



**Anthemis EVO LLP**

(Formerly Anthemis Unicredit Strategic Ventures LLP)

Annual Report and Financial Statements  
for the period ended 31 December 2016

Registration Number: OC411369



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# Management and Administration

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<b>Designated Members:</b>	Anthemis ITA LP (appointed on 19th April 2016) UniCredit S.P.A (appointed on 19th April 2016)
<b>Special Member:</b>	Anthemis (UK) Limited (appointed on 19th April 2016)
<b>Registered Office:</b>	5th Floor 44 Great Marlborough Street London W1F 7JL United Kingdom
<b>Partnership Number:</b>	OC411369
<b>Independent Auditor:</b>	Deloitte LLP Statutory Auditor Hill House 1 Little New Street London EC4A 3TR United Kingdom
<b>Fund Administrator:</b>	Ipes (UK) Limited 9th Floor 1 Minster Court Mincing Lane London EC3R 7AA United Kingdom

# Report of the Members

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The members present their report with the audited financial statements of Anthemis EVO LLP (the "Partnership") for the period ended 31 December 2016. The Company has taken advantage of the small companies' exemption in respect of the preparation of a strategic report within this annual report and reduced disclosure for Report of the Members.

## **Incorporation**

The Partnership was incorporated on 19 April 2016 and the members entered into a Limited Liability Partnership Agreement dated 19 April 2016 which was subsequently amended and restated on 17 November 2016 (the "LLPA").

## **Principal Activity**

The Partnership was established to invest into early and growth stage private companies leveraging technology to create and enable innovative and disruptive new business models in financial services, contributing to new paradigm in universal banking. The Partnership shall build a diversified portfolio of 'best-in-class' investments in the form of equity or equity-like instruments, utilising where possible potential synergies and driving towards disrupting universal banking as the investment criteria.

## **Designated Members**

The following have been designated members of the Partnership during the period 19 April 2016 to 31 December 2016:

Anthemis ITA LP (Appointed 19 April 2016) - Member 'A'

UniCredit S.P.A (Appointed 19 April 2016) - Member 'B'

## **Special Member**

The following have been special members of the Partnership during the period 19 April 2016 to 31 December 2016:

Anthemis (UK) Limited (Appointed 19 April 2016)

## **Registered Office**

Details of the registered office throughout the period under review are shown on page 3.

## **Results for the the period and allocation**

The total comprehensive deficit for the period was €2,284,868.

Profits\losses) of the Partnership shall be divided amongst each member as defined by the LLPA.

## Report of the Members (continued)

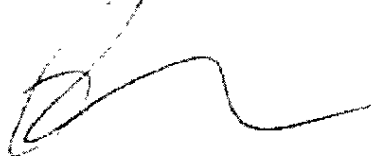
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### Statement of disclosure to Auditor

So far as each member at the date of approving this report is aware:

- there is no relevant audit information of which the auditor is unaware of; and
- each member has taken all the steps that ought to be taken as a member in order to make themselves aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

### On behalf of the Members



James Nicolle  
For and on behalf of  
Anthemis ITA GP Limited - as General Partner of  
Anthemis ITA LP - Designated Member  
29 September 2017

Marco Pusterla  
For and on behalf of  
UniCredit S.P.A - Designated Member

September 2017

Partnership number : OC411369

## Report of the Members (continued)

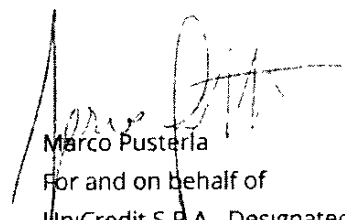
### Statement of disclosure to Auditor

So far as each member at the date of approving this report is aware:

- there is no relevant audit information of which the auditor is unaware of; and
- each member has taken all the steps that ought to be taken as a member in order to make themselves aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

### On behalf of the Members

James Nicolle  
For and on behalf of  
Anthemis ITA GP Limited - as General Partner of  
Anthemis ITA LP - Designated Member  
September 2017



Marco Pusterla  
For and on behalf of  
UniCredit S.P.A - Designated Member  
24 September 2017

Partnership number : OC411369

# Statement of Members' Responsibilities

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## Statement of disclosure to Auditor

The members are responsible for preparing the Report of the Members and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland." The financial statements are required by law to give a true and fair view of the state of affairs of the Partnership and of the profit or loss of the Partnership for that period.

