



# CVP ECO Funding Designated Activity Company

Annual Report and Audited Financial Statements  
For the period from 15 September 2017 to 31 December 2018

**CVP ECO Funding Designated Activity Company**  
**For the period from 15 September 2017 to 31 December 2018**

<b>Contents</b>	<b>Page(s)</b>
General Information.....	2
Directors' Report .....	3-5
Directors' Statement of Responsibilities.....	6
Independent Auditor's Report.....	7-11
Report of Independent Auditor's .....	12
Statement of Comprehensive Income.....	13
Statement of Financial Position.....	14
Statement of Changes in Equity.....	15
Statement of Cash Flows.....	16
Notes to Financial Statements.....	17 - 34
Unaudited Information.....	35

**CVP ECO Funding Designated Activity Company**  
**For the period from 15 September 2017 to 31 December 2018**  
**General Information**

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**Board of Directors**

Yolanda Kelly \* (Appointed 15 September 2017 - Irish resident and national)  
Donald Pollard \* (Appointed 6 October 2017 - USA resident and national)  
Rodney O'Rourke \* (Appointed 15 September 2017 - Irish resident and national)  
Howard Sullivan \* (Appointed 6 October 2017 - USA resident and national)

*\* Non-Independent Directors*

**Investment Committee**

Donald Pollard (Appointed 5 October 2017)  
Joseph Matteo (Appointed 5 October 2017)  
Grant Pothast (Appointed 5 October 2017)  
Emily Knickel (Appointed 5 October 2017, Resigned 18 November 2018)  
Adolfo Waisburg (Appointed 19 November 2018)

**Administrator and Depositary**

BNP Paribas Securities Services S.C.A. Jersey Branch  
IFC1, The Esplanade  
St Helier  
Jersey, JE1 4BP  
Channel Islands

**Registered office**

2nd Floor, Palmerston House  
Fenian Street  
Dublin 2  
D02 WD37  
Ireland

**Banker**

BNP Paribas Prime Brokerage International, Limited  
4th Floor  
25-28 Adelaide Road  
Dublin 2  
D02 RY98  
Ireland

**Investment adviser**

Credit Value Partners, LLC  
Putnam Ave  
Greenwich, CT 06830  
United States

**Company Secretary**

Cafico Secretaries Limited  
Palmerston House  
Fenian Street  
Dublin 2  
D02 WD37  
Ireland

**Legal advisor on Irish Law**

Dechert  
3 George's Dock  
IFSC  
Dublin  
D01 X5X0  
Ireland

**Independent auditor**

PricewaterhouseCoopers  
Chartered Accountants & Statutory Audit Firm  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

**CVP ECO Funding Designated Activity Company  
Directors' Report  
For the period from 15 September 2017 to 31 December 2018**

The Directors present the Annual Report and Audited Financial Statements for CVP ECO Funding Designated Activity Company (the "Company"), for the period from 15 September 2017 to 31 December 2018.

**Structure and principal activities**

The Company was incorporated on 15 September 2017 as a Designated Activity Company ("DAC") (limited by shares) under the laws of Ireland with registration number 611657 and qualifies under Section 110 of the Irish Taxes Consolidation Act 1997 tax regime.

The Company was established as an Originator Vehicle under European Risk Retention rules 1 for collateralised loan obligation securitisations. It may also invest in senior secured loans, either directly or indirectly through collateralised loan obligation ("CLO") warehouses, and risk retention companies. The Company is funded by the proceeds from the issuance of Profit Participating Notes ("PPNs") together with other financial resources available to it. A PPN to the value of EUR 10.05 million was listed on The International Stock Exchange (the "TISE").

The reporting currency of the Company is Euro ("EUR").

**Investment policy**

The Company's investment objective is to deliver attractive, consistent, risk-adjusted returns to shareholders, while preserving capital through opportunistic investments in a portfolio of private and public debt instruments, primarily comprising high yield, stressed and distressed senior-most and senior-secured debt obligations of medium and large corporate issuers with a view to later selling these loans to a securitization vehicle.

The Company's investment strategy is to invest in CLO Debt Tranche Securities (which includes CLO Equity Tranche Securities), which are securitised pools consisting primarily of senior secured corporate loans. Other investments of the Company may include equities, and all types of debt obligations that may have varying terms with respect to security (including second lien and/or unsecured), seniority or subordination within capital structures (including mezzanine debt), purchase price, interest payments and maturity. The Company is permitted to invest in companies domiciled in the European Union ("EU"), the United Kingdom ("UK") and the United States ("US").

**Business review and future development**

As part of the origination strategy, during the period the Company invested in Profit Participating Notes issued by CVP EURO CLO-1 Designated Activity Company ("EURO CLO-1") and CVP ORI-1 Designated Activity Company ("ORI-1") together ("SPVs"). ORI-1 is a subsidiary of the Company whilst the shares of EURO CLO-1 are held in trust by Cafico Trust Company Limited. The Directors have determined that the Company and the SPVs meet the definition of investment entity, as defined in IFRS 10 - 'Consolidated Financial Statement' ("IFRS 10"). Therefore, these entities have not been consolidated for the purposes of presenting these financial statements. These investments have been classified as financial assets held at fair value through profit or loss ("FVTPL").

The Directors do not anticipate any change in the structure or investment objectives of the Company.

**Results and dividends**

The Statement of Comprehensive Income for the financial period and the Company's Statement of Financial Position as at 31 December 2018 are set out on pages 10 and 11 respectively.

No dividends were paid during the period. The Directors do not recommend payment of a dividend for the financial period ended 31 December 2018.

**Principal risks and uncertainties**

The Company's investment activities expose it to various types of financial risk which are associated with the financial instruments and the markets in which the Company invests. The main risks arising from the Company's financial instruments are market risk (including currency risk, interest rate risk and price risk), liquidity risk and credit risk. For a detailed description of the risk management objectives and policies, refer to Note 4 of the financial statements.

Please note that the overview provided in this annual report of the principal risks and related risks of the Company are not intended to be a comprehensive summary of all risks. Investors should refer to the Information Memorandum of the Company for a more detailed discussion of the risks inherent in investing in the Company.

**Directors**

The names of the Directors who were in office at any time during the financial period are set out on page 2.

**CVP ECO Funding Designated Activity Company  
Directors' Report (continued)  
For the period from 15 September 2017 to 31 December 2018**

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**Transactions involving Directors**

Cafico Corporate Services Limited ("Cafico") provides corporate services to the Company at arm's length commercial rates. Rodney O'Rourke and Yolanda Kelly are Directors of the Company and also Directors of Cafico and in that capacity have a material interest in transactions conducted between the Company and Cafico.

There were no transactions of significance in relation to the business of the Company in which the Directors had any interest as defined in the Companies Act 2014, at any time during or subsequent to the financial period. The Directors of the Company are not entitled to separate remuneration.

**Directors' and Secretary's interests**

In accordance with Section 329 of the Companies Act 2014, the Directors and Secretary who held office on 31 December 2018 had no interest in the shares or debentures of the Company on that date or during the financial period.

**Accounting records**

The Directors, through the use of appropriate systems and procedures, ensure compliance with the Company's obligations under Section 281 to 285 of the Companies Act 2014. Additionally, the Directors ensure that competent persons are responsible for the accounting records. The accounting records are kept at 2nd Floor, Palmerston House, Fenian Street, Dublin 2, Ireland, the Company's registered office.

**Disclosures to Auditor**

In accordance with Section 330 of the Companies Act 2014, the Company's Directors are not aware of any relevant audit information of which the Company's statutory auditors ("PricewaterhouseCoopers") are unaware of. The Directors have taken all necessary steps that ought to have been taken to make themselves aware of relevant audit information and ensure the auditors were made aware of this information.

**Going concern**

The Company's Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Company's Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements are prepared on the going concern basis.

**Significant events during the financial period**

The Company established a 100% owned subsidiary during the period, namely CVP ORI-1 Designated Activity Company ("ORI-1").

On 31 October 2018, the Company acquired PPNs in CVP EURO CLO-1 Designated Activity Company ("EURO CLO-1") to the value of EUR 10,000,000.

On 16 November 2018, the Company acquired PPNs in ORI-1 to the value of EUR 20,591,228.

During the financial period ended 31 December 2018, the Company issued PPNs to the value of EUR 95,005,000 to Mackay Shields European Credit Opportunity Fund Limited.

**Events after the reporting period**

The Directors are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial periods not already disclosed in this report or the attached financial statements.

