



# OAKTREE HUNTINGTON INVESTMENT FUND II, L.P. - CLASS A AND B

## Financial Statements

December 31, 2018

*Confidential*

Oaktree Huntington Investment Fund II, L.P. - Class A and B is operated as a partially exempt pool under CFTC Rule 4.7.

Oaktree Capital Management, L.P.

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Financial Statements  
December 31, 2018

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Oaktree Huntington Investment Fund II, L.P. - Class A and B  
 Operating Highlights  
 December 31, 2018  
 (Unaudited)

(In thousands)

	Year Ended December 31, 2018	November 19, 2015* through December 31, 2018
Operating Results		
Net income.....	<u>\$ 26,705</u>	<u>\$ 143,159</u>
Percent Return		
Before management fees, expenses, and potential incentive allocation to the General Partner .....	7.9% (a)	18.2% (b)
After management fees and expenses.....	5.7% (a)	
After management fees, expenses, and potential incentive allocation to the General Partner .....	4.7% (c)	12.6% (d)
Multiple of Capital (e)		
Before management fees, expenses, and potential incentive allocation to the General Partner .....		1.3
After management fees and expenses.....		1.3
After management fees, expenses, and potential incentive allocation to the General Partner .....		1.2
Net assets of Fund at end of period .....		<u>\$ 553,938</u>

Fund-level returns presented herein may include the effect of subscription line financing, where applicable.

\* Commencement of operations.

(a) Represents the Fund's time-weighted rate of return for the year indicated.

(b) Represents the Fund's internal rate of return since inception.

(c) Represents the Limited Partner's time-weighted rate of return for the year indicated.

(d) Represents the Limited Partner's internal rate of return since inception.

(e) Calculated as (Net Asset Value + Distributions) ÷ Paid-In Capital; also referred to as Investment Multiple.

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Statement of Assets and Liabilities  
as of December 31, 2018

(In thousands)

**ASSETS:**

Investments at fair value (cost \$477,699).....	\$	518,502
Cash and cash equivalents .....		28,141
Receivable from brokers .....		13,625
Dividends and interest receivable.....		2,492
Unrealized appreciation on foreign currency forward contracts (Note 7).....		1,653
Receivable for investments sold.....		1,448
Options purchased, at fair value (Note 4).....		1,294
Other assets.....		<u>945</u>
Total assets .....		<u>568,100</u>

**LIABILITIES:**

Investments sold short, at fair value (proceeds \$9,837).....		9,987
Payable for investments purchased .....		2,422
Unrealized depreciation on foreign currency forward contracts (Note 7).....		969
Commodity swap, at fair value (Note 4) .....		385
Accrued expenses and other liabilities .....		<u>399</u>
Total liabilities .....		<u>14,162</u>

Commitments and contingencies (Note 8)

Net assets .....	\$	<u>553,938</u>
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Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Statement of Operations and Potential Incentive Allocation  
Year Ended December 31, 2018

(In thousands)

**INVESTMENT INCOME:**

Income:	
Interest .....	\$ 19,072
Dividends .....	2,539
Other .....	<u>258</u>
Total income .....	<u>21,869</u>
Expenses:	
Investment management fees .....	6,199
Professional fees .....	3,384
Credit facility interest expense .....	2,076
Credit facility fees .....	1,879
Interest expense .....	187
Dividend expense .....	38
Custody fees .....	31
Administration fees .....	3
Other .....	<u>704</u>
Total expenses .....	<u>14,501</u>
Net investment income .....	<u>7,368</u>

**NET REALIZED GAIN/(LOSS) AND CHANGE IN UNREALIZED APPRECIATION/  
DEPRECIATION ON INVESTMENTS, DERIVATIVES, AND FOREIGN CURRENCY:**

Net realized gain on investments and foreign currency .....	19,730
Net realized gain on derivatives .....	7,172
Net change in unrealized depreciation on investments and foreign currency .....	(11,155)
Net change in unrealized appreciation on derivatives .....	<u>3,590</u>
Net realized gain/(loss) and change in unrealized appreciation/depreciation on investments, derivatives, and foreign currency .....	<u>19,337</u>
Net income .....	<u>26,705</u>
Potential incentive allocation to the General Partner .....	<u>(5,143)</u>
Net income available for pro rata allocation to all partners .....	<u>\$ 21,562</u>

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Statement of Cash Flows  
Year Ended December 31, 2018

(In thousands)

**CASH FLOWS USED IN OPERATING ACTIVITIES:**

Net investment income .....	\$ 7,368
Adjustments to reconcile to net cash used in operating activities-	
Purchases of investments .....	(266,969)
Sales and repayments of investments .....	222,927
Payments to cover investments sold short .....	34,992
Proceeds from short sales .....	(45,279)
Accretion of original issue and market discount .....	(2,067)
Net realized gain on foreign currency forward contracts .....	7,158
Net realized gain on swaps .....	14
Changes in assets and liabilities:	
Decrease in receivable for investments sold .....	1,593
Decrease in receivable from brokers .....	17,799
Decrease in dividends and interest receivable .....	290
Decrease in receivable from bid/escrow deposits .....	3,452
Decrease in other assets .....	571
Decrease in payable for investments purchased .....	(12,489)
Decrease in interest payable on borrowings .....	(145)
Decrease in accrued expenses and other liabilities .....	(113)
Net cash used in operating activities .....	<u>(30,898)</u>

**CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:**

Borrowings under revolving credit facility .....	42,271
Repayments on revolving credit facility .....	(101,140)
Contributions .....	114,647
Capital distributions .....	(46,030)
Tax distributions to the General Partner .....	<u>(538)</u>
Net cash provided by financing activities .....	<u>9,210</u>
Effect of exchange rate changes on foreign currency .....	<u>(859)</u>
Total decrease in cash and cash equivalents .....	(22,547)
Cash and cash equivalents at beginning of year .....	<u>50,688</u>
Cash and cash equivalents at end of year .....	<u>\$ 28,141</u>
Supplemental disclosure of cash flow information:	
Cash paid during the year for interest .....	<u>\$ 2,221</u>

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Statement of Changes in Partners' Capital

(In thousands)

	Limited Partner	General Partner	Total
Partners' committed capital .....	<u>\$ 500,000</u>	<u>\$ 15,464</u>	<u>\$ 515,464</u>
<b><i>November 19, 2015* through December 31, 2017</i></b>			
Contributions .....	\$ 408,250	\$ 12,626	\$ 420,876
Capital distributions.....	(75,662)	(2,514)	(78,176)
Allocation of net income .....	112,792	3,662	116,454
Potential incentive allocation to the General Partner.....	<u>(22,559)</u>	<u>22,559</u>	<u>-</u>
Partners' capital at December 31, 2017, net of potential incentive allocation to the General Partner .....	<u>422,821</u>	<u>36,333</u>	<u>459,154</u>
<b><i>Year ended December 31, 2018</i></b>			
Contributions .....	111,208	3,439	114,647
Capital distributions.....	(44,463)	(1,567)	(46,030)
Tax distributions to the General Partner .....	(538)	-	(538)
Allocation of net income .....	25,717	988	26,705
Potential incentive allocation to the General Partner.....	<u>(4,605)</u>	<u>4,605</u>	<u>-</u>
Change in Partners' capital .....	<u>87,319</u>	<u>7,465</u>	<u>94,784</u>
Partners' capital at December 31, 2018, net of potential incentive allocation to the General Partner .....	<u>\$ 510,140</u>	<u>\$ 43,798</u>	<u>\$ 553,938</u>

\* Commencement of operations.

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Condensed Schedule of Investments  
as of December 31, 2018

Principal Amount*/ No. of Shares, Units, Warrants or Ownership Interest	Investments	Cost	Fair Value
<b>INVESTMENTS OWNED:</b>			
<b>Aerospace &amp; Defense (3.0% of Net Assets)</b>			
12.7% Ownership Interest	OCM Antares Aviation Opportunities Sarl, formed to purchase liquid aircraft assets on stub leases in a joint venture with World Star Aviation (Ireland)	\$ 398,610	\$ 1,439,678
12.7% Ownership Interest	OCM Sprite Topco Sarl, formed to acquire a portfolio of mid-life aircrafts (Ireland)	10,488,762	15,229,582
	<i>Total Aerospace &amp; Defense</i>	10,887,372	16,669,260
<b>Air Freight &amp; Logistics (4.5%)</b>			
2,019,364	Debt securities during initial period of acquisition	1,790,660	1,753,475
10,610,045	Neovia Logistics Intermediate Holdings, LLC, Senior Unsecured Toggle PIK Notes, 144A, 10.75%, due 04/01/2020	6,363,878	7,533,132
17,786,000	SPL Logistics, LLC (Neovia Logistics), Senior Secured 1st Lien Notes, 144A, 8.875%, due 08/01/2020	13,774,630	15,473,820
	SPL Logistics Holdings, LLC, subtotal	20,138,508	23,006,952
	<i>Total Air Freight &amp; Logistics</i>	21,929,168	24,760,427
<b>Capital Markets (0.6%)</b>			
275,505	Equity securities during initial period of acquisition	2,755,053	2,755,053
32,775	Equity securities during initial period of acquisition	329,634	329,634
	<i>Total Capital Markets</i>	3,084,687	3,084,687
<b>Chemicals (0.1%)</b>			
5,902	Equity securities during initial period of acquisition (Germany)	829,100	533,678
<b>Commercial Services &amp; Supplies (0.6%)</b>			
123	Equity securities during initial period of acquisition	584	584
337	Equity securities during initial period of acquisition	3,321,689	3,471,100
15,012	Toehold position in Warrants	48,339	48,339
	Toehold Position in Common Stock and Warrants, subtotal	3,370,028	3,519,439
	<i>Total Commercial Services &amp; Supplies</i>	3,370,612	3,520,023
<b>Communications Equipment (1.9%)</b>			
235	Equity securities during initial period of acquisition	-	3,422
2,595,174	Infinera Corp., Common Stock	33,519,705	10,354,744
	<i>Total Communications Equipment</i>	33,519,705	10,358,166

(continued)



Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Condensed Schedule of Investments (continued)  
as of December 31, 2018

Principal Amount*/ No. of Shares, Units, Warrants or Ownership Interest	Investments (continued)	Cost	Fair Value
	<b>Construction &amp; Engineering (0.7%)</b>		
350	NAPEC Inc., Common Stock	\$ 3,496,000	\$ 3,496,000
10,302	Equity securities during initial period of acquisition	136,501	136,501
	<i>Total Construction &amp; Engineering</i>	<u>3,632,501</u>	<u>3,632,501</u>
	<b>Distributors (0.3%)</b>		
246,219	Debt securities during initial period of acquisition	232,037	202,721
164,146	Debt securities during initial period of acquisition	154,703	153,476
1,660,751	Debt securities during initial period of acquisition	<u>1,443,785</u>	<u>1,367,355</u>
	<i>Total Distributors</i>	<u>1,830,525</u>	<u>1,723,552</u>
	<b>Diversified Consumer Services (2.7%)</b>		
1,788,000	Debt securities during initial period of acquisition	<u>1,560,040</u>	<u>1,224,780</u>
298,782	My Alarm Center, LLC, Common Equity	-	-
10,126	My Alarm Center, LLC, Series A Preferred Stock, 8% PIK	9,021,824	10,126,080
1,160	My Alarm Center, LLC, Series Z Preferred Stock, 25% PIK	<u>1,125,300</u>	<u>3,540,359</u>
	My Alarm Center, LLC, subtotal	<u>10,147,124</u>	<u>13,666,439</u>
	<i>Total Diversified Consumer Services</i>	<u>11,707,164</u>	<u>14,891,219</u>
	<b>Diversified Financial Services (3.6%)</b>		
12.8% Ownership Interest	Equity and debt interest in a Delaware Limited Liability Company	<u>12,455,110</u>	<u>12,557,565</u>
5.9% Ownership Interest	Equity interest in a Delaware Limited Liability Company	<u>4,783,394</u>	<u>5,056,012</u>
8,901	Equity securities during initial period of acquisition	<u>890,100</u>	<u>890,100</u>
13.9% Ownership Interest	Equity interest in a Delaware Limited Liability Company	<u>1,723,307</u>	<u>1,717,560</u>
	<i>Total Diversified Financial Services</i>	<u>19,851,911</u>	<u>20,221,237</u>
	<b>Diversified Telecommunication Services (3.1%)</b>		
5,060,000	Debt securities during initial period of acquisition	3,662,736	2,732,400
2,284,000	Debt securities during initial period of acquisition	1,891,915	1,187,680
254,000	Debt securities during initial period of acquisition	221,243	144,780
3,571,000	Debt securities during initial period of acquisition	3,140,109	2,499,700
3,951,000	Debt securities during initial period of acquisition	3,117,172	2,479,055
381,000	Debt securities during initial period of acquisition	347,663	242,887
2,944,000	Debt securities during initial period of acquisition	<u>2,896,294</u>	<u>2,583,360</u>

(continued)

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Condensed Schedule of Investments (continued)  
as of December 31, 2018

Principal Amount*/ No. of Shares, Units, Warrants or Ownership Interest	Investments (continued)	Cost	Fair Value
	<b>Diversified Telecommunication Services (continued)</b>		
132,000	Debt securities during initial period of acquisition	\$ 84,480	\$ 59,143
	Debt securities, subtotal	<u>15,361,612</u>	<u>11,929,005</u>
1,201,000	Debt securities during initial period of acquisition	1,025,804	918,765
1,540,913	Debt securities during initial period of acquisition	1,477,261	1,382,970
3,670,258	Debt securities during initial period of acquisition	3,338,803	3,124,307
	Debt securities, subtotal	<u>5,841,868</u>	<u>5,426,042</u>
	<i>Total Diversified Telecommunication Services</i>	<u>21,203,480</u>	<u>17,355,047</u>
	<b>Electric Utilities (0.2%)</b>		
1,967	Equity securities during initial period of acquisition	<u>63,001</u>	<u>63,001</u>
46,401	Equity securities during initial period of acquisition	<u>1,556,806</u>	<u>1,102,024</u>
	<i>Total Electric Utilities</i>	<u>1,619,807</u>	<u>1,165,025</u>
	<b>Electronic Equipment, Instruments &amp; Components (0.2%)</b>		
59,655	Equity securities during initial period of acquisition	<u>1,135,102</u>	<u>1,055,162</u>
	<b>Energy Equipment &amp; Services (3.4%)</b>		
6.3% Ownership Interest	OCM Source Holdings, L.P., formed to acquire leasehold and mineral rights in the Permian Basin of West Texas	9,379,231	9,848,192
1% Ownership Interest	OCM Source Holdings II, L.P., formed to acquire leasehold and mineral rights in the Permian Basin of West Texas	<u>721,396</u>	<u>757,466</u>
	OCM Source Holdings, subtotal	<u>10,100,627</u>	<u>10,605,658</u>
207,000	Debt securities during initial period of acquisition	<u>207,000</u>	<u>198,202</u>
1,246,616	Prosaf SE, Senior Secured 1st Lien Revolver-B, Libor + 2.15%, due 02/06/2022 (United Kingdom)	(3,883)	213,177
814,921	Prosaf SE, Senior Secured 1st Lien Delayed Draw Term Loan-C, Libor + 2.15%, due 02/06/2022 (United Kingdom)	448,241	590,817
3,006,114	Prosaf SE, Senior Secured 1st Lien Term Loan-A, Libor + 2.15%, due 02/06/2022 (United Kingdom)	1,653,494	2,179,433
12,286	Prosaf SE, Warrants 1, Strike NOK 21.37, due 12/31/2049 (Cyprus)	-	-
11,086	Prosaf SE, Warrants 2, Strike NOK 21.37, due 12/31/2049 (Cyprus)	<u>-</u>	<u>-</u>
	Prosaf SE, subtotal	<u>2,097,852</u>	<u>2,983,427</u>
172,504	Proserv Group Parent, LLC, Common Equity	1,890,330	1,489,517
54,846	Proserv Group Parent, LLC, Convertible Preferred Stock, 12% PIK	<u>353,009</u>	<u>743,636</u>
	Proserv Group, LLC, subtotal	<u>2,243,339</u>	<u>2,233,153</u>

(continued)

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Condensed Schedule of Investments (continued)  
as of December 31, 2018

Principal Amount*/ No. of Shares, Units, Warrants or Ownership Interest	Investments (continued)	Cost	Fair Value
	<b>Energy Equipment &amp; Services (continued)</b>		
640,717	Equity securities during initial period of acquisition (Canada)	\$ 3,907,887	\$ 2,946,041
	<i>Total Energy Equipment &amp; Services</i>	<u>18,556,705</u>	<u>18,966,481</u>
	<b>Food Products (4.5%)</b>		
86,000	Debt securities during initial period of acquisition	<u>74,390</u>	<u>79,872</u>
13,804	SunOpta Foods, Inc., Series A Preferred Stock, 8%	13,804,000	14,080,080
1,358,565	SunOpta, Inc., Common Stock	<u>10,030,574</u>	<u>5,257,646</u>
	SunOpta, Inc., subtotal	<u>23,834,574</u>	<u>19,337,726</u>
6.4% Ownership Interest	Equity and debt interest in a Delaware Limited Partnership	<u>5,960,744</u>	<u>5,395,221</u>
	<i>Total Food Products</i>	<u>29,869,708</u>	<u>24,812,819</u>
	<b>Household Durables (0.2%)</b>		
1,472,586	Debt securities during initial period of acquisition	<u>1,267,331</u>	<u>1,241,265</u>
	<b>Independent Power and Renewable Electricity Producers (6.9%)</b>		
5.2% Ownership Interest	OCM Luxembourg Alisio Topco S.à.r.l., formed to acquire shares of Eolia Renovables de Inversiones S.C.R., SA (Spain)	<u>2,939,988</u>	<u>16,043,019</u>
12.8% Ownership Interest	OCM Luxembourg Breeze Holdco Sarl, formed to acquire shares in a development project of a wind farm in Scotland (United Kingdom)	<u>3,130,093</u>	<u>8,426,277</u>
608,126	Vistra Energy, Corp., Common Stock	<u>9,261,824</u>	<u>13,920,004</u>
	<i>Total Independent Power and Renewable Electricity Producers</i>	<u>15,331,905</u>	<u>38,389,300</u>
	<b>Industrial Conglomerates (0.5%)</b>		
410,238	Odebrecht Offshore Drilling Finance Ltd., Senior Secured Notes Regulation S, 6.72%, due 12/01/2022 (Brazil)	402,644	383,060
8,762,588	Odebrecht Offshore Drilling Finance Ltd., Senior Secured Notes, 7.72%, PIK, due 12/01/2026 (Brazil)	1,085,069	2,343,992
1,316,991	Odebrecht Oil & Gas Finance Ltd., Senior Unsecured Notes, 0%, due 12/31/2049 (Brazil)	<u>(1,454)</u>	<u>23,442</u>
	<i>Total Industrial Conglomerates</i>	<u>1,486,259</u>	<u>2,750,494</u>
	<b>Insurance (8.0%)</b>		
5,416,000	Genworth Holdings, Inc., Junior Subordinated Fixed-to-Float Notes, due 11/15/2036	2,275,299	3,005,880

(continued)

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Condensed Schedule of Investments (continued)  
as of December 31, 2018

