Barings Global Loan and High Yield Bond Limited

Annual Report and Audited Financial Statements for the financial year ended 31 December 2018

Registered Number: 588316

Barings Global Loan and High Yield Bond Limited

Financial Statements
for the financial year ended 31 December 2018
Contents

Directors and Other Information

Directors
Mr. James Cleary (Irish resident, Irish national)*
Ms. Barbara Healy (Irish resident, Irish national)*
Mr. David Conway (Irish resident, Irish national)*

Registered Office
70 Sir John Rogerson's Quay
Dublin 2, D02 R296
Ireland

Manager and Alternative Investment Fund Manager
(with effect from 29 June 2018)
Baring International Fund Managers (Ireland) Limited
70 Sir John Rogerson's Quay
Dublin 2, D02 R296
Ireland

Investment Manager and Alternative Investment Fund Manager
(up to 28 June 2018)
Barings Global Advisers Limited
20 Old Bailey
London EC4M 7BF
United Kingdom

Investment Managers
(with effect from 29 June 2018)
Baring Asset Management Limited
20 Old Bailey
London EC4M 7BF
United Kingdom

Barings LLC
300 S. Tryon St, Suite 2500
Charlotte
North Carolina 28202
United States

Sub-Investment Manager
(up to 28 June 2018)
Barings LLC
300 S. Tryon St, Suite 2500
Charlotte
North Carolina 28202
United States

* Independent Directors

Depositary
State Street Custodial Services (Ireland) Limited
78 Sir John Rogerson's Quay
Dublin 2, D02 HD32
Ireland

Administrator, Registrar and Transfer Agent
State Street Fund Services (Ireland) Limited
78 Sir John Rogerson's Quay
Dublin 2, D02 HD32
Ireland

Independent Auditor
KPMG
Chartered Accountants and Statutory Audit Firm
1 Harbourmaster Place
International Financial Services Centre
Dublin 1, D01 F6F5
Ireland

Irish Legal Advisors to the Company
Matheson
70 Sir John Rogerson's Quay
Dublin 2, D02 R296
Ireland

Company Secretary
Matsack Trust Limited
70 Sir John Rogerson's Quay
Dublin 2, D02 R296
Ireland

Directors' Report
for the financial year ended 31 December 2018

The Directors present their report together with the audited financial statements of Barings Global Loan and High Yield Bond Limited for the financial year ended 31 December 2018.

General information
Barings Global Loan and High Yield Bond Limited (the "Company") is a private limited liability company incorporated in Ireland under the registration number 588316. The Company is a subsidiary of Barings Global Loan and High Yield Bond Fund (the "Parent"), which is listed on the Global Exchange Market of the Irish Stock Exchange ("ISE"). The Parent is a fund of an Irish incorporated umbrella fund, Barings Global Investment Funds Plc, which is the ultimate parent of the Company (the "Ultimate Parent"). As at 31 December 2018, the Company held investments to the value of US$170,097,856 (31 December 2017: US$287,596,868). The Company financed its purchases of investments by way of a loan provided by the Ultimate Parent, on behalf of its fund, the Parent, which is managed by Baring International Fund Managers (Ireland) Limited with effect from 29 June 2018. Baring Asset Management Limited and Barings LLC act as Investment Managers to the Parent with effect from 29 June 2018. Prior to 29 June 2018 Barings Global Advisers Limited acted as Investment Manager to the Parent, and Barings LLC acted as Sub-Investment Manager.

Business review and future developments
The Statement of Comprehensive Income is set out on page 7. The Directors do not anticipate any change in the structure or investment objectives of the Company.

Company objective
The Company objective is to hold investments on behalf of its Parent.

Directors
The Directors who served during the financial year were:
Mr. James Cleary
Ms. Barbara Healy
Mr. David Conway

Company Secretary
Matsack Trust Limited acted as Company Secretary for the financial year.

Directors' and Secretary's interests
Neither the Directors nor the Secretary held any shares in the Company.

Ms. Barbara Healy, Mr. James Cleary and Mr. David Conway are also Directors of the Ultimate Parent and Baring International Fund Managers (Ireland) Limited.

There were no other contracts of any significance in relation to the business of the Company in which the Directors had any interest, as defined in the Companies Act, 2014, at any time during the financial year.

Relevant audit information
As at the date this Directors' Report was approved and signed (set out below), each Director is satisfied that:

(a) there is no relevant audit information of which the Company's statutory auditors are unaware; and

(b) s/he has taken all the steps that she or he ought to have taken as a Director in order to make herself or himself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information; and

(c) where "relevant audit information" means information needed by the Company's statutory auditors in connection with preparing their report.

Risk management objectives and policies
The main risks arising from the Company's financial instruments are market risk, liquidity risk and credit risk. These are explained in Note 11 of the financial statements along with the risk management framework in place to deal with them.

Dividends
No dividends are recommended by the Directors in respect of the financial year ended 31 December 2018 (31 December 2017: Nil).

Accounting records
The Directors ensure compliance with the Company's obligation to maintain adequate accounting records by appointing competent persons to be responsible for them. The accounting records are kept by State Street Fund Services (Ireland) Limited, 78 Sir John Rogerson's Quay, Dublin 2, Ireland.

Brexit

The outcome of the Brexit negotiations continues to be uncertain and Barings continues to plan for a number of possible scenarios including a "no-deal" outcome. Barings is committed to ensuring continuity for its investors and protecting against potential regulatory or other market access barriers related to Brexit. In this regard, Barings has appointed Baring International Fund Managers (Ireland) Limited ("BIFMI"), an Irish AIFM, as the manager of the Fund. As a consequence, Barings will be able to use BIFMI's AIFMD passports to continue to market products into EU27 and to manage EU27 funds, unaffected by Brexit. Portfolio management in respect of European investments will continue to be delegated back to Baring Asset Management Limited, a UK entity and portfolio management of US investments will continue to be conducted by Barings LLC, a US entity. The depositaries/custodians and administrators of such funds are also EU27 entities. In addition, Barings has established a Dublin office and recruited several key employees for it, reflecting the increased significance of BIFMI's role within the business.

Whilst the medium to long-term consequences of the decision to leave the EU remain uncertain in any scenario, there could be short-term volatility which could have a negative impact on general economic conditions, business and consumer confidence in both the UK and EU, which may in turn have negative political, economic and market impacts more widely. The longer-term consequences may be affected by the terms of any future arrangements the UK has with the remaining member states of the EU27. Among other things, the UK's decision to leave the EU could lead to changes in the law and tax treatment of funds, instability in the equity, debt and foreign exchange markets, including volatility in the value of the pound sterling or the euro.

Significant events during the financial year

Please see Note 18.

Significant events after the financial year end

Please see Note 19.

Independent auditor

KPMG, Chartered Accountants, was appointed during the financial year under Section 383 (1) of the Companies Act, 2014 and in accordance with Section 383 (2) of the Companies Act, 2014 will continue in office.

On behalf of the Board of Directors:

Director: ____________________
James Cleary

Director: ____________________
David Conway

Date: 23 April 2019

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements
The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company and of its profit or loss for that financial year. 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 they have been prepared in accordance with IFRS as adopted by the EU; and
- 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.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that its financial statements comply with the Companies Act, 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act, 2014.

On behalf of the Board of Directors:

Director: ______________________ Director: ______________________
James Cleary David Conway

Date: 23 April 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARINGS GLOBAL LOAN AND HIGH YIELD BOND LIMITED

1 Report on the audit of the financial statements

Opinion

We have audited the financial statements of Barings Global Loan and High Yield Bond Limited ('the Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, 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.

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2018 and of its profit for the year 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.

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

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, schedule of investments and the significant changes in portfolio composition other than the financial statements and our auditor's report thereon. 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 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; and
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARINGS GLOBAL LOAN AND HIGH YIELD BOND LIMITED (continued)

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.

2 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 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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_responsiblities_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.

Jorge Fernandez Revilla
for and on behalf of
KPMG
Chartered Accountants and Statutory Audit Firm
1 Harbourmaster Place
International Financial Services Centre
Dublin 1
Ireland

23 April 2019

Barings Global Loan and High Yield Bond Limited

Statement of Comprehensive Income
for the financial year ended 31 December 2018

	Note	31 Dec 2018 US$	31 Dec 2017* US$
Net change on financial assets at fair value through profit or loss	6	417,765	8,061,430
Net change on financial liabilities at fair value through profit or loss	13	(267,467)	(7,966,332)
Other income			
- Net loss on foreign exchange		(80,055)	(25,256)
- Miscellaneous income		-	4
Net operating income		**70,243**	**69,846**
Depositary fee		(17,741)	(5,792)
Directors' fee	13	(4,598)	(1,926)
Audit and tax reporting fee	5	(33,606)	(19,789)
Professional fee		(7,365)	(7,065)
Miscellaneous fee		(877)	(26,817)
Total operating expenses		**(64,187)**	**(61,389)**
Coupon expense		(5,770)	(8,157)
Profit before income tax for the financial year/period		**286**	**300**
Tax on ordinary activities	7	(72)	(75)
Profit after tax		**214**	**225**

There are no recognised gains or losses in the financial year other than those dealt with in the Statement of Comprehensive Income. All results are from continuing activities.

The accompanying notes are an integral part of these financial statements.

*The financial period from 25 August 2016 to 31 December 2017.

Barings Global Loan and High Yield Bond Limited

Statement of Financial Position
as at 31 December 2018

	Note	31 Dec 2018 US$	31 Dec 2017* US$
Assets:			
Financial assets at fair value through profit or loss:			
- Investments	9,11	170,097,856	287,596,868
- Forward foreign exchange contracts	9,11	119,944	3,307
Other receivables	4	2,385,505	3,100,668
Receivable for investments sold		19,175,563	890,070
Cash and cash equivalents	3	16,000,907	9,265,476
Total assets		**207,779,775**	**300,856,389**
Liabilities			
Financial liabilities designated at fair value through profit or loss:			
- Loan and coupon payable from the Ultimate Parent	9,13	(200,808,580)	(293,166,176)
Financial liabilities held for trading:			
- Forward foreign exchange contracts	9,11	(206,681)	(646,807)
Payable for investments purchased		(6,760,216)	(7,033,788)
Other payables and accrued expenses	5	(3,858)	(9,392)
Total liabilities		**(207,779,335)**	**(300,856,163)**
Net assets		**440**	**226**
Equity			
Share capital	8	1	1
Retained earnings		439	225
Total equity		**440**	**226**

The accompanying notes are an integral part of these financial statements.

*The financial period from 25 August 2016 to 31 December 2017.

On behalf of the Board of Directors:

Director: James Cleary

Director: David Conway

Date: 23 April 2019

Statement of Changes In Equity
for the financial year ended 31 December 2018

Financial year ended 31 December 2018

	Share Capital US$	Retained Earnings US$	Total US$
Balance at beginning of the financial year	1	225	226
Profit for the financial year	-	214	214
Balance at end of the financial year	**1**	**439**	**440**

Financial period ended 31 December 2017*

	Share Capital US$	Retained Earnings US$	Total US$
Balance at beginning of the financial period	-	-	-
Issue of ordinary share	1	-	1
Profit for the financial period	-	225	225
Balance at end of the financial period	**1**	**225**	**226**

The accompanying notes are an integral part of these financial statements.

*The financial period from 25 August 2016 to 31 December 2017.

