CAPEVIEW CAPITAL LLP

Report and Financial Statements

for the year ended 31 December 2017

Registration number OC364354

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MEMBERS' REPORT

Group Structure

CapeView Capital LLP (the "Firm") is a limited liability partnership, incorporated in England and Wales on 5 May, 2011, to act as the discretionary investment manager of a number of accounts including, inter alia, the CapeView Azri Fund, Capeview Azri 2X Fund and CapeView Strategic Fund (together these are described as the "Funds").

The Firm owns the entire share capital of CapeView Capital Inc., a company incorporated in the United States. CapeView Capital Inc's main activity is the provision of investor relations services for the parent company, the Firm. CapeView Capital Inc. was liquidated in January 2018.

Principal Activity

The principal activity is the provision of investment management services.

Designated Members

The designated members are:

Richard Haas, Chief Executive Officer
Michael Sakkas, Portfolio Manager (as of 29 December, 2017)
Sushil Shah, Portfolio Manager (as of 29 December, 2017)
Theo Phanos, Founding Member (until 29 December, 2017)

Members' profit share, drawings and the subscription and repayment of Members' capital

Members draw a proportion of their profit share in 12 equal monthly instalments during the year. Any excess profits made during the financial year will then be distributed between Members accordingly based on their side letters and in accordance with the provisions of the LLP Agreement.

Each member has contributed a specific amount of capital as set out in the LLP Agreement.

Members' responsibilities statement

The members are responsible for preparing the report to the members and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable laws, including "The Financial Reporting Standard 102 applicable in the UK and Republic of Ireland" ("FRS102"). The financial statements are required by law to give a true and fair view of the state of affairs of the group and LLP and of the profit or loss of the group for that period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the 2008 Regulations. They are also responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members confirm that:

- so far as each member is aware, there is no relevant audit information of which the LLP's auditor is unaware; and
- the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with the Companies Act.

The responsibilities are exercised by the Management Committee on behalf of the Members.

On behalf of the Management Committee

Richard Haas
Chief Executive Officer
CapeView Capital LLP
23 March 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAPEVIEW CAPITAL LLP

Opinion

We have audited the financial statements of CapeView Capital LLP (the 'limited liability partnership') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the consolidated income statement, the consolidated statement of financial position, the partnership statement of financial position, the consolidated statement of cash flows, the consolidated and LLP statement of changes in equity and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the limited liability partnership's affairs as at 31 December 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Who we are reporting to

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The members are responsible for the other information. The other information comprises the information included in the members' report set out on pages 3 to 4, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the limited liability partnership's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members for the financial statements

As explained more fully in the members' responsibilities statement set out on pages 3 and 4, the members 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 the members 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 members are responsible for assessing the group's and the limited liability partnership'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 members either intend to liquidate the group or the limited liability partnership 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 (UK) 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 further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Grant Thornton UK LLP

David Pearson
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
23 March 2018

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £	2016 £
Turnover	2	20,521,231	18,024,102
Operating Costs			
Staff Costs	4	(5,300,974)	(5,300,269)
Other operating expenses		(2,164,841)	(1,638,715)
Operating profit		13,055,416	11,085,118
Gain on financial assets at fair value through profit and loss account		98,485	-
Profit for the financial year before Members' remuneration and profit shares		13,153,901	11,085,118
Members' remuneration charged as an expense		(11,041,333)	(8,732,980)
Profit for the financial year available for discretionary division amongst Members		2,112,568	2,352,138

The LLP has taken advantage of Section 408 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 not to present the LLP's own profit and loss account.

