**AIFMD ANNUAL REPORT**

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*2020 Annual Report for the purposes of Article 22 AIFMD by*

Blackstone Liquid Credit Strategies LLC

(the "Investment Manager")

*in respect of*

Carador Income Fund PLC

(the "Fund")

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**June 2021**

## DEFINITIONS

1. This section of the Annual Report sets out the meaning of certain defined terms used in this Annual Report and makes provisions regarding the interpretation of certain references in the Annual Report. For the purpose of this Annual Report, references to the EU and the EEA should include references to the United Kingdom.

2. In this Annual Report, the following capitalised terms shall have the following meanings, unless the context otherwise requires:

   (A) "AIF" means an alternative investment fund for the purposes of and as defined in the AIFMD.

   (B) "AIFM" means an alternative investment fund manager for the purposes of and as defined in the AIFMD.

   (C) "AIFMD" means Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and such directive as it forms part of the domestic law of the United Kingdom.

   (D) "Annual Report" means this AIFMD Annual Report.

   (E) "EEA" means the European Economic Area.

   (F) "EU" means the European Union.

   (G) "Fund" means Carador Income Fund PLC.

   (H) "Investment Manager" means Blackstone Liquid Credit Strategies LLC.

   (I) "Professional Investor" has the meaning ascribed to it in article 4(1)(ag) of the AIFMD.

   (J) "Prospectus" means the prospectus of the Fund in respect of its shares, as amended, restated or supplemented from time to time.

   (K) "Regulation" means Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012.

   (L) "Reporting Period" means 1 January 2020 through 31 December 2020**.**

## IMPORTANT NOTICES TO RECIPIENTS

3. This Annual Report is confidential and subject to the confidentiality provisions set out in the Prospectus.

4. This Annual Report is being provided to investors of the Fund and regulatory bodies, as necessary, solely for the purpose of providing disclosures in connection with the requirements of the AIFMD. By accepting this Annual Report, you expressly acknowledge that the accounting and certain other information contained in this Annual Report is as of 31 December 2020 unless otherwise indicated and that more recent information, including performance data, is available and has been provided by the AIFM to the investors of the Fund and that other material changes with respect to the Fund and its investments may not be reflected in this Annual Report. The delivery of this Annual Report does not under any circumstances create an assumption that the information presented herein is correct as of any time subsequent to 31 December 2020. This Annual Report is not, and may not be relied upon in any manner as, legal, tax, financial or investment advice or as an offer to sell or a solicitation of an offer to buy any security, product or service or to provide investment advice. This Annual Report does not purport to contain all of the information that may be required to evaluate an investment in the Fund and each recipient is urged to consult its tax, legal, financial, accounting and other advisors about the matters discussed herein. Any investment performance information contained in this Annual Report is presented for informational purposes only and is not indicative of future results. Due to various risks and uncertainties, actual events or results and the actual performance of the Fund may differ materially from those reflected or contemplated herein. It should not be assumed that the specific investments identified and discussed herein were or will be profitable or that any investments made in the future will equal the performance of the investments identified herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There can be no assurance that the Fund will be able to obtain comparable returns, be able to implement its investment strategy, achieve its investment objective or avoid substantial losses.

## DISCLOSURE OBLIGATION

5. The Investment Manager is the alternative investment fund manager of the Fund for the purposes of the AIFMD and is a non-EU AIFM. Article 42 of the AIFMD allows member states to permit a non-EU AIFM to market the Fund to Professional Investors in that member state subject to compliance with, amongst others, the requirement to make available an annual report containing the information in Article 22 and, if applicable, the disclosures required under Article 29. As a consequence of its marketing activities within certain jurisdictions of the EEA, the Investment Manager is required to make this Annual Report available to (i) investors in the Fund who are domiciled in such jurisdictions upon request, and (ii) the competent authorities of certain member states where the Fund has been marketed, no later than six (6) months following the end of the Reporting Period year.

## SUBSTANCE OF DISCLOSURES REQUIREMENTS

6. As a non-EU AIFM, the Investment Manager is only required to comply with limited provisions of the AIFMD. Save where a member state has imposed requirements additional to those of Article 42 of the AIFMD, the Investment Manager is not subject to some of the AIFMD's detailed requirements relating to, e.g., operating and organisational requirements relating to capital, indemnity insurance, remuneration, conflicts, risk management, liquidity management, investment in securitisation positions, human and technical resources, valuation, and delegation. Certain disclosures required under Article 22 and certain periodic disclosures required under Article 23 specifically relate to the subject matter of these other requirements, in particular, remuneration, risk management, and liquidity management. In the interests of providing "materially relevant, reliable, comparable and clear information", the Investment Manager has in certain instances addressed the substance of the relevant disclosure requirement based on its own procedures and policies, where applicable.

## INTERPRETATION

7. References to statutory provisions, regulations, notices or the AIFMD includes those provisions, regulations, notices or the AIFMD as amended, extended, consolidated, substituted, re-issued or re-enacted from time to time.

8. Unless the context otherwise requires and except as varied or otherwise specified in this Annual Report, words and expressions contained in this Annual Report shall bear the same meaning as in the Prospectus; provided that, if there is any conflict between words defined in this Annual Report and the Prospectus, this Annual Report shall prevail.

**AIFMD ANNUAL REPORT**

The following information has been included in this Annual Report in order to comply with the obligations set out in the AIFMD and the Regulation.

| AIFMD Reference | Information Requirement | Required Disclosure |
|---|---|---|
| Article 22.2 (a) | **Balance sheet or statement of assets and liabilities** | Please see Annex 1 for disclosure of the balance sheet / statement of assets and liabilities of the Fund. |
| Article 22.2 (b) | **Income and expenditure account** | Please see Annex 1 for disclosure of the Fund's income and expenditure account. |
| Article 22.2 (c) | **Report on activities for the financial year** | Please see Annex 2 setting out the report on the activities for the Fund for the period through 31 July 2020. |
| Article 22.2(d) | **Any material changes in the information listed in Article 23 during the financial year** | Please see Annex 3 for disclosure on the material changes in the information listed in Article 23 during the financial year. |
| Article 22.2(e) | **The total amount of remuneration for the financial year split into fixed and variable remuneration, paid by the Investment Manager to its staff and number of beneficiaries and, where relevant, carried interest paid by the AIF** | During the Reporting Period no remuneration paid by the Investment Advisor to its staff was attributable to the Fund and the Investment Advisor did not receive any carried interest distributions from the Fund. |
| Article 22.2(f) | **The aggregate amount of remuneration broken down by senior management and members of staff of the Investment Manager whose actions have a material impact on the risk profile of the AIF** | During the Reporting Period no remuneration paid by the Investment Advisor to its staff was attributable to the Fund and the Investment Advisor did not receive any carried interest distributions from the Fund. |
| Article 29 | **Specific provisions regarding the annual report of non-listed companies established in the EEA of which the Fund has acquired control** | Please see Annex 5 for the Article 29 disclosures. |

## ANNEX 1

### AIF AUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY 2020 TO 31 JULY 2020

1. Please see Appendix 1 for the Fund's audited financial statements and Independent Auditors' Report for the financial period from 1 January 2020 to 31 July 2020.

2. Please see page 12 of the Fund's audited financial statements for a balance sheet / statement of assets and liabilities of the Fund as at the end of the Reporting Period.

3. Please see page 13 of the Fund's audited financial statements for the income and expenditure for the Reporting Period.

**Realized/Unrealized Gains/Losses**

4. Please see page 24 of the Fund's audited financial statements for realized gains, realized losses, unrealized gains and unrealized losses for the Fund for the Reporting Period.

**ANNEX 2**

**REPORT ON THE ACTIVITIES OF THE FINANCIAL YEAR**

**Activities of the Financial Year**

1. This section of the Annual Report sets out a report on the activities of the Fund for the Reporting Period. This report is prepared as at the end of the Reporting Period.

**Investment Activities**

The Fund had ceased operations as at 31 December 2020.

**2.** Please see page 51 of the Fund's audited financial statements for a list of the Fund's investments as at the end of the Reporting Period.

**Portfolio**

**3.** Please see page 3 of the Fund's audited financial statements for a list of the Fund's investments as at the end of the Reporting Period.

**Performance**

**4.** Please see page 1 for the Fund's performance as at the end of the Reporting Period.

**Principal Risks and Uncertainties**

5. Please refer to the section of the Prospectus entitled "Risk Factors" and Part 2A of the Investment Manager's Form ADV on file with the U.S. Securities and Exchange Commission for a statement of the risk factors associated with the Fund.

   The Investment Manager's Form ADV is available at the SEC's website www.adviserinfo.sec.gov (click on the link "Investment Adviser Search", select "Investment Adviser Firm" and type in "Blackstone Liquid Credit Strategies LLC").

**ANNEX 4 – REMUNERATION DISCLOSURE**

**Remuneration – Procedures and Practices**

1. The Investment Manager is not subject to the requirements in the AIFMD that would require it, among other things, to implement and apply a remuneration policy that is compliant with Article 13 of the AIFMD (including Annex II) or the ESMA *Guidelines on sound remuneration policies under the AIFMD* (but is required in those jurisdictions where the Fund has been notified under Article 42 of the AIFMD to comply with Section XIII of the *Guidelines* for these purposes). The description below of remuneration attributable to the Fund during the Reporting Period is therefore not representative of information compiled by the Investment Manager for its own internal management purposes, has not been audited, and has not been prepared on the basis of a set of compensation policies and procedures that would be required were the Investment Manager otherwise subject to Article 13 of the AIFMD.

2. The Investment Manager is subject to the remuneration policies and practices (the "Policies") of The Blackstone Group Inc. ("Blackstone"). The staff included in the aggregate figures disclosed below are rewarded in line with the Policies.

3. Blackstone uses financial measures as a basis for compensation decisions across its businesses. Relevant senior management of Blackstone ("Senior Management") make operating decisions and assess the performance of each of Blackstone's business segments based on financial and operating metrics. Such Senior Management would include the global heads of the businesses as well as the CEO and the COO of Blackstone. The Senior Management ensure that compensation decisions are consistently taken across Blackstone, with consideration for the overall risk profile and appetite of Blackstone.

4. The Policies reflect Blackstone's ethos of good governance and encapsulate the following principal objectives:

    - Remuneration is comprised of fixed and variable elements, as described below, with a level of total reward that is competitive within Blackstone's peers;

    - Variable performance-driven compensation must be closely aligned with the principles of Blackstone, supportive of Blackstone's strategy and must not incentivise inappropriate risk taking.

5. Blackstone's remuneration policy applies to staff globally. While Senior Management is involved in determining and implementing the Policies, no individual is involved in setting his or her own remuneration.

6. Blackstone assesses various risk factors which it is exposed to when considering and implementing remuneration for staff and considers whether any potential award would give rise to a conflict of interest.

7. Mechanisms are in place to ensure that remuneration does not reward failure, whether on the early termination of a contract or otherwise. Where awards of carried interest and incentive payments are made, these are inherently risk-adjusted given that they are directly tied to the performance of investments or portfolios.

8. Blackstone operates an annual total compensation process dependent on individual and business performance, taking into account financial and non-financial criteria. This includes the performance of Blackstone as a whole, performance of each business unit within Blackstone - which would include

regional businesses - as well as the individual's performance. The individual's performance is evaluated through an annual comprehensive performance management process known as "360". The "360" performance process provides an evaluation of an individual's performance based on feedback from peers, managers and subordinates and assesses individuals quantitatively and qualitatively on a wide range of criteria including skills, values, collaboration and leadership. An individual's performance is also compared to agreed objectives and contribution to business strategy. The results of the performance evaluation process are used to produce total compensation recommendations for each individual which are subject to the review and approval by the Senior Management. An individual's compensation is designed to align employee incentives with the interests of Blackstone's clients, shareholders and business strategy. Total compensation payable to an individual, including determination of awards, is based on an assessment of a sustainable and risk adjusted performance of the business and applicable business risks from time to time. Bonus deferral awards are a deferred component of year-end discretionary bonus awards, if awarded. These awards are intended to encourage retention, align the recipient to the performance of Blackstone globally and incentivise long-term financial performance. Special equity awards are a retention tool/long term incentive plan for select individuals who demonstrate exceptional performance, and are subject to a vesting schedule weighted to encourage retention. Carried interest and incentive payment participation is generally reserved for investment professionals who may significantly influence the performance of investments made by the funds managed by Blackstone. The Investment Manager classifies members of the Investment Manager's Investment Committee, Senior Managing Directors, Heads of Control Functions and certain Portfolio Managers (in each case, only those with responsibility for the oversight and / or investment activity of the Fund) whose professional activities have a material impact on the risk profile of the Fund.

9. The Investment Manager has adopted a methodology for the purposes of determining, or allocating, the remuneration paid that can be reasonably attributed to the services provided by the Investment Manager to the Fund.

10. The disclosure below reflects the proportion of the total remuneration of the staff of the Investment Manager attributable to the Fund only. For these purposes, the total remuneration attributable to the activities of the Investment Manager has been allocated to each fund under management in proportion to the time spent on each applicable fund, hence the figures included below are an approximation only. While the Investment Manager believes that the information and the sources used are reliable for the purposes of this Annual Report, it should be specifically noted that the remuneration information presented herein is subject to the "Important Notices to Recipients" set out above.

<u>Remuneration - Amount of Remuneration Paid</u>

The remuneration paid by the Investment Manager to its staff in respect of the Reporting Period ending on 31 December 2020 (as attributable to the Fund in accordance with the methodology described above is as follows):

| | |
|---|---|
| Total remuneration | $13,669 |
| Fixed remuneration | $3,731 |
| Variable remuneration | $9,938 |
| Number of beneficiaries | 476 |

Carried interest realised during the Reporting Period included with the total variable remuneration specified above: $1,033

Aggregate remuneration paid to Senior Management $6,124

Aggregate remuneration paid to staff whose actions have a material impact on the risk profile of the Fund $6,182

*Note: Certain members of Senior Management of the Investment Manager also perform investment functions that have a material impact on the risk profile of the Fund; remuneration paid to those individuals has consequently been included in both aggregate amounts disclosed above.*

## ANNEX 3

## MATERIAL CHANGES TO ARTICLE 23 DISCLOSURES

**Material Changes**

1. Please note that no material changes have been made to the information disclosed to investors pursuant to Article 23 of the AIFMD as included in the Prospectus for the Fund.

## ANNEX 5

### Disclosure obligations under Article 29 of the AIFMD

With respect to the disclosure obligations under Article 29 of the AIFMD, the Fund has not acquired control of any non-listed company established in the EEA.

# APPENDIX 1

## Financial Statements

CARADOR

Company Report and Audited Financial Statements for the financial period from 1 January 2020 to 31 July 2020

Carador Income Fund PLC

# Contents

## Chairman's Report

I am pleased to present the Company Report including Audited Financial Statements for Carador Income Fund plc (the "Company") for the seven months ended 31 July 2020.

The first quarter of 2020 made economic and financial market history as the negative consequences of the novel coronavirus and related respiratory disease ("COVID-19") and declining oil prices gripped the world. The run of unprecedented daily declines in global credit markets ended when the US central bank and government intervened in late March with a significant package of monetary and fiscal support. Though decisive policy responses in the US prevented a deeper rout during the quarter, the downdraft still resulted in the credit markets' worst-performing quarter since 2008. The market quickly rebounded during the second quarter of 2020, and we believe the worst of the virus impact is likely behind us. The second quarter marked the best quarterly performance for the S&P 500® since 1998, and the current recession may end up being the shortest in history, beating the six-month recession in 1980. The market recovery remains stimulus-led, driven by the speed and magnitude of global policy responses rather than consumer and industrial fundamentals.

**Performance**[1]

During the seven months ended 31 July 2020, the US dollar class shares ("US Dollar Shares") generated a total Net Asset Value ("NAV") return of -66.77% (-7.81% in the financial year ended 31 December 2019) which was largely driven by the portfolio becoming more concentrated in fewer holdings, as expected during the managed wind-down of the portfolio attributable to the US Dollar Shares, as detailed in the Circular issued by the Board on 23 November 2018 (the "Managed Wind-Down"), making the return more susceptible to price movements from individual holdings. During the same period, the repurchase pool class shares of the Company ("Repurchase Pool Shares") generated a total NAV return of -68.77% (-29.16% in the financial year ended 31 December 2019). It was not the intention of the Directors to declare a dividend in respect of the US Dollar Shares or the Repurchase Pool Shares.

The financial position and results for the financial period are set out in the statement of financial position and in the statement of comprehensive income on page 12 and 13, respectively.

**Material Events**

On 3 February 2020, the Company published an update on the divestment of the portfolio, a directorate change, and a change in the portfolio advisor. The purpose of this update was to inform investors that:

- Since the Managed Wind-Down began to 31 January 2020, the Company had sold 46 positions in total raising $160.2 million attributable to the US Dollar Shares, which was returned to US Dollar Shareholders through a series of seven compulsory redemptions. These assets were sold, on average, at a premium to their latest month end valuation. Inclusive of the December 2018 dividend, these realisations resulted in an effective realised gain to Shareholders of approximately +1.6% above the December 2018 net asset value.
- To reduce the Company's ongoing costs and bring the size of the Board in line with the nature, scale and complexity of the Company at this stage of the Managed Wind-Down, the Company announced that Adrian Waters and Edward D'Alelio stepped down from the Board with effect from 31 January 2020. It was also anticipated that Nicholas Moss would step down from the Board after the 2019 annual report and audited financial statements had been approved. It was anticipated that Fergus Sheridan would be appointed to Chair of the Audit Committee, subject to approval by the Central Bank of Ireland.