**CVP ECO Funding Designated Activity Company  
Directors' Report (continued)  
For the period from 15 September 2017 to 31 December 2018**

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**Audit committee statement**

As permitted by Section 176(3)(b) Companies Act 2014 (as amended), the Board of Directors (the "Board") has elected not to have an audit committee. This election is for the following reasons:

• the knowledge and expertise of the Board allows them to have sufficient oversight and discharge the following responsibilities that would otherwise be carried out by an audit committee:

- (i) the monitoring of the financial reporting process;
- (ii) the monitoring of the effectiveness of the Company's system of internal control, internal audit and risk management;
- (iii) the monitoring of the statutory audit of the Company's financial statements; and
- (iv) the review and monitoring of the independence of the statutory auditors and in particular the provision of additional services to the Company;

• the quarterly board meetings and also the ad hoc meetings of the Board allow the Board to oversee the general management and conduct of all aspects of the Company's business including those outlined above; and

• the Board is and shall at all times be made up of persons each of who has the appropriate knowledge and experience to be a director of the Company, having regard to the responsibilities outlined above and any other statutory duties.

**Independent auditors**

PricewaterhouseCoopers, Statutory Audit Firm were appointed as auditor to the Company on 20 October 2017 and have expressed their willingness to continue in office.

Signed for and on behalf of the board of Directors by

  
Date: 29 March 2019



**CVP ECO Funding Designated Activity Company  
Directors' Statement of Responsibilities  
For the period from 15 September 2017 to 31 December 2018**

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

Irish Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (the "EU") and applicable law.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, the assets, liabilities, financial position and profit or loss of the Company and to enable them to ensure that the financial statements are prepared in accordance with the Companies Act 2014. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board:

Date: 29 March 2019





## ***Independent auditors' report to the members of CVP ECO Funding Designated Activity Company***

### **Report on the audit of the financial statements**

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#### **Opinion**

In our opinion, CVP ECO Funding Designated Activity Company's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2018 and of its profit and cash flows for the period from 15 September 2017 to 31 December 2018 (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report and Audited Financial Statements, which comprise:

- the Statement of Financial Position as at 31 December 2018;
  - the Statement of Comprehensive Income for the period then ended;
  - the Statement of Cash Flows for the period then ended;
  - the Statement of Changes in Equity for the period then ended; and
  - the notes to the financial statements, which include a description of the significant accounting policies.
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#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

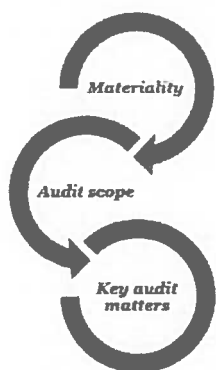
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## Our audit approach

### Overview



#### Materiality

- €1,469,648
- Based on 1% of total assets.

#### Audit scope

- The company is an open-ended company with variable capital and engages Credit Value Partners, LLC (the "Investment Adviser") to manage certain duties and responsibilities with regards to the day-to-day management of the Company. We tailored the scope of our audit taking into account the types of investments held by the company, the involvement of the third parties referred to below, the accounting processes and controls, and the industry in which the company operates.

#### Key audit matters

- Valuation of financial assets and financial liabilities at fair value through profit or loss.
- Existence of financial assets and financial liabilities at fair value through profit or loss.

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

#### Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of financial assets and financial liabilities at fair value through profit or loss</i></p> <p>Refer the accounting policies set out in note 2, and note 3 'Financial assets and financial liabilities at fair value through profit or loss'.</p> <p>The financial assets and financial liabilities at fair value through profit or loss included in the Statement of Financial Position as at 31 December 2018 are valued at fair value in line with IFRSs as adopted by the EU.</p> <p>This is considered a key audit matter as it represents the principal elements of the financial statements.</p>	<p>We tested the valuation of the debt and fixed income positions by independently repricing the positions using third party vendor sources.</p> <p>Our internal valuation experts independently valued the credit default swap using our own independent models and market feeds.</p> <p>We independently recalculated the value of the profit participating note ("PPN") assets and liability.</p>



<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><i>Existence of financial assets and financial liabilities at fair value through profit or loss</i></p> <p>Refer to the accounting policies set out in note 2, and note 3 'Financial assets and financial liabilities at fair value through profit or loss'.</p> <p>The financial assets and financial liabilities at fair value through profit or loss included in the Statement of Financial Position at 31 December 2018 are held in the company's name.</p> <p>This is considered a key audit matter as it represents the principal element of the financial statements.</p>	<p>We sought to obtain independent confirmation from the agent banks or counterparties for the financial assets and liabilities held at 31 December 2018 and reconciled the amounts confirmed to the accounting records. For positions where we were unable to obtain confirmations from the counterparties, or agent banks, we performed alternative audit procedures which included obtaining alternative supporting documentation for the existence of the positions at 31 December 2018.</p>

*How we tailored the audit scope*

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The directors control the affairs of the company and are responsible for the overall investment policy which is determined by them. The directors have delegated the investment decision making of the Company to the Investment Committee. The company appointed Credit Value Partners, LLC as the company's Investment Adviser (the "Investment Adviser") to provide the company with certain advice and assistance in connection with the investment portfolio, and to manage certain duties and responsibilities with regards to the day to day management of the company. The Investment Adviser has also delegated certain responsibilities to BNP Paribas Securities Services S.C.A. Jersey Branch (the "Administrator" and the "Depository"). The financial statements, which remain the responsibility of the directors, are prepared on their behalf by the Administrator. The company has appointed the Depository to act as depository of the company's assets. In establishing the overall approach to our audit we assessed the risk of material misstatement taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the company's interaction with the Administrator.

*Materiality*

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

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

<b>Overall materiality</b>	€1,469,648.
<b>How we determined it</b>	1% of total assets.
<b>Rationale for benchmark applied</b>	We have applied this benchmark because the main objective of the company is to generate a total return on its investment portfolio, through funding received from the issuance of profit participating notes.

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above €146,965, for profit/loss impacting differences, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or



#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **Other required reporting**

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#### **Companies Act 2014 opinions on other matters**

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
  - In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
  - The financial statements are in agreement with the accounting records.
- 

#### **Companies Act 2014 exception reporting**

##### *Directors' remuneration and transactions*

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

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### **Other matter**

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As explained in note 2.1 to the financial statements, in addition to our responsibility to audit and express an opinion on the financial statements in accordance with Irish law and ISAs (Ireland), we have been requested by the directors to express an opinion on the financial statements in accordance with generally accepted auditing standards in the United States of America as issued by the AICPA, in order to meet the requirements of Rule 206(4)-2 under the Investment Advisers Act (the "Custody Rule"). We have reported separately in this respect on page 12.

A handwritten signature in cursive script that reads 'Olivia Hayden'.

Olivia Hayden  
for and on behalf of PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Dublin  
29 March 2019



## **Report of Independent Auditors**

TO THE BOARD OF DIRECTORS OF CVP ECO FUNDING DESIGNATED ACTIVITY COMPANY

We have audited the accompanying financial statements of CVP ECO Funding Designated Activity Company (the "Company"), which comprise the Statement of Financial Position as of 31 December 2018, and the related Statements of Comprehensive Income, of Changes in Equity, and of Cash Flows for the Company for the period from 15 September 2017 to 31 December 2018.

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### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and Irish law; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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### **Auditors' Responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CVP ECO Funding Designated Activity Company as of 31 December 2018, and the results of its operations, changes in its net assets, and its cash flows for the period then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

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### **Restriction of use**

This report, including the opinion, has been prepared for and only for the directors in relation to the requirements of Rule 206(4)-2 of the Investment Advisers Act 1940 (the "Custody Rule") as it applies to the Company and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

*PricewaterhouseCoopers*

PricewaterhouseCoopers  
Chartered Accountants and Statutory Audit Firm  
Dublin  
29 March 2019

**CVP ECO Funding Designated Activity Company**  
**Statement of Comprehensive Income**  
**For the period from 15 September 2017 to 31 December 2018**

		<b>For the period from 15 September 2017 to 31 December 2018</b>
	<b>Note</b>	<b>EUR</b>
<b>Income</b>		
Bank interest income		5,228
Interest income		1,513,642
Net loss on financial assets at fair value through profit or loss		(103,434)
Realised foreign exchange gains on financial assets at fair value through profit or loss		479,895
Net foreign exchange loss		(482,071)
Net loss on financial liabilities at fair value through profit or loss	3	101,777
Other income		45,010
<b>Total income</b>		<b>1,560,047</b>
<b>Expenses</b>		
Advisory fees	5	774,938
Administration fees	5	84,917
Legal fees		47,411
Audit fees	5	17,200
Other operating expenses	6	170,996
Formation costs		81,706
<b>Total operating expenses</b>		<b>1,177,168</b>
<b>Operating profit</b>		<b>382,879</b>
Finance costs		381,565
<b>Net profit before tax</b>		<b>1,314</b>
Taxation	11	(329)
<b>Total comprehensive income for the period</b>		<b>985</b>

All activities are derived from continuing operations. There was no other comprehensive income during the current period.