The notes on pages 13 to 18 form part of the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
ASSETS			
Fixed assets			
Tangible assets	5i	25,485	47,179
		25,485	47,179
Current assets			
Debtors	6	6,983,552	2,251,625
Cash at bank and in hand		4,417,393	6,940,426
Partners' Current Accounts		610,000	659,167
Financial Instrument Asset	2, 12	98,485	-
		12,109,430	9,851,218
Creditors: amounts falling due within one year			
Creditors	7	4,052,297	3,483,920
		4,052,297	3,483,920
Net Current Assets		8,057,133	6,367,298
Net assets attributable to members		**8,082,618**	**6,414,477**
Represented by:			
Members' capital classified as equity		1,175,000	1,975,000
Members' other interests classified as equity		2,112,568	2,366,056
Loans and other debts due to members		4,795,050	2,073,421
		8,082,618	**6,414,477**
Total Members' interests			
Members' capital classified as equity		1,175,000	1,975,000
Other Reserves		6,907,618	4,439,477
Other amounts due from Members		(610,000)	(659,167)
		7,472,618	5,755,310

The financial statements were approved by the Designated Members and authorised for issue on 23 March 2018.

Richard Haas
Chief Executive Officer

The notes on pages 13 to 18 form part of the financial statements

PARTNERSHIP STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
ASSETS			
Fixed assets			
Tangible assets	5i	25,485	47,179
Investments	5ii	637	637
		26,122	47,816
Current assets			
Debtors	6	6,983,552	2,251,625
Cash at bank and in hand		4,416,579	6,928,621
Partners' Current Accounts		610,000	659,167
Financial Instrument Asset	2, 12	98,485	-
		12,108,616	9,839,413
Creditors: amounts falling due within one year			
Creditors	7	4,052,297	3,553,437
		4,052,297	3,553,437
Net Current Assets		8,056,319	6,285,976
Net assets attributable to members		**8,082,441**	**6,333,792**
Represented by:			
Members' capital classified as equity		1,175,000	1,975,000
Members' other interests classified as equity		2,111,230	2,351,892
Loans and other debts due to members		4,796,211	2,006,900
		8,082,441	**6,333,792**
Total Members' interests			
Members' capital classified as equity		1,175,000	1,975,000
Other Reserves		6,907,441	4,358,791
Other amounts due from Members		(610,000)	(659,167)
		7,472,441	5,674,624

The total profit for the partnership for the financial year was £2,111,231.

The financial statements were approved by the Designated Members and authorised for issue on 23 March 2018.

Richard Haas
Chief Executive Officer

The notes on pages 13 to 18 form part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR TO 31 DECEMBER 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit for the financial year		13,153,901	11,085,118
Adjustments for:			
Depreciation of tangible assets	5i	21,694	65,465
(Increase)/decrease in debtors	6	(4,731,928)	23,563,512
Increase/(decrease) in creditors	7	568,378	(3,823,034)
Unrealised (profit)/loss on foreign cash payable		(81,846)	13,918
Unrealised (profit)/loss on open FX Forwards		(98,485)	(283,666)
Net cash generated from operating activities		8,831,714	30,621,313
Cash flows from Investing activities			
Purchase of tangible assets	5i	-	(55,657)
Net cash flows from Investing activities		-	(55,657)
Cash flows from Financing activities			
Payments to Members that represent a return of capital		(800,000)	-
Payments to Members that represent a return on amounts subscribed or otherwise contributed		(10,554,747)	(30,474,871)
Net cash flows from Financing activities		(11,354,747)	(30,474,871)
Net (decrease)/increase in cash & cash equivalents		(2,523,033)	90,785
Cash & cash equivalents at the beginning of period		6,940,426	6,849,641
Cash & cash equivalents at the end of period		4,417,393	6,940,426

The notes on pages 13 to 18 form part of the financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

Consolidated

	Members' capital classified as equity	Other Reserves	Loans and other debts due to/(from) Members	Total
	£	£	£	£
At 1 January 2016	1,975,000	5,713,760	17,442,385	25,131,145
Members' remuneration charged as an expense	-	-	8,732,980	8,732,980
Profit for the financial year available for discretionary division among members	-	2,352,138	-	2,352,138
Members' interests after profit for the year	1,975,000	8,065,898	26,175,365	36,216,263
Allocated profit	-	(5,713,760)	5,713,760	-
Drawings	-	-	(30,474,871)	(30,474,871)
Other movements	-	13,918	-	13,918
At 1 January 2017	1,975,000	2,366,056	1,414,254	5,755,310
Members' remuneration charged as an expense	-	-	11,041,333	11,041,333
Profit for the financial year available for discretionary division among members	-	2,112,568	-	2,112,568
Members' interests after profit for the year	1,975,000	4,478,624	12,455,587	18,909,211
Allocated Profit	-	(2,366,056)	2,366,056	-
Repayment of capital	(800,000)	-	-	(800,000)
Drawings	-	-	(10,554,747)	(10,554,747)
Other movements	-	-	(81,846)	(81,846)
Amounts due to members	-	-	4,795,050	-
Amounts due from members	-	-	(610,000)	-
At 31 December 2017	1,175,000	2,112,568	4,185,050	7,472,618