  The resignation of the above Directors left two independent directors on the Board. In the context of this reduced Board size, the de-listing of the Company and the wind-down of the Company being in the final stages, it was determined that it was no longer appropriate to have an Audit Committee separate to the Board and that the whole Board, comprising two independent Directors, would oversee the production of these financial statements.
- The Company's Investment Manager also informed the Board that J. Richard ("Dik") Blewitt, the portfolio adviser for the Company, resigned from GSO. All other members of the GSO Structured Credit Investment Committee and investment team remained unchanged.

On 21 April 2020, the Company released its annual report and accounts for the full year 2019.

On 23 April 2020, the Investment Manager announced that it would waive its management fee beginning 1 April 2020, in an effort to continue reducing the Company's ongoing costs.

On 30 April 2020, the Company announced that Nicolas Moss stepped down from his non-executive director role with immediate effect.

[1] The total NAV return is calculated by compounding the net monthly NAV returns (pre-dividend) for the period/year.

## **Chairman's Report** (continued)

**Material Events** (continued)
On 10 July 2020, the Company announced the final compulsory redemption of US Dollar Shares and Repurchase Pool Shares, and the de-listing of each share class following the final redemption.

During the financial period from 1 January 2020 to 31 July 2020, the following redemptions have occurred on the US Dollar Shares:

| Announcement Date | Redemption Type | No. of Shares redeemed | Redemption Date | Redemption Amount US$ | Price per Share | % of outstanding US Dollar Shares redeemed | % of issued US Dollar Shares outstanding |
|---|---|---|---|---|---|---|---|
| 23/01/2020 | Partial | 25,519,504 | 31/01/2020 | 14,000,000 | US$0.5486 | 62.846% | 5.686% |
| 10/07/2020 | Final | 15,087,205 | 16/07/2020 | 2,751,068 | US$0.1823 | 100.000% | 0.000% |
| **Total** | | **40,606,709** | | **16,751,068** | | | |

During the financial period from 1 January 2020 to 31 July 2020, the following redemptions have occurred on the Repurchase Pool Shares:

| Announcement Date | Redemption Type | No. of Shares redeemed | Redemption Date | Redemption Amount US$ | Price per Share | % of outstanding US Dollar Shares redeemed | % of issued US Dollar Shares outstanding |
|---|---|---|---|---|---|---|---|
| 23/01/2020 | Partial | 2,981,448 | 31/01/2020 | 1,350,000 | US$0.4528 | 45.056% | 2.517% |
| 10/07/2020 | Final | 3,635,788 | 16/07/2020 | 513,923 | US$0.1414 | 100.000% | 0.000% |
| **Total** | | **6,617,236** | | **1,863,923** | | | |

During the first quarter of 2020, the World Health Organisation designated the global outbreak of COVID-19 as a pandemic, and numerous countries declared national emergencies with respect to COVID-19. The ongoing pandemic and restrictions on non-essential businesses have caused disruption in Europe and across the global economy. Despite significant market rebounds across many asset classes in the second quarter of 2020, the continued rapid development of this situation and uncertainty regarding potential economic recovery precludes any prediction as to the ultimate adverse impact of COVID-19 on financial market and economic conditions. The Directors anticipate that COVID-19 will have a limited impact on the Company as all of the Company's investments have been realised.

As the Managed Wind-Down of the Company is now complete and all available capital has been returned to Shareholders, the Directors anticipate that a liquidator will be appointed to commence liquidating the Company by the end of September 2020. As such, the Directors expect that this will be the final Report and Audited Financial Statements produced by the Company.

**Werner Schwanberg**
Chairman
23 September 2020

## Investment Manager's review

**For the seven month period from 1 January 2020 to 31 July 2020**

We are pleased to present our review of the seven month period ended 31 July 2020.

**Market Overview**

The US markets reached lows on 23 March 2020, with loans and high yield bonds returning -19.76% and -20.97%, respectively, year-to-date. Subsequently, limited new issue loan supply and strong demand for high yield bonds, against the backdrop of the swift US policy responses mentioned above, drove recoveries in performance during the second quarter. US loan and high yield bond returns ended the period under review with returns of -2.97% and -1.02%, respectively.

The US Collateralised Loan Obligation ("CLO") gross issuance totalled $44.2 billion during the first seven months of 2020, down 41% compared to issuance over the same period of 2019, but this source of demand for loans has regained some momentum following a particularly slow March and April. As persistently low interest rates continue to damper retail investor demand for loans, CLOs are currently a much more significant investor than retail funds in the loan asset class.

The par-weighted last twelve-month ("LTM") default rate increased to 4.0% for loans from 1.2% at 31 December 2019, representing 5-year and 10-year highs. With $50.0 billion in year-to-date defaults, 2020 has already experienced the second-highest annual total on record, trailing only the $78.2 billion total for full year 2009.[1]

**Portfolio Update**

The Company was focused on returning capital to Shareholders through the realisation of all remaining assets, consistent with the Managed Wind-Down. During the period under review, the Company liquidated the remaining $38.6 million notional and distributed $18.6 million to Shareholders through share repurchases.

**Risk Management**

The Company's portfolio of CLO investments was managed to minimise default risk and potential loss through credit analysis performed by the Investment Manager's experienced credit research team. Achieving diversification was part of the Company's investment objective, and each investment was assessed with a view to provide diversification in terms of underlying assets, issuer, sector, and maturity profile.

At the EGM of the Shareholders of the US Dollar Shares that convened on 17 December 2018, the investment objective of the Company was changed such that the Company was managed with the intention of realising all remaining assets of the Company with a view to return capital to the Shareholders in an orderly manner as part of the Managed Wind-Down.

The Managed Wind-Down was effected with a view to the Company realising all of its investments in a manner that achieves a balance between maximising the value from the Company's investments and making timely returns of capital to Shareholders.

The Company ceased to make any new investments except where necessary in the reasonable opinion of the Investment Manager in order to protect or enhance the value of any existing investments or to facilitate orderly disposals.

Any cash received by the Company as part of the realisation process prior to its distribution to Shareholders was held by the Company as cash on deposit and/or as cash equivalents. The Company did not undertake new borrowing other than for short-term purposes. The investment restrictions set out in the 2017 prospectus of the Company did not apply during the Managed Wind-Down, subject to the requirements of the Central Bank, the Companies Act, and the UK Listing Authority.

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**GSO / Blackstone Debt Funds Management LLC**
23 September 2020

[1] Source: Credit Suisse, as at 31 July 2020.

## Directors' Report

**Principal activities**
The Company is a closed-ended limited liability investment company domiciled and incorporated under the laws of the Republic of Ireland with variable capital pursuant to the Irish Companies Act 2014. The Company was incorporated on 20 February 2006 under registration number 415764. The Company is authorised by the Central Bank of Ireland (the "Central Bank"), pursuant to Part 24 of the Companies Act 2014. The Company's US Dollar Shares had a listing on the Premium Segment of the Official List of the Financial Conduct Authority ("FCA") and were admitted to trading on the Main Market of the London Stock Exchange (the "LSE"). The Company's Repurchase Pool Shares were admitted to trading on the Specialist Fund Segment of the Main Market of the LSE.

At an EGM on 26 June 2013, a resolution was passed which provided that at the AGM to be held in the financial year 2022, the Board would propose a special resolution to the effect that the Company continue for a further ten years. However, on 17 December 2018, two EGMs of the Company were convened at which: (a) Shareholders holding US Dollar Shares approved changes to the investment objective and policy of the Company to facilitate and authorise the Board to instruct the Investment Manager to effect a Managed Wind-Down of the portfolio attributable to the US Dollar Shares; and (b) Shareholders of the Company approved amendments to the constitution of the Company to provide for the termination of the Company before 2022.

On 21 December 2018, it was announced that 33.463% of US Dollar Shareholders and 0.002% of Repurchase Pool Shareholders elected to roll their investment in the Company into an investment in Blackstone / GSO Loan Financing Limited ("BGLF") C Shares. Please refer to note 1 for further details on the Managed Wind-Down of the Company.

On 16 July 2020, the US Dollar Shares and Repurchase Pool Shares were fully redeemed and on 17 July 2020, the US Dollar Shares and Repurchase Pool Shares were delisted from the LSE.

**Investment objective**
Further to the Shareholder resolution of the Company that was passed by Shareholders of US Dollar Shares on 17 December 2018, the investment objective of the Company was to realise all remaining assets of the Company with a view to returning capital to the Shareholders in an orderly manner. The assets that were subject to the Managed Wind-Down did not include the assets of the Company that are transferred as part of the BGLF Rollover Opportunity.

**Investment policy**
Further to the Shareholder resolution of the Company that was passed by Shareholders of US Dollar Shares on 17 December 2018, the investment policy of the Company was to effect the Managed Wind-Down with a view to the Company realising all of its investments in a manner that achieved a balance between maximising the value from the Company's investments and making timely returns of capital to the Shareholders. Any assets to which rollover elections related were transferred in accordance with the provisions of the BGLF Rollover Opportunity, following which the Company may have sold its remaining investments either to co-investors in the relevant asset or to third parties, but in all cases with the objective of achieving the best available price in a reasonable time scale.

The Company ceased to make any new investments except where necessary in the reasonable opinion of the Investment Manager in order to protect or enhance the value of any existing investments or to facilitate orderly disposals.

Any cash received by the Company as part of the realisation process prior to its distribution to Shareholders was held by the Company as cash on deposit and/or as cash equivalents. The Company did not undertake new borrowings other than for short-term purposes. The investment restrictions set out in the 2017 Prospectus of the Company did not apply during the Managed Wind-Down, subject to the requirements of the Central Bank, the Companies Act and the FCA.

The modification to the Company's investment policy was considered a material change to the investment policy, which was approved by the FCA and required the consent of Shareholders in accordance with the Listing Rules and the requirements of the Central Bank.

**Review of development of the business and future developments**
A detailed review of the business of the Company is included in the Investment Manager's report.

As the Managed Wind-Down of the Company is now complete and all available capital has been returned to shareholders, the Directors anticipate that a liquidator will be appointed to commence liquidating the Company by the end of September 2020. As such, the Directors expect that this will be the final Report and Audited Financial Statements produced by the Company.

## **Directors' Report** (continued)

**Results for the financial period and state of affairs**
The financial position and results for the financial period are set out in the statement of financial position and in the statement of comprehensive income.

**Transactions involving Directors**
See note 5 and note 10 for details of transactions involving Directors**.**

**Material changes during the period**
See note 15 for details of other material events occurring during the financial period.

**Events since financial period end**
See note 16 for details of material events occurring after the reporting date.

**Directors**
The names of the persons who were Directors at any time during the financial period are set out in the section entitled "Management and Administration". As at 31 July 2020, the two Directors are non-executive and independent of the Investment Manager. No Director has a service contract with the Company. The Directors have each entered into a letter of engagement with the Company setting out the terms of their appointment, copies of which are available for review by the Shareholders.

**Directors' and Company Secretary's interests**
Neither the Directors (including family interests) nor the Company Secretary have any shareholdings in the Company as at 31 July 2020.

**Management arrangements**
The management fees and other fees payable to the Investment Manager are disclosed in note 5. After due consideration of the investment experience, resources and reputation of the Investment Manager as a whole, it is the opinion of the Directors that the continuing appointment of the Investment Manager on the terms agreed until the Company is liquidated is in the interest of the Company.

**Accounting records**
The Directors are responsible for ensuring that adequate accounting records, as outlined in Sections 281 to 285 of the Companies Act 2014, are kept by the Company. To achieve this, the Directors have employed a service organisation, State Street Fund Services (Ireland) Limited (the "Administrator"). The accounting records are maintained at the Company's registered office at 78 Sir John Rogerson's Quay, Dublin 2, Ireland.

**Principal risks, uncertainties, risk management objectives and policies**
At the EGM of the Shareholders of the US Dollar Shares convened on 17 December 2018, the investment objective of the Company was changed such that the Company would be managed with the intention of realising all remaining assets of the Company with a view to returning capital to the Shareholders in an orderly manner as part of the Managed Wind-Down.

Investment in the Company carried with it a degree of risk including, but not limited to, business risks and the risks associated with financial instruments. As at 31 July 2020, the Company held no financial instruments, except cash and cash equivalents and other receivables.

See note 11 for further details on the risks associated with financial instruments held by the Company prior to the period end.

**Company Corporate Governance**
The Company is subject to and complies with Irish statute including the Companies Act 2014. In the opinion of the Directors, the Company report and audited financial statements are fair, balanced and understandable and provide the information necessary for the Shareholders to assess the Company's performance, business model and strategy.

Having regard to the final redemption and subsequent delisting of the US Dollar Shares and Repurchase Pool Shares, the Company decided not to continue to apply the Corporate Governance Code for Collective Investments Schemes and Management Companies issued by the Irish Funds Industry Association in December 2011 (the "Irish Code") as it was not practical to do so in the context of the Managed Wind-Down of the Company. As a result, the Company has not applied the Irish Code for the financial period from 1 January 2020 to 31 July 2020.

The Board is ultimately responsible for overseeing the establishment and maintenance of adequate internal control and risk management systems of the Company in relation to the financial reporting process. As the Company has no employees and all Directors serve in a non-executive capacity, all functions including the preparation of the financial statements have been outsourced. The Company has appointed State Street Fund Services (Ireland) Limited as its administrator consistent with the regulatory framework applicable to investment fund companies. The Administrator has functional responsibility for the preparation of the interim and annual financial statements and the maintenance of the accounting records. On appointing the Administrator, the Board noted that it was regulated by the Central Bank and, in the Board's opinion, had significant experience as an administrator. The Board also noted the independence of the Administrator from the Company's Investment Manager.

Subject to the supervision of the Board, the appointment of the Administrator is intended to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board evaluates, discusses and reviews significant accounting and reporting issues as the need arises. The Board reviews the financial statements prior to their approval, though it should be noted that such review does not include verification of information in the financial statements to source documents. The annual financial statements are subject to an independent audit.

**Responsibility statement**
The Directors are responsible for preparing the Directors' Report and the Company's audited financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and in accordance with the provisions of the Companies Act 2014.

Section 289 of the Companies Act 2014 provides that the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial period and of the profit or loss of the Company for that financial period.

In preparing the financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRS as adopted by the European Union and in accordance with the Companies Act 2014;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or cease operations or have no realistic alternative but to do so. As explained in note 2, the Directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

Under applicable law, the Directors are also responsible for preparing a Directors' Report and reports relating to Directors' remuneration and corporate governance that comply with that law.

## **Directors' Report** (continued)

**Responsibility statement** (continued)
The Directors are responsible for keeping adequate accounting records which correctly record and explain the transactions of the Company, and which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company, and which enable them to ensure that the financial statements of the Company are prepared in accordance with IFRS as adopted by the EU, and comply with the Companies Act 2014, and enable the financial statements to be audited. They are responsible for such internal controls as they determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for safeguarding the assets of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website www.carador.co.uk. Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statement may differ from legislation in other jurisdictions.

**Connected party transactions**
The Central Bank Non-UCITS Notices, NU 2.10 - 'Dealings by promoter, manager, partner, trustee, investment adviser and group companies' states in paragraph one that any transaction carried out with a collective investment scheme by a promoter, manager, partner, trustee, investment adviser and/or associated or group companies of these ("connected parties") must be carried out as if negotiated at arm's length. Transactions must be in the best interests of the Shareholders.

The Directors are satisfied that there are arrangements in place, to ensure that the obligations set out in paragraph one of NU 2.10 are applied to all transactions with connected parties; and the Directors are satisfied that transactions with connected parties entered into during the period complied with the obligations set out in paragraph one of NU 2.10.

**Compliance with Alternative Investment Fund Managers Directive ("AIFMD")**
Under AIFMD, the Company is required to make certain disclosures on an annual basis. An analysis of realised gains/(losses) and the movement on unrealised gains/(losses) is provided in note 4. All other AIFMD disclosures, including on leverage and remuneration, are disclosed by way of annual Article 22 and Article 23 reports. In respect of the financial year ending 31 December 2019, these reports were posted to the Company's website in June 2020.

**Auditors**
The Directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Company's statutory auditor is aware of that information. In so far as they are aware, there is no relevant audit information of which the Company's statutory auditor is unaware.

KPMG, Chartered Accountants, were appointed statutory auditor on 10 December 2010 and have been re-appointed annually since that date, and have indicated their willingness to continue in office pursuant to Section 383(a) of the Companies Act 2014 until the appointment of a liquidator.

On behalf of the Board of Directors:

**Fergus Sheridan** **Werner Schwanberg**
23 September 2020

## Statement of Custodian's Responsibilities and Custodian's Report to the Shareholders

We have enquired into the conduct of Carador Income Fund plc (the "Company") for the financial period from 1 January 2020 to 31 July 2020, in our capacity as Custodian to the Company.