In preparing those 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Partnership 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 firm and enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANTHEMIS EVO LLP**

We have audited the financial statements of Anthemis EVO LLP for the period ended 31 December 2016 which comprise Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. 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.

### **Respective responsibilities of members and auditor**

As explained more fully in the Members' Responsibilities Statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the limited liability partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the period then ended;



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANTHEMIS EVO LLP (continued)**

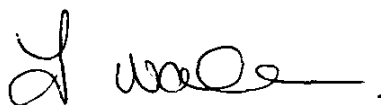
### ***Opinion on financial statements (continued)***

- have been properly prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

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

We have nothing to report in respect of the following matters where 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Fiona Walker FCA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
September 2017

# Statement of Financial Position

As at 31 December 2016

	<i>Note</i>	<b>31 December 2016</b> €
<b>Non-current assets</b>		
Investments	8	26,861,617
<b>Current assets</b>		
Cash and cash equivalents		319,406
Trade and other receivables	9	375,891
		<u>695,297</u>
<b>Current liabilities: amounts falling due within one year</b>		
Trade and other payables	10	(35,560)
		<u>(35,560)</u>
<b>Net current assets</b>		<u>659,737</u>
<b>Total net assets</b>		<u><b>27,521,354</b></u>
<b>Represented by: Partners' Accounts</b>		
Capital Contribution Account		1,750
Loan Account		29,804,472
Income Account		(2,284,868)
		<u><b>27,521,354</b></u>
		<u><b>27,521,354</b></u>

The accounts on pages 9 to 21 were approved by the Management Board on and signed on its behalf by:

September 2017

  
James Nicolle

For and on behalf of

Anthemis ITA GP Limited - as General Partner of  
Anthemis ITA LP - Designated Member

29 September 2017

Marco Pusterla

For and on behalf of

UniCredit S.P.A - Designated Member

September 2017

Partnership number : OC411369

The notes on pages 13 to 21 form part of these accounts.

# Statement of Financial Position

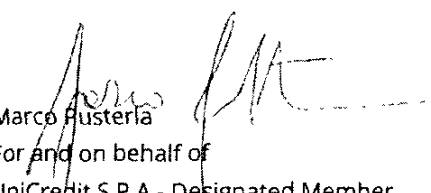
As at 31 December 2016

	Note	31 December 2016 €
<b>Non-current assets</b>		
Investments	8	26,861,617
<b>Current assets</b>		
Cash and cash equivalents		319,406
Trade and other receivables	9	375,891
		<hr/> 695,297
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The accounts on pages 9 to 21 were approved by the Management Board on and signed on its behalf by:

September 2017

James Nicolle  
For and on behalf of  
Anthemis ITA GP Limited - as General Partner of  
Anthemis ITA LP - Designated Member  
September 2017

  
Marco Pusterla  
For and on behalf of  
UniCredit S.P.A - Designated Member  
September 2017

Partnership number : OC411369

The notes on pages 13 to 21 form part of these accounts.

# Statement for Changes in Equity

For the period ended 31 December 2016

	Capital Contribution Account	Loan Account	Income Account	Total
	€	€	€	€
<b>Balance at 19 April 2016</b>	-	-	-	-
Total comprehensive deficit	-	-	(2,284,868)	(2,284,868)
Capital Contributions	1,750	-	-	1,750
Drawdowns	-	29,804,472	-	29,804,472
<b>Balance as at 31 December 2016</b>	<b>1,750</b>	<b>29,804,472</b>	<b>(2,284,868)</b>	<b>27,521,354</b>

The notes on pages 13 to 21 form part of these accounts.

## Cash Flow Statement

For the period ended 31 December 2016

19 April 2016 to  
31 December 2016  
€

### Reconciliation of total comprehensive loss for the period to net cash outflow from operating activities

Total comprehensive loss for the period	(2,284,868)
<b>Adjustments for:</b>	
Purchase of investments	(25,413,865)
Unrealised exchange movement on investments	(1,447,752)
<b>Operating cash flows before movements in working capital</b>	<u>(29,146,485)</u>
<b>Changes in working capital</b>	
Increase in trade and other receivables	(375,891)
Increase in trade and other payables	35,560
<b>Net cash outflow from operating activities</b>	<u>(29,486,816)</u>
<b>Cash flows from financing activities</b>	
Drawdown of Partners' commitments	29,806,222
<b>Net cash inflow from financing activities</b>	<u>29,806,222</u>
Net increase in cash during the period	319,406
Net cash at the beginning of the period	-
<b>Net cash at the end of the period</b>	<u><u>319,406</u></u>

The notes on pages 13 to 21 form part of these accounts.