The notes on pages 17 to 34 form part of the Financial Statements.

**CVP ECO Funding Designated Activity Company**  
**Statement of Financial Position**  
**As at 31 December 2018**

	Note	31-Dec-18 EUR
<b>Assets</b>		
Financial assets at fair value through profit or loss	3	94,099,280
Other receivables	7	1,988,195
Receivable on investments sold		40,648,987
Prepayments	8	2,086
Margin account	13	566,671
Cash and cash equivalents	12	9,659,579
<b>Total Assets</b>		<b><u>146,964,798</u></b>
<b>Liabilities and Equity</b>		
<b>Non-Current Liabilities</b>		
Financial liabilities at fair value through profit or loss	3	94,903,223
<b>Total Non-Current Liabilities</b>		<b><u>94,903,223</u></b>
<b>Current Liabilities</b>		
Payable on investments purchased		51,609,583
Other payables and accrued expenses	9	451,006
<b>Total Current Liabilities</b>		<b><u>52,060,589</u></b>
<b>Net Assets Attributable to Shareholders</b>		<b><u>986</u></b>
<b>Equity attributable to shareholders</b>		
Share capital	10	1
Retained earnings		985
<b>Equity Attributable to Shareholders</b>		<b><u>986</u></b>

The notes on pages 17 to 34 form part of the Financial Statements.

Signed for and on behalf of the board of Directors by

  
Date: 29 March 2019



**CVP ECO Funding Designated Activity Company**  
**Statement of Changes in Equity**  
**For the period from 15 September 2017 to 31 December 2018**

For the period ended 31 December 2018

	Note	Share capital EUR	Retained earnings EUR	Total EUR
<b>Balance as at 15 September 2017</b>		-	-	-
Share capital	10	1	-	1
Total comprehensive income for the period		-	985	985
<b>Balance as at 31 December 2018</b>		<b>1</b>	<b>985</b>	<b>986</b>

The notes on pages 17 to 34 form part of the Financial Statements.

**CVP ECO Funding Designated Activity Company**  
**Statement of Cash Flows**  
**For the period from 15 September 2017 to 31 December 2018**

	Note	For the period from 15 September 2017 to 31 December 2018 EUR
<b>Cash flows from operating activities</b>		
Total comprehensive income for the period		985
<b>Adjustments to reconcile profit after tax to net cash flows</b>		
Net loss on financial assets at fair value through profit or loss		103,434
Realised foreign exchange gains on financial assets at fair value through profit or loss		(479,895)
Net foreign exchange loss		482,071
Net loss on financial liabilities at fair value through profit or loss	3	(101,777)
<b>Changes in working capital</b>		
(Increase) in other receivables	7	(1,988,195)
(Increase) in prepayments	8	(2,086)
(Increase) in margin account	13	(566,671)
Increase in other payables and accrued expenses	9	451,006
<b>Net cash outflow used in operating activities</b>		<b>(2,101,128)</b>
<b>Cash flows from investing activities</b>		
Purchase of financial assets at fair value through profit and loss		(109,319,464)
Disposal of financial assets at fair value through profit and loss		26,602,989
<b>Net cash outflow used in investing activities</b>		<b>(82,716,475)</b>
<b>Cash flows from financing activities</b>		
Financing from issue of profit participating notes	3	95,005,000
<b>Net cash inflow from financing activities</b>		<b>95,005,000</b>
<b>Net increase in cash and cash equivalents</b>		<b>10,187,397</b>
Cash and cash equivalents at the beginning of the period		-
Exchange loss on cash and cash equivalents		(527,818)
<b>Cash and cash equivalents at the end of the period</b>		<b>9,659,579</b>

The notes on pages 17 to 34 form part of the Financial Statements.



**CVP ECO Funding Designated Activity Company**  
**Notes to Financial Statements**  
**For the period from 15 September 2017 to 31 December 2018**

**1 General information**

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The Company was incorporated on 15 September 2017 as a DAC (limited by shares) under the laws of Ireland. The Company's investment objective is to deliver attractive, consistent, risk-adjusted returns to shareholders, while preserving capital through opportunistic investments in a portfolio of private and public debt instruments, primarily comprising high yield, stressed and distressed senior-most and senior-secured debt obligations of medium and large corporate issuers with a view to later selling these loans to a securitization vehicle. The Company is funded by proceeds from the issuance of PPNs together with other financial resources available to it.

The Company's registration number is 611657.

The Company's registered office address is 2nd Floor, Palmerston House, Fenian Street, Dublin 2.

The Board of Directors has delegated the investment decision making of the Company to the Investment Committee which assists the Company to achieve its investment objective. The Company appointed Credit Value Partners, LLC as the Company's Investment Adviser (the "Investment Adviser") to provide the Company with certain advice and assistance in connection with the investment portfolio. The Investment Committee will take advice on investment opportunities from the Company's Investment Adviser and determine the appropriate investments within investment parameters set by the Board of Directors. The Board actively and continuously supervises the Investment Adviser in the performance of its function.

**2 Summary of significant accounting policies**

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

**2.1 Statement of compliance**

The Directors are responsible for the preparation of the Financial Statements of the Company, as set out in the Directors' Statement of Responsibilities on page 5. The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. Please refer to Note 17 where additional information has been provided to facilitate the Investment Adviser to make use of the audit exemption as prescribed in Rule 206 (4)-2 of the US Investment Advisers Act 1940. The financial statements have been audited in accordance with International Standards on Auditing (Ireland) ("ISA") and auditing standards generally accepted in the United States of America ("US GAAS").

**2.2 Basis of preparation**

The Financial Statements have been prepared on a historical-cost basis, except for financial assets and financial liabilities held at FVTPL. The financial statements are presented in EUR, which is the functional currency of the Company.

**2.3 Use of estimates and judgements**

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect items reported in the Statement of Financial Position and Statement of Comprehensive Income. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

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

**Estimates**

**a) Fair value**

For the fair value of all financial instruments held, the Company determines fair values using appropriate valuation techniques.

Refer to Note 2.10.1 for further details on the Company's valuation process on its financial instruments and how estimates are applied.

**CVP ECO Funding Designated Activity Company**  
**Notes to Financial Statements**  
**For the period from 15 September 2017 to 31 December 2018**

**2 Summary of significant accounting policies (continued)**

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**2.3 Use of estimates and judgements (continued)**

**Judgements**

**Non-consolidation of ORI-1 and EURO CLO-1**

The Company controls ORI-1 through its 100% holding of the voting rights and ownership. The Company is the sole investor in the PPNs issued by EURO CLO-1. Both entities are incorporated in Dublin, Ireland. The Company, ORI-1 and EURO CLO-1 together meet the definition of an Investment Entity as defined by IFRS 10 - 'Consolidated Financial Statements' ("IFRS 10") and as an investment entity is required to measure the investment in its subsidiaries at fair value through profit and loss, to the extent that these subsidiaries also meet the definition of investment entities themselves. The financial statements therefore comprise the results of the Company only. A Company has control of an investee, when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee as defined in IFRS 10.

An entity shall consider all facts and circumstances when assessing whether it is an investment entity, including its purpose and design. Under the definition of an investment entity, as set out in paragraph 27 in the standard, the entity must satisfy all three of the following tests:

- i) Obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- ii) Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both (including having an exit strategy for investments); and
- iii) Measure and evaluate the performance of substantially all of its investments on a fair value basis.

The three essential criteria met by the Company and the Special Purpose Vehicles ("SPVs") are:

- i) Typically, an investment entity would have several investors who pool their funds to gain access to investment management services and investment opportunities that they might not have had access to individually. The Company and the SPVs through the Company obtain funds from a diverse group of external shareholders;
- ii) An investment entity should not hold its investments indefinitely. Whilst some investments held by either the Company or the SPVs may be retained for a longer period, such investments will have a contractual maturity and hence a limited life;
- iii) The Company and the SPVs measure and evaluate the performance of their investments on a fair value basis and believe that investor focus is on the fair value of the portfolio. This is also consistent with the basis of reporting internally to the Board of each entity which will use the fair value information as the primary measurement attribute to evaluate the performance of substantially all of their investments and to make investment decisions.

The Directors are of the opinion that the Company and the SPVs therefore meet the criteria set out in IFRS 10.

Refer to Note 16 for further disclosures relating to the Company's interest in ORI-1 and EURO CLO-1.

**Going concern**

The Company's Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Company's Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements are prepared on the going concern basis.

**CVP ECO Funding Designated Activity Company**  
**Notes to Financial Statements (continued)**  
**For the period from 15 September 2017 to 31 December 2018**

**2 Summary of significant accounting policies (continued)**

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**2.4 Adoption of new and revised IFRS standards**

**New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2018 and not early adopted**

There are no standards, amendments and interpretations which have been issued but are not yet effective and not early adopted, that will affect the Company's financial statements.