The notes on pages 13 to 18 form part of the financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

LLP

	Members' capital classified as equity £	Other Reserves £	Loans and other debts due to/(from) Members £	Total £
At 1 January 2016	1,975,000	5,697,457	17,392,167	25,064,624
Members' remuneration charged as an expense	-	-	8,732,980	8,732,980
Profit for the financial year available for discretionary division among members	-	2,351,892	-	2,351,892
Members' interests after profit for the year	1,975,000	8,049,349	26,125,147	36,149,496
Allocated profit	-	(5,697,457)	5,697,457	-
Drawings	-	-	(30,474,871)	(30,474,871)
At 1 January 2017	1,975,000	2,351,892	1,347,733	5,674,625
Members' remuneration charged as an expense	-	-	11,041,333	11,041,333
Profit for the financial year available for discretionary division among members	-	2,111,230	-	2,111,230
Members' interests after profit for the year	1,975,000	4,463,122	12,389,066	18,827,188
Allocated Profit	-	(2,351,892)	2,351,892	-
Repayment of capital	(800,000)	-	-	(800,000)
Drawings	-	-	(10,554,747)	(10,554,747)
Amounts due to members	-	-	4,796,211	-
Amounts due from members	-	-	(610,000)	-
At 31 December 2017	1,175,000	2,111,230	4,186,211	7,472,441

The notes on pages 13 to 18 form part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

1. The Company

CapeView Capital LLP (the "Firm") is a limited liability partnership, incorporated in England and Wales on 5 May, 2011, to act as the discretionary investment manager of a number of accounts including, inter alia, the CapeView Azri Fund, CapeView Azri 2X Fund and CapeView Strategic Fund. The registered office is 55 Baker Street, London, W1U 8EW, United Kingdom.

The Firm owns the entire share capital of CapeView Capital Inc., a company incorporated in the United States. CapeView Capital Inc's main activity is the provision of investor relations services for the parent company, the Firm. CapeView Capital Inc. was liquidated in January 2018.

2. Basis of preparation

The principal accounting policies are summarised below and have been consistently applied throughout the financial period.

Basis of accounting

The Financial Statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102"), Companies Act 2006 as applied by LLPs and the Statement of Recommended Practice (SORP), Accounting by Limited Liability Partnerships issued in July 2014. The Financial Statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

Basis of consolidation

The group financial statements consolidate the financial statements of CapeView Capital LLP and its subsidiary undertaking drawn up to 31 December each year. As permitted by Section 408 of Companies Act 2006, no separate income statement is presented for the LLP. The partnership profit for the period includes a profit attributable to Members of £2,112,568 which is dealt with in the financial statements of the LLP. The individual accounts of the Firm have adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes;

- financial instruments disclosures including categories of financial instruments, items of income, expenses, gains or losses relating to financial instruments; and

- exposure to and management of financial risks.

Going concern

After reviewing the group's forecasts and projections, the Members have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. The LLP therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Turnover

The turnover shown in the profit and loss account represents amounts due for investment advisory services recognised on an accruals basis during the year, exclusive of Value Added Tax. Performance fees are recognised when crystallised. Management fees recognised in the period were £15,023,103. Performance fees were £5,491,970. Other income and interest was £6,158.

Foreign currency translation

Items included in the financial statements are presented in sterling. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the statement of profit/loss date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange gains and losses are recognised in the profit and loss account.