Principal Amount*/ No. of Shares, Units, Warrants or Ownership Interest	Investments (continued)	Cost	Fair Value
	<b>Insurance (continued)</b>		
3,978,000	Genworth Holdings, Inc., Senior Unsecured Notes, 6.5%, due 06/15/2034	\$ 3,201,522	\$ 3,242,070
3,484,000	Genworth Holdings Inc., Senior Unsecured Notes, 4.8%, due 02/15/2024	2,685,795	2,891,720
2,387,000	Genworth Holdings Inc., Senior Unsecured Notes, 4.9%, due 08/15/2023	1,967,939	1,987,178
	Genworth Financial Inc, subtotal	<u>10,130,555</u>	<u>11,126,848</u>
4.7% Ownership Interest	OCM Luxembourg LCCG Holdings Sarl, formed to purchase a diversified portfolio of long-term insurance savings contracts (United Kingdom)	<u>3,972,625</u>	<u>5,241,803</u>
14.4% Ownership Interest	Equity securities during initial period of acquisition	<u>6,506,954</u>	<u>6,506,954</u>
4% Ownership Interest	OCM Luxembourg LCCG2 Holdings Ltd., formed to purchase a diversified portfolio of long-term insurance savings contracts in Ireland and the Isle of Man (United Kingdom)	<u>12,333,678</u>	<u>21,331,699</u>
	<i>Total Insurance</i>	<u>32,943,812</u>	<u>44,207,304</u>
	<b>Marine (3.3%)</b>		
146,782	Debt securities during initial period of acquisition	<u>143,361</u>	<u>106,564</u>
13.7% Ownership Interest	Equity interest in a Newly Formed Limited Partnership (Malaysia)	<u>638,770</u>	<u>1,060,486</u>
2.9% Ownership Interest	Opps Hartree Maritime Holdings, LLC, formed to purchase VLCC Shipbuilding contracts	<u>1,520,140</u>	<u>1,520,140</u>
14.1% Ownership Interest	Oaktree Maritime Finance Holdings, Ltd., formed to provide Ship Financing to owners of small to medium sized vessels (Cayman Islands)	<u>14,300,687</u>	<u>15,500,848</u>
	<i>Total Marine</i>	<u>16,602,958</u>	<u>18,188,038</u>
	<b>Media (1.4%)</b>		
2,043,000	Debt securities during initial period of acquisition	683,186	388,170
4,166,283	Debt securities during initial period of acquisition	<u>3,202,339</u>	<u>2,559,410</u>
	Debt securities, subtotal	<u>3,885,525</u>	<u>2,947,580</u>
4,698,700	Debt securities during initial period of acquisition	<u>3,699,310</u>	<u>3,178,154</u>
98,176	Equity securities during initial period of acquisition (Luxembourg)	<u>1,601,587</u>	<u>1,875,361</u>
	<i>Total Media</i>	<u>9,186,422</u>	<u>8,001,095</u>

(continued)

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Condensed Schedule of Investments (continued)  
as of December 31, 2018

Principal Amount*/ No. of Shares, Units, Warrants or Ownership Interest	Investments (continued)	Cost	Fair Value
	<b>Metals &amp; Mining (1.8%)</b>		
10,187,453	DDH1 Drilling Pty Ltd., Common Stock (Australia)	\$ 7,004,449	\$ 10,095,168
	<b>Multiline Retail (1.6%)</b>		
2,303,039	Debt securities during initial period of acquisition	2,133,294	2,003,644
2,629,330	Debt securities during initial period of acquisition	2,123,523	2,294,091
8,846,587	Debt securities during initial period of acquisition	4,095,803	4,379,060
	Debt securities, subtotal	6,219,326	6,673,151
	<i>Total Multiline Retail</i>	8,352,620	8,676,795
	<b>Municipal Bonds (0.5%)</b>		
115,000	Debt securities during initial period of acquisition	48,818	38,669
1,475,000	Debt securities during initial period of acquisition	628,002	495,969
1,560,000	Debt securities during initial period of acquisition	662,250	524,550
4,340,000	Debt securities during initial period of acquisition	539,278	738,359
3,905,000	Debt securities during initial period of acquisition	446,248	615,545
1,210,000	Debt securities during initial period of acquisition	129,812	179,177
335,000	Debt securities during initial period of acquisition	31,385	43,500
1,315,000	Debt securities during initial period of acquisition	164,903	181,838
	<i>Total Municipal Bonds</i>	2,650,696	2,817,607
	<b>Oil, Gas &amp; Consumable Fuels (12.4%)</b>		
17,084,086	AEP / McClendon Estate, Senior Secured 1st Lien Term Loan-B, due 12/31/2021	8,322,868	13,581,849
24,223	Berry Petroleum Co., LLC, Common Stock	228,501	211,951
64,989	Bonanza Creek Energy, Inc., Common Stock	1,796,950	1,343,323
6.3% Ownership Interest	OCM Charger Holdings, L.P., formed to purchase an interest of undeveloped acres in the Delaware Basin of West Texas	12,756,849	7,088,441
23,500	Equity securities during initial period of acquisition	1,806,538	1,448,775
93,914	Equity securities during initial period of acquisition	5,188,057	6,173,906
356,940	Equity securities during initial period of acquisition	1,431,787	606,798
1,030,000	Debt securities during initial period of acquisition	868,170	757,050
	Debt and equity securities, subtotal	2,299,957	1,363,848
169,367	Debt securities during initial period of acquisition	72,404	66,561

(continued)

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Condensed Schedule of Investments (continued)  
as of December 31, 2018

Principal Amount*/ No. of Shares, Units, Warrants or Ownership Interest	Investments (continued)	Cost	Fair Value
	<b>Oil, Gas &amp; Consumable Fuels (continued)</b>		
1,823	Debt securities during initial period of acquisition	\$ 1,757	\$ 1,787
	Debt securities, subtotal	<u>74,161</u>	<u>68,348</u>
184,142	Debt securities during initial period of acquisition	107,723	163,886
14,904	Debt securities during initial period of acquisition	8,719	13,265
24,400	Debt securities during initial period of acquisition	14,274	21,716
	Debt securities, subtotal	<u>130,716</u>	<u>198,867</u>
132,000	Debt securities during initial period of acquisition	<u>119,460</u>	<u>47,300</u>
12.4% Ownership Interest	OCM Orlando Holdings Ltd., formed to acquire a equity interest in Decipher Energy in a joint venture to develop an offshore field in the North Sea (United Kingdom)	<u>7,961,510</u>	<u>10,374,234</u>
69,960	Debt securities during initial period of acquisition	<u>56,811</u>	<u>61,775</u>
1,572,485	King Operating Corporation, Net Profits Interest	1,572,484	1,608,717
7,905,856	King Operating Corporation, Senior Secured Tranche A 1st Lien Notes, Libor + 12.00%, Floor: 1.50%, due 06/06/2021	<u>6,607,402</u>	<u>7,905,856</u>
	King Operating Corporation, subtotal	<u>8,179,886</u>	<u>9,514,573</u>
6.3% Ownership Interest	OCM Permian Holdings, L.P. formed to purchase 50% undivided non-operating working interest in undeveloped acres in the Permian Basin of West Texas	<u>7,871,919</u>	<u>10,476,043</u>
100,506	Toehold position in Common Stock	2,825,115	4,573,023
2,182	Toehold position in Warrants	13,088	12,001
416	Toehold position in Warrants	1,968	1,872
	Toehold Position in Common Stock and Warrants, subtotal	<u>2,840,171</u>	<u>4,586,896</u>
2,635,000	Ultra Resources, Inc., Secured 2nd Lien Notes, 9% Cash / 2% PIK, due 07/12/2024	2,517,902	1,998,208
54,471	Ultra Resources, Inc., Warrant, Strike \$0.01, due 07/14/2025	25,708	20,427
	Ultra Petroleum Corp, subtotal	<u>2,543,610</u>	<u>2,018,635</u>
	<i>Total Oil, Gas &amp; Consumable Fuels</i>	<u>62,177,964</u>	<u>68,558,764</u>
	<b>Personal Products (0.1%)</b>		
863,895	Debt securities during initial period of acquisition	<u>716,840</u>	<u>618,609</u>

(continued)

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Condensed Schedule of Investments (continued)  
as of December 31, 2018

Principal Amount*/ No. of Shares, Units, Warrants or Ownership Interest	Investments (continued)	Cost	Fair Value
	<b>Real Estate Management &amp; Development (19.1%)</b>		
6.6% Ownership Interest	OCM United 3 Holdings Ltd., formed to purchase a portfolio of 177 borrowers collateralized by a diversified pool of real estate assets (China)	\$ 5,572,292	\$ 5,552,808
13.7% Ownership Interest	OCM Opportunities Fund ITA X Holding (Cayman), LP, formed to purchase property in a joint venture to invest in a newly created Italian REIF (Italy)	6,932,403	6,912,547
12.8% Ownership Interest	Menorca Holdings Sarl, formed to acquire a portfolio of loan and REOs (Spain)	3,283,316	5,287,272
12.6% Ownership Interest	MO Togra Eq Sarl, formed to provide GBP Senior Secured facilities to a UK and Irish homebuilder based in Dublin (Ireland)	4,858,622	5,278,047
12.6% Ownership Interest	MO Togra Eq Sarl, formed to provide EUR Senior Secured facilities to a UK and Irish homebuilder based in Dublin (United Kingdom)	12,423,985	13,741,940
	MO Togra Eq Sarl, subtotal	17,282,607	19,019,987
8% Ownership Interest	OCM EmRu Topco S.à.r.l., formed to acquire two portfolios of non-performing loans secured by commercial real estate in Ireland, Germany and France (Ireland)	9,884,768	15,443,254
1,741,546	NYC 4Pack, Mezzanine Loan, Libor +11.13%, due 05/09/2019	1,740,164	1,741,325
13.7% Ownership Interest	Resdev Spanish Opportunities Topco S.à.r.l., formed to acquire a CRE, NPL portfolio backed by residential development and land assets (Spain)	4,341,820	4,408,515
13.9% Ownership Interest	Watt Equity Co Sarl., formed to purchase preferred shares in Pure Data Centres, a data centre developer and operator (United Kingdom)	1,246,341	1,246,341
12.3% Ownership Interest	OCM Seal Topco Sarl, formed to provide a 90% loan to cost senior loan to Sellar London Limited for the acquisition of loan collateralized by four real estate assets (United Kingdom)	4,540,582	6,198,451
12.7% Ownership Interest	OCM Normandia Topco Sarl, formed to acquire a portfolio of non-performing loans (Spain)	16,020,375	19,119,092
12.7% Ownership Interest	OCM Luxembourg Pixis Sarl, formed to purchase a portfolio of mortgage debt which includes a portfolio of real estate assets (France)	11,914,187	14,405,505