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## 1. Principal Activities and General Information

Anthemis EVO LLP ("the Partnership") is an English limited liability partnership which was established and registered on 19 April 2016 in England, United Kingdom.

The Partnership was established to invest into early and growth stage private companies leveraging technology to create and enable innovative and disruptive new business models in financial services, contributing to new paradigm in universal banking. The Partnership shall build a diversified portfolio of 'best-in-class' investments in the form of equity or equity-like instruments, utilising where possible potential synergies and driving towards disrupting universal banking as the investment criteria.

## 2. Principal Accounting Policies

### (a) Basis of Preparation

The financial statements have been prepared on a going concern basis 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 are prepared under the historical cost convention as modified by financial instruments recognised at fair value. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Partnership's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

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

### (b) Financial assets and liabilities at fair value through profit or loss

#### Classification

The Partnership has classified its investments in unlisted company shares at fair value through profit or loss.

Financial assets or liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Partnership's investment activity.

FRS 102 requires the Partnership to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Partnership can access at the measurement date;

# Notes to the Accounts

(continued)

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## 2. Principal Accounting Policies (continued)

### (b) Financial assets and liabilities at fair value through profit or loss (continued)

#### Classification (Continued)

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs that have been applied in valuing the respective asset or liability.

#### Recognition/De-recognition

Regular-way purchases and sales of investments are recognised on trade date - the date on which the Partnership commits to purchase or sell the asset. Investments are initially recognised at their transaction price and transaction costs for all financial assets and financial liabilities carried at fair value through profit or loss are expensed as incurred. Investments are de-recognised when the rights to receive cash flows from the investments have expired or the Partnership has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in fair value of the financial assets at fair value through profit or loss, are included in the Statement of Comprehensive Income in the period in which they arise.

#### Measurement

Investments are initially recorded at their transaction price, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from that price. Subsequent to initial recognition, these investments are valued in accordance with the International Private Equity and Venture Capital ("IPEV") Valuation guidelines. A summary of more relevant aspects of the IPEV guidelines is set out below:

The fair value of financial instruments not traded in active markets is determined with reference to the IPEVC guidelines and are carried at such fair value as the Management Board considers appropriate given the performance of each investee company and after taking into account the effect of dilution, the exercise of ratchets, options or other incentive schemes.

The Partnership uses a variety of methods and assumptions that are based on market conditions existing at the Statement of Financial Position date. Valuation techniques used include the use of cost or price of recent investment comparable recent arms length transactions.

Notwithstanding the above, the variety of valuation bases adopted and quality of management information provided by the underlying investee companies means there are inherent difficulties in determining the value of these investments. Amounts realised on the sale of those investments will inevitably differ from the values reflected in these Financial Statements and the difference may be significant.

# Notes to the Accounts

(continued)

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## **2. Principal Accounting Policies (continued)**

### **(c) Investment income and interest**

Dividends and investment income receivable are accounted for when the receipt of income is reasonably certain. Bank interest is recognised on an accruals basis and is shown as income in the Statement of Comprehensive Income.

### **(d) Cash and cash equivalents**

Cash and cash equivalents is comprised of cash held with banks.

### **(e) Establishment expenses**

All costs, fees and expenses incurred in order to establish the Partnership are charged to the Statement of Comprehensive Income in the period they are incurred.

### **(f) Taxation**

All tax liabilities that may arise, on income or capital, are assessed on an individual basis on each of the partners and are borne independently by each of the partners that constitute the Partnership. Accordingly, no provision for taxation is made in these accounts.

### **(g) Foreign currencies**

The functional and presentational currency of the Partnership is the EURO (€). Monetary assets and liabilities that are denominated in foreign currencies at the reporting date have been translated at the rates of exchange prevailing at that date. Investment transactions and Statement of Comprehensive Income items are translated at the rate prevailing at the date of the transaction.

Exchange differences arising on investment realisations are recognised in the Statement of Comprehensive Income in the year that they are realised.

### **(h) Fees and deal costs**

All deal related costs, fees and expenses incurred by the Partnership are charged to the Statement of Comprehensive Income in the period they are incurred.