Assets and liabilities of subsidiaries in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date and the difference arising from the translation of the opening net investment in subsidiaries at the closing rate is taken to reserves.

Derivative instruments

From time to time the Firm uses forward foreign currency contracts to reduce exposure to foreign exchange rates. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles.

Depreciation policy

Tangible and intangible assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office Improvements	straight line over 36 months
Office Equipment	straight line over 36 months
Furniture and Fixtures	straight line over 36 months
IT Upgrade	straight line over 36 months

Key judgements

In the application of the partnership's accounting policies, the members are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. No key judgements, estimates or assumptions have been identified.

3. Information in relation to Members

Profits are allocated and shared by the non-salaried members after the end of the year in accordance with their side letters and with the provisions of the LLP Agreement.

4. Salaried Members and employees

Staff costs during the year were as follows:

Group and LLP	2017	2016
	£	£
Wages and Salaries	4,591,766	4,641,291
Social Security cost	614,979	613,043
Employee Benefits	92,911	44,209
Payroll Fees	1,318	1,726
	5,300,974	5,300,269

The average monthly number of employees was as follows:	**2017**	**2016**
Office Staff including salaried members	17	18

5. i) Tangibles

Group	**Office Improvements**	**Office Equipment**	**Furniture and Fixtures**	**Total**
	£	**£**	**£**	**£**
Cost:				
At 1 January 2017	126,168	294,992	18,670	439,830
Additions	-	-	-	-
At 31 December 2017	126,168	294,992	18,670	439,830
Depreciation:				
At 1 January 2017	126,168	248,842	17,641	392,651
Charge for year	-	21,583	111	21,694
At 31 December 2017	126,168	270,425	17,752	414,345
Net Book Value:				
At 31 December 2016	-	46,150	1,029	47,179
At 31 December 2017	-	24,567	918	25,485

5. i) Tangibles

LLP	Office Improvements	Office Equipment	Furniture and Fixtures	Total
	£	£	£	£
Cost:				
At 1 January 2017	126,168	294,133	18,670	438,971
Additions	-	-	-	-
At 31 December 2017	126,168	294,133	18,670	438,971
Depreciation:				
At 1 January 2017	126,168	247,983	17,641	391,792
Charge for year	-	21,583	111	21,694
At 31 December 2017	126,168	269,566	17,752	413,486
Net Book Value:				
At 31 December 2016	-	46,150	1,029	47,179
At 31 December 2017	-	24,567	918	25,485

5. ii) Investments

The investment of £637 is the cost of 100% of the share capital (1,000 shares of common stock with a par value of US$1.00 per share) of CapeView Capital Inc, a company incorporated in the United States.

The gain of CapeView Capital Inc. in this financial period was £1,337 (2016: £248). The principal activity of the subsidiary undertaking is the provision of investor relations services for CapeView Capital LLP. CapeView Capital Inc. was liquidated in January 2018.

6. Debtors

	2017 £		2016 £	
	Group	LLP	Group	LLP
Debtors	6,787,220	6,787,220	2,042,902	2,042,902
Other current assets	21,579	21,579	32,566	32,566
Prepayments and accrued income	174,753	174,753	176,157	176,157
	6,983,552	6,983,552	2,251,625	2,251,625

7. Creditors: amounts falling due within one year

	2017 £ Group	2017 £ LLP	2016 £ Group	2016 £ LLP
Creditors	194,393	194,393	115,230	184,747
Taxes and social security costs	53,826	53,826	91,909	91,909
Accruals and deferred income	3,804,078	3,804,078	3,276,781	3,276,781
	4,052,297	4,052,297	3,483,920	3,553,437

8. Related party transactions

There were no related party transactions. CapeView Capital LLP has relied upon the exemption given in FRS102 not to disclose transactions between itself and its subsidiary undertaking.

9. Ultimate controlling party

In the opinion of the members there is no ultimate controlling party of the LLP.

10. Subsequent Events

Subsequent to the year end, CapeView Capital Inc. was liquidated.