Barings Global Loan and High Yield Bond Limited

Statement of Cash Flows
for the financial year ended 31 December 2018

	31 Dec 2018 US$	31 Dec 2017* US$
Profit after income tax	214	225
Adjustments for:		
Net movement in investments	98,939,947	(281,453,149)
Net movement in unrealised (gain)/loss on derivatives	(556,763)	643,500
Coupon expense on loan from Ultimate Parent	267,467	7,966,332
Operating cash inflows/(outflows) before movements in working capital	**98,650,865**	**(272,843,092)**
Decrease/(increase) in other receivables	715,163	(3,100,668)
(Decrease)/increase in other payables	(5,533)	9,392
Cash generated by/(used in) working capital	**709,630**	**(3,091,276)**
Net cash inflows/(outflows) from operating activities	**99,360,495**	**(275,934,368)**
Financing activities		
Proceeds from loan from the Ultimate Parent	44,106,968	309,414,776
Repayment of loan to the Ultimate Parent	(136,732,032)	(24,214,932)
Net cash (outflows)/inflows from financing activities	**(92,625,064)**	**285,199,844**
Net increase in cash and cash equivalents	**6,735,431**	**9,265,476**
Cash and cash equivalents at start of financial year/period	**9,265,476**	**-**
Cash and cash equivalents at end of financial year/period	**16,000,907**	**9,265,476**
Supplemental information		
Coupon received	17,658,194	5,715,314
Tax paid	(75)	(75)

The accompanying notes are an integral part of these financial statements.

*The financial period from 25 August 2016 to 31 December 2017.

1. General Information

Barings Global Loan and High Yield Bond Limited (the "Company") is a limited liability company incorporated in Ireland on 25 August 2016. The Company is a subsidiary of Barings Global Loan and High Yield Bond Fund (the "Parent"), which is listed on the Global Exchange Market of the Euronext Dublin, in March 2018, Euronext completed the purchase of the Irish Stock Exchange ("ISE") and renamed the ISE to Euronext Dublin. The Parent is a fund of an Irish incorporated umbrella fund, Barings Global Investment Funds Plc, which is the ultimate parent of the Company (the "Ultimate Parent"). As at 31 December 2018, the Company held investments to the value of US$170,097,856 (31 December 2017: US$287,596,868). The Company financed its purchases of investments by way of a loan provided by the Ultimate Parent, on behalf of its fund, the Parent.

With effect from 29 June 2018, Baring International Fund Managers (Ireland) Limited will act as Manager and Alternative Investment Fund Manager for the Company. Baring Asset Management Limited and Barings LLC act as Investment Managers to the Company with effect from 29 June 2018. Up to 28 June 2018, Barings Global Advisers Limited acted as Investment Manager and Barings LLC acted as Sub-Investment Manager. The following notes refer to the Investment Managers but do not distinguish between them.

2. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and the Companies Act, 2014 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets, financial liabilities and derivative financial instruments at fair value through profit or loss

The financial statements are presented in US Dollars ("US$") and rounded to the nearest US$.

This is the first set of the Company's annual financial statements in which IFRS 9 Financial Instruments has been applied. Changes to significant accounting policies are described in Note 2a.

The accounting policies have been applied consistently by the Company.

2a Changes in significant accounting policies

The Company has initially applied IFRS 9 from 1 January 2018. IFRS 15 Revenue from Contracts with Customers is also effective from 1 January 2018 but does not have a material effect on the Company's financial statements.

As permitted by the transition provisions of IFRS 9, comparative information throughout these financial statements has not been restated to reflect the requirements of the standard.

Except for the changes below, the Company has consistently applied the accounting policies as set out in Note 2b to all periods presented in these financial statements.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require:

- Impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. Under IAS 39, impairment was recognised when losses were incurred. The Company has no such losses to report.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures, which are applied to disclosures about 2018 but have not generally been applied to comparative information.

The adoption of IFRS 9 had no material impact on the net assets of the Company.

(a) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

2a. Changes in significant accounting policies (continued)

(b) Classification and measurement of financial assets and financial liabilities (continued)

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments.

For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see Note 2b.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018.

Financial assets	**Original classification under IAS 39**	**New classification under IFRS 9**
Equity investments	Designated at FVTPL	FVTPL
Loans*	Designated at FVTPL	Mandatorily at FVTPL
Debt securities*	Designated at FVTPL	Mandatorily at FVTPL
Derivative financial instruments	Held-for-trading	Mandatorily at FVTPL
Other receivables	Loans and receivables	Amortised cost
Receivable for investments sold	Loans and receivables	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost

*Under IAS 39, these financial assets were designated as at FVTPL because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at FVTPL under IFRS 9.

Financial liabilities	**Original classification under IAS 39**	**New classification under IFRS 9**
Loan from Ultimate Parent*	Designated at FVTPL	Designated at FVTPL
Coupon payable on loan from Ultimate Parent*	Designated at FVTPL	Designated at FVTPL
Derivative financial instruments	Held-for-trading	Held-for-trading
Payable for investments purchased	Amortised cost	Amortised cost
Other payables and accrued expenses	Amortised cost	Amortised cost

*Loans from the Ultimate Parent and coupon payable on loan from Ultimate Parent are designated at fair value and are classified as liabilities at fair value through profit or loss when they either eliminate or significantly reduce an accounting mismatch.

(c) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost and debt investments at FVOCI, but not investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

(d) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- Comparative periods have not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in net assets as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of IFRS 9, but rather those of IAS 39. There is no material impact to the financial statements as a result of this.

- The Company has used the exemption not to restate comparative periods. The amendments made by IFRS 9 to IAS 1 introduced the requirement to present 'interest income calculated using the effective interest method' as a separate line item in the statement of comprehensive income. No reclassifications are required.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The revocation of previous designations of certain financial assets as measured at FVTPL.

2b. Significant accounting policies

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

IFRS 16 “Leases” was issued in January 2016 and will become effective for period beginning on or after 1 January 2019. The new standard is not expected to have a significant impact on the Company’s financial position, performance or disclosures in its financial statements.

IFRS 17 “Insurance Contracts” was issued in May 2017 and will become effective for accounting periods beginning on or after 1 January 2021. It applies to: insurance contracts, including reinsurance contracts, issued by an entity; reinsurance contracts held by an entity; and investment contracts with discretionary participation features issued by an entity that issues insurance contracts. An insurance contract is defined as ‘a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder’. The new standard is not expected to have a significant impact on the Company’s financial position, performance or disclosures in its financial statements.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

(b) Foreign currency translation

Transactions in foreign currencies are translated 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$ at the foreign currency closing exchange rate ruling at the financial year end date.

Foreign currency exchange differences relating to derivative financial instruments are included in realised gain/(loss) on derivatives or unrealised gain/(loss) on derivatives in the Statement of Comprehensive Income. Foreign exchange gains/(losses) on financial assets at fair value through profit or loss are included in realised gain/(loss) on investments or unrealised gain/(loss) on investments in the Statement of Comprehensive Income. Other foreign currency exchange differences relating to monetary items, including cash and cash equivalents, are included in the net gain/(loss) on foreign exchange in the Statement of Comprehensive Income.

Items included in the Company’s financial statements are measured using the currency of the primary economic environment in which it operates (the functional currency), this is US$.

(c) Financial assets and liabilities

(i) Recognition and initial measurement

Financial assets and financial liabilities are initially recognised at fair value through profit or loss on the Company’s Statement of Financial Position 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 at the date they are originated. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded in the Statement of Comprehensive Income

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

(ii) Classification and subsequent measurement

(a) Classification of financial assets – Policy applicable from 1 January 2018

On initial recognition, the Company classifies financial assets as measured at amortised cost or FVPTL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPTL:

- 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 FVTPL.

2b. Significant accounting policies

(c) Financial assets and liabilities (continued)

(ii) Classification and subsequent measurement (continued)

(a) Classification of financial assets – Policy applicable from 1 January 2018 (continued)

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 continuing recognition of the assets.

The Company has determined that it has two business models.

- Held-to-collect business model: this includes cash and cash equivalents, receivable for investments sold and other receivables. These financial assets are held to collect contractual cash flow.
- Other business model: this includes loans, debt securities, equity investments and investments in unlisted open-ended investment funds. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

Assessment whether contractual cash flows are SPPI

For the purpose 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. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Leverage features;
- Prepayment and extension features;
- Terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features; and
- Features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

For a reconciliation of line items in the statement of financial position to the categories of financial instruments, as defined by IFRS 9, see Note 2a.

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.

2b. Significant accounting policies (continued)

(c) Financial assets and liabilities (continued)
(ii) Classification and subsequent measurement (continued)

(b) Classification of financial assets – Policy applicable before 1 January 2018

The Fund classified financial assets into the following categories.

Financial assets at FVTPL:

- Held for trading: derivative financial instruments
- Designated as at FVTPL: loans, debt securities, equity investments and investments in unlisted open-ended investment funds.

Financial assets at amortised cost:

- Loans and receivables: cash and cash equivalents, receivable for investments sold and other receivables.

A financial asset was classified as held-for-trading if:

- It was acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition, it was part of a portfolio that was managed together and for which there was evidence of a recent pattern of short-term profit taking; or
- It was a derivative, other than a designated and effective hedging instrument.

The Company designated all debt and equity investments as at FVTPL on initial recognition because it managed these securities on a fair value basis in accordance with its documented investment strategy. Internal reporting and performance measurement of these securities were on a fair value basis.

A non-derivative financial asset with fixed or determinable payments could be classified as a loan and receivable unless it was quoted in an active market or was an asset for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

For a reconciliation of line items in the statement of financial position to the categories of financial instruments, as defined by IAS 39, see Note 2a.

(c) Subsequent measurement of financial assets

Financial assets at FVTPL
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 change in financial assets at fair value through profit or loss' in the statement of comprehensive income.

Financial assets at amortised cost (31 December 2017: loans and receivables)
These assets are subsequently measured at amortised cost using the effective interest method. Interest income is recognised in 'Interest income calculated using the effective interest method', foreign exchange gains and losses are recognised in 'Net gain/loss on foreign exchange' and impairment would be recognised in 'impairment losses on financial instruments' in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in profit or loss.

Cash and cash equivalents, receivable for investments sold and other receivables are included in this category.

(d) Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Loan from Ultimate Parent and coupon payable on loan from Ultimate Parent are recorded at fair value and are classified as liabilities at fair value through profit or loss when they either eliminate or significantly reduce an accounting mismatch.

2b. Significant accounting policies (continued)

(c) Financial assets and liabilities (continued)
(ii) Classification and subsequent measurement (continued)

(d) Financial liabilities – Classification, subsequent measurement and gains and losses (continued)

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 FVTPL:

- This includes loan from ultimate parent and coupon payable on loan from Ultimate Parent.
- Held-for-trading: derivative financial instruments

Financial liabilities at amortised cost:

- This includes payable for investments purchased, other payables and accrued expenses.

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

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the financial year end date. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

However, this does not impact on the profit for this financial year or the comparative financial year as any change is effectively transferred to the Parent, via the loans obtained from the Ultimate Parent. Under the loan agreement, all of the Company's profit or loss (except for a yearly profit of USD250) is incorporated into the value of the outstanding loan. Accordingly any additional gains or losses arising from this pricing methodology change (as disclosed above) will be offset by an equal and opposite adjustment to the coupon payable amount on the loan from the Ultimate Parent.