**2.5 Financial instruments**

The Company has adopted IFRS 9 - 'Financial Instruments' ("IFRS 9"). Financial assets and liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instruments.

**2.5.1 Financial assets**

**Classification**

The Company classifies its investments as financial assets at fair value through profit or loss. These are financial instruments held for investment purposes which include debt securities, PPNs and collateralized loan obligation ("CLO") debt tranche securities (including CLO equity tranche securities). Financial assets also include cash and cash equivalents, interest and other receivables.

**Financial assets designated at fair value through profit or loss at inception**

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through OCI ("FVOCI").

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

**Recognition, measurement and derecognition**

Purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially measured at fair value. Transaction costs are expensed as incurred and movements in fair value are recorded in the Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets designated at fair value through profit or loss are measured at fair value.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

**Fair value estimation**

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. When available, the Company measures the fair value of an instrument using quoted prices for that instrument taken from active markets.

If quoted prices for a financial instrument are not available, then the Company establishes fair value using a valuation technique. Valuation techniques may include recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same and discounted cash flow analyses. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. Refer to Note 2.10.1 for the valuation process on financial instruments.

**CVP ECO Funding Designated Activity Company**  
**Notes to Financial Statements (continued)**  
**For the period from 15 September 2017 to 31 December 2018**

**2 Summary of significant accounting policies (continued)**

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**2.5.2 Financial liabilities**

**Classification**

Financial liabilities not classified at fair value through profit or loss are classified as financial liabilities at amortised cost.

**Recognition, measurement and derecognition**

Financial liabilities are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

Profit Participating Notes ("PPNs") are carried at fair value through profit or loss. Financial liabilities also include payables for securities purchased awaiting settlement and other payables which are held at amortised cost less impairment in accordance with IFRS 9.

A financial liability is derecognised when its contractual obligations are discharged, cancelled or expired. Gains and losses are recognised in the Statement of Comprehensive Income when the liabilities are derecognised.

**2.6 Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when and only when, the Company 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**2.7 Other receivables and prepayments**

Other receivables and prepayments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade and other receivables are initially measured at the transaction price and are subsequently measured at amortised cost, less any provision for impairment.

A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due from the relevant broker.

Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are considered material indicators that the amount due from brokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

**2.8 Other payables and accruals**

Trade and other payables are recognised initially at the invoiced value which is reasonable approximation of their fair value. Trade and other payables are subsequently measured at amortised cost, less any provision for

**2.9 Functional and presentation currency**

Items included in the Company's financial statements are measured using the primary economic environment in which the Company operates ("the functional currency"). Functional currency is the currency of the primary economic environment in which the Company operates. The majority of the Company's investments and transactions are denominated in EUR. As such, the functional and presentational currency is EUR.

Monetary assets and liabilities denominated in currencies other than the functional currency are translated into said functional currency at the closing rates of exchange at each financial period end. Transactions during the financial period, including purchases and sale of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Foreign currency gains and losses on items measured at fair value through profit or loss are included in realised foreign exchange gain on financial assets at fair value through profit or loss or net foreign exchange gains/(loss) in the Statement of Comprehensive Income.

**CVP ECO Funding Designated Activity Company**  
**Notes to Financial Statements (continued)**  
**For the period from 15 September 2017 to 31 December 2018**

**2 Summary of significant accounting policies (continued)**

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**2.10 Fair value**

The Company measures its investments in financial instruments, at fair value at each reporting date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

**2.10.1 Valuation process**

**(a) Debt securities**

Where available, the fair value of financial assets at fair value through profit and loss is based on their quoted market bid prices at the period end date without any deduction for estimated future selling costs. Reference is also made to independently available market prices from sources such as Markit.

When these instruments are not measured at the quoted price in an active market they are valued using observable inputs, initially sourcing broker quotes received from Markit and, where this data does not yield a reliable market price, utilising appropriate valuation techniques of the Investment Adviser.

To the extent that these inputs are observable, the Company classifies the fair value of these investments as Level 2. Investments in debt securities for which limited broker quotes and for which no other evidence of liquidity exists are classified as Level 3.

**(b) Derivative instruments**

The fair value of derivative instruments is based on their quoted market bid prices at the period end date without any deduction for estimated future selling costs.

**(c) PPN instruments**

The fair value of PPN instruments as at 31 December 2018 were fair valued based on net asset value ("NAV") of the SPVs attributable to the PPNs.

**2.11 Cash and cash equivalents**

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand and short-term deposits in banks that are readily fixed rate to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as 'cash and cash equivalents'.

**2.12 Taxation**

The Company is a Section 110 company as provided for in the Irish Taxes Consolidation Act, 1997. Transactions involving a Section 110 company may be structured to be tax neutral. Tax expense comprises current tax. Tax expense is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous years.

Income tax payable on profits is recognised as an expense in the period in which profits arise.

**2.13 Margin account**

Cash collateral provided by the Company is identified in the Statement of Financial Position as margin account. For cash collateral, if the party to whom the collateral is provided has the right by contract or custom to sell or re-pledge the collateral, the Company classifies that asset in its Statement of Financial Position separately from other assets and identifies the asset as margin account. Where the party to whom the collateral is provided does not have the right to sell or re-pledge, a disclosure of the collateral provided is made in the notes to the financial statements. There are no offsetting agreements in place.

**CVP ECO Funding Designated Activity Company**  
**Notes to Financial Statements (continued)**  
**For the period from 15 September 2017 to 31 December 2018**

**2 Summary of significant accounting policies (continued)**

**2.14 Interest income and expense**

Interest income and expense are recognised in the Statement of Comprehensive Income for all interest bearing financial instruments on an accrual basis.

**2.15 Operating expenses**

Operating expenses are recognised on an accruals basis and are recognised in the Statement of Comprehensive Income.

**2.16 Formation expenses**

Formation expenses comprise of legal and professional fees incurred solely in relation to the formation and establishment of the Company. For the purposes of the trading NAV, and in accordance with the agreement, formation expenses will be amortised by the fund over a five year period subject to the Director's discretion to vary this if they consider it to be prudent to do so. However, in compliance with IFRS, the formation costs have been expensed as incurred.

**2.17 Transaction costs**

Transaction costs include fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and security exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs. Transaction costs relate to the purchase and sale of investments and are recognised in operating expenses in the Statement of Comprehensive Income.

**3 Financial assets and financial liabilities at fair value through profit or loss**

<b>As at 31 December 2018</b>	<b>EUR</b>
<b>Financial assets</b>	
Financial assets at fair value through profit or loss	94,099,280
<b>Financial liabilities</b>	
Profit participating notes ("PPNs")	94,903,223

**Financial assets at fair value through profit or loss**

The Company invests in debt securities and CLO debt and equity tranche securities in line with the investment policy of the Company.

**3.1 Profit participating notes**

On the 26 January 2018, the Company and CVP European Credit Opportunity Fund Limited (the "Initial Noteholder") entered into a Profit Participating Note Issuing and Purchase Agreement whereby the Initial Noteholder is required pursuant to that agreement to make funds available to the Company by way of the Company issuing up to EUR 10 billion through the PPNs. The proceeds from the issue of the PPNs shall be used to among other things to fund the purchase of investments by the Company.

The PPNs are unsecured limited recourse obligations of the Company issued in denominations of EUR 1,000,000. The PPNs have a term of eight years from the first issuance unless otherwise terminated prior to the end of the Term, or extended for a further period, which such further extension being agreed by the Company and the Initial Noteholder. PPNs shall in any event be repayable on 25 January 2049.

The Company is entitled on any date to pay or cause to be paid from available funds (being proceeds of sale received by, or on behalf of, any interest or principal proceeds thereof paid to the Company, and any amount received by way of principal, interest and or fees) all fees, costs, expenses and tax liabilities of the Company. In addition the Company is entitled to retain annually an amount by way of retained profit equal to EUR 1,200.

**CVP ECO Funding Designated Activity Company**  
**Notes to Financial Statements (continued)**  
**For the period from 15 September 2017 to 31 December 2018**

**3 Financial assets and financial liabilities at fair value through profit or loss (continued)**

**3.1 Profit participating notes (continued)**

Interest is computed as being an amount equal to the greater of:

a. accumulated profits of the Company (including any gains or deemed gains) for each accounting period of the Company as computed under Irish law and the accounting standard adopted by the Company for Irish tax purposes (before interest calculated in accordance with the condition for such accounting period but excluding a pro rata share of the retained profit for the Company of EUR 1,200) - where the Company suffers a net accounting loss in one or more accounting periods, such losses shall be treated as reducing the accounting profits of future accounting periods, or

b. 100% of the accumulated taxable profits or gains attributable to the Company (before interest for the relevant period but excluding a pro rata share of the retained profit of the Company of EUR 1,200) having properly accrued for all other income (including any gains or losses or deemed gains or deemed losses, if any) and expense items as computed under Irish taxation principles.