This report including the opinion has been prepared for and solely for the Shareholders in the Company, in accordance with the Central Bank's Non - UCITS Notice 7, 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.

**Responsibilities of the custodian**
Our duties and responsibilities are outlined in the Central Bank's Non - UCITS Notice 7. One of those duties is to enquire into the conduct of the Company in each annual accounting period and report thereon to the Shareholders.

Our report shall state whether, in our opinion, the Company has been managed in that period in accordance with the provisions of the Company's Memorandum and Articles of Association and the Non - UCITS Notices. It is the overall responsibility of the Company to comply with these provisions. If the Company has not so complied, we as Custodian must state why this is the case and outline the steps which we have taken to rectify the situation.

**Basis of custodian opinion**
The Custodian conducts such reviews as it, in its reasonable opinion, considers necessary in order to comply with its duties as outlined in Non - UCITS Notice 7 and to ensure that, in all material respects, the Company has been managed (i) in accordance with the limitations imposed on its investment and borrowing powers by the provisions of the Company's Memorandum and Articles of Association and the appropriate regulations and (ii) otherwise in accordance with the Company's constitutional documentation and the appropriate regulations.

**Opinion**
In our opinion, the Company has been managed during the period, in all material respects:

(i) in accordance with the limitations imposed on the investment and borrowing powers of the Company by the Memorandum and Articles of Association and by the Central Bank under the powers granted to it by Part 24 of the Companies Act, 2014; and

(ii) otherwise in accordance with the provisions of the Memorandum and Articles of Association, Part 24 of the Companies Act, 2014.

**State Street Custodial Services (Ireland) Limited**
**78 Sir John Rogerson's Quay**
**Dublin 2**
**Ireland**

Antonia Mahony

Keith Rothwell

23 September 2020

KPMG
Audit
1 Harbourmaster Place
IFSC
Dublin 1
D01 F6F5
Ireland

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARADOR INCOME FUND PLC

## Report on the audit of the financial statements

### *Opinion*

We have audited the financial statements of Carador Income Fund PLC ('the Company') for the period ended 31 July 2020, which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Net Assets Attributable to Participating Holders of Shares, the Statement of Cash Flows and related notes, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

These financial statements have not been prepared on the going concern basis for the reason set out in note 2.

In our opinion, the financial statements:

— give a true and fair view of the assets, liabilities and financial position of the Company as at 31 July 2020 and of its decrease in net assets attributable to participating holders of shares for the period then ended;

— have been properly prepared in accordance with IFRS as adopted by the European Union; and

— have been properly prepared in accordance with the requirements of the Companies Act 2014.

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARADOR INCOME FUND PLC (continued)

### Report on the audit of the financial statements (continued)

***Other information***

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information, we report that:

— we have not identified material misstatements in the directors' report;

— in our opinion, the information given in the directors' report is consistent with the financial statements;

— in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

***Opinions on other matters prescribed by the Companies Act 2014***

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 and the financial statements are in agreement with the accounting records.

***Matters on which we are required to report by exception***

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

### Respective responsibilities and restrictions on use

***Responsibilities of directors for the financial statements***

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARADOR INCOME FUND PLC (continued)

***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

***The purpose of our audit work and to whom we owe our responsibilities***

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

**Vincent Reilly** **25 September 2020**
**for and on behalf of**
**KPMG**
**Chartered Accountants, Statutory Audit Firm**
1 Harbourmaster Place
IFSC
Dublin 1
Ireland

## Statement of Financial Position
**As at 31 July 2020**

| | Notes | 31 July 2020 US$ | 31 December 2019 US$ |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 6, 11 | 466,125 | 16,046,805 |
| Other receivables | 11 | 55,734 | 549,339 |
| Financial assets at fair value through profit or loss | 4, 9, 11 | - | 9,332,952 |
| **Total assets** | | **521,859** | **25,929,096** |
| **Liabilities** | | | |
| Expenses payable | 5 | 521,859 | 657,797 |
| **Total liabilities (excluding net assets attributable to participating Shareholders)** | | **521,859** | **657,797** |
| **Net assets attributable to participating holders of Repurchase Pool Shares** | 3 | **-** | **2,996,247** |
| **Net assets attributable to participating holders of US Dollar Shares** | 3 | **-** | **22,275,052** |
| **Total net assets attributable to participating holders of shares** | | **-** | **25,271,299** |
| **Total liabilities (excluding net assets attributable to participating Shareholders)** | | **521,859** | **25,929,096** |

The accompanying notes form an integral part of the financial statements.

The Company has completed the process of the Managed Wind-Down, therefore the financial statements are prepared on a non-going concern basis. See note 1 for further details.

The financial statements were authorised and approved for issue by the Directors on 23 September 2020 and signed on their behalf by:

Fergus Sheridan

Werner Schwanberg

## Statement of Comprehensive Income

**For the financial period from 1 January 2020 to 31 July 2020**

| | Notes | Seven months ended 31 July 2020 US$ | Year ended 31 December 2019 US$ |
|---|---|---|---|
| Interest income on cash and cash equivalents | 2 | 59,196 | 114,325 |
| Miscellaneous income | | 19,193 | 88,378 |
| Net gain on foreign exchange | 2 | 16,263 | 1,701 |
| Net (loss)/gain on financial assets at fair value through profit or loss | 2, 4 | (6,092,970) | 21,512,572 |
| **Total (loss)/revenue** | | **(5,998,318)** | **21,716,976** |
| Investment management fees | 5 | (28,045) | (815,857) |
| Custodian fees | 5 | (12,384) | (38,383) |
| Administration fees | 5 | (16,195) | (130,254) |
| Directors' fees | 5, 10 | (107,664) | (374,700) |
| Auditor's fees | 5 | (45,299) | (152,751) |
| Other operating expenses | 5 | (446,575) | (1,040,574) |
| **Total operating expenses** | | **(656,162)** | **(2,552,519)** |
| **Operating (loss)/profit before finance costs** | | **(6,654,480)** | **19,164,457** |
| Fair value movement on Repurchase Pool Shares | 3 | 1,132,324 | (298,443) |
| Fair value movement on US Dollar Shares | 3 | 5,523,984 | (18,863,817) |
| Interest expense | 3 | (1,828) | (2,197) |
| **Total finance costs** | | **6,654,480** | **(19,164,457)** |
| **Income for the financial period/year attributable to participating equity holders of US Dollar Shares*** | | - | - |
| **Total comprehensive income for the financial period/year attributable to participating equity holders of US Dollar Shares*** | | - | - |

The accompanying notes form an integral part of the financial statements.

The Company has completed the process of the Managed Wind-Down, therefore the financial statements are prepared on a non-going concern basis. See note 1 for further details. All amounts in the above statement of comprehensive income arose from discontinued operations.

* From 17 December 2018, the US Dollar Shares were no longer classified as equity, as the terms changed such that from that date, the shares qualified as liabilities and are presented as such. From 17 December 2018, income attributable to the US Dollar Shareholders is shown as fair value movement on US Dollar Shares. See note 2.3 for further details.

## Statement of Changes in Net Assets Attributable to Participating Holders of Shares

**For the financial period from 1 January 2020 to 31 July 2020**

| | Notes | US$ |
|---|---|---|
| **Net assets attributable to participating holders of shares as at 1 January 2019** | | **259,221,586** |
| **Transactions with participating holders of shares** | | |
| Transfer of cash to Rollover Shares | 1 | (8,534,468) |
| Non-cash transfer to Rollover Shares | 1 | (80,923,311) |
| Redemption of Repurchase Pool Shares | 7 | (13,049,997) |
| Redemption of US Dollar Shares | 7 | (146,199,941) |
| Fair value movement on shares | | 19,162,260 |
| Distributions to participating holders of US Dollar Shares | 14 | (4,404,830) |
| **Net assets attributable to participating holders of shares as at 31 December 2019** | | **25,271,299** |

| | Notes | US$ |
|---|---|---|
| **Net assets attributable to participating holders of shares as at 1 January 2020** | | **25,271,299** |
| **Transactions with participating holders of shares** | | |
| Redemption of Repurchase Pool Shares | 7 | (1,863,923) |
| Redemption of US Dollar Shares | 7 | (16,751,068) |
| Fair value movement on shares | | (6,656,308) |
| **Net assets attributable to participating holders of shares as at 31 July 2020** | | **-** |

The accompanying notes form an integral part of the financial statements.

The Company has completed the process of the Managed Wind-Down, therefore the financial statements are prepared on a non-going concern basis. See note 1 for further details.

## Statement of Cash Flows

**For the financial period from 1 January 2020 to 31 July 2020**

| | Notes | Seven months ended 31 July 2020 US$ | Year ended 31 December 2019 US$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the financial period/year attributable to participating equity holders of US Dollar Shares | | - | - |
| Adjustments for non-cash items and working capital: | | | |
| Amounts attributable to Repurchase Pool Shareholders | 3 | (1,132,324) | 298,443 |
| Amounts attributable to US Dollar Shareholders | 3 | (5,523,984) | 18,863,817 |
| Decrease in payables | | (135,938) | (1,522,174) |
| Decrease in receivables | | 493,605 | 390,624 |
| Net loss on financial assets at fair value through profit or loss | | 6,284,840 | 1,932,969 |
| **Net cash (outflow)/inflow from operating activities** | | **(13,801)** | **19,963,679** |
| **Cash flows from investing activities** | | | |
| Disposal and paydowns of investments | | 3,048,112 | 139,461,259 |
| **Net cash inflow from investing activities** | | **3,048,112** | **139,461,259** |
| **Cash flows from financing activities** | | | |
| Distributions to US Dollar Shareholders | 14 | - | (4,404,830) |
| Transfer to Rollover Shares | 1 | - | (8,534,468) |
| Redemptions paid to Repurchase Pool Shareholders | 7 | (1,863,923) | (13,049,997) |
| Redemptions paid to US Dollar Shareholders | 7 | (16,751,068) | (146,199,941) |
| **Net cash outflow from financing activities** | | **(18,614,991)** | **(172,189,236)** |
| Net decrease in cash and cash equivalents | | (15,580,680) | (12,764,298) |
| **Cash and cash equivalents at the beginning of the financial period/year** | | **16,046,805** | **28,811,103** |
| **Cash and cash equivalents at the end of the financial period/year** | | **466,125** | **16,046,805** |
| **Supplemental disclosure of non-cash activities** | | | |
| Non-cash disposal and paydown of investments | 1 | **-** | **80,923,311** |
| Non-cash transfer to Rollover Shares | 1 | **-** | **(80,923,311)** |

The accompanying notes form an integral part of the financial statements.

The Company has completed the process of the Managed Wind-Down, therefore the financial statements are prepared on a non-going concern basis. See note 1 for further details.

### 1. General

Carador Income Fund PLC (the "Company") is a closed-ended limited liability investment company domiciled and incorporated under the laws of the Republic of Ireland with variable capital pursuant to the Irish Companies Act 2014. The Company was incorporated on 20 February 2006 under registration number 415764. The Company is authorised by the Central Bank of Ireland (the "Central Bank"), pursuant to Part 24 of the Companies Act 2014. The US Dollar Shares were admitted to the Official List of the Financial Conduct Authority ("FCA") with a premium listing and were admitted to trading on the Main Market of the London Stock Exchange (the "LSE"). The US Dollar Shares were delisted from the LSE on 17 July 2020.

On 31 October 2017, the Company converted 144,451,569 US Dollar Shares on a one to one basis into US Dollar denominated Repurchase Pool shares of no par value ("Repurchase Pool Shares"). Repurchase Pool Shares are classified as a liability in accordance with the requirements of IAS 32. On 22 November 2017, the Repurchase Pool Shares were admitted to trading on the Specialist Fund Segment of the Main Market of the LSE. The assets attributable to the Repurchase Pool Shares were realised over time and the proceeds (net of fees, expenses and other liabilities) were paid out to the Repurchase Pool Shareholders by way of the compulsory repurchase, in tranches, of the Repurchase Pool Shares. The Repurchase Pool Shares were delisted from the LSE on 17 July 2020.

On 15 June 2018, the Board of Directors of the Company (the "Board") announced that, following the Repurchase Opportunity provided to Shareholders in October 2017, the Company engaged its financial advisers to commence a strategic review of the Company in order to consider future prospects and opportunities. On 28 August 2018, the Board announced that, following the strategic review, the Board determined to offer all Shareholders the opportunity to vote on an orderly wind up of the Company alongside the Rollover for those who wished to retain an investment in the CLOs asset class (the "Rollover Opportunity"). The Rollover Opportunity enabled Shareholders who wished to retain an investment in the CLO asset class to elect to roll over their investment in the Company into an investment in Blackstone / GSO Loan Financing Limited ("BGLF"). BGLF is an investment fund that invests in floating rate senior secured loans directly and indirectly through CLO securities. BGLF's portfolio advisor is an affiliate of GSO / Blackstone Debt Funds Management LLC (the "Investment Manager").

On 23 November 2018, a circular detailing the proposal to amend the investment objective and policy of the Company, to amend the constitution of the Company and to propose a Managed Wind-Down with the Rollover Opportunity was published (the "2018 Circular").

On 17 December 2018, two EGMs of the Company were convened at which: (a) Shareholders holding US Dollar Shares approved changes to the investment objective and policy of the Company to facilitate and authorise the Board to instruct the Investment Manager to effect a Managed Wind-Down of the portfolio attributable to the US Dollar Shares; and (b) Shareholders of the Company approved amendments to the constitution of the Company to provide for the termination of the Company before 2022.

On 21 December 2018, it was announced that 33.463% of US Dollar Shareholders and 0.002% of Repurchase Pool Shareholders elected to roll their investment in the Company into an investment in BGLF C Shares. In January 2019, 133,450,591 US Dollar Shares and 488 Repurchase Pool Shares were converted into 133,451,107 Rollover Shares. Following this, BGLF allotted and admitted to trading on the Specialist Fund Segment of the Main Market of the LSE one new C share for each Rollover Share in consideration of the transfer of Rollover assets from the Company to BGLF. The value of the Rollover assets was US$89,457,779, of which US$8,534,468 was cash and US$80,923,311 was investments. The listing of the BGLF C Shares was effective as and from 7 January 2019.

The Rollover Shares were created by allocating to such class a pro rata amount of the assets and liabilities of the Company attributable to the Shares converted using the latest published NAV available as at the Rollover Conversion Date. The Company repurchased all of the Rollover Class Shares in-kind and transferred the assets attributable to the Rollover Shares to BGLF in exchange for shares in BGLF issued to Rollover Shareholders as at the BGLF Rollover Date.

Further to the Shareholder resolution of the Company that was passed by Shareholders of US Dollar Shares on 17 December 2018, the investment objective of the Company was to realise all remaining assets of the Company with a view to returning capital to the Shareholders in an orderly manner. The assets that were subject to the Managed Wind-Down did not include the assets of the Company that were transferred as part of the BGLF Rollover Opportunity. Prior to 17 December 2018, the investment objective of the Company was to produce attractive and stable returns with low volatility compared to equity markets by investing in a diversified portfolio of senior notes of CLOs collateralised by senior secured bank loans and equity and mezzanine tranches of CLOs.

**1. General** (continued)

As at 31 July 2020, there were no US Dollar Shares and no Repurchase Pool Shares in issue. Final compulsory redemptions of US Dollar Shares and Repurchase Pool Shares were recorded on 16 July 2020, followed by the delisting of the Shares with the LSE on 17 July 2020 and final redemptions were paid in full on 24 July 2020.

## 2. Significant accounting policies

### 2.1 Statement of compliance

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as adopted by the European Union and also in accordance with Irish Company Law.

### 2.2 Adoption of new accounting standards and amendments, including accounting policy changes

The Company has consistently applied the accounting requirements to all periods presented in these financial statements.

There were no new standards adopted during the financial period from 1 January 2020 to 31 July 2020 which had any material impact on the Company's financial statements.

### 2.3 Basis of preparation

The Company has completed the process of the Managed Wind-Down and continues to prepare the financial statements on a non-going concern basis, in line with prior year. There is no substantial difference between the going concern basis and the non-going concern basis as the main assets and liabilities are financial assets and liabilities and are shown at fair value. The Directors anticipate that a liquidator will be appointed to commence liquidating the Company by the end of September 2020. As such, the Directors expect that this will be the final Report and Audited Financial Statements produced by the Company.

The Company's financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value through profit or loss.

The functional currency of the Company is US Dollar (US$), as the Board have determined that this reflects the Company's primary economic environment. The presentation currency of the financial statements is also US Dollar.

The financial statements comprise the Company's statement of financial position, statement of comprehensive income, statement of changes in net assets and statement of cash flows together with the related notes.

For the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019, net assets attributable to participating holders of Repurchase Pool Shares and net assets attributable to participating holders of US Dollar Shares were classified as liabilities. The Company's other liabilities include expenses payable to service providers.

The liabilities are linked to the NAV of each share class and thus fluctuate as the NAV of each share class changes. This results in the Company being able to comfortably cover the liabilities as they fall due.