If a quoted price is not available from a recognised market, or is unrepresentative in the opinion of the Directors or their delegate, such a security shall be valued, by estimating with care and in good faith the probable realisation value of the investment, by the Directors or their delegate or a competent person, which may be the Investment Managers (appointed by the Directors and each approved for the purpose by the Custodian) or valued at the probable realisation value estimated with care and in good faith by any other means, provided that the value is approved by the Custodian.

The value of any security, including debt and equity securities which is not normally quoted, listed or traded on or under the rules of a recognised exchange will be determined in accordance with the above provisions or obtained from an independent pricing source (if available).

The fair value of derivatives that are not exchange traded is estimated at the amount that the Company would receive or pay to terminate the contract at the Statement of Financial Position date taking into account current market conditions (volatility, appropriate yield curve) and the current creditworthiness of the counterparties.

(iv) Amortised cost measurement principles
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.

(v) Impairment
IFRS 9 requires an impairment assessment to be carried out on its financial assets. The Directors have assessed that impairment does not apply to financial assets classified as fair value through profit or loss. The Directors consider 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 based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Company.

2b. Significant accounting policies (continued)

(c) Financial assets and liabilities (continued)

(vi) Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IFRS 9.

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

The Company uses the average cost method to determine realised gains and losses on derecognition. Additional gains or losses arising from this pricing methodology change (as disclosed above) will be offset by an equal and opposite adjustment to the coupon payable amount on the loan from the Ultimate Parent.

(vii) Forward foreign exchange contracts

Forward foreign exchange contracts are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. All forward foreign exchange contracts are carried as assets when fair value is positive and as liabilities when fair value is negative. Any changes in fair value are recognised in the Statement of Comprehensive Income.

The fair value of forward foreign exchange contracts that are not exchange traded is estimated at the amount that the Company would receive or pay to terminate the contract at the financial year end date taking into account current market conditions (volatility, appropriate yield curve) and the current creditworthiness of the counterparties. Specifically, the fair value of a forward foreign exchange contract is determined as a net present value of estimated future cash flows, discounted at appropriate market rates on the valuation date. The unrealised gain or loss on open forward foreign exchange contracts is calculated as the difference between the contract price and this forward price.

The best evidence of fair value of a derivative at initial recognition is the transaction price. Subsequent changes in the fair value of any derivative instrument is recognised immediately in the Statement of Comprehensive Income.

(viii) Collective Investment Schemes ("CIS's)

Financial assets include investments in open-ended investment funds. Fair value is based on the underlying fund administrator's calculation of the Net Asset Value ("NAV") per share as the best approximation of fair value (market value of the fund's assets less liabilities divided by the number of shares) which will be the latest NAV published by the collective investment schemes, taking into account any adjustments that may be required to account for illiquidity, low trading volumes or any such factors that may indicate that the NAV may not be fair value.

The NAV's at 31 December 2018 provided by the administrators of the underlying funds may subsequently be adjusted when audited financial statements for the underlying funds become available. The Board of Directors and the Managers will consider from time to time other factors that may have an impact on the NAV per share of the underlying funds and may consider adjusting its price to reflect a more appropriate fair value of a collective investment scheme. There have been no such adjustments at 31 December 2018 (31 December 2017: nil).

(ix) Cash and cash equivalents

Cash comprises of 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 change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(f) Use of estimates

The preparation of financial statements in accordance with IFRS requires the Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information on estimates and judgements used by the Directors are disclosed in Note 9 of the financial statements.

2b. Significant accounting policies (continued)

(g) Income

Income from financial assets at fair value through profit or loss

Coupon income on financial assets at fair value through profit or loss is included in Net change on financial assets at fair value through profit or loss in the Statement of Comprehensive Income. Income not yet received is included in Other receivables in the Statement of Financial Position. Income which suffers a deduction of tax at source is shown gross of withholding tax. Non-recoverable withholding tax is disclosed separately in the Statement of Comprehensive Income.

Bank interest and interest expense

Bank interest and interest expense is recognised on an effective interest method and includes interest income and expense from cash and cash equivalents. Bank interest income and expense are included in Net change on financial assets at fair value through profit or loss and Interest expense in the Statement of Comprehensive Income, respectively. Bank interest income not yet received is included in Other receivables in the Statement of Financial Position on an accruals basis.

(h) Miscellaneous income

Miscellaneous income is comprised of various fees received relating to the loans held in the Company's portfolio of investments e.g. extension fees and prepayment fees. It is recognised in the Statement of Comprehensive Income on an effective interest rate basis.

(i) Net change on financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any coupon or dividend income and realised gains/losses, are recognised in the Statement of Comprehensive Income.

(j) Net change on financial liabilities at fair value through profit or loss

Loans from the Ultimate Parent are recorded at fair value and are classified as liabilities at fair value through profit or loss when they either eliminate or significantly reduce an accounting mismatch. The coupon expense on the loan from the Ultimate Parent is dependent on the financial performance of the Company and is recognised in the Statement of Comprehensive Income on an accruals basis.

(k) Expenses

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

(l) Taxation

Corporation tax is provided on taxable profits at current rates applicable to the Company's activities.

The Company is a Qualifying Company within the meaning of Section 110 of the Taxes Consolidation Act, 1997. As such, the profits of the Company are chargeable to corporation tax under Case III of Schedule D at a rate of 25% but are computed in accordance with the provisions applicable to Case I of Schedule D.

3. Cash and cash equivalents

Cash and cash equivalents are held with the Depositary, State Street Custodial Services (Ireland) Limited. State Street Corporation, the Ultimate Parent of the Depositary had a Standard & Poor's credit rating of A (31 December 2017: A). As at 31 December 2018, the Company held US$16,000,907 (31 December 2017: US$9,265,476) in cash and cash equivalents. Cash and cash equivalents are measured at amortised cost.

4. Other receivables

	31 Dec 2018 US$	31 Dec 2017 US$
Coupon receivable on loan investments	304,466	273,315
Principal receivable on loan investments	174,997	193,615
Coupon receivable on bonds	1,906,042	2,632,346
Other receivables	-	1,392
	2,385,505	3,100,668

5. Other payables and accrued expenses

	31 Dec 2018 US$	31 Dec 2017 US$
Hedging fee payable	(1,350)	(1,227)
Directors' fee payable	(418)	(280)
Audit tax reporting	(1,595)	-
Miscellaneous payable	(495)	(7,885)
	(3,858)	(9,392)

The table below outlines the Statutory audit fees and tax advisory and compliance services fees charged for the financial years ended 31 December 2018 and 31 December 2017:

	31 Dec 2018 US$	31 Dec 2017 US$
Statutory audit	(28,309)	(19,789)
Tax advisory and compliance services	(5,297)	-
Total	(33,606)	(19,789)

6. Net change on financial assets at fair value through profit or loss

	31 Dec 2018 US$	31 Dec 2017 US$
Coupon income from financial assets designated at fair value through profit or loss	16,963,041	8,622,191
Income from investments		
- Realised (loss)/gain on investments	(5,466,658)	1,001,604
- Unrealised net change on investments	(16,863,013)	1,036,888
- Realised gain/(loss) on derivatives	5,227,632	(1,955,753)
- Unrealised net change on derivatives	556,763	(643,500)
	417,765	8,061,430

7. Taxation

	31 Dec 2018 US$	31 Dec 2017 US$
Current financial year tax	(72)	(75)
Reconciliation of tax charge to profit before tax:		
Profit before tax	286	300
Corporation tax at 25%	(72)	(75)

8. Share capital

Authorised
The authorised share capital of the Company is €1.

Issued and fully paid
The issued and paid up share capital is €1 and it is held by the Depositary.

The sole member of the Company present in person or proxy is a sufficient quorum at a general meeting. The sole member may decide to dispense with the holding of the annual general meeting.

The Company does not have any externally imposed capital requirements.

9. Fair value hierarchy

Valuation of financial assets and liabilities
The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 - Quoted market price in an active market for an identical instrument.
Level 2 - Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant impact on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation Framework
The Company has an established control framework with respect to measurement of fair values. This framework includes a Valuations Committee which is independent of front office management. Specific controls include:

- Review and approval of valuation methodologies;
- A review and approval process for changes to pricing models;
- Review of unobservable inputs and valuation adjustments;
- Review of independent third party pricing sources; and
- Review of prices where no third party pricing source is available.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. The majority of holdings as at 31 December 2018 and 31 December 2017 were based on broker quotes received from Markit Group Limited (broker quotes are estimates; actual values could differ significantly). The remainder were priced from market makers and other pricing providers providing quotes directly to the Managers or the Administrator and were classified as Level 2. Single broker quotes are classified as Level 2 and Level 3 holdings depending on trading and inputs into the price. The Managers independently review the prices received as single broker quotes and ensure that they are in line with expectations.

If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, (i.e., an exit price) reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. Where other pricing models are used, inputs are based on market data at the financial year end date.

Security type categorised as Level 3:	**Fair value 31 Dec 2018 US$**	**Fair value 31 Dec 2017 US$**
Loans	5,783,239	4,019,172
	5,783,239	**4,019,172**

The value of any security, including debt and equity securities which is not normally quoted, listed or traded on or under the rules of a recognised market and the value of loans and sub-participations in loans will be determined in accordance with the above provisions or obtained from an independent pricing source (if available).

Please refer to the schedule of investments for the fair value of investments which were classified as Level 3.

9. Fair value hierarchy (continued)

Valuation Framework (continued)
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, IFRS 13 requires the Company to disclose the level within the fair value hierarchy which the fair value measurement would be categorised and a description of the valuation technique and inputs used in the technique.

Assets and liabilities not carried at fair value are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

Cash and cash equivalents include deposits held with banks and other short-term investments in an active market and they are categorised as Level 1.

Receivable for investments sold and other receivables include the contractual amounts for settlement of trades and other obligations due to the Company. Payable for investments purchased and other payables and accrued expenses represent the contractual amounts and obligations due by the Company for settlement of trades and expenses. All receivable and payable balances are categorised as Level 2.

The majority of investments held by the Company as at 31 December 2018 were classified as Level 2 and were classified as Level 2 since the date of purchase. The loan from the Ultimate Parent and the coupon payable on the loan from the Ultimate Parent is classified as Level 2 since its value is based on the underlying investments, the majority of which are classified as Level 2.

All forward foreign exchange contracts are classified as Level 2 since they are valued using observable inputs but are not quoted in an active market.

The following is a summary of the inputs used as of 31 December 2018 in valuing the Company's financial assets and liabilities carried at fair value:

	Level 1 US$	Level 2 US$	Level 3 US$	Total Fair Value US$
Financial assets				
- Investments	20,426,862	143,887,755	5,783,239	170,097,856
- Forward foreign exchange contracts	-	119,944	-	119,944
Total financial assets	**20,426,862**	**144,007,699**	**5,783,239**	**170,217,800**
Financial liabilities				
- Loan and coupon payable from the Ultimate Parent	-	(200,808,580)	-	(200,808,580)
- Forward foreign exchange contracts	-	(206,681)	-	(206,681)
Total financial liabilities	**-**	**(201,015,261)**	**-**	**(201,015,261)**

The following is a summary of the inputs used as of 31 December 2017 in valuing the Company's financial assets and liabilities carried at fair value:

	Level 1 US$	Level 2 US$	Level 3 US$	Total Fair Value US$
Financial assets				
- Investments	-	283,577,696	4,019,172	287,596,868
- Forward foreign exchange contracts	-	3,307	-	3,307
Total financial assets	**-**	**283,581,003**	**4,019,172**	**287,600,175**
Financial liabilities				
- Loan and coupon payable from the Ultimate Parent	-	(293,166,176)	-	(293,166,176)
- Forward foreign exchange contracts	-	(646,807)	-	(646,807)
Total financial liabilities	**-**	**(293,812,983)**	**-**	**(293,812,983)**

9. Fair value hierarchy (continued)

Valuation of financial assets and liabilities (continued)

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the financial year. There were no transfers between Level 1 and Level 2 during the financial year (31 December 2017: none). Transfers between Level 2 and Level 3 are discussed after the Level 3 reconciliation tables below, where relevant.

