

Statement of Financial Condition
(Unaudited)

Nearwater Capital Markets, Ltd.
June 30, 2025

Nearwater Capital Markets, Ltd.
Statement of Financial Condition
(Unaudited)
June 30, 2025

Table of Contents

Statement of Financial Condition.....	3
Notes to the Statement of Financial Condition.....	4

Nearwater Capital Markets, Ltd.
Statement of Financial Condition
June 30, 2025

Assets

Cash		\$ 318,107,470
Financial instruments owned, at fair value	\$ 5,282,363,418	
Financial instruments, pledged as collateral, at fair value	1,678,960,777	
Total financial instruments, at fair value		6,961,324,195
Interest and dividend receivable		15,072,564
Receivables from brokers, dealers and clearing organizations		1,187,938
Other assets		1
		\$ 7,295,692,168

Liabilities and member's equity

Short-term borrowings from related parties		\$ 6,194,949,114
Payables to brokers, dealers and clearing organizations		345,022,410
Financial instruments sold, not yet purchased, at fair value		248,003,372
Interest and dividend payable		949,157
Other liabilities		3,820,222
		\$ 6,792,744,275
 Equity		 \$ 502,947,893
		\$ 7,295,692,168

See accompanying notes.

Nearwater Capital Markets, Ltd.
Notes to the Statement of Financial Condition

1. Organization

Nearwater Capital Markets, Ltd. (the "Company"), is a limited company incorporated under the laws of Ireland on April 21, 2021. The Company is a subsidiary of Nearwater Capital Manager, Ltd. (the "Manager"), which is an affiliate of Nearwater Capital, LP ("Nearwater"), a leading global financial services firm focusing on capital markets and financing activities with principal activities in the United States, Europe, and Australia. For purposes of this report, an "affiliate" is defined as Nearwater Capital, LP or a direct or indirect subsidiary of Nearwater Capital, LP.

The Company and all its assets and liabilities are consolidated by the Manager pursuant to Accounting Standards Codification Topic 810, Consolidation. As the sole owner, the Manager directs all day-to-day activities of the Company and maintains sole voting rights.

As of July 12, 2022, Nearwater Capital Markets, Ltd. is conditionally registered with the U.S. Securities and Exchange Commission (the "SEC") as a security-based swap dealer.

Nature of business

The Company is a dealer in security-based swaps, makes markets in security-based swaps, and enters into security-based swaps with counterparties as an ordinary course of business for its own account. The business activities of the Company consist of entering into security-based swap transactions with counterparties and hedging via the underlying reference securities resulting in the Company earning a net financing spread. The Company's counterparties consist of global banks or their affiliates which are also registered as security-based swap dealers with the SEC.

2. Significant accounting policies

Basis of presentation

These financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make judgments and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash

Cash represents funds deposited with financial institutions which may, at times, exceed federal insurance limits.

Receivables and payables from brokers, dealers and clearing organizations

Receivables from brokers, dealers and clearing organizations include amounts receivable for cash deposits. Payables to brokers, dealers and clearing organizations include payables arising from unsettled trades.

2. Significant accounting policies (continued)

Financial instruments owned, at fair value

Financial instruments owned and securities sold, not yet purchased are stated at fair value and recorded on a trade date basis. 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.

Derivatives are financial instruments whose value is based upon an underlying asset, index or reference rate or a combination of these factors. The Company's derivative transactions are in the form of total return swaps ("TRS") which are individually negotiated contracts in an over-the-counter market. Total return swap contracts are included in securities owned and securities sold, not yet purchased on the statement of financial condition.

See Note 3 for further information regarding financial instruments owned and financial instruments sold, not yet purchased.

Principal transactions

When acting as a principal, the Company enters into a transaction in its own name and for its own account. As a principal, the Company has beneficial ownership of and legal title to the assets. Transactions in which securities flow through the Company's inventory are considered principal transactions. The Company assumes credit and market risk from the inception of the transaction. Amounts receivable and payable for principal transactions that have not reached their contractual settlement date are recorded as receivables from and payables to brokers, dealers and clearing organizations in the statement of financial condition.

Credit Risk

Credit risk is the risk of financial loss resulting from failure by a counterparty to meet its contractual obligations to the Company. This can be caused by factors directly related to the counterparty. It can also be triggered by economic or political factors in the country in which the counterparty is based or where it has substantial assets.

The Company is engaged in trading activities in which counterparties are global banks or their affiliates. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

The Company manages credit risk by monitoring net exposure to individual counterparties, credit limits and margin collateral levels daily. The Company's maximum exposure to credit risk at any point in time is represented by the fair value of the amounts reported as assets at such time.

Market Risk

Market risk represents the risk of loss that may result from the change in value of a financial instrument due to fluctuations in its market price. The Company's portfolio is either: (i) highly rated securities or (ii) fully hedged TRS positions by executing equal and opposite transactions in the underlying securities. The Company has a very limited market risk exposure to adverse movements in the market.

2. Significant accounting policies (continued)

Income tax

The Company is a limited company under the laws of Ireland and has made the appropriate elections to be considered a disregarded entity for income tax purposes.

3. Fair value measurement

U.S. GAAP defines fair value as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and further expands disclosures about such fair value measurements.

The guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 measurements – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 measurements – Quoted prices in markets that are not active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 measurements – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following is a description of the valuation techniques applied to the Company's major categories of assets and liabilities measured at fair value.

Equity securities and exchange traded funds ("ETFs") – Equity securities and ETFs are primarily traded on public stock exchanges where quoted prices are readily and regularly available.

U.S. Treasury securities – U.S. Treasury securities are generally actively traded and are valued using quoted market prices.