### 2.4 Financial instruments

### (i) Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities at fair value through profit or loss on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

**2. Significant accounting policies** (continued)

**2.4 Financial instruments** (continued)

**(i) Recognition and initial measurement** (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not at fair value through profit or loss:

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

All other financial assets of the Company are measured at fair value through profit or loss.

*Business model assessment*

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

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the Investment Manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

The Company determined that it has two business models.

- *Held-to-collect business model*: this includes cash and cash equivalents and other receivables. These financial assets are held to collect contractual cash flow.
- *Other business model*: this included financial assets at fair value through profit or loss, which consisted of debt securities and equity investments as at 31 December 2019. These financial assets were managed and their performance was evaluated, on a fair value basis, with frequent sales taking place and were therefore measured at fair value through profit or loss. As at 31 July 2020, the Company held no financial assets at fair value through profit or loss.

*Assessment whether contractual cash flows were SPPI*

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

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument.

*Reclassifications*

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

**2. Significant accounting policies** (continued)

**2.4 Financial instruments** (continued)

**(ii) Subsequent Measurement**

*Financial assets at fair value through profit or loss*

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income and expense and foreign exchange gains and losses, are recognised in profit or loss in net (loss)/gain on financial assets at fair value through profit or loss in the statement of comprehensive income.

Mezzanine and Income CLO tranches were included in this category as at 31 December 2019. As at 31 July 2020, the Company held no financial assets at fair value through profit or loss.

*Financial assets at amortised cost*

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses, impairment and any gain or loss on derecognition is recognised in the statement of comprehensive income.

Cash and cash equivalents and other receivables are included in this category.

*Financial liabilities*

Financial liabilities are classified as measured at amortised cost or at fair value through profit or loss.

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities at amortised cost include expenses payable. Financial liabilities at fair value through profit or loss include net assets attributable to participating holders of US Dollar Shares and net assets attributable to participating holders of Repurchase Pool Shares.

*Fair value measurement*

See note 4 for details of how the Company measures fair value.

*Amortised cost measurement*

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

**(iii) Impairment**

The impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at fair value through other comprehensive income, but not to financial assets held at fair value through profit or loss.

The Company considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be BBB- or higher per Standards and Poor's Rating Agency.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expected to receive). ECLs are discounted at the effective interest rate of the financial asset.

**2. Significant accounting policies** (continued)

**2.4 Financial instruments** (continued)

**(iii) Impairment** (continued)

*Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amounts of the assets in the statement of financial position. There were no loss allowances accounted for as at 31 July 2020 or 31 December 2019.

The gross carrying amount is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

**(iv) Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**(v) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liability simultaneously. For the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019, there were no financial assets or liabilities subject to enforceable, master netting arrangements or similar agreements which required disclosure.

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

**2.5 Interest income and interest expense on cash and cash equivalents**

Interest income on cash and cash equivalents is recognised separately through profit or loss in the statement of comprehensive income, on an effective interest rate basis.

**2. Significant accounting policies** (continued)

### 2.6 Participating shares

The participating share capital of the Company comprises US Dollar Shares and Repurchase Pool Shares. The Repurchase Pool Shares are classified as a financial liability based on the substance of the contractual arrangement in accordance with IAS 32, and are stated at fair value which approximates carrying value on the reporting date. Further to the resolution on 17 December 2018, resolving to transfer to BGLF or realise all remaining assets of the Company with a view to returning capital to the Shareholders in an orderly manner, the US Dollar Shares were classified as a financial liability, which were stated at fair value which approximated carrying value at the reporting date. The assets that were subject to the Managed Wind-Down did not include the assets of the Company that were transferred as part of the BGLF Rollover Opportunity.

### 2.7 Fees and charges

Expenses are charged through profit or loss in the statement of comprehensive income on an accruals basis.

### 2.8 Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investments or other purposes.

### 2.9 Net (loss)/gain on financial assets at fair value through profit or loss

Net (loss)/gain on financial assets at fair value through profit or loss consists of coupons received and realised and unrealised gains and losses on financial assets at fair value through profit or loss, calculated as described in note 2.4. For the purposes of the statement of cash flows, the coupon income is considered an operating activity.

### 2.10 Foreign currency

Transactions in foreign currencies are translated to the functional currency at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to US Dollar at the foreign currency closing exchange rate ruling at the reporting date. Foreign currency exchange differences relating to investments at fair value through profit or loss are included in "Net (loss)/gain on financial assets at fair value through profit or loss" in the statement of comprehensive income. All other foreign currency exchange differences relating to any other monetary items, including cash, are presented in "Net gain on foreign exchange" in the statement of comprehensive income.

### 2.11 Taxation

Income tax expense is recognised through profit or loss in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or in other comprehensive income. The Company's existing accounting policy for income tax is consistent with the requirement of IFRIC 23 'Uncertainty over Income Tax Treatments' ("IFRIC 23"). In the case of IFRIC 23, the Directors have made an assessment and are not aware of any uncertain tax positions for the Company as at 31 July 2020.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial period/year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Under current law and Irish practice, the Company qualifies as an investment undertaking under Section 739B of the Taxes Consolidation Act 1997 and is not therefore chargeable to Irish tax on its relevant income or relevant gains. See note 13 for further details.

### 2.12 Distributions

Distributions to the holders of US Dollar Shares were recorded through the statement of changes in net assets when they were declared to Shareholders. Holders of the Repurchase Pool Shares were not entitled to any dividend distributions. There were no distributions on Shares in respect of the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019.

**2. Significant accounting policies** (continued)

**2.13 Operating segments**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Makers and for which discrete financial information is available. The Chief Operating Decision Makers for the Company are the Investment Manager and the Board. In considering the segments of the Company, the Company has considered the information reviewed by the Company's Chief Operating Decision Makers and determined that there are two operating segments, the US Dollar Shares and the Repurchase Pool Shares, in existence as at 31 July 2020 and 31 December 2019. Further details of this assessment are set out under Segmental reporting in note 3.

**2.14 Significant accounting judgements and estimates**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

***Estimates***

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

In accordance with IFRS 13 *Fair Value Measurement* ("IFRS 13"), the Company applies the definition of fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active market quotations, they are determined using valuation techniques including the use of broker prices. See note 4 for further details of the fair value hierarchy levels as at 31 July 2020 and 31 December 2019. See note 3 for details of the NAV attributable to the Repurchase Pool Shares and US Dollar Shares.

***Judgements***

The Board is satisfied that no significant judgements were required during the period from 1 January 2020 to 31 July 2020 and the year ended 31 December 2019.

**2.15 New standards and interpretations applicable to future reporting periods**

***New standards, amendments and interpretations issued but not effective in 2020 and not early adopted***

The Company has considered all the upcoming IASB's standards including those not yet endorsed by the EU. There are no new standards, and amendments to standards and interpretations applicable to the Company, as the Directors expect that this will be the final Report and Audited Financial Statements produced by the Company.

**3. Segmental reporting**

As required by IFRS 8 *Operating Segments* ("IFRS 8"), the information provided to the Board and the Investment Manager, who are the Chief Operating Decision Makers, is classified into two segments as at 31 July 2020 and 31 December 2019, the US Dollar Shares and the Repurchase Pool Shares. Repurchase Pool Shares are shares in the Company which participate in a separate pool of assets and liabilities within the Company created for the purposes of the repurchase opportunity announced in 2017.

The Board assessed that the Rollover Shareholders did not constitute a separate operating segment under IFRS 8, as they were not separately assessed for the purposes of reviewing performance or allocating resources. The Investment Manager and the Board assessed the Company as a whole, including both the Rollover Shareholders and those Shareholders who did not avail of the Rollover Opportunity. Discrete financial information was not available for the Rollover Shareholders as separate books and records were not maintained for the Rollover Shareholders. Books and records continue to be maintained for the Company as a whole, which includes the relevant information pertaining to the Rollover Shareholders. The Rollover Shares existed solely for the purpose of the capital reorganisation to facilitate the Rollover Opportunity in January 2019. No Rollover Shares were in issue at the end of the financial period 31 July 2020 and the financial year 31 December 2019. Accordingly, there was no requirement to change the existing operating segments within the Company for the purposes of the financial statements for the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019.

## Notes to the Financial Statements (continued)
**For the financial period from 1 January 2020 to 31 July 2020**

### 3. Segmental reporting (continued)

The following tables detail the revenue, loss and net assets split between the operating segments for the financial period from 1 January 2020 to 31 July 2020 and as at 31 July 2020.

| | Repurchase Pool Shares 2020 US$ | US Dollar Shares 2020 US$ | Total 2020 US$ |
|---|---|---|---|
| Interest income on cash and cash equivalents | 9,569 | 49,627 | 59,196 |
| Miscellaneous income | 1,892 | 17,301 | 19,193 |
| Net gain on foreign exchange | 2,704 | 13,559 | 16,263 |
| Net loss on financial assets at fair value through profit or loss | (1,029,450) | (5,063,520) | (6,092,970) |
| **Total loss for reportable segments** | (1,015,285) | (4,983,033) | (5,998,318) |
| Operating expenses | (116,698) | (539,464) | (656,162) |
| Interest expense | (341) | (1,487) | (1,828) |
| **Total loss for reportable segments** | **(1,132,324)** | **(5,523,984)** | **(6,656,308)** |

| | Repurchase Pool Shares 31 July 2020 US$ | US Dollar Shares 31 July 2020 US$ | Total 31 July 2020 US$ |
|---|---|---|---|
| Other receivables | 9,146 | 46,588 | 55,734 |
| Cash and cash equivalents | 77,690 | 388,435 | 466,125 |
| Expenses payable | (86,836) | (435,023) | (521,859) |
| **Net assets for reportable segments** | - | - | - |

The following tables detail the revenue, loss and net assets split between the operating segments for the financial year ended 31 December 2019 and as at 31 December 2019.

| | Repurchase Pool Shares 2019 US$ | US Dollar Shares 2019 US$ | Total 2019 US$ |
|---|---|---|---|
| Interest income on cash and cash equivalents | 9,123 | 105,202 | 114,325 |
| Miscellaneous income | 9,436 | 78,942 | 88,378 |
| Net gain on foreign exchange | 572 | 1,129 | 1,701 |
| Net gain on financial assets at fair value through profit or loss | 633,071 | 20,879,501 | 21,512,572 |
| **Total revenue for reportable segments** | 652,202 | 21,064,774 | 21,716,976 |
| Operating expenses | (353,310) | (2,199,209) | (2,552,519) |
| Interest expense | (449) | (1,748) | (2,197) |
| **Total profit for reportable segments** | **298,443** | **18,863,817** | **19,162,260** |

| | Repurchase Pool Shares 31 December 2019 US$ | US Dollar Shares 31 December 2019 US$ | Total 31 December 2019 US$ |
|---|---|---|---|
| Financial assets at fair value through profit or loss | 2,090,537 | 7,242,415 | 9,332,952 |
| Other receivables | 37,786 | 511,553 | 549,339 |
| Cash and cash equivalents | 968,293 | 15,078,512 | 16,046,805 |
| Expenses payable | (100,369) | (557,428) | (657,797) |
| **Net assets for reportable segments** | **2,996,247** | **22,275,052** | **25,271,299** |

**3. Segmental reporting** (continued)

| | 31 July 2020 US$ | 31 December 2019 US$ |
|---|---|---|
| NAV - US Dollar Shares (Nil) | - | 22,275,052 |
| NAV Per US Dollar Share | - | 0.5486 |
| NAV - Repurchase Pool Shares (Nil) | - | 2,996,247 |
| NAV Per Repurchase Pool Share | - | 0.4528 |

**Major Customers**
The Company regarded the holders of both classes of shares as customers, because it relied on their funding for continuing operations and meeting its objectives. The Company's shareholding structure was not exposed to a significant Shareholder concentration. A breakdown of shares held by employees of the Investment Manager is detailed in note 10.

**4. Financial instruments at fair value through profit or loss**

Net (loss)/gain on financial assets at fair value through profit or loss is comprised of the following:

| | Seven months ended 31 July 2020 US$ | Year ended 31 December 2019 US$ |
|---|---|---|
| **Net realised gains/(losses) on investments** | | |
| Gross realised gains on investments | 67,851 | 523,899 |
| Gross realised losses on investments | (17,470,599) | (68,233,290) |
| **Total net realised losses on investments** | **(17,402,748)** | **(67,709,391)** |
| | | |
| **Net movement in unrealised gains/(losses) on investments** | | |
| Gross movement in unrealised gains on investments | (64,262) | (1,577,474) |
| Gross movement in unrealised losses on investments | 11,182,170 | 67,353,896 |
| **Total net movement in unrealised gains on investments** | **11,117,908** | **65,776,422** |
| | | |
| Investment income | 191,870 | 23,445,541 |
| | | |
| Other income | - | - |
| **Net (loss)/gain on financial assets at fair value through profit or loss** | **(6,092,970)** | **21,512,572** |

As described in the accounting policies note, the Company has financial assets measured at fair value through profit or loss as at 31 December 2019. As at 31 July 2020, the Company held no financial assets at fair value through profit or loss.

The financial instruments recognised at fair value are analysed between those whose fair value is based on:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted market prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**4. Financial instruments at fair value through profit or loss** (continued)

The following table analyses financial instruments measured at fair value as at 31 December 2019 by the level in the fair value hierarchy into which the fair value measurement was categorised. The amounts were based on the values recognised in the statement of financial position. All fair value measurements below were recurring.

| | US Dollar Shares US$ | Repurchase Pool Shares US$ | Total as at 31 December 2019 US$ |
|---|---|---|---|
| Level 1 | - | - | - |
| Level 2 | - | - | - |
| Level 3 | 7,242,415 | 2,090,537 | 9,332,952 |
| **Total** | **7,242,415** | **2,090,537** | **9,332,952** |

The Company determined the fair value for the CLOs using independent, unadjusted indicative broker quotes. A broker quote was not generally a binding offer. The categorisation of the CLOs was dependent on whether or not the broker quotes reflected actual current market transactions, or if they were indicative prices based on the broker's valuation models, depending on the significance and observability of the inputs to the model. Only one broker quote may have been available for a CLO at the fair value measurement date.

The Investment Manager could have challenged the marks that came from the independent brokers if they appeared off-market or unrepresentative but had no discretion to disregard a mark if a broker dealer did not adjust it after a challenge.

For CLOs which could have been categorised as Level 2, fair value would have been determined using independent broker quotes based on observable inputs. If valuation could not be verified as being based significantly on observable inputs, then the investments would have fallen into Level 3.

The Company considered observable data to be that market data that was readily available, regularly distributed or updated, reliable, not proprietary, and provided by independent sources that were actively involved in the relevant market.

For each class of assets and liabilities not measured at fair value in the statement of financial position but for which fair value is disclosed, the Company is required to disclose the level within the fair value hierarchy at which the fair value measurement would be categorised and a description of the valuation technique and inputs used in the technique.

For the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019, cash and cash equivalents, other receivables and expenses payable, whose carrying amounts approximate fair value, are classified as Level 2 within the fair value hierarchy.

For the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019, net assets attributable to participating holders of US Dollar Shares and net assets attributable to participating holders of Repurchase Pool Shares are classified as Level 3 within the fair value hierarchy, as the value of the shares is based on NAV per share which does not have observable inputs readily available to market.

**Transfers between Level 1, 2 and 3**
There were no transfers between Level 1 and Level 2 during the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019. Where transfers between levels arise, they are deemed to occur at the end of the reporting period.

As at 31 July 2020, the Company held no CLOs. As at 31 December 2019, all CLOs were classified as Level 3.

As at 31 December 2019, the Board made an assessment as to what constituted an 'observable' input in the fair market valuation to determine the level within the hierarchy in which a broker quote is categorised. It was concluded that due to the illiquidity of the product, the lack of trading activity and the unobservable inputs used in the valuations, that the equity CLOs were Level 3 investments.

**4. Financial instruments at fair value through profit or loss** (continued)

**Level 3 financial instruments**

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy as at 31 July 2020:

| | CLOs - US Dollar Shares US$ | CLOs – Repurchase Pool Shares US$US$ | Total as at 31 December 2019 US$ |
|---|---|---|---|
| Balance as at 1 January 2020 | 7,242,415 | 2,090,537 | 9,332,952 |
| Net loss on financial assets at fair value through profit or loss | (5,235,728) | (1,049,112) | (6,284,840) |
| Purchases | - | - | - |
| Disposal and paydowns of investments | (2,006,687) | (1,041,425) | (3,048,112) |
| Transfers into Level 3 | - | - | - |
| Transfers out of Level 3 | - | - | - |
| **Balance as at 31 July 2020** | **-** | **-** | **-** |

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy as at 31 December 2019:

| | CLOs - US Dollar Shares US$ | CLOs – Repurchase Pool Shares US$US$ | Total as at 31 December 2019 US$ |
|---|---|---|---|
| Balance as at 1 January 2019 | 217,679,511 | 13,970,980 | 231,650,491 |
| Net loss on financial assets at fair value through profit or loss | (1,184,958) | (748,011) | (1,932,969) |
| Purchases | - | - | - |
| Disposal and paydowns of investments | (209,252,138) | (11,132,432) | (220,384,570) |
| Transfers into Level 3 | - | - | - |
| Transfers out of Level 3 | - | - | - |
| **Balance as at 31 December 2019** | **7,242,415** | **2,090,537** | **9,332,952** |

Change in unrealised gains or losses for the financial period from 1 January 2020 to 31 July 2020 included in profit or loss for the CLOs within Level 3 of the fair value hierarchy amounted to US$Nil (financial year ended 31 December 2019: US$2,061,267 (US Dollar Shares (US$1,607,788) and Repurchase Pool Shares (US$453,479))). These gains and losses are included in net (loss)/gain on financial assets at fair value through profit or loss in the statement of comprehensive income.