The following table shows the movement in Level 3 of the fair value hierarchy for the financial year ended 31 December 2018 and 31 December 2017.

	Financial assets at fair value through profit or loss 31 Dec 2018 US$	**Financial assets at fair value through profit or loss 31 Dec 2017 US$**
Opening balance	4,019,172	-
Purchases	2,971,916	3,971,701
Sales	(4,218,031)	(3,900)
Net (loss)/gain on investments	(305,182)	51,371
Transfers out of Level 3	-	-
Transfer into Level 3	3,315,364	-
Closing balance	5,783,239	4,019,172
Total unrealised gains recognised in the Statement of Comprehensive Income for assets held at the end of the reporting year:		
- Included within unrealised (loss)/gain on investments	(252,542)	51,355

The table below sets out information about significant unobservable inputs used at 31 December 2018 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Asset Class	**Fair Value US$**	**Unobservable Inputs**	**Ranges**	**Weighted Average**
Loans	5,783,239	Broker Quotes/ Recent Sales	83.50-108.85	95.27

The table below sets out information about significant unobservable inputs used at 31 December 2017 in measuring financial instruments categorised as Level 3 in the fair value hierarchy.

Asset Class	**Fair Value US$**	**Unobservable Inputs**	**Ranges**	**Weighted Average**
Loans	4,019,172	Broker Quotes/ Recent Sales	100.25-101.37	100.88

Sensitivity of Level 3 asset measured at fair value to changes in assumptions

The results of using reasonably possible alternative assumptions for valuing the Level 3 asset may result in the fair value estimate and recoverability of the asset being subject to uncertainty and a range of possible outcomes are likely. Such differences, if any, would not have a material effect on the overall portfolio as at 31 December 2018 and as at 31 December 2017.

If the value of Level 3 securities increased/(decreased) by 5%, the effect on the NAV would be US$289,162 (31 December 2017: US$200,959).

10. 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:

- restricted activities;
- a narrow and well defined objective;
- insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and
- financing in the form of multiple contractually linked instruments that create concentrations of credit or other risks.

10. Interests in other entities (continued)

Below is a summary of the Company's holdings in non-subsidiary unconsolidated structured entities as at 31 December 2018:

Structured Entity ("SE")	Line item in Statement of Financial Position	No. of Investments	Total Net Assets of the underlying Structured Entity* €	Carrying amount included in 'Financial assets at fair value through profit or loss' €	% of Total Net Assets**
CIS	Financial assets at fair value through profit or loss	1	78,471,682,164	19,000,000	9.71

*Based on the latest available Net Assets of the Structured Entities.
**% of Total Net Assets refers to the Net Assets of the Parent.

The Company's had no holdings in non-subsidiary unconsolidated structured entities as at 31 December 2017:

11. Financial instruments and associated risks

The Company is exposed to market risk, credit risk and liquidity risk arising from the financial instruments it holds.

(a) Market risk

Market risk embodies the potential for both losses and gains and includes foreign currency risk, interest rate risk and price risk, which are discussed in detail under separate headings within this note.

The Company's exposure to market risk is that the value of assets will generally fluctuate with, among other things, general economic conditions, the condition of certain financial markets, international political events, developments or trends in any particular industry and the financial condition of the issuers of the loans that the Company invests in.

The Company's market risk is managed on a daily basis by the Managers in accordance with policies and procedures in place. The Company's overall market positions are reported to the Board of Directors on a quarterly basis.

As the majority of the financial instruments are carried at fair value through profit or loss, all changes in market conditions will directly impact the Company's results.

(i) Foreign currency risk

The Managers use forward foreign exchange contracts to manage the foreign currency risk.

The Company uses forward foreign exchange contracts to hedge against foreign exchange risks on a portion of its portfolio. The Company does not seek to establish a perfect correlation between the hedging instruments utilised and the portfolio being hedged. The hedging transactions may result in a poorer overall performance for the Company than if it had not engaged in such hedging transactions. Since the characteristics of many securities change as markets change, the success of the Company's hedging strategy is also subject to the Company's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. The Managers implement and manages this process and has appointed State Street Bank Boston Limited to execute this process. The Managers regularly review such positions to ensure that they are in line with the Company's investment policies.

The following table sets out the Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities at 31 December 2018:

	Financial assets at fair value through profit or loss US$	Cash and cash equivalents US$	Other assets and liabilities* US$	Forward foreign exchange contracts US$	Net exposure US$	% of Total assets
EUR	33,142,555	1,072,629	346,076	(39,268,227)	(4,706,967)	(2.34)
GBP	22,011,804	1,048,107	424,090	(24,436,307)	(952,306)	(0.47)

11. Financial instruments and associated risks (continued)

(a) Market risk (continued)
(i) Foreign currency risk (continued)

The following table sets out the Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities at 31 December 2017:

	Financial assets at fair value through profit or loss US$	Cash and cash equivalents US$	Other assets and liabilities* US$	Forward foreign exchange contracts US$	Net exposure US$	% of Total assets
EUR	32,456,827	1,209,415	71,298	(31,859,017)	1,878,523	0.62
GBP	25,020,369	752,450	354,200	(26,133,449)	(6,430)	0.00

* Other assets and liabilities are comprised mainly of trade payables and receivables.

Sensitivity analysis

The following currency sensitivity analysis information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historical data. Future rate movements and correlations between currencies could vary significantly from those experienced in the past.

The Company is exposed to foreign currency risk, however the risk is effectively transferred to the Parent via the loan obtained from the Ultimate Parent, since under the loan agreement, all of the Company's profit or loss except for an immaterial amount of €250 per calendar financial year (United States Dollar equivalent at 31 December 2018 US$286, equivalent at 31 December 2017: US$300) will be incorporated into the value of the outstanding loans (please see Note 13). Accordingly, any additional gains or losses arising from changes in foreign currency rates will be offset by an equal and opposite adjustment to the coupon payable amount on the loan from the Ultimate Parent.

As at 31 December 2018, had the exchange rate increased or decreased by 5% with all other variables held constant, the increase or decrease respectively in the value of the Company's investments, denominated in currencies other than the base currency of the Company, would be as follows:

	31 Dec 2018 US$	31 Dec 2017 US$
EUR	(235,348)	93,926
GBP	(47,615)	(322)

(ii) Interest rate risk

The Company is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of changes in market interest rates. The Company's investments, which are subject to interest rate risk, include Bonds and Loans. The Loans have a floating rate payment structure, whereby a fixed basis point spread is paid over the prevailing reference rate, typically 3M LIBOR or EURIBOR, reset on a quarterly or semi-annual basis.

Changes in interest rates can also have an effect on the valuation of financial assets and liabilities instruments held by the Company.

Other than the loan from the Ultimate Parent, the Company has no liabilities as at 31 December 2018 and 31 December 2017 that are exposed to changes in interest rates.

11. Financial instruments and associated risks (continued)

(a) Market risk (continued)
(ii) Interest rate risk (continued)

The following tables detail the Company's exposure to interest rate risk. It includes the Company's assets and trading liabilities at fair values, categorised by maturity date and measured by the carrying value of the assets and liabilities at 31 December 2018 and 31 December 2017:

31 December 2017	**Within one year US$**	**1 - 5 years US$**	**Greater than 5 years US$**	**Non-interest bearing US$**	**Total US$**
Financial assets at fair value through profit or loss:					
Designated at fair value through profit or loss:					
- Investments	993,768	76,632,566	71,480,624	20,990,898	170,097,856
- Forward foreign exchange contracts	-	-	-	119,944	119,944
Other receivables	-	-	-	2,385,505	2,385,505
Receivable for Investment sold	-	-	-	19,175,563	19,175,563
Cash and cash equivalents	16,000,907	-	-	-	16,000,907
Total assets	**16,994,675**	**76,632,566**	**71,480,624**	**42,671,910**	**207,779,775**
Financial liabilities at fair value through profit or loss:					
Designated at fair value through profit or loss:					
- Loan and coupon payable from the Ultimate Parent	(200,808,580)	-	-	-	(200,808,580)
- Forward foreign exchange contracts	-	-	-	(206,681)	(206,681)
Payable for investments purchased	-	-	-	(6,760,216)	(6,760,216)
Other payable and accrued expenses		-	-	(3,858)	(3,858)
Total liabilities	**(200,808,580)**	**-**	**-**	**(6,970,755)**	**(207,779,335)**
Total interest sensitivity gap	**(183,813,905)**	**76,632,566**	**71,480,624**		

31 December 2017	**Within one year US$**	**1 - 5 years US$**	**Greater than 5 years US$**	**Non-interest bearing US$**	**Total US$**
Financial assets at fair value through profit or loss:					
Designated at fair value through profit or loss:					
- Investments	-	114,595,297	173,001,571	-	287,596,868
- Forward foreign exchange contracts	-	-	-	3,307	3,307
Other receivables	-	-	-	3,100,668	3,100,668
Receivable for Investment sold	-	-	-	890,070	890,070
Cash and cash equivalents	9,265,476	-	-	-	9,265,476
Total assets	**9,265,476**	**114,595,297**	**173,001,571**	**3,994,045**	**300,856,389**
Financial liabilities at fair value through profit or loss:					
Designated at fair value through profit or loss:					
- Loan and coupon payable from the Ultimate Parent	(293,166,176)	-	-	-	(293,166,176)
- Forward foreign exchange contracts	-	-	-	(646,807)	(646,807)
Payable for investments purchased	-	-	-	(7,033,788)	(7,033,788)
Other payable and accrued expenses	-	-	-	(9,392)	(9,392)
Total liabilities	**(293,166,176)**	**-**	**-**	**(7,689,987)**	**(300,856,163)**
Total interest sensitivity gap	**(293,166,176)**	**114,595,297**	**173,001,571**		

11. Financial instruments and associated risks (continued)

(a) Market risk (continued)
(ii) Interest rate risk (continued)

Interest rate sensitivity

The below interest rate sensitivity analysis information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historical data. Future interest rate movements could vary significantly from those experienced in the past.

The interest rate risks of the Company are effectively transferred to the Parent via the loans obtained from the Ultimate Parent on behalf of its fund, the Parent. Accordingly any additional gains or losses arising from changes in interest rates will be offset by an equal and opposite adjustment to the coupon payable amount on the loan from the Ultimate Parent.

