1	115,104	102,465	1.72%
Cmlti 2009-4 7A5 Flt 05/25/35 Sr:4 Tranche:7A5	112,279	101,407	1.70%
Jpmcc 2007-C1 Aj Flt 02/15/51 Sr:C1 Tranche:Aj	99,452	93,910	1.57%
Rali 2005-Qa3 Nb1 Flt 03/25/35 Sr:Qa3 Tranche:Nb1	147,521	76,296	1.28%
Fche 1998-2 A1 6.990% 01/25/29 Sr:2 Tranche:A1	70,628	70,509	1.18%
Cw1 2006-S7 A5 Flt 11/25/35 Sr:S7 Tranche:A5	62,248	60,751	1.02%
Gsr 2003-9 A2 Flt 08/25/33 Sr:9 Tranche:A2	62,100	57,598	0.96%
Gsr 2006-1F 1A3 5.500% 02/25/36 Sr:1F Tranche:1A3	32,911	56,615	0.95%
Jpmmt 2007-S2 3A2 6.000% 06/25/37 Sr:S2 Tranche:3A2	53,271	52,760	0.88%
Comm 2013-Lc13 Xa Flt 08/10/46 Sr:Lc13 Tranche:Xa	8,490,554	29,739	0.50%
<b>Total Mortgage Backed Securities</b>		<b>5,089,983</b>	<b>85.19%</b>
<b>Total transferable securities</b>		<b>5,658,569</b>	<b>94.71%</b>
<b>Total financial assets at fair value through profit or loss</b>		<b>5,658,569</b>	<b>94.71%</b>
Cash and cash equivalents and other net assets		315,951	5.29%
<b>Net assets attributable to holders of redeemable participating shares</b>		<b>5,974,520</b>	<b>100.00%</b>

## Catalyst International UCITS ICAV

### SCHEDULE OF INVESTMENTS (continued)

As at 31 December 2022

#### Analysis of total assets

Transferable securities listed on an official stock exchange or dealt on another regulated market

5,658,569 93.82%

Other assets

372,598 6.18%

**Total asset value as at 31 December 2022**

**6,031,167 100.00%**

## Catalyst International UCITS ICAV

### SIGNIFICANT PURCHASES AND SALES

For the financial period from 1 January 2023 to 30 June 2023

#### Catalyst International Income Opportunities Fund

The Central Bank's UCITS Regulations 79 1 (b) and (2) requires a schedule of material changes during the financial period. These are defined as aggregate purchases of a security exceeding one per cent of the total value of purchases for the financial period and aggregate disposals greater than one per cent of the total value of sales for the financial period. Total material purchases for the financial period amounted to US\$732,423 and total material sales for the financial period amounted to US\$76,986. At a minimum the largest 20 purchases and 20 sales must be given or all purchases and sales if less than 20. A full list of the portfolio changes for the financial period is available upon request at no extra cost from the administrator.

<b>Purchases</b>	<b>Cost (US\$)</b>
Arsi 2003-W10 M2 Flt 01/25/34 Sr:W10 Tranche:M2	128,965
Jpmcc 2006-Ldp9 Ams 5.337% 05/15/47 Sr:Ldp9 Tranche:AMS	119,641
Comm 2010-C1 D Flt 07/10/46 Sr:C1 Tranche:D	98,995
Gt 1998-3 M1 Flt 03/01/30 Sr:3 Tranche:M1	98,531
Mbia Global Funding Llc Flt 06/09/25 Sr:Emtn	96,141
Bsabs 2004-Fr3 M2 Flt 09/25/34 Sr:Fr3 Tranche:M2	77,774
Ramp 2004-S11 A8 6.500% 11/25/31 Sr:S11 Tranche:A8	58,588
Wfrbs 2013-C14 B Flt 06/15/46 Sr:C14 Tranche:B	53,788

<b>Sales*</b>	<b>Proceeds (US\$)</b>
Bsabs 2004-Fr3 M2 Flt 09/25/34 Sr:Fr3 Tranche:M2	76,986

\* This represents all sales for the financial period