### **(i) Loan and Capital Contribution accounts**

Limited Partners' Loan and Capital Contribution account balances are presented as equity on the Statement of Financial Position.



# Notes to the Accounts

(continued)

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## 2. Principal Accounting Policies (continued)

### (j) Allocation of Income and capital

All receipts of the Partnership are distributed between partners as per clause 17 of the Limited Liability Partnership Agreement, summarised below:

All Net Income, Net Income Losses, Capital Gains and Capital Losses of the LLP remaining after the allocation of the Priority Share pursuant to clause 16 of the LLPA shall belong to and shall be allocated between the Members (other than the Special Member) in a manner that shall reflect the ratio in which proceeds derived from such Net Income, Net Income Losses, Capital Gains or Capital Losses are, or would if available for distribution, be distributed pursuant to clause 18.3 to 18.7 and the other provisions of the LLPA.

### (k) Distributions

#### Distributions - New Investment Proceeds Waterfall

All Income Proceeds and Capital Proceeds of the LLP arising in respect of New Investments ("New Investment Proceeds") must be distributed to the Members in the following order of priority (after payment of the expenses and liabilities of the LLP in each case to the extent not already paid or provided for):

- (a) first, in payment of any outstanding Priority Share to the Special Member;
- (b) second, to the 'B' Members (pro rata to their respective Commitments) until they have been repaid their Outstanding 'B' Loan Amounts; and
- (c) thereafter, 80% to the 'B' Members (pro rata to their respective Commitments) and 20% to the 'A' Member.

#### Distributions - Anthemis Follow-On Investment Proceeds Waterfall

All Income Proceeds and Capital Proceeds of the LLP arising in respect of Anthemis Follow-On Investments ("Anthemis Follow-On Investment Proceeds") shall be distributed in the following order of priority (after payment of the expenses and liabilities of the LLP in each case to the extent not already paid or provided for):

- (a) first, in payment of any outstanding Priority Share to the Special Member;
- (b) second, to the 'B' Members (pro rata to their respective Commitments) until they have been repaid their Outstanding 'B' Loan Amounts; and
- (c) thereafter, 70% to the 'B' Members (pro rata to their respective Commitments) and 30% to the 'A' Member.

There have been no distributions made during the period ended 31 December 2016.

# Notes to the Accounts

(continued)

## 3. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The Partnership makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgements are continually evaluated and based on historic experience and other factors believed to be reasonable under the circumstances. Unquoted investments are stated at fair value as determined by the Management Board in accordance with the valuation guidelines as endorsed by Invest Europe. The values assigned to the investments are based upon available information and do not necessarily represent amounts which might ultimately be realised.

### Investments at Fair Value Through Profit or Loss

The Partnership's investments are measured at fair value for financial reporting purposes. The Management Board produces investment valuations in line with Anthemis valuation policy, using a range of techniques as endorsed by Invest Europe to determine the price that would be received to sell an asset in an orderly transaction between market participants at a specific date.

Description	Fair value at 31 December 2016 (€)	Valuation technique	Unobservable input	Input value	Sensitivity to change in significant unobservable inputs
Unlisted investments	26,861,617	Price per recent transaction	Share purchase agreement	N/A	N/A

## 4. Priority Share

As per clause 16 of the Limited Liability Partnership Agreement, Anthemis (UK) Limited (the "Special Member") shall be entitled to receive, an amount calculated in accordance with clause 16.2 of the LLPA (and pro rata in respect of Accounting Periods of more or less than one year). This has been classified as an expense of the Partnership in the Statement of Comprehensive Income.

### Calculation of the Priority Share

The Priority Share shall be:

(a) in respect of the first Accounting Period of the LLP an amount equal to €1,900,000 (the "2016 Priority Share") (calculated per Member pro rata to that Member's respective Commitment as a proportion of Total Commitments, being referred to as the "Member's 2016 Priority Share"); plus

## Notes to the Accounts

(continued)

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### 4. Priority Share (Continued)

#### Calculation of the Priority Share (Continued)

(b) for each Accounting Period (including the first Accounting Period of the LLP) shall be an amount equal to (calculated per Member pro rata to that Member's respective Commitment as a proportion of Total Commitments, together with the relevant Member's 2016 Priority Share being referred to as the "Member's Priority Share"):

(i) for the period from and including the Closing Date until 1 January 2017:

(a) 2.5% per annum of the New Investment Amount; and

(b) 2% per annum of the amount drawn down and invested in Anthemis Follow-On Investments;

(ii) for the period from and including 1 January 2017 until the fourth anniversary of the Closing Date:

(a) 1.5% per annum of the New Investment Amount; and

(b) 1.5% per annum of the amount drawn down and invested in Anthemis Follow-On Investments;

(iii) for the period thereafter until the end of the life of the Partnership:

(a) 1.25% per annum of the New Investment Amount; and

(b) 1.5% per annum of the amount drawn down and invested in Anthemis Follow-On Investments.