It should be noted that a change in the EURIBOR or LIBOR interest rates may affect the fair value of the loan from the Parent as follows (assuming negligible duration on floating rate instruments):

Interest rate change%	% Effect on Loan Fair Value 31 Dec 2018	Interest rate change%	% Effect on Loan Fair Value 31 Dec 2018
(0.50)	+0.69%	+0.50	(0.68%)
(0.75)	+1.04%	+0.75	(1.02%)
(1.00)	+1.40%	+1.00	(1.36%)

Interest rate change%	% Effect on Loan Fair Value 31 Dec 2017	Interest rate change%	% Effect on Loan Fair Value 31 Dec 2017
(0.50)	0.76%	+0.50	(0.75%)
(0.75)	1.15%	+0.75	(1.12%)
(1.00)	1.54%	+1.00	(1.49%)

(iii) Price risk

All of the Company's financial investments (Loans, Bonds, CLOs and Forward Foreign Exchange Contracts) are carried at fair value in the Statement of Financial Position. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including other receivables, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement (e.g. interest rates, volatility, estimated cash flows etc.) and therefore, cannot be determined with precision.

Sensitivity analysis

The below price sensitivity analysis information is a relative estimate of risk and is not intended to be a precise and accurate number. The calculations are based on historical data. Future price movements could vary significantly from those experienced in the past.

A 5% increase in investment prices at 31 December 2018 would have increased the value of investments designated at fair value through profit or loss by US$8,504,893 (31 December 2017: US$14,379,843) and it would have also increased the value of the loans from the Ultimate Parent by an equal amount. The net impact on the net assets of the Company would be Nil (31 December 2017: Nil).

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company resulting in a financial loss to the Company. The Company may invest in investments such as loans, which are below investment grade, which as a result carry greater credit risk than investment grade sovereign or corporate bonds or loans.

The Company's credit risk concentration is spread between a number of counterparties. The top ten holdings in the Company represented 20.62% (31 December 2017: 10.36%) of the market value of the Company's assets.

Furthermore, where exposure to loans is gained by purchase of Sub-Participations, there is the additional credit and bankruptcy risk of the direct participant and its failure for whatever reason to account to the Company for monies received in respect of loans directly held by it. In analysing each loan or Sub-Participation, the Managers will compare the relative significance of the risks against the expected benefits of the investment.

11. Financial instruments and associated risks (continued)

(b) Credit risk (continued)

In purchasing Sub-Participations, the Company generally will not have the right to enforce compliance by the obligor with the terms of the applicable debt agreement nor directly benefit from the supporting collateral for the debt in respect of which it has purchased a Sub-Participation. As a result, the Company will assume the credit risk of both the obligor and the institution selling the Sub-Participation.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the financial year end date. The Managers through their investment strategy will endeavour to avoid losses relating to defaults on the underlying assets. In-house research is used to identify asset allocation opportunities amongst various fixed income asset classes and to take advantage of episodes of market mid-pricing.

The Company may utilise different financial instruments to seek to hedge against declines in the value of the Company's positions as a result of changes in currency exchange rates. The Company is exposed to credit risk associated with the forward currency counterparties with whom it trades and will also bear the risk of settlement default.

None of the financial assets and financial liabilities are offset in the Statement of Financial Position. The Company's financial assets and financial liabilities are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments. While the terms and conditions of these agreements may vary, all transactions under any such agreement constitute a single contractual relationship. Each party's obligation to make any payments, deliveries or other transfers in respect of any transaction under such an agreement may be netted against the other party's obligations under such agreement. A default by a party in performance with respect to one transaction under such an agreement would give the other party the right to terminate all transactions under such agreement and calculate one net amount owed from one party to the other. The following tables present information about the offsetting of derivative instruments.

At 31 December 2018, the Company's derivative assets and liabilities are as follows:

Description	**Counterparty**	**Value of derivative assets US$**	**Financial instruments US$**	**Collateral received US$**	**Net US$**
Forward foreign exchange contracts	National Australia Bank Limited	73,448	(73,448)	-	-
	State Street Bank	46,496	(46,496)	-	-
		119,944	(119,944)	-	-

Description	**Counterparty**	**Value of derivative liabilities US$**	**Financial instruments US$**	**Collateral pledged US$**	**Net US$**
Forward foreign exchange contracts	National Australia Bank Limited	(90,614)	73,448	-	(17,166)
	State Street Bank	(116,067)	46,496	-	(69,571)
		(206,681)	119,944	-	(86,737)

At 31 December 2017, the Company's derivative assets and liabilities are as follows:

Description	**Counterparty**	**Value of derivative assets US$**	**Financial instruments US$**	**Collateral received US$**	**Net US$**
Forward foreign exchange contracts	State Street Bank	3,307	(3,307)	-	-
		3,307	(3,307)	-	-

Description	**Counterparty**	**Value of derivative liabilities US$**	**Financial instruments US$**	**Collateral pledged US$**	**Net US$**
Forward foreign exchange contracts	National Australia Bank Limited	(299,472)	-	-	(299,472)
	State Street Bank	(347,335)	3,307	-	(344,028)
		(646,807)	3,307	-	(643,500)

11. Financial instruments and associated risks (continued)

(b) Credit risk (continued)

The Company's financial assets exposed to credit risk were concentrated in the following geographical areas:

Country	% of Market Value 31 Dec 2018	% of Market Value 31 Dec 2017
Bermuda	-	0.5
Belgium	0.6	-
Canada	2.4	2.6
Denmark	1.8	0.9
France	2.5	0.9
Germany	7.8	4.4
Ghana	1.1	-
Ireland	1.2	0.3
Israel	0.4	-
Italy	2.0	-
Jamaica	0.3	0.5
Luxembourg	11.2	2.0
Netherlands	2.3	1.8
Portugal	0.2	0.6
Spain	0.9	0.3
Sweden	1.3	0.2
Switzerland	1.0	0.4
United Kingdom	13.6	9.5
United States	48.4	75.1
Zambia	1.0	-
	100.0	100.0

The Company held investments in bonds and loans with the following publically quoted credit ratings:

Moody's Rating	% of Market Value 31 Dec 2018	% of Market Value 31 Dec 2017
B1	12.7	14.6
B2	21.3	29.3
B3	23.3	17.2
Ba1	1.0	2.3
Ba2	2.6	4.6
Ba3	5.1	13.6
Ca	1.1	0.2
Caa1	12.9	6.9
Caa2	8.9	6.9
Caa3	1.5	1.2
Not publicly rated	9.6	3.2
Total	100.0	100.0

Credit risk arising on transactions with brokers relates to transactions awaiting settlement. The Company monitors the credit rating and financial positions of the brokers used to mitigate this risk. The Managers also monitor the settlement process on a regular basis.The nature of the non-publicly rated assets is entirely consistent with the loan market. The Managers undertake extensive due diligence on all deals before initial investment. Post initial approval by the credit committee and throughout the holding year of the investment, the Managers continually evaluate the investment's performance including such measures as reviewing pricing levels, monthly accounts, budgets and meeting management, where appropriate.

11. Financial instruments and associated risks (continued)

(b) Credit risk (continued)

At the reporting date, the Company's financial assets exposed to credit risk are as follows:

	31 Dec 2018 US$	31 Dec 2017 US$
Investments at fair value	168,106,959	287,596,868
Derivative financial assets	119,944	3,307
Other receivables	2,385,505	3,100,668
Receivables for investments sold	19,175,563	890,070
Cash and cash equivalents	16,000,907	9,265,476
Total	205,788,878	300,856,389

Amounts in the above table are based on the carrying value of the financial assets as at the financial year end date. Substantially all of the non-loan assets of the Company (including cash) are held by the Depositary, State Street Custodial Services (Ireland) Limited. Bankruptcy or insolvency of the Depositary may cause the Company's rights with respect to securities held by the Depositary to be delayed or limited. The Company monitors its risk by monitoring the credit quality and financial positions of the Depositary the Company uses. The Standard & Poor's credit rating of State Street as at 31 December 2018 was A (31 December 2017: A).

All of the loan assets of the Company have agent banks, and are not safeguarded within the Depositary's network. Bankruptcy or insolvency of an agent bank may cause the Company's rights with respect to amounts held by the agent bank (on behalf of the associated loan) to be delayed or limited.

The Company's Managers analyse credit concentration based on the counterparty, industry and geographical location of the financial assets that the Company holds.

The Company's financial assets exposed to credit risk were concentrated in the following industries:

Industry	**% of Market Value 31 Dec 2018**	**% of Market Value 31 Dec 2017**
Aerospace & Defence	1.6	3.2
Automobile	1.7	2.0
Banking	0.1	0.1
Beverage, Food & Tobacco	2.0	3.7
Broadcasting & Entertainment	3.5	4.3
Buildings & Real Estate	0.9	2.2
Cargo Transport	0.2	0.2
Chemicals, Plastics & Rubber	3.3	3.8
Containers, Packaging & Glass	1.4	3.4
Diversified/Conglomerate Manufacturing	1.2	3.6
Diversified/Conglomerate Service	8.9	10.4
Ecological	0.8	-
Electronics	6.0	4.8
Finance	6.0	8.9
Healthcare, Education & Childcare	14.0	11.6
Home & Office Furnishings, Housewares, & Durable Consumer Products	1.9	1.1
Hotels, Motels, Inns & Gaming	1.4	1.6
Insurance	3.2	3.6
Leisure, Amusement, Entertainment	2.5	3.6
Machinery Non-Agriculture, Non-Construction, Non-Electronic	1.7	-
Mining, Steel, Iron & Non Precious Metals	3.4	4.0
Mutual Fund	11.2	
Oil & Gas	10.7	10.5
Personal Transportation	0.6	1.0
Personal, Food & Miscellaneous	0.5	1.3
Printing & Publishing	0.8	0.9
Retail Stores	2.7	3.0
Telecommunications	5.8	6.0
Textiles & Leather	0.2	-
Utilities	1.8	1.2
	100.0	100.0

11. Financial instruments and associated risks (continued)

(b) Credit risk (continued)

Credit risk also incorporates counterparty risk which covers the likelihood of a counterparty failing which would principally arise on transactions with brokers that are awaiting settlement. As at 31 December 2018, the Company had trade receivables US$19,175,563 (31 December 2017: US$890,070) and trade payables of US$6,760,216 (31 December 2017: US$7,033,788) of which none of the receivables (31 March 2018: Nil) and none of the payables (31 March 2018: US$1,046,350) remains outstanding at 31 March 2019, all other amounts have been settled. Risk relating to unsettled transactions is considered small due to the approval process of the brokers used and an active weekly settlement process employed from the outset by the Managers.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner that is disadvantageous to the Company.

The loan from the Ultimate Parent is repayable at any moment in time. However, the amount repayable shall be an amount equal to the relevant assets in the same currency as the loan. No other assets will be available to the Ultimate Parent and the obligation to make payments shall be reduced accordingly (if necessary). Therefore, liquidity risk in relation to repayment of the loan from the Ultimate Parent is reduced.

The Company may invest in investments such as loans which are below investment grade, which as a result carry greater liquidity risk than investment grade sovereign or corporate bonds or loans.

Due to the unique and customised nature of loan agreements evidencing private debt assets and the private syndication thereof, these assets are not as easily purchased or sold as publicly traded securities. Although the range of investors in private debt has broadened in recent years, there can be no assurance that future levels of supply and demand in loan trading will provide the degree of liquidity which currently exists in the market. In addition, the terms of these assets may restrict their transferability without borrower consent. The Managers will consider any such restriction, along with all other factors, in determining whether or not to advise the Company to acquire participation in each asset.