Commercial paper – Commercial paper have short-term maturities and carry interest rates that approximate market rates.

Derivative contracts – Derivative contracts represent over the counter total return swaps which are referenced to equity securities or exchange traded funds. Fair value of TRS has been determined using the price of the equity securities or ETFs referred under these contracts.

Nearwater Capital Markets, Ltd.
Notes to the Statement of Financial Condition (continued)

3. Fair value measurement (continued)

Assets and liabilities measured at fair value

On June 30, 2025, financial instruments owned, and securities sold, not yet purchased by the Company are illustrated in the following two tables:

Financial instruments owned, at fair value	Level 1	Level 2	Level 3	Counterparty Netting ⁽¹⁾	Total
Equity securities and ETFs	\$6,250,130,187	\$ -	\$ -	\$ -	\$ 6,250,130,187
U.S. Treasury securities	1,194,008	-	-	-	1,194,008
Derivative contracts	-	24,112,440	-	(24,112,440)	-
Commercial paper	-	710,000,000	-	-	710,000,000
Total	\$6,251,324,195	\$ 734,112,440	\$ -	\$ (24,112,440)	\$ 6,961,324,195

Financial Instruments sold, not yet purchased, at fair value	Level 1	Level 2	Level 3	Counterparty Netting	Total
Derivative contracts	\$ -	\$ (272,115,812)	\$ -	\$ 24,112,440	\$ (248,003,372)
Total	\$ -	\$ (272,115,812)	\$ -	\$ 24,112,440	\$ (248,003,372)

⁽¹⁾ The Company enters into master netting agreements with substantially all of its derivative counterparties. Where legally enforceable, these master netting agreements give the Company, in the event of default by the counterparty, the right to liquidate securities held as collateral and to offset receivables and payables with the same counterparty. For purposes of the Statement of Financial Condition, the Company offsets derivative assets and liabilities held with the same counterparty where it has such a legally enforceable master netting agreement as well as net of cash collateral received or posted, as applicable.

Assets and liabilities not measured at fair value.

Other financial instruments are recorded by the Company at contract amounts and include cash, short-term borrowings from related parties, receivables from and payables to brokers, dealers, and clearing organizations, dividends and interest receivable, and dividends and interest payable. These financial instruments carried at contract amounts either have short-term maturities (one year or less), or bear market interest rates and, accordingly, are carried at amounts approximating fair value. Financial assets and liabilities not measured at fair value are Level 2 assets and liabilities except for cash which is Level 1 asset.

4. Derivative instruments

In the normal course of business, the Company enters into transactions in derivative instruments in order to reduce its own exposure to the market. Risks arise from unfavorable changes in the market values of the securities underlying the instruments as well as the possible inability of counterparties to meet the terms of their contracts.

The table below presents the notional and fair value amounts of the Company's derivative activity recorded in financial instruments owned, at fair value and Financial instruments sold, not yet purchased, at fair value on the Company's statement of financial condition. Notional amounts are disclosed on a gross basis.

	Notional ⁽¹⁾	Fair Value Derivative Assets	Fair Value Derivative Liabilities
Derivative contracts	\$ 6,250,130,187	\$ 24,112,440	\$ 272,115,812
Total	\$ 6,250,130,187	\$ 24,112,440	\$ 272,115,812

⁽¹⁾ Represents the total contract/notional amount of derivative assets and liabilities outstanding.

5. Related party transactions

Related party transactions may include any transactions between entities under common control, executive officers, the principal owner of the Company, as well as any other person or entity with significant influence over the Company's management or operations. Because of this relationship, it is possible that the terms of these transactions are not the same as those that would result from transactions among unrelated parties.

Through a services agreement, the Company receives management, administration, marketing, and other support from Nearwater affiliates.

On December 21, 2022, February 13, 2024, October 18, 2024 and May 16, 2025 the Company entered into credit agreements (the "Credit Agreements") with Saugatuck Funding Company, LLC, Brigantine Funding Company, LLC, Helvetica Funding Company, LLC, and Reliance Funding Company, LLC (the "Lenders"), a wholly owned subsidiaries of Nearwater. The Credit Agreements provide for the Lenders to issue loans to the Company in its sole discretion. As of June 30, 2025, the Company borrowed \$6.2 billion under the Credit Agreements.

6. Equity

As of June 30, 2025, equity securities issued comprised of the following (i) a EUR 1 controlling share and (ii) equity securities representing an economic interest in the business activities of the Company. Equity securities are owned by the Manager.

7. Net capital requirements

As a security-based swap dealer, the Company is subject to the net capital requirements of the SEC. The Company is required to maintain minimum net capital, as defined under SEC Rule 18a-1, of not less than the greater of \$20 million or 2% of the risk margin amount, as defined. The Company's net capital and excess net capital as of June 30, 2025, were \$367,185,314 and \$347,185,314 respectively.

8. Segment reporting

The Company is engaged in a single line of business as a dealer in security-based swaps. The Company has identified its Senior Officer as the chief operating decision maker ("CODM"), who uses net income to evaluate the results of the business, predominantly in the forecasting process, to manage the Company. Additionally, the CODM uses excess net capital (see Note 7), which is not a measure of profit and loss, to make operational decisions while maintaining capital adequacy. The Company's operations constitute a single operating segment and therefore, a single reportable segment, because the CODM manages the business activities using information of the Company as a whole. The accounting policies used to measure the profit and loss of the segment are the same as those described in the summary of significant accounting policies.

9. Subsequent events

The Company has evaluated its subsequent event disclosure through the date that the Company's financial statements were issued and has determined that there are no events that would have a material impact on the financial statements.