(continued)



Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Condensed Schedule of Investments (continued)  
as of December 31, 2018

Principal Amount*/ No. of Shares, Units, Warrants or Ownership Interest	Investments (continued)	Cost	Fair Value
	<b>Real Estate Management &amp; Development (continued)</b>		
343,659	VICI Properties, Inc., Common Stock	\$ 6,289,489	\$ 6,453,916
	<i>Total Real Estate Management &amp; Development</i>	<u>89,048,344</u>	<u>105,789,013</u>
	<b>Technology Hardware, Storage &amp; Peripherals (0.0%)</b>		
184,600	Debt securities during initial period of acquisition	172,085	170,448
145,181	Debt securities during initial period of acquisition	<u>135,337</u>	<u>134,050</u>
	<i>Total Technology Hardware, Storage &amp; Peripherals</i>	<u>307,422</u>	<u>304,498</u>
	<b>Textiles, Apparel &amp; Luxury Goods (2.6%)</b>		
13,086,167	Debt securities during initial period of acquisition	7,272,285	3,984,738
1,502,000	Debt securities during initial period of acquisition	568,050	150,200
3,452,000	Debt securities during initial period of acquisition	<u>3,106,800</u>	<u>3,106,800</u>
	Debt securities, subtotal	<u>10,947,135</u>	<u>7,241,738</u>
7,709,929	Debt securities during initial period of acquisition	<u>6,900,241</u>	<u>6,900,387</u>
158,800	Debt securities during initial period of acquisition	<u>109,572</u>	<u>125,319</u>
	<i>Total Textiles, Apparel &amp; Luxury Goods</i>	<u>17,956,948</u>	<u>14,267,444</u>
	<b>Thriffs &amp; Mortgage Finance (1.2%)</b>		
25,493	Equity securities during initial period of acquisition	86,550	148,624
6,550	Equity securities during initial period of acquisition	44,868	65,828
20,250	Equity securities during initial period of acquisition	68,850	112,185
30,940	Equity securities during initial period of acquisition	256,963	320,848
17,450	Equity securities during initial period of acquisition	171,010	180,956
788	Equity securities during initial period of acquisition	7,328	8,140
10,000	Equity securities during initial period of acquisition	93,200	98,800
93	Equity securities during initial period of acquisition	<u>1,906,500</u>	<u>1,953,000</u>
	Equity securities, subtotal	<u>2,635,269</u>	<u>2,888,381</u>
10,150	Equity securities during initial period of acquisition	34,002	56,586
67,745	Equity securities during initial period of acquisition	218,139	377,679
17,450	Equity securities during initial period of acquisition	171,010	177,990
232,250	Equity securities during initial period of acquisition	<u>2,136,700</u>	<u>2,554,750</u>
	Equity securities, subtotal	<u>2,559,851</u>	<u>3,167,005</u>
€ 133,013	Debt securities during initial period of acquisition (Spain)	<u>90,796</u>	<u>89,851</u>
284,852	Toehold position in Corporate Debt	284,852	284,852
655	Toehold position in Warrants	-	-

(continued)



Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Condensed Schedule of Investments (continued)  
as of December 31, 2018

Principal Amount*/ No. of Shares, Units, Warrants or Ownership Interest	Investments (continued)	Cost	Fair Value
	<b>Thriffs &amp; Mortgage Finance (continued)</b>		
1,309	Toehold position in Warrants	\$ -	\$ -
	Toehold position in Corporate Debt and Warrants, subtotal	<u>284,852</u>	<u>284,852</u>
	<i>Total Thriffs &amp; Mortgage Finance</i>	<u>5,570,768</u>	<u>6,430,089</u>
	<b>Trading Companies &amp; Distributors (4.6%)</b>		
13,662,000	Debt securities during initial period of acquisition	<u>11,133,345</u>	<u>11,612,700</u>
3,518,785	Noble Investors Limited (Senior Creditor SPV), Equity (Singapore)	2,131,909	2,674,277
5,362,302	Noble New Asset Co. Ltd., Senior Secured Notes, Regulation S, 10.00% PIK, due 06/20/2022	4,685,093	4,826,072
5,776,711	Noble Resources International Pte Ltd., Delayed Draw Letter of Credit (Revolving), due 03/28/2021 (Singapore)	-	-
6,400,596	Noble Trading Co. Ltd, Senior Secured Notes, Regulation S, 8.75% PIK, due 06/20/2023 (China)	5,029,800	5,184,483
2,196,244	Noble Trading Hold Co. Ltd., Secured Toggle Payment-In- Kind Notes, Regulation S, 5.00% due 12/25/2025 (Virgin Islands, British)	<u>1,086,733</u>	<u>1,120,084</u>
	Noble Group, Ltd, subtotal	<u>12,933,535</u>	<u>13,804,916</u>
	<i>Total Trading Companies &amp; Distributors</i>	<u>24,066,880</u>	<u>25,417,616</u>
	<b>Total Investments Owned (93.6%)</b>	<u>477,699,165</u>	<u>518,502,383</u>
	<b>INVESTMENTS SOLD SHORT:</b>		
	Chemicals (-0.1%)	(650,228)	(660,264)
	Electrical Equipment (-0.3%)	(1,374,461)	(1,393,745)
	Media (-0.6%)	(3,259,467)	(3,297,122)
	Pharmaceuticals (-0.4%)	(2,295,233)	(2,330,174)
	Professional Services (-0.2%)	(1,147,307)	(1,174,774)
	Textiles, Apparel & Luxury Goods (-0.2%)	(971,459)	(997,889)
	Transportation Infrastructure ((0.0)%)	<u>(138,964)</u>	<u>(133,295)</u>
	<b>Total Investments Sold Short (-1.8%)</b>	<u>(9,837,119)</u>	<u>(9,987,263)</u>
	<b>Total Investments (91.8%)</b>	<u>\$ 467,862,046</u>	<u>508,515,120</u>
	<b>Options Purchased (0.3%)</b>		
278,550	ICE Brent, Monthly Puts, Strike Price \$52.50, expiration 12/23/2019		1,293,513
	<b>Options Written (0.0%)</b>		
63	PG&E Corp., Jan 18 Call on PCG, Strike Price \$47.50 Expiration 01/18/2019		(158)
	<b>Swaps (-0.1%)</b>		
4,930,200	Natural Gas-Nymex 12/31/2023		(46,570)

(continued)

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Condensed Schedule of Investments *(continued)*  
as of December 31, 2018

Principal Amount*/ No. of Shares, Units, Warrants or Ownership Interest	Investments <i>(continued)</i>	Cost	Fair Value
	<b>Swaps <i>(continued)</i></b>		
1,315,200	Nat Gas-Rocky Mountains (NWPL)-Inside Ferc 12/31/2021		\$ (338,456)
2,264	OCI Co, Ltd., TRS due 10/10/2019		(8)
	Total Swaps		<u>(385,034)</u>
	<b>Excess of Liabilities over Cash and Other Assets (8.0%)</b>		<u>44,514,366</u>
	<b>Net Assets (100.0%)</b>		<u>\$ 553,937,807</u>

\* Principal amounts denote investments denominated in U.S. Dollars unless otherwise indicated. Investments are issued by U.S. companies unless parenthetically indicated in investment description.

€ Euro  
kr Norwegian Krone  
C\$ Canadian Dollars  
£ British Pound  
AU\$ Australian Dollar

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Condensed Schedule of Investments (*continued*)  
as of December 31, 2018

	Cost	Fair Value	Percentage of Net Assets
<b>Investments by country:</b>			
United States	\$ 315,249,379	\$ 296,008,121	53.4 %
United Kingdom	46,150,206	67,995,677	12.3
Spain	26,676,295	44,947,749	8.1
Ireland	25,630,762	37,390,561	6.8
Cayman Islands	14,300,687	15,500,848	2.8
China	10,602,092	10,737,291	1.9
Australia	7,004,449	10,095,168	1.8
France	6,265,458	8,624,854	1.6
Italy	6,793,439	6,779,252	1.2
Canada	3,907,887	2,946,041	0.5
Brazil	1,486,259	2,750,494	0.5
Singapore	2,131,909	2,674,277	0.5
Luxembourg	1,601,587	1,875,361	0.3
Virgin Islands, British	1,086,733	1,120,084	0.2
Malaysia	638,770	1,060,486	0.2
Cyprus	-	-	-
Germany	178,872	(126,586)	-
Switzerland	(695,431)	(689,784)	(0.1)
Netherlands	(1,147,307)	(1,174,774)	(0.2)
<b>Total investments</b>	<u>\$ 467,862,046</u>	<u>\$ 508,515,120</u>	<u>91.8 %</u>
<b>Investments by type:</b>			
Bank debt	\$ 102,889,437	\$ 111,133,299	20.1 %
Corporate debt	71,191,953	72,276,704	13.1
Preferred equity	37,010,324	42,200,276	7.6
Common equity	210,735,358	226,181,553	40.8
Real estate-oriented	6,932,403	6,912,347	1.2
Real estate loan portfolios	39,102,571	49,810,941	9.0
<b>Total investments</b>	<u>\$ 467,862,046</u>	<u>\$ 508,515,120</u>	<u>91.8 %</u>

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Notes to Financial Statements  
December 31, 2018  
(Amounts in thousands)

## **NOTE 1 – Organization:**

Oaktree Huntington Investment Fund II, L.P. (the “Fund”) was formed on November 4, 2015, as a Delaware limited partnership, for the primary purpose of allowing the investor of the Fund, with respect to Class A, to invest in entities experiencing financial difficulties, with respect to Class B, to achieve a substantial total return by obtaining control or significant influence of primarily middle-market companies in situations involving distress or dislocation. The Fund commenced operations on November 19, 2015, and invests through the following separate classes of limited partnership interests.