The requirement to sell investments quickly may result in an adverse impact on the value of holdings as forced sales will potentially be made below the fair value of investments. The Company may have to execute forced sales to satisfy large redemption requests in the Parent. However, to mitigate this risk, the Prospectus of the Ultimate Parent and the Supplement for the Parent provide for the restrictions in repurchasing redeemable shares. These restrictions will influence how quickly the Company's assets could be liquidated, if necessary, and include satisfying a repurchase of redeemable shares request of less than 5% of the Net Asset Value of the Parent by a distribution of investments in specie.

The Company must generate sufficient cash to satisfy redemption requests in the Parent. The Parent's constitutional documentation makes provision for a range of measures to assist with the management of liquidity on an ongoing basis, including, for example, the deferral of redemption applications exceeding 10% of the Net Asset Value of the Parent. The Company is typically managed with a small 'buffer' of cash (to minimise the cash drag impact on returns for investors) but also typically has investments in senior secured public floating rate notes whose settlement period (T+2 through Euroclear) permits more rapid sale where this might be required for liquidity purposes.

There is a revolving credit facility in place between the Ultimate Parent, on behalf of its fund, the Parent, and State Street Bank and Trust Company whereby subject to the terms of the agreement, the Subsidiary may borrow for short term liquidity purposes. The main purpose of this facility is to enable the Company to finance redemption requests and hedging requirements at short notice. This facility was not used during the financial year ended 31 December 2018 or 31 December 2017.

All of the Company's financial liabilities as at 31 December 2018 and 31 December 2017 were payable within three months.

The tables below set out the Company's gross-settled derivative financial instruments at 31 December 2018. The forward foreign exchange contracts held are for both portfolio and share class hedging purposes.

	Less than 1 month	1-3 months	Greater than 3 months	Total
	US$	US$	US$	US$
Asset - Forward foreign exchange contracts	69,272,878	-	-	69,272,878
Liability - Forward foreign exchange contracts	(69,359,615)	-	-	(69,359,615)
	(86,737)	**-**	**-**	**(86,737)**

11. Financial instruments and associated risks (continued)

(c) Liquidity risk (continued)

The tables below set out the Company's gross-settled derivative financial instruments at 31 December 2017. The forward foreign exchange contracts held are for both portfolio and share class hedging purposes.

	Less than 1 month	1-3 months	Greater than 3 months	Total
	US$	US$	US$	US$
Asset - Forward foreign exchange contracts	58,329,527	-	-	58,329,527
Liability - Forward foreign exchange contracts	(58,973,027)	-	-	(58,973,027)
	(643,500)	**-**	**-**	**(643,500)**

12. Exchange rates

The following exchange rates (against US$) were used in the Statement of Financial Position to translate foreign currency amounts, investments and other assets and liabilities denominated in currencies other than US$ at the reporting date:

	31 Dec 2018	31 Dec 2017
Euro (EUR)	1.1457	1.1998
Great British Pound (GBP)	1.2746	1.3502

13. Related party transactions

Loan from the Ultimate Parent

The Company is a wholly owned subsidiary of Barings Global Loan and High Yield Bond Fund (the "Parent") which is a fund of Barings Global Investment Funds Plc (the "Ultimate Parent"). The Company is funded for its acquisition of investments on behalf of the Parent by way of loans from the Ultimate Parent, which are granted pursuant to a loan agreement and repayable on demand. The obligations of the Company to the Parent shall be limited recourse obligations payable solely from the portfolio held by or on behalf of the Company after satisfying in full all senior obligations. The cost of the loan (coupon charged on loan) will be dependent on the profit of the Company.

The carrying amount of the Loan and coupon payable from the Ultimate Parent, designated at fair value through profit or loss as at 31 December 2018 was US$200,808,580 (31 December 2017: US$293,166,176). The net change on financial liabilities at fair value through profit or loss for the year ended 31 December 2018 was US$267,467 (31 December 2017: US$7,966,332).

In the event that accumulated losses prove not to be recoverable during the life of the Company, this will reduce the obligation to the loans from the Ultimate Parent (i.e. contractual amounts at maturity by an equivalent amount).

Investment Managers

With effect from 29 June 2018, Baring Asset Management Limited was appointed as Investment Manager to the Company. Barings LLC acted as Sub-Investment Manager to the Company up to 28 June 2018 and as Investment Manager with effect from 29 June 2018. The Investment Managers implement the investment strategy as specified in the Prospectus and Supplements. The Investment Managers are paid by the Parent.

Directors' and Secretary interests

Directors' fees for the financial year amounted to US$4,598 (31 December 2017: US$1,926) of which US$418 (31 December 2017: US$280) was payable at the financial year end.

Ms. Barbara Healy, Mr. James Cleary and Mr. David Conway are also Directors of the Ultimate Parent and Baring International Fund Managers (Ireland) Limited.

Neither the Directors nor the Company Secretary held any shares in the Company.

14. Ultimate Parent undertaking and Parent undertaking of larger groups

The Company's Ultimate Parent undertaking is Barings Global Investment Fund plc, a company incorporated in Ireland.

The immediate Parent of Barings Global Loan and High Yield Bond Limited is Barings Global Loan and High Yield Bond Fund.

15. Charges

The loans from the Ultimate Parent on behalf of the Parent are secured by the assignment of a fixed first charge of the Company's rights, title and coupon on debt investments.

16. Dividends

No dividends are recommended by the Directors in respect of the financial year ended 31 December 2018. (31 December 2017:Nil)

17. Contingent liabilities

The Directors are not aware of any contingent liabilities as at 31 December 2018.

18. Significant events during the financial year

With effect from 29 June 2018, Baring International Fund Managers (Ireland) Limited was appointed as Manager and Alternative Investment Fund Manager to the Company.

With effect from 29 June 2018, Baring Asset Management Limited was appointed as Investment Manager to the Company. Barings LLC acted as Sub-Investment Manager to the Company up to 28 June 2018 and as Investment Manager with effect from 29 June 2018.

There were no other significant events during the financial year, which require adjustment to, or disclosure in the financial statements.

19. Significant events after the financial year end

The outcome of the Brexit negotiations continues to be uncertain and Barings continues to plan for a number of possible scenarios including a "no-deal" outcome. Barings is committed to ensuring continuity for its investors and protecting against potential regulatory or other market access barriers related to Brexit. In this regard, Barings has appointed Baring International Fund Managers (Ireland) Limited ("BIFMI"), an Irish AIFM, as the manager of the Fund. As a consequence, Barings will be able to use BIFMI's AIFMD passports to continue to market products into EU27 and to manage EU27 funds, unaffected by Brexit. Portfolio management in respect of European investments will continue to be delegated back to Baring Asset Management Limited, a UK entity and portfolio management of US investments will continue to be conducted by Barings LLC, a US entity. The depositaries/custodians and administrators of such funds are also EU27 entities. In addition, Barings has established a Dublin office and recruited several key employees for it, reflecting the increased significance of BIFMI's role within the business.

Whilst the medium to long-term consequences of the decision to leave the EU remain uncertain in any scenario, there could be short-term volatility which could have a negative impact on general economic conditions, business and consumer confidence in both the UK and EU, which may in turn have negative political, economic and market impacts more widely. The longer-term consequences may be affected by the terms of any future arrangements the UK has with the remaining member states of the EU27. Among other things, the UK's decision to leave the EU could lead to changes in the law and tax treatment of funds, instability in the equity, debt and foreign exchange markets, including volatility in the value of the pound sterling or the euro.

There were no other significant events affecting the Company since the financial year end date, which require adjustment to, or disclosure in the financial statements.

20. Approval of financial statements

The Directors approved these financial statements on 23 April 2019.

Schedule of Investments (Unaudited)
as at 31 December 2018

Loans Country	Industry	Obligor	Fair Value US$	% of Net Assets*
Canada	Machinery Non-Agriculture, Non-Construction, Non-Electronic	Husky Injection Molding Systems Ltd 2018 Term Loan B	868,075	0.44
France	Buildings and Real Estate	Impala 2018 EUR Term Loan B	689,598	0.35
	Diversified / Conglomerate Manufacturing	Averys 2018 EUR 2nd Lien Term Loan	577,174	0.29
	Retail Stores	THOM Europe EUR Term Loan B	550,533	0.28
Germany	Chemicals, Plastics and Rubber	Flint Group 2017 EUR Incremental B6	5,995	-
		Flint Group 2017 EUR Incremental B7	14,676	0.01
		Flint Group EUR Add on Term Loan B4	163,262	0.08
		Flint Group EUR Term Loan	922,183	0.47
		Flint Group EUR Term Loan B3	24,300	0.01
		Flint Group EUR Term Loan B5	103,457	0.05
		Flint Group USD 1st Lien Term Loan B2	444,905	0.23
	Healthcare, Education and Childcare	Aenova EUR Term Loan B Aenova	885,949	0.45
		Aenova EUR Term Loan B DRAG	326,359	0.17
		Aenova EUR Term Loan B SCH	221,767	0.11
		Aenova EUR Term Loan B Temmler	256,312	0.13
		Rodenstock EUR Term Loan B2	1,675,658	0.86
	Machinery Non-Agriculture, Non-Construction, Non-Electronic	Alstom Auxiliary Components (Arvos) USD 1st Lien Term Loan B1	286,315	0.15
		Alstom Auxiliary Components (Arvos) USD 1st Lien Term Loan B2	286,315	0.15
	Retail Stores	Douglas 2017 EUR Term Loan B1	175,139	0.09
		Douglas 2017 EUR Term Loan B2	76,512	0.04
		Douglas 2017 EUR Term Loan B3	131,179	0.07
		Douglas 2017 EUR Term Loan B4	87,091	0.04
		Douglas 2017 EUR Term Loan B5	19,354	0.01
		Douglas 2017 EUR Term Loan B6	99,905	0.05
		Douglas 2017 EUR Term Loan B7	55,305	0.03
		Douglas 2017 EUR Term Loan B8	425,002	0.22
Jamaica	Telecommunications	Digicel Group Limited 2017 Term Loan B	548,356	0.28

*% of Net Assets refers to the Net Assets of the Parent.