The Company will pay interest on each payment date only if and to the extent it has sufficient funds available. If there are insufficient available funds on a payment date to pay in full the interest accrued for the relevant interest period in respect to the PPNs, then any such interest that remains unpaid as of such date will be paid by the Company in priority to any interest subsequently accrued on the next payment date, provided there is sufficient funds available on that payment date. No default interest shall be payable by the Company in respect of the foregoing and an event of default shall not be deemed to have occurred in such circumstances.

It is to be noted that no commissions or expenses are charged to the instrument holder in respect to any interest payments made.

During the financial period, the interest paid to the Initial Instrument Holder amounted to EUR nil and the interest payable outstanding at the reporting date was EUR nil.

**3.2 Fair value hierarchy**

IFRS 13-'Fair Value Measurement' ("IFRS 13") requires an analysis of investments valued at fair value based on the reliability and significance of information used to measure their fair value.

The Company categorises its financial assets and liabilities according to the following fair value hierarchy detailed in IFRS 13, that reflects the significance of the inputs used in determining their fair values:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered not active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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

As at 31 December 2018	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	-	91,538,591	2,560,688	94,099,280
<b>Total financial assets</b>	-	<b>91,538,591</b>	<b>2,560,688</b>	<b>94,099,280</b>
Cash and cash equivalents	9,659,579	-	-	9,659,579
Margin account	566,671	-	-	566,671
Receivables and prepayments	-	42,639,268	-	42,639,268
<b>Total assets</b>	<b>10,226,250</b>	<b>134,177,859</b>	<b>2,560,688</b>	<b>146,964,798</b>
<b>Financial liabilities</b>				
Profit participating notes	-	94,903,223	-	<b>94,903,223</b>

**CVP ECO Funding Designated Activity Company**  
**Notes to Financial Statements (continued)**  
**For the period from 15 September 2017 to 31 December 2018**

**3 Financial assets and financial liabilities at fair value through profit or loss (continued)**

**3.2 Fair value hierarchy (continued)**

The following table shows a reconciliation of all movements in the fair value hierarchy of financial assets categorised within Level 1 to 3 for the financial period ended 31 December 2018:

As at 31 December 2018	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
<b>Financial assets at fair value through profit or loss</b>				
<b>Opening valuation</b>	-	-	-	-
Purchases during the period	-	155,049,277	5,664,185	160,713,463
Sale proceeds during the period	-	(64,073,580)	(3,178,396)	(67,251,976)
Realised gain/ (loss)	-	661,423	75,758	737,181
Unrealised loss	-	(352,361)	(8,359)	(360,720)
Unrealised foreign exchange gain	-	253,832	7,499	261,331
<b>Total financial assets at FVTPL</b>	-	<b>91,538,591</b>	<b>2,560,688</b>	<b>94,099,280</b>

Transfers between levels are determined based on changes to the significant inputs used in the fair value estimation. During the financial period ended 31 December 2018, there were no transfers between levels of the fair value hierarchy.

Please refer to Note 2.10 for valuation methodology of financial assets designated at fair value through profit or loss.

**3.3 Sensitivity of Level 3 holdings to unobservable inputs**

The fair value of the Company's portfolio as at 31 December 2018 was priced through Markit. Where the input into the Markit price was only one price, they were classified as Level 3. These loan assets are not modelled on analysts' prices but are from dealers' runs, therefore, there are no unobservable inputs into the prices.

**4 Financial risk and management objectives and policies**

**4.1 Financial risk factors**

The Company's investment activities expose it to the various types of risk that are associated with the financial instruments and markets in which it invests. The Investment Adviser has a dedicated risk management function whose role is to monitor the risks involved in the Company portfolio and reports directly to the Board. The most significant risks associated with the Company are as outlined below:

**4.2 Market risk**

Market risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and other market prices. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established policy limits and investment strategies. The Investment Manager has assessed that the Company's exposure to market risk can be divided into interest rate, currency and price risk.

The Company invests in the U.S. and European credit markets via exposure to debt securities and CLO equity interests which are the main drivers of the Company's performance. As the portfolio of the Company is predominantly comprised of assets domiciled in the U.S. and Europe, the Company could be particularly exposed to any deterioration in the current U.S. and European economic climates. Financial market disruptions may have a negative effect on the valuations of the Company's investments. Adverse economic conditions may also decrease the value of any security obtained in relation to any of the Company's investments. The Board has considered the effect of Brexit on the Company and does not expect the operations of the Company to be significantly impacted as the Company is domiciled in an EU member state.



**CVP ECO Funding Designated Activity Company**  
**Notes to Financial Statements (continued)**  
**For the period from 15 September 2017 to 31 December 2018**

**4 Financial risk and management objectives and policies (continued)**

**4.2 Market risk (continued)**

**(a) Management of risk**

Market risk is managed and minimised through ensuring that all investment activities are undertaken in accordance with established policy limits and investment strategies.

The Company is subject to investment limits when it holds senior secured loans directly in its portfolio. The Company also invests in CLOs with each CLO being subject to investment limits. These investment limits amongst others relate to the number of positions held by obligor, industry sector, credit rating and weighted average life and rating of the portfolio.

Market risk is managed through diversifying the portfolio within specified limit. The following diversification requirements shall apply to the Company, calculated on the basis of capital commitments (rather than Capital contributions) of the Company for a period of 18 months from the initial closing date. Thereafter, the diversification requirements shall apply on the basis of Gross Asset Value. The Company will seek to manage its assets so that it will:

- hold more than 50% in senior secured corporate credit instruments;
- hold more than 40% of issuer located in the EU or in the UK;
- have exposure to any single corporate issuer of no more than 3%;
- have exposure to any single industry of no more than 25%;
- hold no more than twenty percent 20% in CLO equity (including non-CVP managed CLOs); and
- hold no more than forty percent 40% of instruments rated CCC (or equivalent from other rating agency) and below, including distressed instruments.

**(b) Sensitivity**

Please refer below for sensitivity analysis on the impact on the Statement of Comprehensive Income and NAV of the Company if the fair value of the investments designated at fair value through profit or loss at the period-end increased or decreased by 5%:

**As at 31 December 2018**

<b>Current Value</b>	<b>Period ended 31 December 2018</b>	<b>Increase by 5%</b>	<b>Decrease by 5%</b>
Financial assets designated at fair value through profit or loss	94,099,280	4,704,964	(4,704,964)

The Company's policy requires that the overall market position is monitored by the Investment Adviser and is reviewed by the Board of Directors on an on-going basis. The above sensitivity was deemed as reasonable by management.

**4.2.1 Interest rate risk**

**(a) Description of risk**

Interest rate risk is the risk of increased costs or lower income arising from unexpected movements in interest rates impacting on the Company's borrowing and investment portfolio.

**(b) Assessment of risk**

The majority of the Company's interest rate exposure arises in the fair value of the financial assets at FVTPL which are largely debt instruments that are predominantly variable rate and fixed margin instruments.

**(c) Management of risk**

The Investment Adviser has no plans to hedge interest rate fluctuations on an ongoing basis because to hedge the base rate movements is not considered efficient. The Company's interest rate policy seeks to limit the impact of fluctuating interest rates by maintaining a diversified mix of fixed rate, floating rate and variable rate. The following table details the Company's direct exposure in all direct holdings to interest rate risk.

**CVP ECO Funding Designated Activity Company**  
**Notes to Financial Statements (continued)**  
**For the period from 15 September 2017 to 31 December 2018**

**4 Financial risk and management objectives and policies (continued)**

**4.2.1 Interest rate risk (continued)**

As at 31 December 2018	Interest Bearing EUR	Non-interest Bearing EUR	Total EUR
<b>Assets</b>			
Financial assets at FVTPL	94,099,280	-	94,099,280
Receivable on investments sold	-	40,648,987	40,648,987
Prepayments	-	2,086	2,086
Other receivables	423,004	1,565,191	1,988,195
Margin account	566,671	-	566,671
Cash and cash equivalents	9,659,579	-	9,659,579
<b>Total assets</b>	<b>104,748,534</b>	<b>42,216,264</b>	<b>146,964,798</b>
<b>Liabilities</b>			
Payable on investments purchased	-	(51,609,583)	(51,609,583)
Other payables and accrued expenses	-	(451,006)	(451,006)
Profit participating notes	-	(94,903,223)	(94,903,223)
<b>Total liabilities</b>	<b>-</b>	<b>(146,963,812)</b>	<b>(146,963,812)</b>
<b>Total interest sensitivity gap</b>	<b>104,748,534</b>	<b>(104,747,548)</b>	<b>986</b>

(d) Sensitivity

A 50 basis point increase or decrease is considered a reasonably foreseeable change by the Investment Adviser based on the movement in rates in 2018.