Class A Interests – represent distressed debt investments that are made directly by the Fund or indirectly through intermediate entities. Investments are made alongside Oaktree Opportunities Fund X, L.P. and consist of investments within Oaktree’s Distressed Debt Strategy such as securities of entities that, or are owned by such persons that, are undergoing, are considered likely to undergo or have undergone (i) reorganization under the federal bankruptcy law or similar laws in other countries or (ii) other extraordinary transactions such as debt restructurings, reorganizations and liquidations outside of bankruptcy. The Fund may also invest in other instruments that the General Partner believes are undervalued, focusing primarily on debt and equity securities in special event-driven situations, which are referred to as “non-distressed investments”. The Fund may also invest, inter alia, in real estate investment trusts, options and warrants. All investments are made directly by the Fund or indirectly through intermediate entities.

Class B Interests – represent the special situations / distress-for-control investments that are made directly by the Fund or indirectly through intermediate entities. Investments are made alongside Oaktree Special Situations Fund, L.P. (formerly known as “Oaktree Principal Fund VI, L.P.”) and consist primarily of equity, equity-related and debt obligations of corporations, partnerships, limited liability companies, and other similar entities (“companies”) that the General Partner believes are undervalued, offer an opportunity for growth if funded appropriately and provide an attractive risk/return profile. The Fund generally attempts to structure investments of the Class B Interests with a goal of obtaining control of, or significant influence over, such companies either directly, in one transaction or multiple transactions, and/or in conjunction with existing management.

The Fund is operated as a partially exempt pool under CFTC Rule 4.7. Capitalized terms used but not defined herein have the meanings assigned to such terms in the Fund Agreement (as defined below).

The Fund’s Amended and Restated Limited Partnership Agreement, dated as of November 13, 2015 (as it may be further amended or restated from time to time thereafter, the “Fund Agreement”), was entered into among Oaktree Huntington Investment Fund II GP, L.P., a Delaware limited partnership, as General Partner, and the Limited Partner of the Fund. The Fund appointed Oaktree Capital Management, L.P. (“Oaktree”), a Delaware limited partnership, as its Investment Manager to provide portfolio management and administrative services pursuant to a Management Agreement, dated as of November 13, 2015 (as amended or restated from time to time, the “Fund Management Agreement”). Subject to the terms of the Fund Agreement and the Fund Management Agreement, the Investment Manager has discretionary authority to make decisions with respect to the investments of the Fund and to manage the operations of the Fund, provided that management and the conduct of the activities of the Fund remain the ultimate responsibility of the General Partner.

From time to time the General Partner may determine that, for legal, tax, regulatory or other considerations, an investment shall be made through an alternative investment fund (“AIF”). Each AIF will be managed by Oaktree or an affiliate and be governed by organizational documents containing provisions substantially similar to those of the Fund. Investments made through the AIFs are funded by contributions made either to these entities or to the Fund, as appropriate. Oaktree Huntington Investment Fund II AIF (Delaware), L.P., a Delaware limited partnership, was formed as an AIF for the Main Fund on February 2, 2016. The Fund may also make investments through one or more holding companies that are co-owned by the Fund and other funds managed by the Investment Manager. Such

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Notes to Financial Statements (continued)  
December 31, 2018  
(Amounts in thousands)

## NOTE 1 – Organization (continued):

holding companies directly or indirectly own the underlying investments, which are presented on the condensed schedule of investments in the respective industry and geographic region of the underlying investments. The profits and losses associated with such investments are reflected in the statement of operations and potential incentive allocation.

As of December 31, 2018, the Limited Partner of the Fund committed total capital of \$500,000 of which \$399,333 or approximately 79.9% has been drawn down, including recallable distributions. The General Partner committed total capital of \$15,464 of which \$12,349 or approximately 79.9% has been drawn down, including recallable distributions. The Fund's term shall continue, unless the Fund is sooner dissolved, until the dissolution of the last Class of interests.

As of December 31, 2018, there is one investor in the Fund which owns 100% of the Limited Partnership interests.

## NOTE 2 – Significant Accounting Policies:

### PRINCIPLES OF ACCOUNTING

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of these financial statements requires the General Partner to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from these estimates.

The Fund is an investment company and follows specialized accounting and reporting requirements for investment companies established under U.S. GAAP.

The Fund's financial statements include the accounts of certain AIFs and holding companies that were formed for the purpose of acquiring certain investments. All material inter-company balances and transactions have been eliminated.

Investments denominated in non-U.S. currencies are recorded in the financial statements after translation into U.S. dollars using the spot exchange rate on the last business day of the period. Purchases, sales, income and expenses are translated at the spot exchange rate prevailing on the respective dates of such transactions. The effect of changes in exchange rates on investments is included in net change in unrealized appreciation and net realized gains on investments. The gains and losses on foreign currency transactions related to other assets and liabilities of the Fund is not significant and therefore are not separately reported.

### INVESTMENT VALUATIONS

U.S. GAAP establishes a hierarchical disclosure framework, which prioritizes the inputs used in measuring financial instruments at fair value into three levels based on their market observability. Market price observability is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Financial instruments with readily available quoted prices from an active market or for which fair value can be measured based on actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment inherent in measuring fair value.

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
 Notes to Financial Statements (continued)  
 December 31, 2018  
 (Amounts in thousands)

## NOTE 2 – Significant Accounting Policies (continued):

### INVESTMENT VALUATIONS (CONTINUED)

Financial assets and liabilities measured and reported at fair value are classified as follows:

- *Level I* – Quoted unadjusted prices for identical instruments in active markets to which the Fund has access at the date of measurement. The types of investments in Level I include exchange-traded equities, debt and derivatives with quoted prices.
- *Level II* – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are directly or indirectly observable. Level II inputs include interest rates, yield curves, volatilities, prepayment risks, loss severities, credit risks and default rates. The types of investments in Level II generally include corporate bonds and loans, government and agency securities, less liquid and restricted equity investments, over-the-counter traded derivatives and other investments where the fair value is based on observable inputs.
- *Level III* – Valuations for which one or more significant inputs are unobservable. These inputs reflect the General Partner's assessment of the assumptions that market participants use to value the investment based on the best available information. Level III inputs include prices of quoted securities in markets for which there are few transactions, less public information exists or prices vary among brokered market makers. The types of investments in Level III include non-publicly traded equity, debt, real estate and derivatives.

In some instances, an instrument may fall into different levels of the fair value hierarchy. In such instances, the instrument's level within the fair value hierarchy is based on the lowest of the three levels (with Level III being the lowest) that is significant to the fair value measurement. The assessment of the significance of an input requires judgment and considers factors specific to the instrument. Transfers of assets into or out of each fair value hierarchy level as a result of changes in the observability of the inputs used in measuring fair value are accounted for as of the beginning of the reporting period. Transfers resulting from a specific event, such as a reorganization or restructuring, are accounted for as of the date of the event that caused the transfer.

In the absence of observable market prices, the General Partner values Level III investments using valuation methodologies applied on a consistent basis. The quarterly valuation process for Level III investments begins with each portfolio company, property or security being initially valued by the investment or valuation teams. The valuations are then reviewed and approved by the valuation team and the valuation committee of each investment strategy, which consists of senior members of the investment team. All Level III investment values are ultimately approved by the valuation committees and designated investment professionals as well as the valuation officer who is independent of the investment teams. Results of the valuation process are evaluated each quarter, including an assessment of whether the underlying calculations should be adjusted or recalibrated. In connection with this process, the General Partner evaluates changes in fair value measurements from period to period for reasonableness, considering items such as industry trends, general economic and market conditions, and factors specific to the investment.

Certain assets are valued using prices obtained from pricing vendors or brokers. The General Partner seeks to obtain prices from at least two pricing vendors for the subject or similar securities. In cases where vendor pricing is not reflective of fair value, a secondary vendor is unavailable, or no vendor pricing is available, a fair value comprised of quotes for the subject or similar securities received from broker dealers may be used. These investments may be classified as Level III because the quoted prices may be indicative in nature for securities that are in an inactive market, may be for similar securities, or may require adjustment for investment-specific factors or restrictions. Generally, the General Partner does not adjust any of the prices received from these sources, and all prices are reviewed by the General Partner. The General Partner evaluates the prices obtained from brokers or pricing vendors

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
 Notes to Financial Statements (*continued*)  
 December 31, 2018  
 (Amounts in thousands)

## NOTE 2 – Significant Accounting Policies (*continued*):

### INVESTMENT VALUATIONS (*CONTINUED*)

based on available market information, including trading activity of the subject or similar securities, or by performing a comparable security analysis to ensure that fair values are reasonably estimated. The General Partner also performs back-testing of valuation information obtained from pricing vendors and brokers against actual prices received in transactions. In addition to on-going monitoring and back-testing, the General Partner performs due diligence procedures over pricing vendors to understand their methodology and controls to support their use in the valuation process.

Non-publicly traded debt and equity securities and other securities or instruments for which reliable market quotations are not available are valued by the General Partner using valuation methodologies applied on a consistent basis. These securities may initially be valued at the acquisition price as the best indicator of fair value. The General Partner reviews the significant unobservable inputs, valuations of comparable investments and other similar transactions for investments valued at acquisition price to determine whether another valuation methodology should be utilized. Subsequent valuations will depend on facts and circumstances known as of the valuation date and the application of valuation methodologies further described below. The fair value may also be based on a pending transaction expected to close after the valuation date. These valuation methodologies involve a significant degree of management judgment. Accordingly, valuations do not necessarily represent the amounts which may eventually be realized from sales or other dispositions of investments. Fair values may differ from the values that would have been used had a ready market for the investment existed, and the differences could be material to the financial statements.

#### *Exchange-Traded Investments*

Securities listed on one or more national securities exchanges are valued at their last reported sales price on the date of valuation. If no sale occurred on the valuation date, the security is valued at the mean of the last “bid” and “ask” prices on the valuation date. Securities that are not marketable due to legal restrictions that may limit or restrict transferability are generally valued at a discount from quoted market prices. The discount would reflect the amount market participants would require due to the risk relating to the inability to access a public market for the security for the specified period and would vary depending on the nature and duration of the restriction and the risk and volatility of the underlying securities. Securities with longer duration restrictions or higher volatility are generally valued at a higher discount. Such discounts are generally estimated based on put option models or analysis of market studies. Instances where discounts have been applied to quoted prices of restricted listed securities have been infrequent. The impact of such discounts is not material to the financial statements.