**4. Financial instruments at fair value through profit or loss** (continued)

**Level 3 financial instruments** (continued)
As at 31 July 2020, the Company held no investments. The following table sets out information about significant unobservable inputs used as at 31 December 2019 in measuring financial instruments categorised as Level 3 in the fair value hierarchy:

| Asset Class | Fair Value US$ | Unobservable Inputs | Ranges* | Weighted Averages | Sensitivity to changes in significant unobservable inputs |
|---|---|---|---|---|---|
| **Income Notes** | | | | | |
| US Dollar Shares US$ | 1,844,134 | Broker Quotes | 0.00%-35.58% | 6.63% | 1% increase/decrease will have a fair value impact of +/- US$18,441 |
| Repurchase Pool Shares US$ | 998,497 | Broker Quotes | 0.00%-35.58% | 13.87% | 1% increase/decrease will have a fair value impact of +/- US$9,985 |
| **Total Income Notes** | **2,842,631** | | | | |
| **Mezzanine Notes** | | | | | |
| US Dollar Shares US$ | 5,398,281 | Broker Quotes | 27.50%-61.99% | 42.51% | 1% increase/decrease will have a fair value impact of +/- US$53,983 |
| Repurchase Pool Shares US$ | 1,092,040 | Broker Quotes | 27.50% | 27.50% | 1% increase/decrease will have a fair value impact of +/- US$10,920 |
| **Total Mezzanine Notes** | **6,490,321** | | | | |
| **Total** | **9,332,952** | | | | |

*The ranges provided in the table above refer to the highest and lowest broker quotes received across the range of CLOs held. The ranges reflect the different stages of the lifecycle of each of the CLOs on an individual basis. The low ranges in the table above are prices from CLOs which were called and were in wind-down.

The above analysis also gives an approximation of the sensitivity of the different asset classes to market risk as at 31 December 2019 that seem reasonable considering the current market environment and the nature of the Company's assets' main underlying risks. This sensitivity analysis presents an approximation of the potential effects of events that could have been reasonably expected to occur as at the reporting date.

**4. Financial instruments at fair value through profit or loss** (continued)

**Level 3 financial instruments** (continued)
The following table shows a reconciliation of the net assets attributable to participating holders of Repurchase Pool Shares from the opening balance to the closing balance as at 31 July 2020 and 31 December 2019:

| | **31 July 2020 Net assets attributable to participating holders of US Dollar Shares US$** | **31 December 2019 Net assets attributable to participating holders of US Dollar Shares US$** |
|---|---|---|
| Balance as at 1 January | 2,996,247 | 15,748,150 |
| Transfer to Rollover Shares (see note 1) | - | (349) |
| Redemptions | (1,863,923) | (13,049,997) |
| Fair value movement | (1,132,324) | 298,443 |
| **Balance as at period/year end** | - | 2,996,247 |

The following table shows a reconciliation of the net assets attributable to participating holders of US Dollar Shares from the opening balance to the closing balance as at 31 July 2020 and 31 December 2019:

| | **31 July 2020 Net assets attributable to participating holders of US Dollar Shares US$** | **31 December 2019 Net assets attributable to participating holders of US Dollar Shares US$** |
|---|---|---|
| Balance as at 1 January | 22,275,052 | 243,473,436 |
| Transfer to Rollover Shares (see note 1) | - | (89,457,430) |
| Redemptions | (16,751,068) | (146,199,941) |
| Fair value movement | (5,523,984) | 18,863,817 |
| Distributions | - | (4,404,830) |
| **Balance as at period/year end** | - | 22,275,052 |

As at 31 July 2020, the Company held no investments. The following table sets out information about significant unobservable inputs used as at 31 December 2019 in measuring the liabilities categorised as Level 3 in the fair value hierarchy:

| **Liability Class** | **Fair Value US$** | **Unobservable Inputs** | **Sensitivity to changes in significant unobservable inputs** |
|---|---|---|---|
| Repurchase Pool Shares US$ | 2,996,247 | Unadjusted NAV of the Shares | 1% increase/decrease will have a fair value impact of +/- US$29,962 |
| US Dollar Shares US$ | 22,275,052 | Unadjusted NAV of the Shares | 1% increase/decrease will have a fair value impact of +/- US$222,751 |
| **Total** | **25,271,299** | | |

**5. Operating expenses**

**Investment manager**
The Investment Manager was entitled to receive a base management fee from the Company of 1.5% per annum of the NAV of the Company, calculated and payable monthly in arrears.

The management fee was calculated on the net assets less the market value of investments managed by the Investment Manager, if such investments were or had been made in the primary market (i.e. the market in which investors had the first opportunity to buy a newly issued security). Note 10 details the deals managed by the Investment Manager or its affiliates and whether they were sourced in the primary or secondary market.

**5. Operating expenses** (continued)

**Investment manager** (continued)
On 23 April 2020, the Investment Manager announced that it would waive its management fee beginning 1 April 2020, in an effort to continue reducing the Company's ongoing costs.

The investment management fees for the financial period from 1 January 2020 to 31 July 2020 for the US Dollar Shares amounted to US$23,856 (financial year ended 31 December 2019: US$720,939) and US$4,189 for the Repurchase Pool Shares (financial year ended 31 December 2019: US$94,918).

***US Dollar Shares***
The Investment Manager was entitled to a performance fee in respect of the US Dollar Shares equivalent to 13% of the amount by which the value of the NAV per US Dollar Share as at the financial period end or relevant repurchase date, as applicable, plus dividends per US Dollar Share (if any) paid in the period exceeded the value of the NAV per US Dollar Share, as increased by the performance fee hurdle rate (as defined below) plus 2%, as at the end of the previous completed accounting reference period in respect of which a performance fee was paid (including for the avoidance of doubt, all previous periods since the US Dollar Share performance period was last paid in respect of the US Dollar Shares).

The performance fee hurdle rate was the greater of the 12 month US Dollar LIBOR or 4%.

If a US Dollar Share performance fee was not paid in respect of the previous accounting reference period, US Dollar Libor would have been the annualised annually compounded US Dollar London Inter-Bank Offered Rate for 12-month deposits in respect of all previous relevant accounting periods since such US Dollar Share performance fee was last paid.

***Repurchase Pool Shares***
The Investment Manager was entitled to a performance fee in respect of the Repurchase Pool Shares equivalent to 13% of the amount by which the NAV per Repurchase Pool Share as at the end of the relevant accounting period or the relevant repurchase date, as applicable, plus dividends per Share (if any) paid in the period exceeded the value of the NAV per Repurchase Pool Share (or per US Dollar Share, as applicable), as increased by the Repurchase Pool Hurdle Rate (as defined below) plus 2%, as at the end of the most recent previous completed accounting period in respect of which a performance fee was paid (including, for the avoidance of doubt, all previous periods since the US Dollar Share performance fee was last paid in respect of the US Dollar Shares which had converted into Repurchase Pool Shares).

A separate account was established to track the performance fee payable to the Investment Manager in respect of the Repurchase Pool Shares.
1. As at each Repurchase Date, this account was credited or debited to reflect the amount of over-or-under-performance of the Repurchase Pool Shares repurchased as at that date, multiplied by the performance fee rate referred to above.
2. At the end of the relevant accounting period, an amount reflecting the over-or-underperformance of the Repurchase Pool Shares in issue as at that date, multiplied by the performance fee rate referred to above, was credited to or debited from this account.
3. If the aggregate amount resulting from 1 and 2 above was a credit balance, this amount was payable to the Investment Manager.
4. If the aggregate amount resulting from 1 and 2 above was a debit balance, no performance fee was payable to the Investment Manager and the balance of this account would have been reset to zero for the next accounting period.

Where all remaining Repurchase Pool Shares are repurchased on a date prior to the end of an accounting period, such Repurchase Date is deemed to be the end of the accounting period for purposes of the above calculations.

The performance fee was accrued on a monthly basis and was paid annually within 14 days of receipt of the calculation by the Company from State Street Fund Services (Ireland) Limited (the "Administrator").

The calculation of the performance fee was verified by State Street Custodial Services (Ireland) Limited (the "Custodian"). There were no performance fees accrued during the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019.

The Company also reimbursed the Investment Manager for all out-of-pocket expenses reasonably incurred in the performance of its duties.

**5. Operating expenses** (continued)

**Administrator and custodian**
The Administrator and Custodian was entitled to receive aggregate fees of up to 0.10% per annum of the NAV of the Company for the provision, respectively, of administration, accounting, trustee and custodial services to the Company, subject to a minimum monthly fee of US$10,000. The overall charge for the above-mentioned fees for the Company for the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019 are reflected in the statement of comprehensive income and the amounts due as at 31 July 2020 and 31 December 2019 are disclosed below for information purposes.

**Directors' fees**
The Company's Directors were entitled to a fee in remuneration for their services as Directors at a rate to be determined from time to time by the remuneration committee of the Company and disclosed in the financial statements.

During the financial period from 1 January 2020 to 31 July 2020, Directors' fees amounted to US$104,612 (financial year ended 31 December 2019: US$344,813) plus out of pocket expenses of US$3,052 (financial year ended 31 December 2019: US$29,887), of which US$Nil (2019: US$Nil) remained payable as at the financial period end.

Included in the directors' fees in the statement of comprehensive income is a fee of EUR31,690 which relates to Q3 2020, accrued as at 31 July 2020.

**Other operating expenses**
Other operating expenses incurred during the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019 are disclosed in the statement of comprehensive income.

All future operating expenses expected to be incurred until the liquidation date are accrued as at 31 July 2020.

Accruals as at 31 July 2020 and 31 December 2019 are detailed in the following table:

| **Accrual** | **31 July 2020 US$** | **31 December 2019 US$** |
|---|---|---|
| Investment management fees | - | 28,281 |
| Custodian fees | 24,384 | 12,000 |
| Administration fees | 64,195 | 48,000 |
| Auditors' fees | 45,299 | 152,751 |
| Other professional fees | 206,702 | 273,116 |
| Other operating expenses | 181,279 | 143,649 |
| | **521,859** | **657,797** |

**Auditors fees**
The Company incurred the following audit, assurance and tax fees (including expenses) during the financial period/year of which US$36,829 (2019: US$124,188) was outstanding at 31 July 2020 and 31 December 2019.

| | **2020* US$** | **2019* US$** |
|---|---|---|
| Audit of financial statements | 27,901 | 95,099 |
| Tax advisory services** | 7,585 | 55,254 |
| Other assurance services*** | 8,928 | 29,089 |
| | **44,414** | **179,442** |

*The above amounts incurred for the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019 are before the inclusion of VAT.
**Tax advisory fees are included in other operating expenses in the statement of comprehensive income.
***The above amounts were paid to the statutory auditor for work undertaken by them in relation to the review of the statement of assets and liabilities for the financial period from 1 January 2020 to 31 July 2020 and for work undertaken by them in relation to the review of the interim financial statements and the Financial Position and Prospects Procedures ("FPPP") review for the financial year ended 31 December 2019.

**6. Cash and cash equivalents**

Cash and cash equivalents balances are held with the Custodian.

**7. Participating shares**

As at 31 July 2020, there were no US Dollar Shares and no Repurchase Pool Shares in issue. Final compulsory redemptions of US Dollar Shares and Repurchase Pool Shares were recorded on 16 July 2020, followed by the delisting of the Shares with the LSE on 17 July 2020 and final redemptions were paid in full on 24 July 2020.

As at 31 December 2019, the issued share capital of the Company comprised US Dollar Shares and Repurchase Pool Shares.

As at 31 July 2020 and 31 December 2019, two subscriber shares were also in issue. Further details on the Company share capital is set out below.

***US Dollar Shares***
The authorised share capital of the Company shall not be less than the currency equivalent of €2 represented by two subscriber shares and the maximum issued share capital shall not be more than the currency equivalent of €500 billion divided into an unspecified number of non-redeemable shares.

As at 31 July 2020, there were no US Dollar Shares (31 December 2019: 40,606,709) in issue. As at 31 July 2020, net assets attributable to participating holders of US Dollar Shares were US$Nil (31 December 2019: US$22,275,052).

Final compulsory redemptions of US Dollar Shares were recorded on 16 July 2020, followed by the delisting of the Shares with the LSE on 17 July 2020 and final redemptions were paid in full on 24 July 2020.

***Repurchase Pool Shares***
The Company's Articles of Association contains certain provisions regarding share repurchase arrangements which may have been offered to Shareholders. Repurchase Pool Shares were shares in the Company which participated in a separate pool of assets and liabilities within the Company created for the purposes of a repurchase opportunity.

The Board elected to propose a repurchase opportunity for approval by ordinary resolution by the Shareholders and further to the vote taken at the Annual General Meeting ("AGM") held on 31 July 2017 and approval of the repurchase opportunity, Shareholders representing 26.6% of the then issued US Dollar Shares elected to avail of the repurchase opportunity.

On 31 October 2017, the Company converted 144,451,569 US Dollar Shares on a one to one basis to Repurchase Pool Shares of no par value. On 22 November 2017, the Repurchase Pool Shares were admitted to trading on the Specialist Fund Segment of the Main Market of the LSE.

As at 31 July 2020, there were no Repurchase Pool Shares (31 December 2019: 6,617,236) in issue. As at 31 July 2020, net assets attributable to participating holders of Repurchase Pool Shares were US$Nil (31 December 2019: US$2,996,247).

Final compulsory redemptions of Repurchase Pool Shares were recorded on 16 July 2020, followed by the delisting of the Shares with the LSE on 17 July 2020 and final redemptions were paid in full on 24 July 2020.

***Voting rights***
The Company issued two subscriber shares of €1 each. These shares do not participate in the profits of the Company. Holders of US Dollar Shares and Repurchase Pool Shares participated in the profits of their respective share class and held voting rights, with Shareholders having one vote in respect of each whole share held.

***Capital management***
At an EGM on 17 December 2018, a resolution was passed to approve changes to the investment objective and policy of the Company to facilitate and authorise the Board to instruct the Investment Manager to effect either a Rollover into BGLF or a Managed Wind-Down of the portfolio attributable to the US Dollar Shares. A resolution was also passed amending the constitution to provide for the termination of the Company before 2022.

When the Company was in the process of the Managed Wind-Down, the objective for managing capital was to realise all remaining assets and return capital to the Shareholders in an orderly manner.

**7. Participating shares** (continued)

***Capital management*** *(continued)*
As disclosed in the 2018 Circular, the Board did not intend to declare any dividends during the wind-down period, therefore no further dividends were paid in respect of any shares after the payment of the dividend in respect of the quarter ended 31 December 2018.

Below is the movement in Repurchase Pool Shares and US Dollar Shares during the financial period from 1 January 2020 to 31 July 2020.

| | Repurchase Pool Shares | | US Dollar Shares | | Total |
|---|---|---|---|---|---|
| | **No. of shares** | **US$** | **No. of shares** | **US$** | **US$** |
| Opening balance as at 1 January 2020 | 6,617,236 | 2,996,247 | 40,606,709 | 22,275,052 | 25,271,299 |
| Loss for the period | - | (1,132,324) | - | (5,523,984) | (6,656,308) |
| Redemption of Repurchase Pool Shares | (6,617,236) | (1,863,923) | - | - | (1,863,923) |
| Redemption of US Dollar Shares | - | - | (40,606,709) | (16,751,068) | (16,751,068) |
| Closing balance as at 31 July 2020 | **-** | **-** | **-** | **-** | **-** |

Below is the movement in Repurchase Pool Shares and US Dollar Shares during the financial year ended 31 December 2019.

| | Repurchase Pool Shares | | US Dollar Shares | | Total |
|---|---|---|---|---|---|
| | **No. of shares** | **US$** | **No. of shares** | **US$** | **US$** |
| Opening balance as at 1 January 2019 | 24,637,358 | 15,748,150 | 398,801,780 | 243,473,436 | 259,221,586 |
| Profit for the year | - | 298,443 | - | 18,863,817 | 19,162,260 |
| Dividends | - | - | - | (4,404,830) | (4,404,830) |
| Transfer to Rollover Shares | (488) | (349) | (133,450,591) | (89,457,430) | (89,457,779) |
| Redemption of Repurchase Pool Shares | (18,019,634) | (13,049,997) | - | - | (13,049,997) |
| Redemption of US Dollar Shares | - | - | (224,744,480) | (146,199,941) | (146,199,941) |
| Closing balance as at 31 December 2019 | **6,617,236** | **2,996,247** | **40,606,709** | **22,275,052** | **25,271,299** |

**8. Soft commissions**

There were no agreements for the provision of any services by means of soft commission during the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019.