As at 31 December 2018	Applicable base rate change	Effect on net asset value	
		+0.50%	(0.50%)
Applicable base rate change	+ or (0.5%)	523,743	(523,743)

An increase of 50 basis points in interest rates as at the reporting date would have increased the net assets attributable to Shareholders by EUR 523,743. A decrease of 50 basis points would have decreased the net assets attributable to Shareholders by EUR 523,743.

**4.2.2 Currency risk**

(a) Description of risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates against the functional currency of the Company.

(b) Assessment of risk

The functional currency of the Company is EUR. The Company's assets are typically invested in securities and other investments which are denominated in other currencies. Certain investments held by the Company, and the income received by the Company with respect to such investments, may be denominated in various currencies other than EUR. Accordingly, changes in currencies may adversely affect the value of investments, interest and other revenue streams received by the Company, gains and losses realised on the sale of investments and the amount of distributions, if any, made by the Company. In addition, the Company will incur costs in converting investment principal and income from one currency to another.

(c) Management of risk

The Investment Adviser may (but is not required to) enter into hedging transactions designed to reduce such currency risks. Furthermore, the portfolio investments in which the Company invests may be subject to risks relating to changes in currency values, as described above. If a portfolio investment suffers adverse consequences as a result of such changes, the Company would also be adversely affected. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political and economic developments. The Investment Adviser may try to hedge these risks by investing directly in foreign currencies, buying and selling forward foreign currency exchange contracts and buying and selling options on foreign currencies, but there can be no assurance such strategies will be effective.

**CVP ECO Funding Designated Activity Company**  
**Notes to Financial Statements (continued)**  
**For the period from 15 September 2017 to 31 December 2018**

**4 Financial risk and management objectives and policies (continued)**

**4.2.2 Currency risk (continued)**

**(c ) Management of risk (continued)**

The following table provides an indication of the currency exposure as at 31 December 2018:

As at 31 December 2018	USD (EUR equivalent)	GBP (EUR equivalent)	Total EUR
<b>Assets</b>			
Financial assets at fair value through profit or loss	3,735,639	-	3,735,639
Receivable on investments sold	592,979	-	592,979
Margin account	566,671	-	566,671
<b>Total assets</b>	<b>4,895,289</b>	<b>-</b>	<b>4,895,289</b>
Cash and cash equivalents	(6,415,336)	(598)	(6,415,934)
<b>Total liabilities</b>	<b>(6,415,336)</b>	<b>(598)</b>	<b>(6,415,934)</b>
<b>Total</b>	<b>(1,520,047)</b>	<b>(598)</b>	<b>(1,520,645)</b>

**(d) Sensitivity analysis**

The following analysis demonstrates the impact of a 10% movement in the exchange rate against the EUR and the GBP on the net assets attributable to ordinary shareholders as at 31 December 2018, with all other variables held constant.

As at 31 December 2018	Change in exchange rate* Increase/(decrease)	Effect on net assets attributable to ordinary shareholders (Decrease)/increase EUR
USD	10% (10%)	(152,005)/152,005
GBP	10% (10%)	(60)/60

\*10% has been assessed as a reasonably possible movement in currency rate sensitivity over the financial year ended 31 December 2018. It is not intended to illustrate a remote, worst case or stress test scenario.

**4.2.3 Price risk**

**(a) Description of risk**

Price risk is the risk that the fair value of the financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment or its issuer or factors affecting all instruments traded in the market.

**(b) Assessment of risk**

The Company's portfolio may at any given time include securities or other financial instruments or obligations which are very thinly traded, for which a limited market exists or which are restricted as to their transferability under applicable securities laws. These investments may be extremely difficult to value accurately.

**(c ) Management of risk**

The Directors monitor and review the Company's NAV production process on an ongoing basis.

**4.3 Credit and counterparty risk**

**(a) Description of risk**

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The Board with the assistance of the Investment Adviser has in place credit risk mitigation procedures such as credit and market research analysis and establishing risk criteria and concentration risk limits in respect of counterparty risk which is reviewed on an ongoing basis.

**CVP ECO Funding Designated Activity Company**  
**Notes to Financial Statements (continued)**  
**For the period from 15 September 2017 to 31 December 2018**

**4 Financial risk and management objectives and policies (continued)**

**4.3 Credit and counterparty risk (continued)**

**(b) Assessment of risk**

The Company's credit risk is attributable to its financial assets designated at fair value through profit or loss, cash and cash equivalents, receivable for investments sold, inter-company receivables and margin account. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

**(c) Management of risk**

In the opinion of the Board of Directors, the carrying amounts of financial assets best represent the maximum credit risk exposure at the Statement of Financial Position date. At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

<b>As at 31 December 2018</b>	<b>EUR</b>
Financial assets at fair value through profit or loss	94,099,280
Interest receivable	423,004
Receivable on investments sold	40,648,987
Inter-company receivable	1,565,191
Margin account	566,671
Cash and cash equivalents	9,659,579
<b>Total assets</b>	<b>146,962,712</b>

To mitigate credit risk the Directors maintain ongoing communications with the Investment Adviser and monitor and review credit analysis of the counterparties and their business and reputation. The Company's policy to manage this credit risk is to hold no more than forty percent (40%) of its Gross Asset Value in instruments rated CCC by Standard & Poor's (or equivalent from another Credit Rating Agency) and below, including distressed instruments.

Please refer below for analysis of investments held as at 31 December 2018 by credit rating category:

<b>Moody credit rating</b>	<b>31-Dec-18 EUR</b>
B	0.17%
B1	22.61%
B2	14.80%
B3	2.07%
Caa1	3.97%
Caa2	4.27%
Unrated*	19.25%
Not Applicable**	32.87%
<b>Total</b>	<b>100.00%</b>

\*Unrated relates to portfolio holdings which had no ratings ascribed as at 31 December 2018.

\*\* Not applicable relates to investment in PPNs issued by the SPVs as at 31 December 2018.

The Company's exposure to credit risk also arises in respect to cash and cash equivalents. The Company minimises its surplus operational cash balance by the regular forecasting of cash flow requirements and liability management. The Company's cash and cash equivalents are held mainly with BNP Paribas Securities Services S.C.A, which is rated A based on Standard and Poor's ratings.

The Company also invests in credit default swaps ("CDS") to hedge against any credit deterioration. As at 31 December 2018, the Company had purchased a CDS with a notional of EUR 20 million with a valuation of EUR 934,890. The Investment Adviser considers the Company's credit exposure to trade and other receivables to be low and as such no further analysis has been presented.

Receivable for investments sold relate to amounts due from disposal of investments. Significant of these relates to investments sold to the SPVs as part of the origination strategy. Risk relating to unsettled transactions is considered small as the SPVs are fully funded and able to settle their dues.

The Investment Adviser's policy is to closely monitor the creditworthiness of the Company's counterparties brokers, custodian and banks by reviewing their credit ratings, financial statements and press releases on a regular basis.

**CVP ECO Funding Designated Activity Company**  
**Notes to Financial Statements (continued)**  
**For the period from 15 September 2017 to 31 December 2018**

**4 Financial risk and management objectives and policies (continued)**

**4.4 Liquidity risk**

**(a) Description of risk**

Liquidity risk is the risk that the Company might have insufficient cash or liquid resources to settle its obligations in full as they fall due, or can only do so on terms that are materially disadvantageous.

**(b) Assessment of risk**

The financial liabilities of the Company comprise PPNs, payable for investments purchased and other payables and accrued expenses. The ability of the Company to meet its obligations is dependent on the receipt of interest and principal from its portfolio of investments.

Under the terms of the PPNs, the Company is contractually obliged to ensure that its portfolio is managed in accordance with the Company's investment objective and policy. In the event that the Company fails to comply with these contractual obligations, the investors could elect for the PPNs to become immediately due and repayable from it subject to any applicable legal, contractual and regulatory restrictions. Given the nature of the investments held by the Company there is no guarantee and indeed, it is highly unlikely that the applicable legal, contractual and regulatory restrictions would permit the Company to immediately repay the PPNs on the Company making such an election.

Consequently, in the event of a materially adverse event occurring in relation to the Company or the market generally, the ability of the Company to realise its investment and prevent the possibility of further losses could, therefore, be limited by its restricted ability to realise its investment.

**(c) Management of risk**

The Board of Directors and Investment Adviser closely monitors market developments relevant to the Company's investments in order to explore and evaluate all potential exit opportunities.