#### *Credit-Oriented Investments (including Real Estate Loan Portfolios)*

Certain investments in corporate and government debt which are not listed or admitted to trading on any securities exchange are valued at the mean of the last bid and ask prices on the valuation date based on quotations supplied by recognized quotation services or by reputable broker-dealers.

The market yield approach is considered in the valuation of non-publicly traded debt investments, utilizing expected future cash flows, discounted using estimated current market rates. Discounted cash flow calculations may be adjusted to reflect current market conditions and/or the perceived credit risk of the borrowers. Consideration is also given to a borrower’s ability to meet principal and interest obligations; this may include an evaluation of collateral or the underlying value of the borrower utilizing techniques described below under “Non-Publicly Traded Equity Investments” and “Non-Publicly Traded Real Estate Investments.”

#### *Non-Publicly Traded Equity Investments*

The fair values of private equity investments are determined by using a market approach or income approach. A market approach utilizes valuations of comparable public companies or transactions and generally seeks to establish the enterprise value of the portfolio company using a market multiple approach. This approach takes into account a specific financial measure (such as EBITDA, adjusted EBITDA, free cash flow, net operating income, net income,



Oaktree Huntington Investment Fund II, L.P. - Class A and B  
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## NOTE 2 – Significant Accounting Policies (continued):

### INVESTMENT VALUATIONS (CONTINUED)

book value or net asset value) believed to be most relevant for the given company. Consideration may also be given to such factors as acquisition price of the security, historical and projected operational and financial results for the portfolio company, the strengths and weaknesses of the portfolio company relative to its comparable companies, industry trends, general economic and market conditions and other factors deemed relevant. The income approach is typically a discounted cash flow method that incorporates expected timing and level of cash flows. It incorporates assumptions in determining growth rates, income and expense projections, discount rates, capital structure, terminal values and other factors. The applicability and weight assigned to market and income approaches are determined based on the availability of reliable projections and comparable companies and transactions.

The valuation of securities may be impacted by expectations of investors' receptiveness to a public offering of the securities, the size of the holding of the securities and any associated control, information with respect to transactions or offers for the securities (including the transaction pursuant to which the investment was made and the period of time elapsed from the date of the investment to the valuation date) and applicable restrictions on the transferability of the securities.

#### *Non-Publicly Traded Real Estate Investments*

The fair values of real estate investments are determined by using a cost approach, market approach or income approach. A cost approach is based upon the current cost of reproducing a real estate investment less deterioration and functional and economic obsolescence. A market approach utilizes valuations of comparable properties or transactions and generally seeks to establish the enterprise value of investment property using a market multiple approach. This approach takes into account a specific financial measure (such as free cash flow, net operating income, net income, book value, net asset value, EBITDA or adjusted EBITDA) believed to be most relevant for the given investment property. Consideration may also be given to such factors as acquisition price of investment property, historical and projected operational and financial results for the property, the strengths and weaknesses of the investment property relative to comparable properties, industry trends, geographical factors, general economic and market conditions and other factors deemed relevant. The income approach is typically a discounted cash flow method that incorporates expected timing and level of cash flows. It incorporates assumptions in determining growth rates, income and expense projections, discount and capitalization rates, capital structure, and other factors. The applicability and weight assigned to market and income approaches are determined based on the availability of reliable projections and comparable properties and transactions.

### INVESTMENT TRANSACTIONS AND INCOME RECOGNITION

The Fund records investment transactions at cost on trade date for publicly traded securities or when the Fund has an enforceable right to acquire the security, which is generally on the closing date if not publicly traded. Realized gains and losses on investments are recorded on a specific identification basis. The Fund records income on an accrual basis unless the related investment is in default or if the collection of the income is otherwise considered doubtful. The Fund may hold investments which provide that interest is payable in-kind rather than in cash. Dividend income is recognized on the ex-dividend date.

Discounts and premiums on certain debt securities are accreted/amortized under the effective interest method subject to criteria determined by the General Partner, including the distressed nature of certain debt securities.

### INCOME TAXES

As a partnership, the Fund is not subject to U.S. federal income tax. Instead, for U.S. federal income tax purposes, the partners of the Fund that are subject to U.S. tax are responsible for their allocable share of the Fund's net taxable income and are required to take into account their distributive share of each item of the Fund's income, gain, loss,



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## NOTE 2 – Significant Accounting Policies (*continued*):

### INCOME TAXES (*CONTINUED*)

deduction and credit, whether or not distributed. Consequently, no income tax provision has been made in the accompanying financial statements. The Fund may invest in operating entities that are treated as partnerships for U.S. federal income tax purposes which may give rise to unrelated business taxable income (“UBTI”) or income effectively connected with a U.S. trade or business (“ECI”). The Fund shall structure the acquisition of these investments such that the investments are held through blocker entities taxable as corporations for U.S. federal income tax purposes and are generally subject to U.S. federal, state, and local taxes. Pursuant to its limited partnership agreement, the Fund withholds blocker expenses and tax payments from the limited partner, which are treated as deemed distributions to the limited partner. The Fund intends generally to conduct its affairs to the maximum extent practicable so that its activities do not create a taxable presence in any of the jurisdictions outside of the U.S. in which the General Partner and/or Investment Manager has offices or in which the Fund has made any investments. Dividends, certain interest as well as other income realized by the Fund from sources within the U.S. may be subject to U.S. withholding tax on certain non-U.S. partners. Interest, dividends and other income realized by the Fund from non-U.S. sources and capital gains realized on the sale of investments in non-U.S. issuers may be subject to withholding and other taxes levied by the jurisdiction in which the income is sourced. Certain activities of the Fund may cause the partners in the Fund to be subject to state and local taxes.

The Fund files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. Management determines whether a tax position of the Fund is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. For tax positions meeting the more likely than not threshold, the maximum tax benefit recognized is limited to the amount that is more than 50% likely to be realized upon ultimate settlement. Management has analyzed the tax positions expected to be taken on the Fund’s tax returns for all major jurisdictions, and has concluded that no provision for income taxes is required in the Fund’s financial statements. The Fund’s tax returns for tax years for which the applicable statutes of limitation have not expired are subject to examination by federal, state, local and foreign jurisdictions, where applicable. The Fund has no examinations in progress as of December 31, 2018.

### CASH AND CASH EQUIVALENTS

The Fund considers all highly liquid cash investments, primarily investments in money market funds and a collective trust which operates similar to a money market fund, to be cash equivalents and are valued at cost, which approximates fair value. As of December 31, 2018, the Fund did not hold cash equivalents. Cash and cash equivalents may also include cash denominated in foreign currencies. As of December 31, 2018, the Fund’s foreign cash balance, as translated into U.S. dollars, totaled \$100 with a cost of \$100.

### ORGANIZATIONAL EXPENSES

Organizational expenses are expensed as incurred. Organizational expenses of up to \$400 will be paid by the Fund. Organizational expenses in excess of such amount will be paid by the Fund and offset against management fees (see Note 6). Organizational expenses incurred by the Fund and its respective AIF, from the commencement of operations through December 31, 2018 amounted to \$314.

### RECEIVABLE FROM BROKERS

Receivable from brokers represents cash owned by the Fund and on deposit with brokers and counterparties, which is used as collateral for securities and swaps.

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## NOTE 2 – Significant Accounting Policies (continued):

### INVESTMENTS SOLD SHORT

Investments sold short represent obligations of the Fund to make a future delivery of a specific security and, correspondingly, create an obligation to purchase the security at prevailing market prices (or deliver the security, if owned by the Fund) as of the later delivery date. As a result, these short sales create the risk that the Fund's obligation to satisfy the delivery requirements may exceed the amount recorded in the accompanying consolidated statement of assets and liabilities.

Investments sold short are recorded at fair value, with the resulting change in value reflected as a component of the change in unrealized appreciation or depreciation. When the securities are delivered, any gain or loss is included in net realized gain or loss on investments. The Fund maintains cash deposits with the prime broker in order to cover its obligations on short sales.

The Fund is liable for interest obligations arising from short sales of fixed income securities. Such amounts are recorded as interest expense to the Fund. The Fund's principal brokers charge borrowing costs on stock loans for investments sold short. Borrowing fees are calculated daily and determined on an individual security basis. The cost to borrow is offset by the cash rebate earned on short proceeds, and is included in dividend and interest expense in the consolidated statement of operations.

### OPTIONS

The purchase price of a call option or a put option is recorded as an investment, which is carried at market value. If a purchased option expires, the Fund realizes a loss in the amount of the cost of the option. When the Fund enters into a closing sale transaction, the Fund realizes a gain or loss if the proceeds are greater or less, respectively, than the cost of the option. When the Fund exercises a call option, the cost of the security that the Fund purchases upon exercise is increased by the premium originally paid.

When the Fund writes an option, the premium received is recorded as a liability and is subsequently adjusted to the current fair value of the option written. If a written option expires, the Fund realizes a gain in the amount of premium received. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain or loss. The Fund as writer of an option bears the market risk of an unfavorable change in the price of the security underlying the written option. Pursuant to the agreement entered into with the counterparty, the Fund pays an amount equal to the number of options written multiplied by ex-dividend amount of the underlying. This payment is reflected in realized gain.

### NEW ACCOUNTING PRONOUNCEMENTS

In August 2018, the Financial Accounting Standards Board (the "FASB") issued guidance that modifies or eliminates certain disclosure requirements for fair value measurements. For all entities, this guidance is effective for financial statements issued for fiscal years beginning after December 15, 2019 and for interim periods within those fiscal years. The Fund adopted this guidance during 2018, which resulted in modification to certain disclosures, but did not have a material impact to the Fund's financial statements.