## 9. Interests in other entities

**Interests in unconsolidated structured entities**

IFRS 12 defines a structured entity as an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to the administrative tasks only and the relevant activities are directed by means of contractual agreements.

A structured entity often has some of the following features or attributes:
(a) restricted activities;
(b) a narrow and well defined objective;
(c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
(d) financing in the form of multiple contractually linked instruments that create concentrations of credit or other risks.

***Involvement with unconsolidated structured entities***

As at 31 July 2020, the Company held no investments.

As at 31 December 2019, the Company concluded that CLOs in which it invested, that were not subsidiaries for financial reporting purposes, met the definition of structured entities because:

- the voting rights in the CLOs were not the dominant rights in deciding who controlled them, as they related to administrative tasks only;
- each CLO's activities were restricted by its Prospectus; and
- the CLOs had narrow and well-defined objectives to provide investment opportunities to investors.

## 9. Interests in other entities (continued)

**Interests in unconsolidated structured entities** (continued)
Below is a summary of the Company's holdings in non-subsidiary unconsolidated structured entities as at 31 December 2019:

| Structured Entity ("SE") | Line item in the statement of financial position | Nature | No of Investments | Range of the size of SEs Notional in US$m | Average Notional Of SEs in US$m | Company's Holding Fair Value in US$m | % of Total Financial Assets at Fair Value through Profit or Loss | Maximum exposure to losses in US$m | Other* |
|---|---|---|---|---|---|---|---|---|---|
| **Mezzanine Note CLOs** | | | | | | | | | |
| North America | | | | | | | | | |
| Country of Incorporation: Cayman Islands | Financial assets at FVTPL | Broadly Syndicated sub-Investment Grade Secured Loans - USD | 2 | 252 | 252 | 6.5 | 69.54% | 6.5 | Non recourse |
| **Total Mezzanine Note CLOs** | Financial assets at FVTPL | | 2 | | | 6.5 | 69.54% | 6.5 | Non recourse |
| **Income Note CLOs** | | | | | | | | | |
| North America | | | | | | | | | |
| Country of Incorporation: Cayman Islands | Financial assets at FVTPL | Broadly Syndicated sub-Investment Grade Secured Loans - USD | 5 | 36-68 | 50 | 0.2 | 2.11% | 0.2 | Non recourse |
| Country of Incorporation: Ireland | Financial assets at FVTPL | Broadly Syndicated sub-Investment Grade Secured Loans - USD | 1 | 533 | 533 | 2.6 | 28.35% | 2.6 | Non recourse |
| **Total Income Note CLOs** | Financial assets at FVTPL | | 6 | | | 2.8 | 30.46% | 2.8 | Non recourse |
| **Total** | | | 8 | | | 9.3 | | | |

The Company has a percentage range of 1.41% - 20.67% notional holding out of the entire outstanding notional balances of the structured entities as at 31 December 2019.

During the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019, the Company did not provide financial support to the unconsolidated structured entities and has no intention of providing financial or other support. The assessment was done for the Company as a whole.

*The investments are non-recourse securities with no contingent liabilities, where the Company's maximum loss is capped at the current carrying value.

## 10. Related party transactions and key management personnel

The following note summarises related parties and related party transactions during the financial period.

**Transactions with entities with significant influence**
GSO / Blackstone Debt Funds Management LLC acts as Investment Manager to the Company. Investment management fees earned by the Investment Manager amounted to US$28,045 (2019: US$815,857), of which US$Nil (2019: US$28,281) was outstanding at the financial period end.

There were no performance fees earned by the Investment Manager during the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019.

**Transactions with key management personnel**
The Board and the Investment Manager are the key management personnel as they are the persons who have the authority and responsibility for planning, directing and controlling the activities of the Company for the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019.

During the financial period from 1 January 2020 to 31 July 2020, the Company incurred Directors' fees for services as Directors and out-of-pocket expenses of US$107,664 (2019: US$374,700), of which US$Nil (2019: US$Nil) was outstanding at the financial period end.

No Director, nor the Company Secretary, had any beneficial interest in the shares of the Company during the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019. The Company is domiciled in Ireland where shareholdings held by the non-executive Directors would not be considered the industry norm.

The following Directors' fees were incurred during the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019 and the amounts for each financial period are shown in both EUR and US Dollar equivalent:

| | 2020 EUR | 2020 US$ Equivalent | 2019 EUR | 2019 US$ Equivalent |
|---|---|---|---|---|
| Werner Schwanberg | 32,100 | 35,403 | 64,200 | 72,405 |
| Adrian Waters | 5,030 | 5,548 | 60,360 | 68,074 |
| Fergus Sheridan | 31,280 | 34,499 | 62,560 | 70,555 |
| Edward D'Alelio | 5,130 | 5,658 | 61,560 | 69,427 |
| Nicholas Moss | 21,260 | 23,504 | 57,060 | 64,352 |
| | 94,800 | 104,612 | 305,740 | 344,813 |

The above amounts exclude out-of-pocket expenses for the Board of US$3,052 (2019: US$29,887).

**Transactions with other related parties**
As at 31 July 2020, current employees of and accounts managed by or advised by the Investment Manager and its affiliates within the credit-focused business unit of The Blackstone Group L.P. held no US Dollar Shares (2019: 7,650 US Dollar Shares) which represented 0.00% (2019: 0.02%) of the issued shares of the Company. Distributions to current employees and accounts managed or advised by the Investment Manager and its affiliates were made on the same terms as those for other holders of US Dollar Shares.

The Company may have invested in other entities and transactions that were managed directly or indirectly by the Investment Manager or any of its affiliates and as at 31 July 2020, 0.00% (31 December 2019: 28.35%) of the Company's underlying investments were managed in this way and these are listed below:

**CLO investments managed by GSO / Blackstone and affiliates 2019**

| Investment | Investment Manager | Market |
|---|---|---|
| Dorchester Park CLO DAC 2015-1X SUB | GSO / Blackstone Debt Funds Management LLC | Primary |

There were no other related party transactions other than those listed above.

## 11. Risks associated with financial instruments

**Introduction**
Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's profitability.

The Company was exposed to market risk (which included interest rate risk, currency risk and other price risk), liquidity and credit risk arising from the financial instruments it held during the financial period from 1 January 2020 to 31 July 2020 and during the financial year ended 31 December 2019. As at 31 July 2020, the Company held no financial instruments, except cash and cash equivalents and other receivables.

The Company is a closed-ended fund and therefore has not been exposed to redemption risk relating to its own shares in issue. The portfolio assigned to the Repurchase Pool Shares was subject to many of the same risks as the rest of the portfolio held for the US Dollar Shares.

During the financial period from 1 January 2020 to 31 July 2020, the portfolios of both share classes were sold to facilitate the return of the proceeds to the Shareholders. Final compulsory redemptions of US Dollar Shares and Repurchase Pool Shares were recorded on 16 July 2020, followed by the delisting of the Shares with the LSE on 17 July 2020 and final redemptions were paid in full on 24 July 2020.

The Company's financial assets included investments in CLOs which were not traded in an organised public market and which may have been illiquid, and thus impacted the unwind of the Company's portfolio.

The Investment Manager considered the risk and concentrations on a look-through basis level for the CLOs.

**Risk management structure**
The Board was ultimately responsible for identifying and controlling risks but relied on its delegated service providers (the Investment Manager, Custodian, Administrator and Registrar), to carry out ongoing management and monitoring of risks.

**Risk measurement and reporting system**
The Company's risks were measured using a method which reflected both the expected loss likely to arise in normal circumstances and unexpected losses, which were an estimate of the ultimate actual loss based on models. The models made use of the probabilities derived from historical experience, adjusted to reflect the economic environment.

Monitoring and controlling risks were primarily performed based on limits established by the Board. These limits reflected the business strategy and market environment of the Company as well as the level of risk that the Company was willing to accept. In addition, the Company monitored and measured the overall risk-bearing capacity in relation to the aggregate risk exposure across risk types and activities.

**Risk mitigation**
The Company's investment guidelines set out its overall business strategies, its tolerance for risk and its general risk management philosophy and established processes to monitor and control economic hedging transactions in a timely and accurate manner. The Company may have used derivatives and other instruments only in connection with its risk management activities, but not for trading purposes.

**Excessive risk concentration**
Concentration arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration indicates the relative sensitivity of the Company's performance to developments affecting a particular issuer, manager, asset class or geographical location.

In order to avoid excessive concentration of risk, the Company's policies and procedures included specific guidelines to focus on maintaining a diversified portfolio. Identified concentration of credit risks were controlled and managed accordingly. Following the vote by Shareholders to wind-down the Company, the Company's portfolio became more concentrated as positions were sold off. The concentration risk as at 31 December 2019 is disclosed in note 11.1(iii) and 11.2. As at 31 July 2020, the Company held no financial instruments, except cash and cash equivalents and other receivables.

**11. Risks associated with financial instruments** (continued)

### 11.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and includes interest rate risk, currency risk and other price risk. The Company may have used derivative instruments to hedge the investment portfolio against currency risk. As at 31 July 2020 and 31 December 2019, the Company did not hold any derivative instruments.

As at 31 July 2020, the Company held no investments. As at 31 December 2019, the Company's investments were in CLO vehicles. The CLO vehicles typically had no significant assets other than the loans as collateral. Accordingly, payments on the CLO securities were payable solely from the cash flows from the collateral, net of all management fees and other expenses. Payments to the Company as a holder of Income Notes and/or Mezzanine Notes of CLO vehicles were met only after payments due on the Senior Notes (and, where appropriate, the Mezzanine Notes) were made in full.

The following table shows the securities held by the Company as at 31 December 2019 which were most susceptible to market risk arising from uncertainties about interest rates, foreign currency fluctuation and future prices of the instruments.

| | Repurchase Pool Shares 31 December 2019 US$ | US Dollar Shares 31 December 2019 US$ | Company Total 31 December 2019 US$ |
|---|---|---|---|
| **Collateralised loan obligations** | | | |
| Income Notes | 998,497 | 1,844,134 | 2,842,631 |
| Mezzanine Notes | 1,092,040 | 5,398,281 | 6,490,321 |
| **Total Collateralised loan obligations** | 2,090,537 | 7,242,415 | 9,332,952 |
| **Total investments at fair value** | **2,090,537** | **7,242,415** | **9,332,952** |

### (i) Interest rate risk

The Company was exposed to interest rate risk on CLOs held by the Company and on a look-through basis to the underlying assets in the CLOs. Risk management of the CLOs was the responsibility of the respective CLO managers.

In certain transactions undertaken by CLO issuers, the fixed rate nature of some of the Senior and Mezzanine Notes and the floating rate nature of the assets may have produced a fixed/floating interest rate mismatch between the assets and the liabilities of the CLO. CLOs may have entered into one or more interest rate hedges with a counterparty acceptable to the ratings agencies to reduce this asset/liability mismatch, and therefore lowered the return sensitivity of the CLO investments to changes in the absolute level of interest rates.

**Management of interest rate risk**

*Objective and policy*

As at 31 July 2020, the Company held no financial instruments, except cash and cash equivalents and other receivables. As at 31 December 2019, the majority of the Company's financial assets were Income Notes and Mezzanine tranches of cash flow CLOs. The Company's investments had exposure to interest rate risk but this was limited to floating LIBOR-based exposure on the underlying assets (i.e. the loans and bonds) in the CLOs.

The Company's investments in CLO securities are presented in the statement of financial position as "financial assets at fair value through profit or loss". The CLO Income Notes were measured at their "dirty" prices as the Board deemed this to better reflect the trading conventions of the asset class. Income derived from the CLO Income Notes is presented in the statement of comprehensive income within net gains and losses (inclusive of accrued interest) on financial assets at fair value through profit or loss.

Payments of interest and principal to the various rated debt tranches issued by the issuer were normally made sequentially, first to the most senior class and then to the junior classes. These payments were made solely from the cash flows received from the underlying assets.

The Company was exposed to interest rate risk on its cash balance but this was not deemed to be significant for the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019. The focus of the Company's risk management was therefore on the CLO investments.

**11. Risks associated with financial instruments** (continued)

**11.1 Market risk** (continued)

**(i) Interest rate risk** (continued)

**Management of interest rate risk** (continued)
*Process*
Prior to the change in the investment objective and investment policy of the Company on 17 December 2018, the Company invested mainly into the Mezzanine tranches or Income Notes issued by CLO vehicles, giving the Company the entitlement to any residual income after the more senior tranche notes issued by the CLO have received their contractual entitlements (in line with the priority of payments established in each CLO's formation documents). As the Company held the Income Notes and Mezzanine tranches on the liability side of the CLO, there was a natural hedge on its investment for any change in interest rates on a look through basis to the underlying CLO (with an equal and opposite effect between the assets and liabilities of the CLO).

While the Investment Manager could not manage the interest rate risk of the underlying assets of the CLOs, it monitored the performance of the deals and third-party CLO managers on an on-going basis. In particular, the Investment Manager monitored the relevant CLO managers for any significant decisions that may have impacted the returns on the CLO deals. On a look-through basis, the underlying assets in CLOs were subject to floating interest rates.

The asset spread of the portfolio fluctuated with movements in market fundamentals. This impacted the interest earned by the underlying portfolio. On a look-through basis, the underlying CLO manager managed the portfolio such that, for example, new issue loans were bought into the portfolio at the latest market spreads and older loan assets were disposed of.

There were no changes in the risk exposures of the Company or in the risk management processes related to interest rate risk compared to the prior financial reporting period.

The portfolio profile of the Repurchase Pool Shares and the US Dollar Shares as at 31 December 2019 includes 100% investments with a floating interest rate. As at 31 July 2020, the Company held no investments.

The following table shows the Board's best estimate of the sensitivity of the portfolio (effect on net assets and profit or loss) to stressed changes in interest rates, with all other variables held constant, including IRR. The table assumes parallel shifts in the respective forward yield curves and illustrates the estimated change in the market value of the portfolio accounting for the variable interest movement. This risk was proportionally shared between the two share classes.

As at 31 December 2019, the Directors took the view that, taking into consideration the economic environment and estimated future forecasts, it was reasonable to assume that interest rates would not change more than 1% in the following twelve months. The +/- 1% sensitivity was used to illustrate this.

| Possible reasonable change in rate | Repurchase Pool Shares 31 December 2019 US$ | US Dollar Shares 31 December 2019 US$ | Company Total 31 December 2019 US$ |
|---|---|---|---|
| +1% | (8,203) | 6,453 | (1,750) |
| - 1 % | 10,485 | (7,031) | 3,454 |

**(ii) Currency risk**
Currency risk is the risk that the fair value or future cash flows of the Company's financial instruments will decline due to changes in exchange rates. The Company is exposed to currency risk to the extent that its assets and liabilities are not denominated in US Dollars, the functional currency.

**Management of currency risk**
*Objective and policy*
The Company is exposed to limited currency risk, as the vast majority of the Company's assets and liabilities are currently denominated in US Dollars.

**11. Risks associated with financial instruments** (continued)

**11.1 Market risk** (continued)

**(ii) Currency risk** (continued)

**Management of currency risk** (continued)
*Process*
The Company held immaterial amounts of Euro and GBP cash as at 31 July 2020 and 31 December 2019 to cover expense invoices. The effect of currency fluctuations on these small foreign currency cash balances is deemed immaterial to the Company. There is no exposure to currency risk aside from cash in foreign currency.