All PPNs issued are limited recourse. The recourse of the PPNs is limited to the proceeds available to unsecured creditors. Therefore, the associated liquidity risk of the PPNs is reduced. The Company has payables for financial instruments purchased from other parties. The Company is exposed to risk of loss to pay for purchase of the financial instruments, in which case the Company would have to purchase the financial instruments at prevailing market prices. The Company's liquidity risk is managed on a daily basis by the Investment Adviser in accordance with the policies and procedures in place.

Liquidity risk is monitored on an ongoing basis by the Board and Investment Adviser so as to ensure that the Company maintains sufficient working capital in cash or near cash form so as to be able to meet the Company's ongoing requirements to pay other payables and accrued expenses.

The table below details the Company's liabilities by relevant maturity based on the remaining period at the Statement of Financial Position date to the contractual maturity date. The amounts disclosed are net contractual

**As at 31 December 2018**

	<b>Between 1 to 3 months EUR</b>	<b>Between 3 months and 1 year EUR</b>	<b>More than 1 year EUR</b>	<b>Total EUR</b>
Profit participating notes	-	-	94,903,223	94,903,223
Payable on Investments purchased	51,609,583	-	-	51,609,583
Other payables and accrued expenses	451,006	-	-	451,006
	<b>52,060,589</b>	<b>-</b>	<b>94,903,223</b>	<b>146,963,812</b>

**CVP ECO Funding Designated Activity Company**  
**Notes to Financial Statements (continued)**  
**For the period from 15 September 2017 to 31 December 2018**

**5 Fees**

**(a) Advisory fee**

The Company has appointed Credit Value Partners, LLC (the "Investment Adviser") as investment adviser to provide certain investment advice and assistance in connection with the Company's investments, origination and ongoing management of the assets in which the Company invests.

Under the terms of the Investment Advisory agreement dated 26 January 2018, the Investment Advisory fee paid to the Investment Adviser is based on the relative participation of each class of shares in the Company. From the date of the first drawdown of the funds under the PPN Agreement, the Investment Adviser is entitled to an Investment Advisory fee at annualised percentage rate of 1.5% of the net asset value of the fund. Advisory fees charged during the period from inception up to 31 December 2018 is EUR 774,938 and payable at period end was EUR 354,931.

**(b) Administration fee**

The Company has engaged the services of BNP Paribas Securities Services S.C.A Jersey Branch to provide administrative services. The fees are charged on a fixed fee basis of EUR 87,500 per annum. Administration fees charged during the period from inception up to 31 December 2018 is EUR 84,917 and payable at period end was EUR 21,879.

**(c) Audit fees**

The Company incurred EUR 17,200 (exclusive of VAT) of audit and assurance fees during the period, of which EUR 17,200 was outstanding at the period end. No other fees were paid to the statutory auditors during the period. There were no non-audit services performed during the period.

**(d) Performance fee**

Performance fee is calculated in accordance with the Information Memorandum and will be accounted for as an expense in the Statement of Comprehensive Income. In accordance with Section 1 of the Information Memorandum, the Company's Investment Adviser is entitled to a performance fee, if any, in each performance period. The performance fee shall accrue and be taken into account in calculating the NAV per Share at each valuation point. The performance fee is payable annually in arrears. Any performance fee due shall be paid within thirty (30) days after the end of the performance period for which it is due. The following terms apply in the calculation of the performance fees;

- Priority Return - a rate of return equal to an IRR of six percent (6%) per annum compounded annually from the applicable Drawdown Date.
- Increase - the total of each year's increase, if any, in the NAV of the relevant Class, calculated as the NAV of the relevant Class as determined at the last Valuation Point of each Performance Period, plus Net Capital Contributions.
- Net Capital Contributions - Capital Contributions taking into account distributions previously made and additional Capital Contributions.
- Total Performance Fee - not to be below zero, the lesser of, (i) (a) ninety percent (90%) multiplied by (b) the Increase minus the Priority Return (the "Outperformance"), and (ii) an amount equal to fifteen percent (15%) of the Increase. Under no circumstances shall the Investment Adviser be paid more than 15% of the Increase.
- Performance Fee - any remaining amount above zero of the Total Performance Fee less any prior Performance Periods' Performance Fees.
- Performance Period - the first Business Day through the last Business Day of each calendar year, with the exception of the initial Performance Period, which shall be the Valuation Point on the first Drawdown Date through the last Business Day of that calendar year. The last Performance Period will end on the earlier of the last Business Day of the Term (or any extension thereof) or the winding up of the Fund.

There was no performance fee for the period, or outstanding at period end.

**6 Other operating expenses**

	<b>31-Dec-18</b>
	<b>EUR</b>
Research fees	101,531
Professional fees	52,835
Insurance fees	7,293
Brokerage fees	6,802
Bank charges and other expenses	2,535
	<b>170,996</b>

**CVP ECO Funding Designated Activity Company**  
**Notes to Financial Statements (continued)**  
**For the period from 15 September 2017 to 31 December 2018**

**7 Other receivables**

	<b>31-Dec-18</b>
	<b>EUR</b>
Intercompany receivables	1,565,191
Interest receivable from financial assets at FVTPL	423,004
	<u><u>1,988,195</u></u>

Intercompany receivables are interest free, unsecured and receivable on demand.

Interest receivable balance relates to interest receivable from the debt securities position held as at the period end. The Board of Directors believe that these balances are fully recoverable.

**8 Prepayments**

	<b>31-Dec-18</b>
	<b>EUR</b>
Prepaid expenses	2,086
	<u><u>2,086</u></u>

Prepayments relate to insurance and professional fees paid in advance.

**9 Other payables and accrued expenses**

	<b>31-Dec-18</b>
	<b>EUR</b>
Audit fees	17,200
Advisory fees	354,931
Administration fees	21,879
Other payables	56,996
	<u><u>451,006</u></u>

**10 Share capital**

	<b>31-Dec-18</b>
	<b>Number of shares</b>
	<b>EUR</b>
Ordinary share issued and outstanding - par value of EUR 1	1
	<u><u>1</u></u>

The authorised share capital of the Company is EUR 1,000,000,000 divided into ordinary shares of EUR 1 par value each. Upon incorporation, the Company issued one ordinary share at a price of EUR 1 to Cafico Trust Company Limited (the "Share Trustee") on trust for charitable purposes pursuant to a declaration of trust dated 19 January 2018 (the "Share Trust"). Under the Share Trust, the Share Trustee holds the share as nominee for and on behalf of the beneficial owner and waives all rights to any past or future dividends in favour of the beneficial owner. The Share Trustee has covenanted in the Share Trust that it will not: (a) interfere in the management, administration or conduct of business of the Company including with respect to the appointment or termination of the Company's Corporate Services Firm; (b) propose or pass any resolution to wind-up or take any other steps or actions whatsoever for the purposes of winding-up the Company or make or support any petition to wind-up or appoint an administrator, examiner or similar person to the Company or any subsidiary or related company of the Company; or (c) appoint or remove any Company Director or any director of a subsidiary of the Company.

The holder of the ordinary share is entitled to attend and vote at general meetings of the Company. Any dividends payable will be distributed to the shareholders of the Company and, on the winding up of the Company, any surplus assets, after the repayment of its borrowings or debt securities such as the PPN will be distributed amongst its shareholders (after share capital).

No dividends have been declared or paid during the financial period.

**CVP ECO Funding Designated Activity Company**  
**Notes to Financial Statements (continued)**  
**For the period from 15 September 2017 to 31 December 2018**

**11 Taxation**

	31-Dec-18
	EUR
Profit before tax	1,314
Taxation	(329)
<b>Profit after tax</b>	<b>985</b>

The Company is subject to Irish Corporation Tax at a rate of 25% on the Company's net taxable profit.

**12 Cash and cash equivalents**

	31-Dec-18
	EUR
Cash at bank	9,659,579
	<b>9,659,579</b>

For the purpose of the cash flow statement, cash and cash equivalents comprise the preceding balances with maturity of less than 90 days.

**13 Margin account**

	31-Dec-18
	EUR
Margin cash	566,671
	<b>566,671</b>

Margin account represents margin deposits held in respect of the credit default swap entered with BNP Paribas.

**14 Related party transactions**

The Directors of the Company are considered to be related parties because they constitute the key management personnel.

Cafico Corporate Services Limited provided corporate services to the Company on an arm's length basis at commercial rates. The Company considers Cafico Corporate Services Limited a related party because Rodney O'Rourke and Yolanda Kelly are both Directors of Cafico Corporate Services Limited. They are also members of the key management personnel of the Company as Directors. Please refer to Note 6 for professional fees paid to Cafico Corporate Services Limited for corporate services in the financial period.

Please refer to Note 10 for further detail on issuance of ordinary shares held by Cafico Trust Company Limited.