### RISKS AND UNCERTAINTIES

The Fund invests primarily in the securities of entities that are undergoing, or are considered likely to undergo, reorganization, debt restructuring, liquidation, or another extraordinary transaction. Investments in such entities are considered speculative and involve substantial risk of principal loss. A portion of the Fund's assets may consist of securities that are thinly traded, securities and other assets for which no market exists and/or securities which are restricted as to their transferability under applicable securities laws and/or documents governing particular

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
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## NOTE 2 – Significant Accounting Policies (continued):

### RISKS AND UNCERTAINTIES (CONTINUED)

transactions of the Fund. Due to securities regulations governing certain publicly traded equity securities, the Fund's ability to sell securities could also be diminished with respect to equity holdings that represent a significant portion of the issuer's securities (particularly if the Fund has designated one or more directors of the issuer).

Investments are subject to concentration and industry risk. Such concentrations may subject the investments to additional risks resulting from changes in political, regulatory, or economic conditions in such industry which could cause the investments and their markets to be less liquid and prices more volatile. Investment performance of a few sectors may have a significant impact on the performance of the Fund.

To the extent that the Fund has investments denominated in non-U.S. currencies or non-U.S. domiciled entities, there are risks and special considerations not typically associated with U.S. investments. Such risks may include, but are not limited to, investment and repatriation restrictions, currency exchange rate fluctuations, adverse political, social and economic developments, less liquidity and smaller capital markets, and certain local tax law considerations.

Bank debt has exposure to certain degrees of risk, including interest rate, market risk, and the potential non-payment of principal and interest, including default or bankruptcy of the issuer. Loans are generally subject to prepayment risk, which will affect the maturity and yield of such loans. The Fund may enter into bank debt participation agreements through contractual relationships with a third party selling such participations but not with the borrower. As a result, the Fund assumes the credit risk of the borrower and the selling participant.

The Fund may invest in real property and real estate related investments that entail substantial inherent risks. Although the Fund will attempt to manage those risks through careful research, ongoing monitoring of investments, active participation in the restructuring process and appropriate hedging techniques, there can be no assurance that the real property and real estate related investments purchased by the Fund will in fact increase in value or that the Fund will not incur significant losses.

The Fund may invest in CMBS assets, which are subject to credit risk, interest rate risk, prepayment risk, and general market risk. These risks can be affected by a number of factors, including general economic conditions, particularly those in the area where the related mortgaged properties are located, the level of the borrowers' equity in the mortgaged properties, and the relative timing and rate of delinquencies and prepayments of mortgage loans bearing a higher rate of interest.

The Fund may invest in residential or commercial real estate loans that are non-performing at the time of their acquisition or that become non-performing following their acquisition. Such non-performing real estate loans may require a substantial amount of workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate and / or a substantial write-down of the principal of such loan. The Fund may also find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased by the Fund. The foreclosure process varies by jurisdiction and can be lengthy and expensive. Generally, investments in residential loans have risk associated with the value of the underlying properties. Residential real estate values may be affected by a number of factors, including general economic conditions and mortgage qualification standards, as well as local market factors such as employment levels, the supply of homes, and the safety, convenience and attractiveness of the properties and neighborhoods. Generally, investments in commercial loans have risk associated with the ability of the borrower to repay, which may be impacted by general economic conditions as well as borrower specific factors including the quality of management, the ability to generate sufficient income to make scheduled principal and interest payments or ability to obtain alternative financing to repay the loan.

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
 Notes to Financial Statements (continued)  
 December 31, 2018  
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## NOTE 2 – Significant Accounting Policies (continued):

### RISKS AND UNCERTAINTIES (CONTINUED)

Credit risk is the potential loss the Fund may incur from the failure of a counterparty or an issuer to make payments according to the terms of an investment contract. The Fund is subject to credit risk due to its strategy of investing in debt of financially distressed issuers, derivative instruments, as well as its involvement in privately negotiated structured notes and structured credit transactions, where applicable. The Fund's counterparties include its custodian bank, major brokerages and their affiliates with which the Fund has relationships. The Fund continually monitors the creditworthiness of the financial institutions with which it conducts business.

Certain derivative agreements allow counterparties to OTC derivatives to terminate derivative contracts prior to maturity in the event the Fund's net assets decline by a stated percentage or the Fund fails to meet the terms of its derivative agreements, which would cause the Fund to make an accelerated payment of any net liability owed to the counterparty. The Fund continually monitors these termination event triggers.

## NOTE 3 – Fair Value:

The table below summarizes the valuation of the Fund's investments by the U.S. GAAP fair value hierarchy levels as of December 31, 2018:

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Investments:				
Bank debt	\$ -	\$ 28,712	\$ 82,421	\$ 111,133
Corporate debt	-	57,371	24,893	82,264
Preferred equity	3,921	181	38,098	42,200
Common equity	53,287	-	172,895	226,182
Real estate-oriented	-	-	6,912	6,912
Real estate loan portfolios	-	-	49,811	49,811
Options purchased	-	1,294	-	1,294
Commodity swaps	-	(385)	-	(385)
Foreign currency forward contracts, net	-	684	-	684
Investment sold short:				
Corporate debt	-	(9,987)	-	(9,987)
Total	<u>\$ 57,208</u>	<u>\$ 77,870</u>	<u>\$ 375,030</u>	<u>\$ 510,108</u>

Included in Level III corporate debt above are investments primarily concentrated in the following industries: air freight & logistics and real estate management & development.

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
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### NOTE 3 – Fair Value (continued):

The following table sets forth a summary of changes in the fair value of the Fund's Level III investments for the year ended December 31, 2018:

	Bank Debt	Corporate Debt	Preferred Equity	Common Equity	Real Estate- Oriented	Real Estate Loan Portfolios	Total
Balance, December 31, 2017	\$ 85,954	\$ 15,316	\$ 25,316	\$ 94,909	\$ 16,122	\$ 56,231	\$ 293,848
Purchases	43,562	2,161	10,585	55,798	9,454	14,027	135,587
Sales and repayments	(20,819)	(1,861)	(1,214)	(8,850)	(20,824)	(25,227)	(78,795)
Transfers in (a)	4,672	14,851	95	5,584	-	-	25,202
Transfers out (a)	(21,314)	(5,990)	-	-	-	-	(27,304)
Realized gains (losses), net	(649)	(181)	9	118	9,186	1,690	10,173
Unrealized gains (losses), net	(8,985)	597	3,307	25,336	(7,026)	3,090	16,319
Balance, December 31, 2018	<u>\$ 82,421</u>	<u>\$ 24,893</u>	<u>\$ 38,098</u>	<u>\$ 172,895</u>	<u>\$ 6,912</u>	<u>\$ 49,811</u>	<u>\$ 375,030</u>

- (a) Represents the restructuring of an investee company where the fund exchanged Level III corporate bonds and bank debt for Level III preferred, Level III common and Level I common equity. Also, there was a reclassification of Level III corporate bonds to Level III bank debt.

The following table sets forth a summary of valuation techniques and quantitative information utilized in determining the fair value of the Fund's Level III investments as of December 31, 2018:

Investment Type	Fair Value	Valuation Technique	Significant Unobservable Inputs
Credit-oriented investments:			
	\$ 41,512	Discounted cash flow	Discount rate (range: 6% – 15%)
	26,488	Recent transaction price	Not applicable
	23,619	Recent market information	Broker quotations
	7,906	Other	Not applicable
	7,789	Market approach (value of underlying assets)	Multiple of underlying assets (range: 0.9x – 1.1x)
Equity investments:			
	58,765	Market approach (value of underlying assets)	Multiple of underlying assets (range: 0.8x – 1.0x)
	57,282	Discounted cash flow	Discount rate (range: 10% – 20%)
	31,251	Recent transaction price	Not applicable
	30,777	Market approach (comparable companies)	Earnings multiple (range: 6x – 9x)

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
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### NOTE 3 – Fair Value (continued):

Investment Type	Fair Value	Valuation Technique	Significant Unobservable Inputs
Equity investments (continued):			
	14,080	Discounted cash flow / Recent market information	Discount rate (range: 7% – 9%) / Broker quotations
	10,606	Other (dollar per acre)	Not applicable
	6,623	Recent market information	Broker quotations
	1,609	Other	Not applicable
Real estate-oriented:			
	6,912	Recent transaction price	Not applicable
Real estate loan portfolios:			
	39,850	Discounted cash flow	Discount rate (range: 9% – 18%)
	9,961	Recent transaction price	Not applicable
	<u>\$ 375,030</u>		

As described in Note 2, other factors beyond the unobservable inputs described above have a significant impact on our investment valuations. A significant amount of judgment may be required when using unobservable inputs, including assessing the accuracy of source data and the results of pricing models. The General Partner assesses the accuracy and reliability of the sources it uses to develop unobservable inputs. These sources may include third-party vendors that the General Partner believes are reliable and commonly utilized by other market participants. Additional details regarding the application of valuation techniques and significant unobservable inputs described above are as follows:

- The significant unobservable inputs used in the fair value measurement of real estate investments utilizing a discounted cash flow analysis can include one or more of the following: discount rate, terminal capitalization rate, direct capitalization rate, net operating income growth rate or absorption rate. An increase (decrease) in a discount rate, terminal capitalization rate or direct capitalization rate would result in a lower (higher) fair value measurement. An increase (decrease) in a net operating income growth rate or absorption rate would result in a higher (lower) fair value measurement. Generally, a change in a net operating income growth rate or absorption rate would be accompanied by a directionally similar change in the discount rate.
- The discounted cash flow model for certain real estate-oriented investments and certain real estate loan portfolios contains a sell-out analysis. In these cases, the discounted cash flow is based on the expected timing and prices of sales of the underlying properties. The General Partner's determination of the sales prices of these properties typically includes consideration of prices and other relevant information from market transactions involving comparable properties.
- Multiple of either earnings or underlying assets is the significant unobservable input used in the market approach, which is generally used for distressed credit-oriented investments, credit-oriented investments in

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
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### NOTE 3 – Fair Value *(continued)*:

which the Fund has a controlling interest in the underlying issuer and equity investments. An increase (decrease) in the multiple generally results in a higher (lower) fair-value measurement; however, for credit-oriented investments in which the Fund has a controlling interest in the underlying issuer, a change in the multiple may not result in a change to the fair value measurement.