### 5. Members Remuneration

The average number of members during the period was three. Members in the period served without remuneration.

### 6. Employees

The Partnership had no employees during the period.

### 7. Auditor fees

The remuneration of the statutory auditor was €14,580.

# Notes to the Accounts (continued)

## 8. Investments

Investments	Cost at 19 April 2016 €	Additions during the period €	Disposals during the period €	Cost at 31 December 2016 €	Unrealised gains/(losses) €	Valuation at 31 December 2016 €
Betterment, Inc.	-	7,239,819	-	7,239,819	384,981	7,624,800
Payoff, Inc.	-	13,574,661	-	13,574,661	721,839	14,296,500
Project Neptune	-	176,305	-	176,305	(1,345)	174,960
Trov, Inc.	-	4,423,080	-	4,423,080	342,277	4,765,357
<b>Total</b>	-	<b>25,413,865</b>	-	<b>25,413,865</b>	<b>1,447,752</b>	<b>26,861,617</b>

All investments held by the Partnership at 31 December 2016 are classified as Level 3. There have been no transfers between Level 3 and Level 1 and 2 during the period ended 31 December 2016.

All unrealised Gains/(Losses) relate to FX fluctuations only as Fair Value has been determined as cost.

# Notes to the Accounts

## (continued)

### 9. Trade and other receivables

	31 December 2016
	€
Prepayments	375,891
	<u>375,891</u>

### 10. Trade and other payables

	31 December 2016
	€
Administration fees payable	15,015
Trade and other creditors	20,545
	<u>35,560</u>

### 11. Financial risk management

The Partnership's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and other price risk), credit risk and liquidity risk.

#### (a) Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments changes due to the changes in variables such as interest rates, foreign exchange rates and inflation rates.

#### Interest rate risk

The Partnership is not exposed to interest rate risk as it has made no borrowings during the period ended 31 December 2016. It is subject to limited interest rate risk which arises from the possibility that changes in interest rates will affect future cash flows from underlying investments and the valuation that use interest rates as an input in the valuation model, such as the discounted cash flow models used in the valuation of unlisted investments. Although this policy neither protects the Partnership entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with variability in interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

#### Foreign exchange risk

Foreign exchange risk arises when the Partnership enters into transactions denominated in a currency other than their functional currency.

The Partnership is predominantly exposed to currency risk on purchases of investments made in currencies different than the functional currency. Apart from these particular cash-flows the Partnership aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

# Notes to the Accounts

## (continued)

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### 11. Financial risk management (continued)

#### (b) Credit risk

The Partnership takes on exposure to credit risk, which is the risk that one party will cause a financial loss for the other party by failing to discharge an obligation. This is managed by regular reviews of the portfolio companies models and if necessary dialogue with the portfolio companies' Directors. The Partnership itself has no significant concentration of credit risk outside the portfolio companies. Cash transactions are limited to financial institutions with high credit ratings.

#### (c) Liquidity risk

Liquidity risk is the risk that the Partnership may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

#### (d) Capital risk management

The capital of the Partnership is represented by the net assets attributable to the partners. The Partnership's objective when managing the capital is to safeguard the ability to continue as a going concern in order to provide returns for partners and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Partnership.

### 12. Material Agreements

#### Administration Agreement

Under the Secretarial and Administration Agreement, Ipes (UK) Limited provides Secretarial and Administrative services to the Partnership and is entitled to receive administration fees and reimbursement of expenses as may be determined from time to time by the parties. During the period the Partnership incurred fees totalling €40,642 in respect of Secretarial and Administrative services. The administration fees payable as at 31 December 2016 is €15,015.

### 13. Related party transactions

There have been no related party transactions during the period.

### 14. Ultimate controlling party

The ultimate controlling party is UniCredit S.P.A., registered at Via Alessandro Specchi, 16 - 00186 Rome, Italy.

### 15. Subsequent events

There have been no material events post the period ended 31 December 2016.