Loans (continued) Country	Industry	Obligor	Fair Value US$	% of Net Assets*
Netherlands	Broadcasting and Entertainment	Endemol EUR 1st Lien Term Loan	940,759	0.48
		Endemol USD 1st Lien Term Loan	1,109,688	0.57
Spain	Broadcasting and Entertainment	Imagina 2018 EUR 2nd Lien Term Loan	571,443	0.29
	Leisure, Amusement, Entertainment	Dorna (2006 - Bridgepoint) 2017 USD Term Loan B	599,381	0.31
United Kingdom	Diversified / Conglomerate Service	Finastra (fka Misys) USD 1st Lien Term Loan	494,267	0.25
		Finastra (fka Misys) USD 2nd Lien Term Loan	639,916	0.33
	Ecological	PHS 2016 GBP Term Loan A1	1,279,220	0.65
	Healthcare, Education and Childcare	Advanz Pharma (fka Concordia) 2018 USD Exit Tern Loan B	1,717,622	0.88
		Tunstall EUR Term Loan B**	552,517	0.28
	Hotels, Motels, Inns and Gaming	Wyndham Vacation Rentals Europe 2018 EUR 2nd Lien Term Loan	564,282	0.29
	Retail Stores	Euro Garages 2018 EUR 2nd Lien Term Loan	567,624	0.29
United States	Banking	Higginbotham Insurance Agency, Inc. 2017 1st Lien Term Loan**	104,525	0.05
	Broadcasting and Entertainment	Gray TV 2018 Term Loan C	363,682	0.19
	Chemicals, Plastics and Rubber	Pinnacle Operating Corp (Jimmy Sanders) Stub Term Loan B**	436,956	0.22
		Platform Specialty Chemicals (fka MacDermid) USD Term Loan B6**	1,339,554	0.68
	Containers, Packaging and Glass	Mauser Packaging Solutions (fka BWAY) 2017 Term Loan B	686,397	0.35
	Diversified / Conglomerate Manufacturing	Triple Point Group Holdings Inc. 1st Lien Term Loan**	755,747	0.39
	Diversified / Conglomerate Service	Autodata 1st Lien Term Loan**	661,829	0.34
		Go Daddy 2017 Repriced Term Loan	1,219,086	0.62
		Informatica Corporation 2018 USD Term Loan	381,672	0.20
		Peak 10, Inc. 2017 1st Lien Term Loan	1,358,659	0.69
		Refinitiv (Thomson Reuters Financial & Risk) 2018 USD Term Loan	345,233	0.18
		Vertafore 2018 2nd Lien Term Loan	784,627	0.40
	Electronics	First Data 2017 USD Term Loan	1,095,112	0.56
		Ion Trading Technologies EUR Incremental Term Loan B	1,099,348	0.56
		Sophia LP (aka Datatel, Inc.) 2017 Term Loan B	766,030	0.39
		Veritas USD Repriced Term Loan B	789,809	0.40
	Finance	Tempo Term Loan	486,949	0.25

*% of Net Assets refers to the Net Assets of the Parent.
** This is a level 3 security.

Loans (continued)

Country	Industry	Obligor	Fair Value US$	% of Net Assets*
United States	Healthcare, Education and Childcare	Endo Pharmaceuticals 2017 Term Loan B	806,951	0.41
		Envision Healthcare 2018 1st Lien Term Loan	1,869,280	0.96
		Global Healthcare Exchange 2017 1st Lien Term Loan	941,889	0.48
		MModal Inc. New Term Loan	742,654	0.38
		Ortho-Clinical Diagnostics Inc. 2018 Term Loan B	495,546	0.25
		Vyaire Medical Term Loan B**	1,357,529	0.70
	Home and Office Furnishings, Housewares, and Durable Consumer Products	Serta Simmons Bedding LLC 1st Lien Term Loan	1,664,651	0.85
		Visual Comfort Group (fka VC GB Holdings Inc.) 2nd Lien Term Loan**	574,583	0.29
	Insurance	Alliant 2018 Term Loan B	1,186,545	0.62
		Asurion 2018 Term Loan B6	619,457	0.32
		Confie Seguros 2018 2nd Lien Term Loan	516,308	0.26
		Sedgwick CMS 2018 Term Loan B	957,920	0.49
	Oil and Gas	Gulf Finance Term Loan B	656,359	0.34
		Summit Midstream Holdings Term Loan B	812,020	0.41
		UTEX Industries Inc. 2nd Lien Term Loan 2014	865,000	0.44
	Personal Transportation	Hertz Corporation 2016 Term Loan B	771,811	0.39
	Printing and Publishing	Ascend Learning, LLC 2017 Term Loan B	354,796	0.18
		Getty Images Term Loan B	993,768	0.52
	Telecommunications	Syniverse Technologies 2018 1st Lien Term Loan	297,089	0.15
Total Loans (31 December 2017: US$119,836,898)			**48,116,766**	**24.59**

*% of Net Assets refers to the Net Assets of the Parent.
** This is a level 3 security.l

Bonds Country	Industry	Holding	Obligor	Fair Value US$	% of Net Assets*
Belgium	Home and Office Furnishings, Housewares, and Durable Consumer Products	972,000	Balta, 7.750% due 15/09/2022	1,037,039	0.53
Canada	Mining, Steel, Iron and Non Precious Metals	3,000,000	Kinross Gold Corp., 4.500% due 15/07/2027	2,598,750	1.33
Denmark	Oil and Gas	1,450,000	Welltec A/S, 9.500% due 01/12/2022	1,439,125	0.74
	Telecommunications	1,165,000	TDC, 5.625% due 23/02/2023	1,641,053	0.84
France	Cargo Transport	325,000	CMA CGM, 7.750% due 15/01/2021	368,464	0.19
	Diversified / Conglomerate Service	600,000	Algeco Scotsman, 6.500% due 15/02/2023	675,454	0.35
		1,000,000	Atalian, 6.625% due 15/05/2025	1,054,271	0.54
	Machinery Non-Agriculture, Non-Construction, Non-Electronic	450,000	Novafives, 5.000% due 15/06/2025	417,046	0.21
Germany	Broadcasting and Entertainment	400,000	Tele Columbus, 3.875% due 02/05/2025	417,454	0.21
	Chemicals, Plastics and Rubber	900,000	CABB, 6.875% due 15/06/2022	833,921	0.43
	Diversified / Conglomerate Manufacturing	700,000	Heat Exchangers, 4.439% due 15/06/2021	558,289	0.29
	Healthcare, Education and Childcare	450,000	CeramTec, 5.250% due 15/12/2025	493,724	0.25
		1,150,000	Synlab (fka Labco), 8.250% due 01/07/2023	1,358,623	0.69
	Retail Stores	150,000	Takko Fashion, 5.375% due 15/11/2023	122,313	0.06
		200,000	Takko Fashion, 5.375% due 15/11/2023	164,997	0.08
		700,000	CBR Fashion, 5.125% due 01/10/2022	662,254	0.34
	Utilities	650,000	Nordex, 6.500% due 01/02/2023	679,193	0.35
		1,200,000	Techem, 6.000% due 30/07/2026	1,302,489	0.67
Ghana	Oil and Gas	1,925,000	Kosmos Energy Ltd, 7.875% due 01/08/2021	1,934,625	0.99
Ireland	Containers, Packaging and Glass	250,000	Ardagh Packaging, 4.625% due 15/05/2023	239,375	0.12
		750,000	Ardagh Packaging, 7.250% due 15/05/2024	750,938	0.38
	Utilities	850,000	Viridian, 4.750% due 15/09/2024	998,335	0.51

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Bonds (continued)

Country	Industry	Holding	Obligor	Fair Value US$	% of Net Assets*
Israel	Healthcare, Education and Childcare	267,000	Teva Pharmaceutical, 6.750% due 01/03/2028	259,141	0.13
		472,000	Teva Pharmaceutical, 6.000% due 15/04/2024	455,817	0.23
Italy	Diversified / Conglomerate Manufacturing	200,000	Fedrigoni, 4.125% due 30/11/2024	224,223	0.11
	Finance	700,000	Nexi Capital (f.k.a. ICBPI), 4.125% due 01/11/2023	796,034	0.41
	Healthcare, Education and Childcare	200,000	Recordati SpA, 6.750% due 30/10/2025	228,142	0.12
	Telecommunications	535,000	Wind Tre, 3.125% due 20/01/2025	547,603	0.28
		1,350,000	Telecom Italia, 3.625% due 25/05/2026	1,549,398	0.79
Netherlands	Beverage, Food and Tobacco	700,000	Refresco, 6.500% due 15/05/2026	742,715	0.38
	Chemicals, Plastics and Rubber	500,000	Nouryon (fka Akzo Speciality), 6.500% due 01/10/2026	531,895	0.27
	Retail Stores	300,000	Maxeda DIY, 6.125% due 15/07/2022	317,016	0.16
	Textiles and Leather	150,000	The LYCRA Company, 5.375% due 01/05/2023	158,698	0.08
		194,000	The LYCRA Company, 7.500% due 01/05/2025	182,215	0.09
Portugal	Telecommunications	300,000	Altice International S.a.r.l, 7.500% due 15/05/2026	274,500	0.14
Spain	Personal Transportation	250,000	Naviera Armas, 6.500% due 31/07/2023	280,751	0.14
Sweden	Diversified / Conglomerate Service	2,000,000	Verisure (fka Securitas Direct), 5.750% due 01/12/2023	2,217,140	1.13
Switzerland	Aerospace and Defense	550,000	Swissport, 9.750% due 15/12/2022	664,502	0.34
	Automobile	850,000	Garrett Motion, 5.125% due 15/10/2026	864,095	0.44
	Healthcare, Education and Childcare	200,000	Unilabs, 5.750% due 15/05/2025	208,283	0.11
United Kingdom	Automobile	700,000	RAC, 5.000% due 06/11/2022	800,739	0.41
		1,225,000	Automotive Association (aka The AA), 5.500% due 31/07/2022	1,261,691	0.64
	Beverage, Food and Tobacco	100,000	Boparan, 4.375% due 15/07/2021	83,548	0.04
		1,450,000	Boparan, 5.500% due 15/07/2021	1,346,392	0.69
	Finance				
		400,000	Arrow, 5.125% due 15/09/2024	457,836	0.23
		700,000	Cabot, 7.500% due 01/10/2023	816,140	0.42
		400,000	Domestic & General, 6.375% due 15/11/2020	504,130	0.26

*% of Net Assets refers to the Net Assets of the Parent.

Bonds (continued)

Country	Industry	Holding	Obligor	Fair Value US$	% of Net Assets*
United Kingdom	Finance	1,004,000	Domestic & General, 7.875% due 15/11/2021	1,257,178	0.64
		700,000	Together (fka Jerrold), 6.125% due 15/01/2024	860,988	0.44
		1,650,000	Lowell (fka GFKL), 11.000% due 01/11/2023	1,591,829	0.81
		200,000	Lowell (fka GFKL), 8.500% due 01/11/2022	216,129	0.12
	Healthcare, Education and Childcare	550,000	Mydentist , 6.250% due 15/08/2022	582,205	0.30
	Hotels, Motels, Inns and Gaming	600,000	Travelodge, 8.500% due 15/05/2023	788,544	0.40
	Leisure, Amusement, Entertainment	1,000,000	Perform Group, 8.500% due 15/11/2020	1,281,636	0.65
		670,000	Thomas Cook, 6.250% due 15/06/2022	593,491	0.30
		200,000	Vue Cinemas, 7.875% due 15/07/2020	252,148	0.13
	Oil and Gas	500,000	KCA Deutag, 9.875% due 01/04/2022	412,500	0.21
		690,000	KCA Deutag, 9.625% due 01/04/2023	558,900	0.29
	Personal, Food and Miscellaneous	650,000	Ocado, 4.000% due 15/06/2024	804,547	0.41
	Retail Stores	1,000,000	House of Fraser, 6.040% due 15/09/2020	86,035	0.04
		700,000	Travelex, 8.000% due 15/05/2022	689,228	0.35
		350,000	Watches of Switzerland (f.k.a. Aurum), 8.500% due 15/04/2023	416,767	0.21
	Telecommunications	800,000	Virgin Media, 5.750% due 15/04/2023	1,015,219	0.52
		500,000	Virgin Media, 6.250% due 28/03/2029	641,920	0.33
United States	Aerospace and Defense	1,500,000	Triumph Group, Inc., 5.250% due 01/06/2022	1,312,500	0.67
		748,000	Triumph Group, Inc., 7.750% due 15/08/2025	661,980	0.34
	Beverage, Food and Tobacco	1,331,000	JBS USA, LLC, 6.750% due 15/02/2028	1,302,716	0.67
	Broadcasting and Entertainment	1,500,000	Clear Channel Worldwide Holdings Inc., 7.625% due 15/03/2020	1,473,750	0.75
		882,000	DISH DBS Corp, 7.750% due 01/07/2026	732,060	0.37
		284,000	Intelsat, 8.500% due 15/10/2024	276,900	0.15
	Buildings and Real Estate	1,136,000	Tri Pointe Homes, Inc., 5.250% due 01/06/2027	887,159	0.45
	Chemicals, Plastics and Rubber	450,000	Diversey, 5.625% due 15/08/2025	441,472	0.23
		434,000	Platform Specialty Chemicals (fka MacDermid), 5.875% due 01/12/2025	407,960	0.21
	Containers, Packaging and Glass	650,000	Mauser Packaging Solutions (fka BWAY), 4.750% due 15/04/2024	731,270	0.37

*% of Net Assets refers to the Net Assets of the Parent.