The total net exposure to foreign currencies at the reporting date was as follows:

| Exposure to foreign exchange rates | Repurchase Pool Shares 31 July 2020 US$ | US Dollar Shares 31 July 2020 US$ | Company Total 31 July 2020 US$ |
|---|---|---|---|
| EUR Exposure - Cash and cash equivalents | 61,806 | 258,705 | 320,511 |
| GBP Exposure - Cash and cash equivalents | 9,954 | 45,568 | 55,522 |
| **Total exposure** | **71,760** | **304,273** | **376,033** |

| Exposure to foreign exchange rates | Repurchase Pool Shares 31 December 2019 US$ | US Dollar Shares 31 December 2019 US$ | Company Total 31 December 2019 US$ |
|---|---|---|---|
| EUR Exposure - Cash and cash equivalents | 77,583 | 332,348 | 409,931 |
| GBP Exposure - Cash and cash equivalents | 44,490 | 122,829 | 167,319 |
| **Total exposure** | **122,073** | **455,177** | **557,250** |

The following table is the Board's best estimate of the sensitivity of the portfolio to changes in foreign currencies as at 31 July 2020 and 31 December 2019. As at 31 July 2020 and 31 December 2019, the Directors took the view that, considering the economic environment, the volatility of the US Dollar against the Euro and Sterling and the limited exposure of the Company to non-base currencies, a shift in rates of 5% and 10%, respectively, was a reasonable threshold to use.

| | | Repurchase Pool Shares 31 July 2020 | | US Dollar Shares 31 July 2020 | | Company Total 31 July 2020 | |
|---|---|---|---|---|---|---|---|
| | Possible change in exchange rate | Net exposure US$ | Effect on net assets and profit or loss US$ | Net exposure US$ | Effect on net assets and profit or loss US$ | Net exposure US$ | Effect on net assets and profit or loss US$ |
| Euro/US Dollar | +/-5% | 61,806 | (+/-) 3,090 | 258,705 | (+/-) 12,935 | 320,511 | (+/-) 16,025 |
| GBP/US Dollar | +/-10% | 9,954 | (+/-) 995 | 45,568 | (+/-) 4,557 | 55,522 | (+/-) 5,552 |

| | | Repurchase Pool Shares 31 December 2019 | | US Dollar Shares 31 December 2019 | | Company Total 31 December 2019 | |
|---|---|---|---|---|---|---|---|
| | Possible change in exchange rate | Net exposure US$ | Effect on net assets and profit or loss US$ | Net exposure US$ | Effect on net assets and profit or loss US$ | Net exposure US$ | Effect on net assets and profit or loss US$ |
| Euro/US Dollar | +/-5% | 77,583 | (+/-) 3,879 | 332,348 | (+/-) 16,617 | 409,931 | (+/-) 20,496 |
| GBP/US Dollar | +/-10% | 44,490 | (+/-) 4,449 | 122,829 | (+/-) 12,283 | 167,319 | (+/-) 16,732 |

**11. Risks associated with financial instruments** (continued)

**11.1 Market risk** (continued)

### (iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

**Management of other price risk**

*Objective and policy*

As at 31 July 2020, the Company held no financial instruments, except cash and cash equivalents and other receivables. The Board did not believe that the returns on investments were correlated to any specific index or other price variable. The other price risk that applied to investments in CLO securities was limited and was restricted to the concentration risk of the investments between asset class and geographical exposure. Prior to the change in the investment objective and investment policy of the Company on 17 December 2018, each investment was assessed with a view to providing diversification in terms of underlying assets, issuer, sector, and maturity profile.

The Company's investments were susceptible to market price risk arising from uncertainties about future prices of financial instruments. All securities invested in presented a risk of loss of capital. Any increase or decrease in the market price of investments would have altered the Company's NAV to the extent that it was invested at any point in time. The Investment Manager sought to mitigate risk by diversification across geographical and industry sectors on a look-through basis to the underlying assets of the CLOs. The Investment Manager acknowledged that other price risk became more concentrated in the Company's portfolio as the Managed Wind-Down progressed.

*Process*

At the EGM of the Shareholders of the US Dollar Shares convened on 17 December 2018, the investment objective of the Company was changed such that the Company would be managed with the intention of realising all remaining assets of the Company with a view to returning capital to the Shareholders in an orderly manner as part of the Managed Wind-Down.

During the financial period from 1 January 2020 to 31 July 2020, the portfolios of both share classes were sold to facilitate the return of the proceeds to the Shareholders. Final compulsory redemptions of US Dollar Shares and Repurchase Pool Shares were recorded on 16 July 2020, followed by the delisting of the Shares with the LSE on 17 July 2020 and final redemptions were paid in full on 24 July 2020.

The following table analyses the Company's concentration of other price risk by subsector in the secured loan asset class and by geographical area as at 31 December 2019. As at 31 July 2020, the Company held no financial instruments, except cash and cash equivalents and other receivables.

| By Asset Class | Repurchase Pool Shares 31 December 2019 US$ | US Dollar Shares 31 December 2019 US$ | Company Total 31 December 2019 US$ |
|---|---|---|---|
| Broadly syndicated sub-investment grade secured loans - North America | 1,157,542 | 5,529,703 | 6,687,245 |
| Broadly syndicated sub-investment grade secured loans – Ireland* | 932,995 | 1,712,712 | 2,645,707 |
| | **2,090,537** | **7,242,415** | **9,332,952** |

*Investment domiciled in Ireland is US Dollar denominated.

As at 31 December 2019, if the value of investments was to increase or decrease by 5%, the impact on the NAV of the Company would be +/- US$466,648 (Repurchase Pool Share US$104,527 and US Dollar Share US$362,121). As at 31 December 2019, the Directors took the view that, taking into consideration the economic environment, it was reasonable to use 5% in the above sensitivity analysis.

**11. Risks associated with financial instruments** (continued)

### 11.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. It was the Company's policy to enter into financial instruments with a range of reputable counterparties. As at 31 July 2020, the Company held no financial instruments, except cash and cash equivalents and other receivables.

**Management of credit risk**

*Objective and policy*

The Managed Wind-Down resulted in the Company commencing realisation of all of its investments in a manner that achieved a balance between maximising the value from the Company's investments and making timely returns of capital to Shareholders. Any assets to which rollover elections related were transferred in accordance with the provisions of the BGLF Rollover Opportunity, following which the Company commenced selling its remaining investments either to co-investors in the relevant asset or to third parties, but in all cases with the objective of achieving the best available price in a reasonable time scale.

During the financial period from 1 January 2020 to 31 July 2020, the portfolios of both share classes were sold to facilitate the return of the proceeds to the Shareholders. Final compulsory redemptions of US Dollar Shares and Repurchase Pool Shares were recorded on 16 July 2020, followed by the delisting of the Shares with the LSE on 17 July 2020 and final redemptions were paid in full on 24 July 2020.

*Process*

The Company's portfolio of CLO investments was actively managed to minimise default risk and potential loss through comprehensive credit analysis performed by the Investment Manager's experienced credit research team and use of the Investment Manager's proprietary risk management systems. The Investment Manager's CLO investment process was both quantitative and qualitative in nature, with an emphasis on bottom-up, fundamental credit research. Any analysis of a CLO position, whether debt or CLO Income Note, began with an understanding of the underlying credit risk. This was achieved by mapping the CLO portfolio against the Investment Manager's own issuer credit universe (with over 1,200 corporate issuers) and then overlaying proprietary and market stresses to the portfolio. Investing in CLO securities also required a disciplined assessment of the CLO arbitrage, CLO structural protections, and manager style, performance history, portfolio composition, and experience managing CLOs.

All assets in the portfolio received default, recovery, prepayment, and reinvestment assumptions. The portfolio was then separated into performing and stressed assets. Stressed assets were defined as assets trading below $90, spread (discount margin) above 700bp, and/or credit risk factor ("CRF") greater than 4. These stressed assets received customised assumptions based on industry, watch list, market, and credit specific views. The Investment Manager worked with its credit research team and portfolio managers to discuss any concentration of risk identified in the underlying portfolio. The Investment Manager's views on credit risk drove the various stress scenarios applied to each CLO portfolio. Each investment was reviewed under a positive, base, negative, and stressed case IRR scenario.

In addition to reviewing CLO offering materials and reporting documentation, ongoing due diligence of the underlying CLO managers was critical to the investment analysis. The Investment Manager was constantly monitoring CLO manager's strategy and style and also evaluated the CLO manager's franchise, behaviour, and track record in order to fine tune any analysis assumptions. When evaluating CLO managers, the Investment Manager looked across their outstanding CLOs to assess comfort across all of the CLOs they managed, not just the CLO in which the Investment Manager was investing. The Investment Manager considered how portfolio quality had changed over time to help identify style drift, and evaluated historical performance, trading patterns, historical distributions, CLO test results, asset concentration, and portfolio quality measures. Certain managers may have had greater liquidity than others, even if quantitative measures of their performance were equivalent, or even worse than other managers. In certain cases, an illiquidity premium may have been applied for less frequently traded managers.

The Investment Manager generally traded via The Depository Trust Company ("DTC") or Euroclear, which, on the whole, limited counterparty risk. A small part of the portfolio included physical securities. Physical securities were delivered against payment, thus mitigating counterparty risk.

**11. Risks associated with financial instruments** (continued)

**11.2 Credit risk** (continued)

**Management of credit risk** (continued)
*Process (continued)*
The following table analyses the Company's maximum credit exposure to credit risk for the components of the statement of financial position. The split between the two share classes is disclosed in note 3.

| | 31 July 2020 US$ | 31 December 2019 US$ |
|---|---|---|
| Cash and cash equivalents | 466,125 | 16,046,805 |
| Other receivables | 55,734 | 549,339 |
| Financial assets at fair value through profit or loss | - | 9,332,952 |
| | **521,859** | **25,929,096** |

The cash and substantially all of the assets of the Company are held by the Custodian or one or more of its sub-custodians. Bankruptcy or insolvency of the Custodian or its sub-custodians may cause the Company's rights with respect to securities held by the Custodian or its sub-custodians to be delayed or limited. The Company or its sub-custodians monitor its risk by monitoring the credit quality and financial positions of the Custodian. State Street Corporation is the parent company of the Custodian. The long-term rating of State Street Corporation as at 31 July 2020 was A1 (Source: Moody's) (31 December 2019: A1).

As at 31 July 2020, the Company held no investments. The following table shows the breakdown of financial assets at fair value through profit or loss by country of incorporation as at 31 December 2019:

| | Repurchase Pool Shares 31 December 2019 US$ | US Dollar Shares 31 December 2019 US$ | Company Total 31 December 2019 US$ |
|---|---|---|---|
| Cayman Islands | 1,157,542 | 5,529,703 | 6,687,245 |
| Ireland | 932,995 | 1,712,712 | 2,645,707 |
| | **2,090,537** | **7,242,415** | **9,332,952** |

The following table summarises the Company's portfolio concentrations as at 31 December 2019:

| | Maximum portfolio holdings of a single asset % of total portfolio | Average portfolio holdings of a single asset % of total portfolio |
|---|---|---|
| Repurchase Pool | 52.24% | 25.00% |
| US Dollar | 46.85% | 12.50% |
| 31 December 2019 Company Total | 36.36% | 12.50% |

The following table summarises the portfolio by asset class and ratings of the portfolio as at 31 December 2019:

| **By asset class** | Repurchase Pool Shares 31 December 2019 US$ | US Dollar Shares 31 December 2019 US$ | Company Total 31 December 2019 US$ |
|---|---|---|---|
| Mezzanine Notes | 1,092,040 | 5,398,281 | 6,490,321 |
| Income Notes | 998,497 | 1,844,134 | 2,842,631 |
| | **2,090,537** | **7,242,415** | **9,332,952** |

**11. Risks associated with financial instruments** (continued)

**11.2 Credit risk** (continued)

**Management of credit risk** (continued)
*Process (continued)*
The CLO vehicles themselves did not have "default" rates. CLOs invested in loans (and bonds) issued to various borrower companies. The interest and principal received on the loans paid the interest (and principal) of the CLO notes, starting at the most senior (AAA) tranche notes and working the way down the waterfall to the least senior tranches. If there were losses on the underlying loans from defaults, those losses impacted the CLO Income Notes first.

Senior and Mezzanine tranches of CLOs were rated, while the lowest tranche – the subordinated note, also known as "CLO equity" or "Income Note" was non-rated ("NR"). For the purpose of the asset class breakdown above, the Mezzanine CLO investments were originally rated A/BBB/BB/B. The Investment Manager monitored credit risk for both rated and unrated investments in the same manner.

The Company's portfolio was partly invested in the Income Notes tranches of CLOs which were subject to potential non-payment and were by definition, non-rated securities. The Company assessed the quality of non-rated assets based on a fundamental analysis of the underlying loans in the respective portfolios. The terms and conditions of the underlying CLOs and the implications of other rights on the CLOs were reviewed to determine any impact on the expected cash flow from the underlying CLO.

With the exception of investments in Mezzanine CLO Notes, the Company would have typically been in a first loss or subordinated position with respect to realised losses on the collateral of each CLO investment. The leveraged nature of the Income Notes and the Mezzanine Notes, in particular, magnified the adverse impact of collateral defaults.

Income noteholders accepted that they bore the first loss, if any, on the underlying pool of loan assets in return for a higher expected return.

As at 31 July 2020, the Company held no investments. As at 31 December 2019, the Company held the following Mezzanine CLO investments:

| CLO Issuer | Tranche | Seniority | Manager | Credit Rating | Original Rating | Nominal Holding | Market Value US$ |
|---|---|---|---|---|---|---|---|
| BNPIP 2014-1 | BNPIP 2014-1X D | M | BNP Paribas Asset Management | NR/B+ | NR/BB | 5,372,000 | 3,393,373 |
| BNPIP 2014-1 | BNPIP 2014-1X E | M | BNP Paribas Asset Management | NR/CCC | NR/B | 10,770,315 | 3,096,948 |
| **Total** | | | | | | | **6,490,321** |

The Company may have been adversely impacted by an increase in its credit exposure related to investing and other activities. The Company was exposed to the potential for credit-related losses that could have occurred as a result of an individual, counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures existed within financing relationships, commitments and other transactions. These exposures may have arisen, for example, from a decline in the financial condition of a counterparty, from entering into swap or other derivative contracts under which counterparties had obligations to make payments to us, from a decrease in the value of securities of third parties that the Company held as collateral, or from extending credit through guarantees or other arrangements. As the Company's credit exposure increased, it could have had an adverse effect on the Company's business and profitability if material unexpected credit losses occurred.

As stated above, the Investment Manager assessed the credit risk of the CLOs on a look-through basis to the underlying loans in each CLO. The Investment Manager sought to provide diversification in terms of underlying assets, issuer section, geography and maturity profile.

**11. Risks associated with financial instruments** (continued)

**11.2 Credit risk** (continued)

**Management of credit risk** (continued)

*Process (continued)*

The Company's top ten look-through exposure to corporate borrowers is detailed in the following tables:

**US Dollar**
**31 December 2019**

| Issuer | Rating | Sector | % |
|---|---|---|---|
| American Airlines | Ba1/BB- | Transportation: Consumer | 1.40% |
| PriSo Acquisition | B2/B | Construction & Building | 1.24% |
| Riverbed Technology | B2/CCC+ | High Tech | 1.10% |
| Bass Pro Group | B1/B+ | Retail | 1.07% |
| Air Medical Group | B1/B | Healthcare & Pharmaceuticals | 0.96% |
| Rovi Solutions | Ba3/B+ | High Tech | 0.92% |
| Carestream Health (Onex Carestream Finance LP) | B1/B | Healthcare & Pharmaceuticals | 0.90% |
| Blue Ribbon | B2/B- | Beverage, Food & Tobacco | 0.89% |
| Petsmart | B2/B- | Retail | 0.88% |
| Asurion LLC | Ba3/B+ | Banking, Finance, Insurance & Real Estate | 0.88% |
| Petco | B2/CCC+ | Retail | 0.88% |
| Zekelman Industries | B1/B+ | Metals & Mining | 0.87% |
| Centurylink Inc | Ba3/BB | Telecommunications | 0.87% |

**Repurchase Pool**
**31 December 2019**

| Issuer | Rating | Sector | % |
|---|---|---|---|
| American Airlines | Ba1/BB- | Transportation: Consumer | 1.26% |
| PriSo Acquisition | B2/B | Construction & Building | 1.04% |
| Riverbed Technology | B2/CCC+ | High Tech | 0.95% |
| Asurion LLC | Ba3/B+ | Banking, Finance, Insurance & Real Estate | 0.93% |
| Altice SFRFP | B2/B | Media: Broadcasting & Subscription | 0.90% |
| Air Medical Group | B1/B | Healthcare & Pharmaceuticals | 0.84% |
| Carestream Health (Onex Carestream Finance LP) | B1/B | Healthcare & Pharmaceuticals | 0.76% |
| Petco | B2/CCC+ | Retail | 0.73% |
| First Eagle Holdings | Ba1/BB+ | Banking, Finance, Insurance & Real Estate | 0.70% |
| Advantage Sales & Marketing | B2/B- | Services: Business | 0.70% |

## **Notes to the Financial Statements** (continued)
**For the financial period from 1 January 2020 to 31 July 2020**

**11. Risks associated with financial instruments** (continued)

**11.2 Credit risk** (continued)

**Management of credit risk** (continued)
*Process (continued)*
Concentration of the Company's financial assets by industry, in excess of 0.5%, was as follows:

**US Dollar**
**31 December 2019**

| Industry | % of portfolio | Industry | % of portfolio |
|---|---|---|---|
| Healthcare & Pharmaceuticals | 11.64% | Media: Advertising, Printing & Publishing | 2.47% |
| High Tech Industries | 10.76% | Consumer Goods: Durable | 2.30% |
| Retail | 7.62% | Consumer Goods: Non-durable | 2.30% |
| Services: Business | 6.32% | Utilities: Electric | 2.27% |
| Hotel, Gaming & Leisure | 5.31% | Capital Equipment | 2.24% |
| Beverage, Food & Tobacco | 4.75% | Transportation: Cargo | 2.15% |
| Telecommunications | 4.58% | Metals & Mining | 1.68% |
| Banking, Finance, Insurance & Real Estate | 4.25% | Containers, Packaging & Glass | 1.58% |
| Media: Broadcasting & Subscription | 4.05% | Environmental Industries | 0.86% |
| Services: Consumer | 3.91% | | |
| Construction & Building | 3.83% | | |
| Automotive | 3.40% | | |
| Chemicals, Plastics & Rubber | 3.03% | | |
| Energy: Oil and Gas | 2.75% | | |
| Aerospace & Defense | 2.71% | | |
| Transportation: Consumer | 2.65% | | |

**Repurchase Pool**
**31 December 2019**

| Industry | % of portfolio | Industry | % of portfolio |
|---|---|---|---|
| Healthcare & Pharmaceuticals | 12.39% | Aerospace and Defense | 2.45% |
| High Tech Industries | 11.31% | Utilities: Electric | 2.29% |
| Services: Business | 6.29% | Consumer goods: Durable | 2.02% |
| Retail | 5.66% | Consumer goods: Non-durable | 2.00% |
| Hotel, Gaming & Leisure | 5.45% | Containers, Packaging & Glass | 1.92% |
| Banking, Finance, Insurance & Real Estate | 5.30% | Media: Advertising, Printing & Publishing | 1.90% |
| Media: Broadcasting & Subscription | 4.81% | Transportation: Cargo | 1.52% |
| Beverage, Food & Tobacco | 4.56% | Metals & Mining | 1.16% |
| Telecommunications | 4.44% | Environmental Industries | 1.12% |
| Construction & Building | 4.42% | | |
| Services: Consumer | 4.08% | | |
| Chemicals, Plastics & Rubber | 3.10% | | |
| Transportation: Consumer | 2.90% | | |
| Energy: Oil & Gas | 2.83% | | |
| Automotive | 2.79% | | |
| Capital Equipment | 2.50% | | |

**11. Risks associated with financial instruments** (continued)

**11.2 Credit risk** (continued)

**Management of credit risk** (continued)
*Impairment review*
IFRS 9 requires an impairment assessment to be carried out on its financial assets carried at amortised cost. Impairment does not apply to financial assets classified as fair value through profit or loss. As at 31 July 2020 and 31 December 2019, cash and cash equivalents and other receivables are held with counterparties with a credit rating of A1 or are due to be settled within 3 months of the reporting date. The Board considers the probability of default to be close to zero, as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised in the financial statements for the financial period from 1 January 2020 to 31 July 2020 or the financial year ended 31 December 2019, based on 12-month expected credit losses. As such, any impairment would be wholly insignificant to the Company. There was no impairment recognised in the financial statements for the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019.