11. Financial Commitments – Operating Leases

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight-line basis over the period of the lease. At 31 December 2017 the Firm was committed to making the following payments during the next year in respect of operating leases:

	31 December 2017 £	
Leases expiring within :	Land and Buildings	Other
One year	166,824	-
Second to fifth year	-	3,420

The Firm has contracted to an operating lease for part of the 7th Floor, 55 Baker Street, London W1. The lease expires on 20 August 2018.

The Firm has contracted to an operating lease for two Canon copiers. The lease expires 31 January 2021.

12. Foreign currency forward contract

On 6 November 2017 the LLP entered into a foreign currency forward contract with a delivery date of 31 January 2018. The forward contract was recognised at fair value in the balance sheet and revalued at year end, with any exchange differences arising being recognised in the profit and loss account.

13. Contingent Liabilities

Subject to certain profitability thresholds in the future being met, CVC Holdings LLC is due £402,803.

14. Auditors Remuneration

The remuneration of the auditors is analysed as follows:

	2017	2016
	£	£
Audit of the financial statements	14,250	14,000
Total audit services	14,250	14,000
Tax compliance services	-	7,500
FCA assurance services (CASS)	4,500	4,500
Total non-audit services	4,500	12,000
	18,750	26,000

APPENDIX I – PILLAR 3 DISCLOSURE

Pillar 3 disclosure fulfils CapeView Capital LLP's (the "Firm") obligation to disclose to market participants key pieces of information on a firm's capital, risk exposures and risk assessment processes and its remuneration policies and practices.

The Firm is a full scope Alternative Investment Fund Manager ("AIFM") able to provide discretionary investment management services to Alternative Investment Funds ("AIFs") and segregated managed accounts. The Firm is categorised by the FCA as a collective portfolio management investment firm ("CPMI") and a BIPRU (Prudential sourcebook for Banks, Building Societies and Investment Firms) Limited Licence investment firm for regulatory capital purposes.

I. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Designated Members determine the Firm's business strategy and risk appetite. They have designed and implemented a risk management framework that recognizes the risks that the business faces and how those risks may be mitigated and assessed on an on-going basis. The Management Committee meets on a regular basis and discusses projections for profitability, liquidity, regulatory capital, business planning and risk management.

The Firm considers the following as key risks to its business:

<u>Business risk</u> – This risk represents a fall in assets under management in the Funds or the loss of key staff which may reduce the fee income earned by the Firm and hinder its ability to finance its operations and reimburse its expenses. Business risks are assessed and mitigated as part of the Internal Capital Adequacy Assessment Process ("ICAAP").

<u>Operational risk</u> – This risk covers a range of operational exposures from risk of valuation and trading errors to risk of breach of a Fund's investment objectives. Legal and reputational risks are also included within the category of operational risk. Operational risks and mitigants are assessed as part of the ICAAP.

<u>Credit risk</u> – This risk relates to the exposure to the Funds for non-payment of management and performance fees and counterparty exposure relating to the Firm's bank balances and any other debtors. This is monitored by the Firm's Financial Controller and reported monthly to the Management Committee.

<u>Market risk</u> - The risk is the exposure to foreign exchange fluctuations due to investment management and performance fees being denominated in currencies other than sterling. This foreign currency exposure is limited as a result of the close relationship between the Funds and the Firm resulting in payment of outstanding liabilities in a timely fashion.

II. CAPITAL RESOURCES

As a CPMI firm the Company is subject to both the regulatory capital regimes of the Alternative Investment Fund Managers Directive ("AIFMD"), in respect of its AIFs, and relevant provisions applicable to investment firms contained in the Capital Requirement Directive ("CRD"), as amended, for the Firm.

Capital requirements arising from Pillar 1 and Pillar 2 of the CRD are compared to any higher requirements arising from the AIFMD asset based capital calculation and professional indemnity insurance ("PII") elements to derive the total regulatory capital required by the Firm.

Pillar 1 capital is the greatest of:

1. a base capital requirement of Euro 50,000;
2. the sum of market and credit risk requirements; and
3. the Fixed Overhead Requirement ("FOR").

Pillar 2 capital is calculated by the Firm as representing any additional capital to be maintained against any risks not adequately covered under the requirement in Pillar 1 as part of its ICAAP.