Bonds (continued)

Country	Industry	Holding	Obligor	Fair Value US$	% of Net Assets*
United States	Diversified / Conglomerate Service	2,433,000	ADT Corp / Protection One, 9.250% due 15/05/2023	2,515,113	1.29
		350,000	Carlson Travel Holdings, 4.750% due 15/06/2023	399,108	0.20
		1,000,000	Carlson Travel Holdings, 6.750% due 15/12/2023	966,250	0.49
		1,000,000	Carlson Travel Holdings, 9.500% due 15/12/2024	912,500	0.47
		500,000	Iron Mountain Inc., 3.875% due 15/11/2025	566,687	0.29
	Electronics	1,265,000	j2 Global, Inc., 6.000% due 15/07/2025	1,241,281	0.63
		3,781,000	TIBCO Software, Inc., 11.375% due 01/12/2021	3,970,050	2.03
		1,791,000	Veritas, 10.500% due 01/02/2024	1,186,538	0.61
	Finance	1,000,000	Alliance Data Systems Corporation, 5.375% due 01/08/2022	978,750	0.50
		917,000	Icahn Enterprises, 6.375% due 15/12/2025	884,905	0.45
		1,461,000	Virtu Financial, 6.750% due 15/06/2022	1,423,701	0.73
	Healthcare, Education and Childcare	1,076,000	Avantor, 6.000% due 01/10/2024	1,059,860	0.54
		2,000,000	Bausch Health Companies (f.k.a. Valeant Pharmaceuticals), 6.125% due 15/04/2025	1,750,000	0.89
		2,427,000	Bausch Health Companies (f.k.a. Valeant Pharmaceuticals), 9.000% due 15/12/2025	2,423,965	1.24
		1,000,000	Endo Pharmaceuticals, 6.000% due 15/07/2023	767,500	0.39
		709,000	Envision Healthcare, 8.750% due 15/10/2026	615,058	0.31
		2,087,000	Ortho-Clinical Diagnostics Inc., 6.625% due 15/05/2022	1,888,735	0.97
	Hotels, Motels, Inns and Gaming	1,000,000	Golden Nugget, 6.750% due 15/10/2024	945,000	0.48
	Insurance	847,000	Acrisure, 7.000% due 15/11/2025	726,303	0.37
		1,970,000	York Risk Services Holding Corp., 8.500% due 01/10/2022	1,379,000	0.70
	Leisure, Amusement, Entertainment	1,250,000	AMC Entertainment, 6.375% due 15/11/2024	1,490,166	0.76
	Machinery Non-Agriculture, Non-Construction, Non-Electronic	1,255,000	Apex Tool Group, LLC., 9.000% due 15/02/2023	1,066,750	0.55
	Mining, Steel, Iron and Non Precious Metals	445,000	Commercial Metals Co., 5.375% due 15/07/2027	399,388	0.20
		1,250,000	SunCoke Energy Partners, L.P., 7.500% due 15/06/2025	1,187,500	0.62
	Oil and Gas	2,500,000	CITGO Holding, Inc., 10.750% due 15/02/2020	2,556,249	1.31
		505,000	EP Energy, 9.375% due 01/05/2024	227,250	0.12
		750,000	EP Energy, 8.000% due 15/02/2025	313,125	0.16
		2,000,000	Ferrellgas Partners LP, 6.750% due 15/01/2022	1,640,000	0.84
		2,000,000	Genesis Energy, L.P., 6.500% due 01/10/2025	1,770,000	0.90

*% of Net Assets refers to the Net Assets of the Parent.

Bonds (continued)

Country	Industry	Holding	Obligor	Fair Value US$	% of Net Assets*
United States	Oil and Gas	1,812,000	Jonah Energy LLC, 7.250% due 15/10/2025	1,177,800	0.60
		750,000	Pbf Holding Company LLC, 7.250% due 15/06/2025	708,750	0.36
		1,385,000	Nabors Industries Ltd, 5.750% due 01/02/2025	1,052,004	0.55
	Telecommunications	2,500,000	Charter Communications Inc., 5.125% due 01/05/2027	2,334,750	1.19
		1,000,000	Sprint Nextel Corporation, 7.875% due 15/09/2023	1,028,750	0.53
	Mining, Steel, Iron and Non Precious Metals	1,000,000	First Quantum Minerals Ltd, 6.500% due 01/03/2024	833,750	0.43
			First Quantum Minerals Ltd, 6.875% due 01/03/2026	806,250	0.41
Total Bonds (31 December 2017: US$167,759,970)				**100,990,193**	**51.61**

Equities

Country	Industry	Holding	Obligor	Fair Value US$	% of Net Assets*
Canada	Oil and Gas	165,892	Jupiter Resources Inc.,	564,036	0.29
United Kingdom	Healthcare, Education and Childcare	396	Tunstall B1 Ordinary Shares	0.00	0.00
		261	Tunstall B2 Ordinary Shares	0.00	0.00
United States of America	Oil & Gas	30,151	Fieldwood Energy LLC Common Stock USD NPV	1,145,737	0.59
		7,398	Fieldwood Energy LLC Restricted Common Stock (old 2L conversion) USD NPV	281,124	0.14
Total Equities (31 December 2017: Nil)				**1,990,897**	**1.02**

Collective Investment Schemes

Country	Industry	Holding	Obligor	Fair Value US$	% of Net Assets*
Luxembourg	Finance	19,000,000	JPMorgan Liquidity Funds - USD Liquidity LVNAV Fund	19,000,000	9.70
Total Collective Investment Schemes (31 December 2017: Nil)				**19,000,000**	**9.70**

	Fair Value US$	% of Net Assets*
Total investments designated at fair value through profit or loss (31 December 2017: US$287,596,868)	**170,097,856**	**86.92**

Forward Foreign Exchange Contracts

Contractual Settlement Date	Counterparty	Currency	Amount Bought	Currency	Amount Sold	Unrealised Gain US$	% of Net Assets*
15/01/2019	National Australia Bank Limited	USD	16,998,472	GBP	13,270,829	73,448	0.04
15/01/2019	State Street Bank	EUR	2,471,868	USD	2,820,124	14,833	0.01
15/01/2019	State Street Bank	USD	7,414,147	GBP	5,788,570	31,663	0.02
Total unrealised gain on forward foreign exchange contracts (31 December 2017: US$3,307)						**119,944**	**0.07**

Forward Foreign Exchange Contracts (continued)

Contractual Settlement Date	Counterparty	Currency	Amount Bought	Currency	Amount Sold	Unrealised Loss US$	% of Net Assets*
15/01/2019	National Australia Bank Limited	USD	19,194,364	EUR	16,815,036	(90,614)	(0.05)
15/01/2019	State Street Bank	USD	22,704,455	EUR	19,895,743	(113,752)	(0.06)
15/01/2019	State Street Bank	USD	126,484	GBP	100,991	(2,315)	(0.00)
Total unrealised loss on forward foreign exchange contracts (31 December 2017: (US$646,807))						**(206,681)**	**(0.11)**
Net unrealised loss on forward foreign exchange contracts (31 December 2017: (US$643,500))						**(86,737)**	**(0.04)**

*% of Net Assets refers to the Net Assets of the Parent.

Significant Changes in Portfolio Composition (Unaudited)
for the financial year ended 31 December 2018

Top 20 Purchases

Issuer	Cost US$
Institutional Cash Series plc - Institutional US Dollar Liquidity Fund	78,000,000
JPMorgan Liquidity Funds - USD Liquidity LVNAV Fund	19,000,000
TDC, 5.625%, due 23/02/2023	2,728,728
Delta 2 (LUX) S.a.r.l. 2018 USD Term Loan	2,645,806
Alliant Holdings I, Inc. 2018 Term Loan B	2,494,435
MModal Inc. New Term Loan	2,387,178
Asurion LLC 2018 Term Loan B6	2,379,057
Informatica LLC 2018 USD Term Loan	2,130,544
Telecom Italia, 3.625%, due 25/05/2026	2,079,653
Bausch Health Companies (f.k.a. Valeant Pharmaceuticals), 9.000%, due 15/12/2025	2,007,433
IRB Holding Corp 6.750%, due 15/02/2026	2,005,000
Envision Healthcare Corporation 2018 1st Lien Term Loan	1,995,000
Ortho-Clinical Diagnostics SA 2018 Term Loan B	1,995,000
Sedgwick Claims Management Services, Inc. 2018 Term Loan B	1,995,000
Hornblower Sub, LLC 2018 Term Loan B	1,990,000
Techem, 6.000%, due 30/07/2026	1,978,205
Kosmos Energy Ltd, 7.875%, due 01/08/2021	1,958,688
Vyaire Medical, Inc. Term Loan B	1,884,247
DISH DBS Corp, 7.750%, due 01/07/2026	1,883,090
CallCredit Information Group Limited GBP Term Loan B	1,876,822

Top 20 Sales

Issuer	Proceeds US$
Institutional Cash Series plc - Institutional US Dollar Liquidity Fund	78,052,518
Sirius XM Radio Inc 5.000% 01/08/2027	3,250,919
Coveris Holdings S.A. EUR 2017 Term Loan	3,133,186
ATS Automation Tooling Systems Inc 6.500% 15/06/2023	3,121,558
Delta 2 (LUX) S.a.r.l. USD Term Loan B3	3,009,228
Delta 2 (LUX) S.a.r.l. 2018 USD Term Loan	2,633,282
Alliance Resource Operating Partners LP 7.500% 01/05/2025	2,581,600
Alliant Holdings I, Inc. 2015 Term Loan B	2,500,792
Nabors Industries Inc 5.500% 15/01/2023	2,494,813
Informatica LLC USD Term Loan	2,490,442
Penske Automotive Group Inc 5.500% 15/05/2026	2,440,132
Asurion LLC 2017 Term Loan B5	2,379,057
LPL Holdings Inc 5.750% 15/09/2025	2,221,971
U.S. Anesthesia Partners, Inc. 2017 Term Loan	2,219,880
Envision Healthcare Corporation 2016 Term Loan B	2,132,089
Carrols Restaurant Group Inc 8.000% 01/05/2022	2,085,400
Sprint Communications Inc 7.000% 01/03/2020	2,080,000
DaVita Inc 5.750% 15/08/2022	2,045,000
CenturyLink Inc 5.800% 15/03/2022	2,035,000
JBS USA LUX SA 8.250% 01/02/2020	2,006,140

Listed above are the aggregate purchases and sales of an investment exceeding 1.00% of the total value of purchases and sales for the financial year ended 31 December 2018.

At a minimum, the largest 20 purchases and sales are required to be disclosed, if applicable.