**11.3 Liquidity risk**
Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price.

**Management of liquidity risk**
*Objective and policy*
The Company did not have any long-term or structural borrowings. The introduction to note 11 details the potential liquidity risk arising from the Company's structure and the nature of the investments it held. The Company's financial instruments included investments in collateralised debt obligations traded over-the-counter which were not traded in an organised public market and which may have been illiquid. As at 31 July 2020, the Company held no financial instruments, except cash and cash equivalents and other receivables.

*Process*
During the financial period/year, none of the assets of the Company were subject to special liquidity arrangements arising from their illiquid nature.

During the financial period from 1 January 2020 to 31 July 2020, the portfolios of both share classes were sold to facilitate the return of the proceeds to the Shareholders. Final compulsory redemptions of US Dollar Shares and Repurchase Pool Shares were recorded on 16 July 2020, followed by the delisting of the Shares with the LSE on 17 July 2020 and final redemptions were paid in full on 24 July 2020.

**12. Earnings per share**

The Earnings Per Share ("EPS") is calculated by dividing the profit/(loss) for the financial period/year attributable to the relevant Shareholders by the weighted average number of shares outstanding in the financial period/year.

| | **Financial period from 1 January 2020 to 31 July 2020** | | **Financial year ended 31 December 2019** | |
|---|---|---|---|---|
| | **Repurchase Pool Shares US$** | **US Dollar Shares US$** | **Repurchase Pool Shares US$** | **US Dollar Shares US$** |
| (Loss)/profit for the financial period/year all attributable to relevant Shareholders | (1,132,324) | (5,523,984) | 298,443 | 18,863,817 |
| Number of relevant shares for basic earnings per share | 3,813,666 | 17,738,832 | 12,843,894 | 131,155,556 |
| Basic and diluted (loss)/earnings per share | (0.30) | (0.31) | 0.02 | 0.14 |

For the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019, there are no potential shares in existence, hence no diluted EPS adjustments arise.

### 13. Taxation

Under current law and Irish practice, the Company qualifies as an investment undertaking under Section 739B of the Taxes Consolidation Act 1997 and is not therefore chargeable to Irish tax on its relevant income or relevant gains. No stamp duty, transfer or registration tax is payable in the Republic of Ireland on the issue, redemption or transfer of shares in the Company. Distributions and interest on securities issued in countries other than the Republic of Ireland may be subject to taxes including withholding taxes imposed by such countries. The Company may not be able to benefit from a reduction in the rate of withholding tax by virtue of the double taxation agreement in operation between the Republic of Ireland and other countries. The Company may not therefore be able to reclaim withholding tax suffered by it in particular countries.

To the extent that a chargeable event arises in respect of a Shareholder, the Company may be required to deduct tax in connection with that chargeable event and pay the tax to the Irish Revenue Commissioners. A chargeable event can include payments to Shareholders, appropriation, cancellation, redemption, repurchase or transfer of shares, or a deemed disposal of shares every eight years beginning from the date of acquisition of those shares.

Certain exemptions can apply. In the absence of an appropriate declaration or written confirmation from the Revenue Commissioners which confirms that no such declaration is required, the Company will be liable for Irish tax on the occurrence of a chargeable event.

### 14. Distributions

There were no distributions on Shares in respect of the financial period from 1 January 2020 to 31 July 2020 and the financial year ended 31 December 2019.

### 15. Other events during the financial period

On 3 February 2020, the Company published an update on the divestment of the portfolio, a directorate change, and a change in the portfolio advisor. The purpose of this update was to inform investors that:

- Since the Managed Wind-Down began to 31 January 2020, the Company had sold 46 positions in total raising $160.2 million attributable to the US Dollar Shares, which was returned to US Dollar Shareholders through a series of seven compulsory redemptions. These assets were sold, on average, at a premium to their latest month end valuation. Inclusive of the December 2018 dividend, these realisations resulted in an effective realised gain to Shareholders of approximately +1.6% above the December 2018 net asset value.
- To reduce the Company's ongoing costs and bring the size of the Board in line with the nature, scale and complexity of the Company at this stage of the Managed Wind-Down, the Company announced that Adrian Waters and Edward D'Alelio stepped down from the Board with effect from 31 January 2020. It was also anticipated that Nicholas Moss would step down from the Board after the 2019 annual report and audited financial statements had been approved. It was anticipated that Fergus Sheridan would be appointed to Chair of the Audit Committee, subject to approval by the Central Bank of Ireland.
  The resignation of the above Directors left two independent directors on the Board. In the context of this reduced Board size, the de-listing of the Company and the wind-down of the Company being in the final stages, it was determined that it was no longer appropriate to have an Audit Committee separate to the Board and that the whole Board, comprising two independent Directors, would oversee the production of these financial statements.
- The Company's Investment Manager also informed the Board that J. Richard ("Dik") Blewitt, the portfolio adviser for the Company, resigned from GSO. All other members of the GSO Structured Credit Investment Committee and investment team remained unchanged.

On 21 April 2020, the Company released its annual report and accounts for the full year 2019.

On 23 April 2020, the Investment Manager announced that it would waive its management fee beginning 1 April 2020, in an effort to continue reducing the Company’s ongoing costs.

On 30 April 2020, the Company announced that Nicolas Moss stepped down from his non-executive director role with immediate effect.

On 10 July 2020, the Company announced the final compulsory redemption of US Dollar Shares and Repurchase Pool Shares, along with the de-listing of each share class following the final redemption.

## 15. Other events during the financial period (continued)

During the financial period from 1 January 2020 to 31 July 2020, the following redemptions have occurred on the US Dollar Shares:

| Announcement Date | Redemption Type | No. of Shares redeemed | Redemption Date | Redemption Amount US$ | Price per Share | % of outstanding US Dollar Shares redeemed | % of issued US Dollar Shares outstanding |
|---|---|---|---|---|---|---|---|
| 23/01/2020 | Partial | 25,519,504 | 31/01/2020 | 14,000,000 | US$0.5486 | 62.846% | 5.686% |
| 10/07/2020 | Final | 15,087,205 | 16/07/2020 | 2,751,068 | US$0.1823 | 100.000% | 0.000% |
| **Total** | | **40,606,709** | | **16,751,068** | | | |

During the financial period from 1 January 2020 to 31 July 2020, the following redemptions have occurred on the Repurchase Pool Shares:

| Announcement Date | Redemption Type | No. of Shares redeemed | Redemption Date | Redemption Amount US$ | Price per Share | % of outstanding US Dollar Shares redeemed | % of issued US Dollar Shares outstanding |
|---|---|---|---|---|---|---|---|
| 23/01/2020 | Partial | 2,981,448 | 31/01/2020 | 1,350,000 | US$0.4528 | 45.056% | 2.517% |
| 10/07/2020 | Final | 3,635,788 | 16/07/2020 | 513,923 | US$0.1414 | 100.000% | 0.000% |
| **Total** | | **6,617,236** | | **1,863,923** | | | |

During the first quarter of 2020, the World Health Organisation designated the global outbreak of COVID-19 as a pandemic, and numerous countries declared national emergencies with respect to COVID-19. The ongoing pandemic and restrictions on non-essential businesses have caused disruption in Europe and across the global economy. Despite significant market rebounds across many asset classes in the second quarter of 2020, the continued rapid development of this situation and uncertainty regarding potential economic recovery precludes any prediction as to the ultimate adverse impact of COVID-19 on financial market and economic conditions. The Directors anticipate that COVID-19 will have a limited impact on the Company as all of the Company's investments have been realised.

There were no other significant events during the financial period which are not disclosed elsewhere which would require revision of the figures or disclosures in the financial statements.

## 16. Subsequent events

There were no significant events since the financial period end which would require revision of the figures or disclosures in the financial statements.

## 17. Contingent liabilities

The Board is not aware of any contingent liabilities as at 31 July 2020.

## 18. Approval of the financial statements

The financial statements were approved and authorised for issue by the Board on 23 September 2020.

## Schedule of Investments (unaudited)

**As at 31 December 2019**

| Repurchase Pool Shares | Nominal holdings | Market value of US$ | % of NAV |
|---|---|---|---|
| **Collateralised loan obligations** | | | |
| **Region of trade** | | | |
| **North America** | | | |
| **Country of incorporation** | | | |
| **Cayman Islands** | | | |
| Apidos CLO 2013-14X INC | 1,611,960 | 64,478 | 0.26 |
| BNPP IP CLO Ltd 2014-1X E* | 3,797,808 | 1,092,040 | 4.32 |
| Rampart CLO 2007 Ltd 2007-1A SUB | 2,926,000 | 1,024 | 0.00 |
| | | **1,157,542** | **4.58** |
| **Ireland** | | | |
| Dorchester Park CLO DAC 2015-1X SUB | 2,660,000 | 932,995 | 3.69 |
| | | **932,995** | **3.69** |
| **Total collateralised loan obligations** | | **2,090,537** | **8.27** |
| **Total investments at fair value - Repurchase Pool** | | **2,090,537** | **8.27** |

| US Dollar Shares | Nominal holdings | Market value of US$ | % of NAV |
|---|---|---|---|
| **Collateralised loan obligations** | | | |
| **Region of trade** | | | |
| **North America** | | | |
| **Country of incorporation** | | | |
| **Cayman Islands** | | | |
| Apidos CLO 2013-14X INC | 2,959,040 | 118,362 | 0.47 |
| Apidos CLO 2014-18A | 1,465,000 | 11,061 | 0.04 |
| BNPP IP CLO Ltd 2014-1X D* | 5,372,000 | 3,393,373 | 13.43 |
| BNPP IP CLO Ltd 2014-1X E* | 6,972,507 | 2,004,908 | 7.93 |
| Magnetite IX Ltd | 10,734,519 | - | 0.00 |
| Magnetite XI Ltd | 2,383,934 | 119 | 0.00 |
| Rampart CLO 2007 Ltd 2007-1A SUB | 5,372,000 | 1,880 | 0.01 |
| | | **5,529,703** | **21.88** |
| **Ireland** | | | |
| Dorchester Park CLO DAC 2015-1X SUB | 4,883,000 | 1,712,712 | 6.78 |
| | | **1,712,712** | **6.78** |
| **Total collateralised loan obligations** | | **7,242,415** | **28.66** |
| **Total investments at fair value - US Dollar** | | **7,242,415** | **28.66** |
| **Total investments at fair value** | | **9,332,952** | **36.93** |
| **Other assets** | | **16,596,144** | **65.67** |
| **Other liabilities** | | **(657,797)** | **(2.60)** |
| **Total net assets attributable to participating shareholders** | | **25,271,299** | **100.00** |

**This investment was a Mezzanine CLO tranche. All other investments were Income or Subordinated CLO tranches.*

## Summary of Key Financial Information (unaudited)

**NAV HISTORY**

| | Financial period ended 31 July 2020 | | Financial year ended 31 December 2019 | | Financial year ended 31 December 2018 | |
|---|---|---|---|---|---|---|
| | **Repurchase Pool Shares** | **US Dollar** | **Repurchase Pool Shares** | **US Dollar** | **Repurchase Pool Shares** | **US Dollar** |
| NAV | - | - | US$2,996,247 | US$22,275,052 | US$15,748,150 | US$243,473,436 |
| NAV per share | - | - | US$0.4528 | US$0.5486 | US$0.6392 | US$0.6105 |
| Shares in issue at the financial period/year end | - | - | 6,617,236 | 40,606,709 | 24,637,358 | 398,801,780 |
| Value of investments | - | - | US$2,090,537 | US$7,242,415 | US$13,970,980 | US$217,679,511 |
| Number of investments | - | - | 4 | 8 | 10 | 43 |

The financial period-end exchange rate was EUR: US$1.18250 (31 December 2019: EUR: US$1.12250), GBP: US$1.31250 (31 December 2019: GBP: US$1.32475). The average rate for the financial period/year was EUR: US$0.896017 (31 December 2019: EUR: US$0.893809), GBP: US$0.788698 (31 December 2019: GBP: US$0.781309).

## Portfolio changes material acquisitions and disposals/paydowns (unaudited)

**For the financial period from 1 January 2020 to 31 July 2020**

| Disposals/Paydowns* | Quantity sold | US$ proceeds |
|---|---|---|
| Dorchester Park CLO DAC 2015-1X SUB | 7,543,000 | 2,847,483 |
| BNPP IP CLO Ltd 2014-1X D | 5,698,971 | 80,265 |
| Apidos CLO 2013-14X INC | 4,571,000 | 79,993 |
| BNPP IP CLO Ltd 2014-1X E | 11,787,804 | 25,701 |
| Apidos CLO 2014-18A | 1,465,000 | 14,650 |
| Magnetite IX Ltd | 10,734,519 | 11 |
| Rampart CLO 2007 Ltd 2007-1A SUB | 8,298,000 | 8 |
| Magnetite XI Ltd | 2,383,934 | 2 |

*This represents the total disposals/paydowns for the financial period from 1 January 2020 to 31 July 2020.

There were no acquisitions during the financial period from 1 January 2020 to 31 July 2020.

## Management and Administration

**Directors***
Werner Schwanberg (Chairman)**
Fergus Sheridan**
Adrian Waters** *(resigned 31 January 2020)*
Edward D'Alelio *(resigned 31 January 2020)*
Nicholas Moss** *(resigned 30 April 2020)*

**Administrator**
State Street Fund Services (Ireland) Limited
78 Sir John Rogerson's Quay
Dublin 2
Ireland

**Company Secretary *(from 23 July 2019)***
Bradwell Limited
10 Earlsfort Terrace
Dublin 2
D02 T380
Ireland

**Company Secretary *(until 23 July 2019)***
State Street Fund Services (Ireland) Limited
78 Sir John Rogerson's Quay
Dublin 2
Ireland

**Custodian**
State Street Custodial Services (Ireland) Limited
78 Sir John Rogerson's Quay
Dublin 2
Ireland

**Solicitors as to US and English Law**
Herbert Smith Freehills LLP
Exchange House
Primrose Street
London EC2A 2EG
United Kingdom

**Solicitors as to Irish Law**
Arthur Cox
10 Earlsfort Terrace
Dublin 2
D02 T380
Ireland

**Registrar**
Computershare Investor Services (Ireland) Limited
Herron House
Corrig Road
Sandyford Industrial Estate Dublin 18
Ireland

**Registered Office**
78 Sir John Rogerson's Quay
Dublin 2
Ireland

**Company Registration Number: 415764**
US Dollar Shares ISIN: IE00B3D60Z08

**Investment Manager**
GSO / Blackstone Debt Funds Management LLC
345 Park Avenue
Floor 31
New York
NY 10154
United States of America

**Joint Financial Adviser and Joint Corporate Broker *(until 30 June 2019)***
Fidante Partners Europe Limited (trading as Fidante Capital)
1 Tudor Street
London EC4Y 0AH
United Kingdom

**Financial Adviser and Corporate Broker**
Nplus1 Singer Advisory LLP
One Bartholomew Lane
London EC2N 2AX
United Kingdom

**Independent Auditor**
KPMG
1 Harbourmaster Place
IFSC
Dublin1
Ireland

*All Directors of the Company are Non-Executive Directors.
**Independent Directors.