The capital resources of the business comprise Tier 1 capital with no deductions.

It is the Firm's experience that its capital requirement normally consists of the FOR, although market and credit risks are reviewed monthly and may apply when there is a performance fee due but unpaid at year end. The Firm applies a standardised approach to credit risk, applying 8% to the Firm risk weighted exposure amounts, consisting mainly of investment management and performance fees due but not paid, and bank balances. Having performed the ICAAP it is the Firm's opinion that no additional capital is required in excess of its Pillar 1 capital requirement.

As at 31 December 2017 Firm's combined regulatory capital position is:

Capital Position	**£000**
Tier 1 Capital: Partnership Capital	1,175
Total Capital Resources Requirement: Fixed Overhead Requirement (and AIFMD PII capital requirement)	1,007

III. MANAGEMENT OF THE ICAAP

The approach of the Firm to assessing the adequacy of its internal capital to support current and future activities is contained in the ICAAP. This process includes an assessment of the specific risks to the Firm and the internal controls in place to mitigate those risks. Finally, an assessment is made of the probability of occurrence and the potential impact, in order to arrive at a level of required capital, as relevant. The Firm stress tests future impact by considering the Firm's forecast for the 3 years, its breakeven point and, in order to address the worst case scenario, the costs to close.

The Firm's ICAAP is formally reviewed by the Management Committee at least once per annum, unless there are material changes to the Firm's business or risk profile, at which time it would be re-assessed.

IV. THE REMUNERATION CODE

The aim of the BIPRU Remuneration Code (the "Code") is to ensure that firms have risk focused remuneration policies which promote and are consistent with effective risk management, and do not expose firms to excessive risk.

Under the Code, the Firm is classified as a Proportionality Level III Firm, the lowest risk category as the Firm does not manage or trade proprietary positions. This means the Firm may disapply many of the technical requirements of the Code and proportionately apply the Code's rules and principles.

The Firm is also subject to the AIFMD Remuneration Code but, has taken into account the FCA's view that the application of the AIFM Remuneration Code should satisfy compliance with the BIPRU Remuneration Code insofar as the AIFM Code provisions are deemed equivalent. Having considered the application of both

Remuneration Codes, the Firm is satisfied that its remuneration arrangements are not required to vary depending upon which Remuneration Code is applicable.

BIPRU Chapter 11 includes a requirement for disclosure of the Firm's remuneration policy and practices, as well as aggregate quantitative disclosure for staff assessed as having a material impact on its risk profile, including senior management ("Code Staff").

The disclosure obligations applicable to remuneration subject to the Code ("Remuneration") includes all forms of fixed remuneration and variable remuneration but excludes the element of profit share awarded to such individuals as owners of the business.

a. Remuneration Policies

The Firm operates in accordance with its Remuneration Policy Statement (the "Policy") which considers the Firm's remuneration arrangements. Potential conflicts of interest arising from such arrangements are considered by taking into account the controls in place to guard against the Firm's authorised persons being rewarded for taking inappropriate levels of risk.

The Firm is satisfied that the Policy operating is appropriate to its size, internal organization and the nature, scope and complexity of its activities.

b. The Decision Making Process

The Management Committee oversees remuneration policies and arrangements.

c. Link between Pay and Performance

Remuneration subject to the Code is based on an assessment of the profitability of the Firm, an individual's performance and their ability to influence the Firm.

Code Staff, consisting of the three members of the Management Committee, all senior managers, receive drawings and profit share which, for certain Code Staff, is based on net revenues related to investment management, considered as Code fixed remuneration, and performance fees considered as variable remuneration for certain specified funds, as determined by the Management Committee.

On an exceptional basis, and in accordance with the Code, the Firm may enter into remuneration arrangements, which may involve a guaranteed element to attract and retain key staff.

d. Quantitative Remuneration Data

The aggregate Remuneration, fixed and variable, for staff assessed as Code Staff by virtue of them having a material impact on the risk profile of the Firm for the year ending 31 December 2017 amounted to £10,694,818 fixed and £693,538 variable.