The Investment Adviser provided investment advisory services to the Company. The Company considers the Investment Adviser a related party because Don Pollard and Howard Sullivan are both partners of the Investment Adviser. They are also members of the key management personnel of the Company as Directors. Please refer to Note 5 for further detail on advisory fees.

**15 Ultimate controlling party**

In the opinion of the Board of Directors, there is no ultimate controlling party or parent entity.

**16 Interests in other entities**

CVP ORI-1 Designated Activity Company ("ORI-1") and CVP EURO CLO-1 Designated Activity Company ("EURO CLO-1") meet the definition of a subsidiary in accordance with IFRS 10. ORI-1 is a fully owned subsidiary of the Company whilst the Company is the sole investor in the PPNs issued by EURO CLO-1, these are measured at fair value through profit or loss. The carrying value of these entities per the financial statements is shown below:

	Carrying value
	EUR
CVP ORI-1 Designated Activity Company	20,200,706
CVP EURO CLO-1 Designated Activity Company	9,795,295
	<b>29,996,001</b>



**CVP ECO Funding Designated Activity Company**  
**Notes to Financial Statements (continued)**  
**For the period from 15 September 2017 to 31 December 2018**

**16 Interests in other entities (continued)**

In accordance with IFRS 12 - 'Disclosure of Interest in Other Entities' ("IFRS 12") paragraph 19, the Company is also required to disclose the following information:

Name:	CVP ORI-1 Designated Activity Company	CVP EURO CLO-1 Designated Activity Company
Place of Business:	2nd Floor Palmerston House Fenian Street Dublin 2 Ireland	2nd Floor Palmerston House Fenian Street Dublin 2 Ireland
Ownership interests held:	100%	100%

**17 Financial highlights**

The Investment Adviser is a registered adviser with the Securities and Exchange Commission. The information below is provided to facilitate the Investment Adviser to make use of the audit exemption as prescribed in rule 206 (4)-2 of the US Investment Advisers Act 1940.

Financial highlights for the financial year ended are as follows:

	Net assets EUR
NAV per share at the beginning of the financial period	-
Net investment income	4,819
Net (loss) from financial assets and liabilities at fair value through profit or loss	(3,833)
Total investment operations	<u>986</u>
NAV per share at the end of the financial period	<u><u>986</u></u>

**18 US GAAP reconciliation**

International Financial Reporting Standards as adopted by the European Union vary in some respects from the accounting principles generally accepted in the United States of America ("US GAAP"). However, there are no adjustments for the period ended 31 December 2018 to convert IFRS basis to US GAAP basis.

	Total comprehensive income for the period EUR	Net assets attributable to shareholders EUR
IFRS	985	986
Differences between IFRS basis and US GAAP basis of accounting		
a) Fair Value adjustment	-	-
b) Taxation	-	-
c) Redemptions	-	-
US	<u>985</u>	<u>986</u>

**a) Fair Value adjustment**

IFRS 13 - 'Fair value measurement' ("IFRS 13"), has been applied by the Company. In accordance with the US GAAP (ASC 820, "Fair value measurement"), the investment portfolio should be priced at the most appropriate point on the bid/ask spread that is most representative of fair value. In accordance with IFRS, if an asset or liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid/ask that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid/ask spread. On application of IFRS 13, the Company's valuation is aligned with ASC 820 and no adjustments are required.

**CVP ECO Funding Designated Activity Company**  
**Notes to Financial Statements (continued)**  
**For the period from 15 September 2017 to 31 December 2018**

**18 US GAAP reconciliation (continued)**

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**b) Taxation**

ASC 740 "Accounting for Uncertainty in Income Taxes" (ASC 740") clarifies the accounting for uncertainty in income taxes recognised in the Company's financial statements. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740 requires that the Company determines whether it is more likely than not that a tax position will be sustained upon examination including resolution of any related appeals or litigation processes based on the technical merit of the position. In evaluating whether a tax position has met the more likely than not recognition threshold, the Company should presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information.

A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognise in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 per cent likely of being realised upon settlement. The Company reviews and evaluates its tax positions in the jurisdictions where the Company is organised and where the Company makes investments. Management has concluded there are no provisions for uncertain tax positions required to be recorded as a result.

**c) Redemptions**

ASC 480 requires that shares or interests to be redeemed due to an irrevocable redemption request made prior to the reporting period end for a redemption effective immediately after the period end and be paid after the period end either for a fixed amount or at an amount determined based on the NAV at the period end are considered financial liabilities and classified as redemptions payable. The Company did not have such redemption requests as at period end, therefore there are no differences between the total comprehensive income for the period ended 31 December 2018 and net assets attributable to shareholders as at 31 December 2018 under IFRS and US GAAP basis.

**19 Significant events during the financial period**

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During the financial period ended 31 December 2018, the Company issued PPNs to the value of EUR 95,005,000 to Mackay Shields European Credit Opportunity Fund Limited.

On 31 October 2018, the Company acquired PPNs in EURO CLO-1 to the value of EUR 10,000,000.

On 16 November 2018, the Company acquired PPNs in ORI-1 to the value of EUR 20,591,228.

**20 Subsequent events**

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The Directors are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial periods not already disclosed in this report or the attached financial statements.

**21 Approval of financial statements**

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These financial statements were approved and available for issuance on 29 March 2019. Subsequent events have been evaluated through to this date.

**CVP ECO Funding Designated Activity Company**  
**Unaudited Information**  
**As at 31 December 2018**

**Schedule of Investments**

<b>Country</b>	<b>Industry</b>	<b>Currency</b>	<b>Fair value (EUR)</b>
<b>Netherlands</b>			
Action Nederland B.V. Term Loan	General Retail	EUR	980,360
Cidron Ollopa BV Term Loan B	Healthcare	EUR	4,003,500
Petrus Bidco B.V. TLB (Caldic)	Speciality Chemicals	EUR	4,449,375
Stars Group Holdings B.V. Term Loan	Gaming and Hotels	EUR	2,987,490
DSM Sinochem EUR TLB	Healthcare	EUR	3,019,995
NEP Europe Finco B.V.	Media	EUR	994,585
Medical Technology Int. S.a.r.l. TLB	Biotech and Pharmaceuticals	EUR	2,955,000
<b>Total Netherlands</b>			<b>19,390,305</b>
<b>Denmark</b>			
NETS Concardis TLB 2	Professional and Business Services	EUR	836,669
NETS TLB2 Dotpay	Professional and Business Services	EUR	156,876
<b>Total Denmark</b>			<b>993,545</b>
<b>Finland</b>			
Mehilainen TL (Second Lien)	Healthcare	EUR	4,017,500
<b>Total Finland</b>			<b>4,017,500</b>
<b>France</b>			
Groupe Circet S.A.	Telecommunication	EUR	2,988,750
Cerba Health TLB (Constantin)	Medical laboratory	EUR	3,456,250
Cooper Venmedia (Alpha Bidco) TL	Pharmaceutical	EUR	2,980,500
Asmodee Group TLB	Software	EUR	4,473,990
Vacalians Group	Hospitality	EUR	1,503,750
<b>Total France</b>			<b>15,403,240</b>
<b>Germany</b>			
Techem Blitz	Professional and Business Services	EUR	2,493,600
Atlas Packaging (Coveris) TLB	Forest Products	EUR	2,450,000
<b>Total Germany</b>			<b>4,943,600</b>
<b>Luxembourg</b>			
Galileo Global Education TLB	Educational Services	EUR	1,744,540
AI Sirona (Luxembourg) Acquisition S.a.r.l.			
Zentiva 5/18 TLB	Generic Pharma	EUR	3,997,200
Auris Lux/Sivantos TLB	Healthcare	EUR	2,002,500
Azelis Finance Term Loan B	Chemicals	EUR	995,625
Impala Investments	Construction	EUR	3,951,250
<b>Total Luxembourg</b>			<b>12,691,115</b>
<b>United Kingdom</b>			
Inspired Finco Holdings TLB	Finance	EUR	1,496,258
ITRAXX EUR SUB FIN S29 V1		EUR	934,890
<b>Total United Kingdom</b>			<b>2,431,147</b>
<b>Ireland</b>			
PPN - CVP Euro CLO 1 DAC		EUR	9,795,294
PPN - CVP ECO ORI-1 DAC		EUR	20,200,706
<b>Total Ireland</b>			<b>29,996,001</b>
<b>USA</b>			
Optimas OE Solutions Holding LLC	Fabricated Metal	USD	110,688
CTP Transportation Products Holdings LLC	Machinery Manufacturing	USD	3,624,951
McAfee LLC	Software	EUR	497,188
<b>Total USA</b>			<b>4,232,827</b>
<b>Total investments at fair value</b>			<b>94,099,280</b>