- Earnings multiples or revenue multiples are based on comparable public companies or transactions with comparable companies. The General Partner typically utilizes multiples of EBITDA; however, in certain cases the General Partner may use other earnings multiples believed to be most relevant to the investment. The General Partner typically applies the multiple to trailing-twelve-month's EBITDA; however, in certain cases other earning measures, such as pro forma EBITDA, may be utilized if deemed to be more relevant.
- A market approach using the value of underlying assets utilizes a multiple, based on comparable companies, of underlying assets or the net book value of the portfolio company. The General Partner typically obtains the value of underlying assets from the underlying portfolio company's financial statements or from pricing vendors. The General Partner may value the underlying assets by using prices and other relevant information from market transactions involving comparable assets.
- Certain investments are valued based on recent transactions, generally defined as an investment purchased or sold within six months of the valuation date. The fair value may also be based on a pending transaction expected to close after the valuation date.
- Certain investments are valued using vendor prices or broker quotes for the subject or similar securities. Generally, investments valued in this manner are classified as Level III because the quoted prices may be indicative in nature for securities that are in an inactive market, may be for similar securities, or may require adjustment for investment-specific factors or restrictions.

Since December 31, 2017, there have been no changes in techniques utilized to value Level III investments that resulted in a material impact to the financial statements.

### NOTE 4 – Derivative Instruments:

The Fund utilizes derivative instruments in ongoing investment operations. These derivatives primarily consist of foreign currency forward contracts utilized to manage currency risks (see Note 7 – Foreign Currency Forward Contracts). The fair value of derivative instruments is disclosed in Note 3 – Fair Value and on the statement of assets and liabilities. None of the derivative instruments are accounted for as hedging instruments.



Oaktree Huntington Investment Fund II, L.P. - Class A and B  
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## NOTE 4 – Derivative Instruments (continued):

The average notional amounts and impact of derivative instruments on the statement of operations and potential incentive allocation for the year ended December 31, 2018 were as follows:

Derivatives	Average notional amount*	Net realized gains (losses) on derivatives recognized in income	Changes in unrealized gains (losses) on derivatives recognized in income
Foreign currency forward contracts	\$ 144,413	\$ 7,158	\$ 3,435
Options	27,858	-	540
Swaps	16,114	14	(385)

\* The average notional amounts are calculated as the monthly average of the ending notional values of contracts held as of the last day of each month for the year ended December 31, 2018.

Although the Fund generally presents derivative instruments on a gross basis in the statement of assets and liabilities, certain derivative instruments may be subject to enforceable master netting arrangements with certain counterparties that allow the Fund to offset derivative assets and liabilities in the same currency by specific derivative type or, in the event of default by the counterparty, to offset derivative assets and liabilities with the same counterparty. As of December 31, 2018, the Fund has not offset any amount in the statement of assets and liabilities. The 'gross amounts not offset in the statement of assets and liabilities' column in the table below relates to derivative instruments that are eligible to be offset in accordance with applicable accounting guidance, but for which the Fund has elected not to offset in the statement of assets and liabilities.

The table below summarizes such rights of offset and related arrangements, if any, associated with the Fund's derivative instruments as of December 31, 2018:

	Gross Amounts of Assets (Liabilities) Presented	Gross Amounts Not Offset in the Statement of Assets and Liabilities		Net Amount
		Derivative Assets (Liabilities)	Cash Collateral Received (Pledged)	
<i>Derivative assets:</i>				
Foreign currency forward contracts	\$ 1,653	\$ 969	\$ -	\$ 684
Options purchased	1,294	-	-	1,294
Total	<u>\$ 2,947</u>	<u>\$ 969</u>	<u>\$ -</u>	<u>\$ 1,978</u>
<i>Derivative liabilities:</i>				
Foreign currency forward contracts	\$ (969)	\$ (969)	\$ -	\$ -
Swaps	(385)	-	-	(385)
	<u>\$ (1,354)</u>	<u>\$ (969)</u>	<u>\$ -</u>	<u>\$ (385)</u>



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## NOTE 5 – Allocations and Distributions:

Through the last day of the Investment Period (as defined in the Agreement), and after deduction of the management fees, expenses and reserves of the Fund, the General Partner may distribute all or any portion of the cash receipts of the Fund (including interest and dividend income and proceeds from the sale, other transfers or exchange of investments) to the partners. Any distributions made prior to the end of the Investment Period are subject to recall unless otherwise determined by the General Partner in its sole discretion, and any cash receipts not distributed prior to the end of the Investment Period may be reinvested.

Any distributions related to the Class A Interests or Class B Interests shall be apportioned to all Class A Interests and Class B Interests on an aggregate basis in proportion to their combined capital contributions for both classes (the combined Class A and Class B Interests are referred to herein as the “Class A/B Limited Partner”). The Fund shall distribute the amount apportioned to the Class A/B Limited Partner in the following priority: (i) to the Class A/B Limited Partner until it receives the return of its capital contributions; (ii) to the Class A/B Limited Partner in proportion to its capital contributions until it has an 8% compounded annual return on its capital contributions; (iii) 80% to the Class A/B General Partner and 20% to the Class A/B Limited Partner until the Class A/B General Partner has received an amount pursuant to the 80% provision of this clause and the 20% provision of clause (iv) below equal to 20% of the amounts distributed to the Class A/B Limited Partner other than pursuant to clause (i) above; and (iv) thereafter, 80% to the Class A/B Limited Partner in proportion to its capital contributions and 20% to the Class A/B General Partner.

The potential incentive allocation recorded on the statement of changes in partners’ capital represents the General Partner’s allocation of such income, gains and losses, calculated as if all investments were sold and the Fund was fully liquidated at the fair value determined at the end of the reporting period. As of December 31, 2018, the General Partner’s capital account reflects such potential incentive allocation of \$27,702, of which \$538 has been paid to the General Partner as a tax advance distribution.

Distributions are recorded in the financial statements on the date the General Partner notifies the Limited Partner.

## NOTE 6 – Investment Management Fee and Expenses:

From the Initial Drawdown Date until the Fund has made all distributions to be made, Oaktree will receive an annual management fee, paid quarterly in advance, equal to 1.5% of the Limited Partner’s allocable portion of the cost basis of the Permitted Investments as of the close of the last Business Day of the immediately preceding calendar quarter. The management fees are reduced by excess organizational expenses (Note 2), advisory, director and certain other fees received by the Investment Manager, the General Partner and their respective affiliates in connection with their work on the Fund’s investments. During the year ended December 31, 2018, fees for advisory, director, placement fees and other services in the amount of \$1 offset management fees.

Additionally, management fees are reduced by certain distributions received by an affiliate of the General Partner, which is an investor in a loan servicing entity that services certain loans in which the Fund may become an indirect investor from time to time. Fees paid to the loan servicing entity under this arrangement are at market rates. To the extent that the affiliate of the General Partner receives distributions of the loan servicing entity’s profits attributable to fees received for servicing loans in which the Fund is an indirect investor, such distributions reduce management fees paid by the Fund. There were no reductions in management fees pursuant to this arrangement during the year ended December 31, 2018.

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## NOTE 6 – Investment Management Fee and Expenses (continued):

The Fund also pays for all expenses incurred in connection with the business of the Fund, including fees and expenses for outside contracted services (principally custodian, legal, audit and tax preparation fees); fees associated with un consummated investments; costs of valuing investments; insurance; any broker and finder fees relating to investments; travel costs; and any other investment-related costs.

## NOTE 7 – Foreign Currency Forward Contracts:

Generally, the Fund enters into foreign currency forward contracts to sell, at a future date, any foreign currencies utilized in current investments or future purchase commitments, except for occasional unhedged changes in the fair value of the underlying investments. The following foreign currency forward contracts were outstanding as of December 31, 2018:

Net unrealized appreciation /(depreciation) on foreign currency forward contracts	Contract amount in local currency	Contract amount in U.S. dollars	Notional fair value in U.S. dollars	Unrealized appreciation/ (depreciation)
<i>Unrealized Appreciation on Foreign Currency Forward Contracts:</i>				
The Bank of New York Mellon				
Australian Dollars, expiring 05/17/2019	\$ (1,621)	\$ 1,182	\$ 1,144	\$ 38
British Pounds, expiring 01/17/2019	(1,639)	2,150	2,089	61
British Pounds, expiring 03/14/2019	(15,753)	20,729	20,133	596
British Pounds, expiring 05/09/2019	(15,541)	20,312	19,915	397
Canadian Dollars, expiring 01/17/2019	(3,438)	2,647	2,519	128
Canadian Dollars, expiring 05/09/2019	(2,463)	1,877	1,809	68
Euros, expiring 01/17/2019	(5,197)	6,132	5,949	183
Deutsche Bank				
Australian Dollars, expiring 07/06/2022	(8,794)	6,442	6,260	\$ 182
<i>Total Unrealized Appreciation on Foreign Currency Forward Contracts</i>				<u>\$ 1,653</u>
<i>Unrealized Depreciation on Foreign Currency Forward Contracts:</i>				
HSBC Bank				
Chinese Reniminbi, expiring 04/29/2019	(36,841)	5,246	5,370	\$ (124)
The Bank of New York Mellon				
Canadian Dollars, expiring 01/17/2019	487	(365)	(357)	\$ (8)
Canadian Dollars, expiring 05/09/2019	960	(723)	(705)	(18)

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
Notes to Financial Statements (continued)  
December 31, 2018  
(Amounts in thousands)

## NOTE 7 – Foreign Currency Forward Contracts (continued):

Net unrealized appreciation /(depreciation) on foreign currency forward contracts	Contract amount in local currency	Contract amount in U.S. dollars	Notional fair value in U.S. dollars	Unrealized appreciation/(depreciation)
Euros, expiring 01/17/2019	342	\$ (394)	\$ (391)	\$ (3)
Euros, expiring 05/09/2019	(72,869)	83,397	84,213	(816)
<i>Total Unrealized Depreciation on Foreign Currency Forward Contracts</i>				<u>\$ (969)</u>
<i>Total net unrealized appreciation/(depreciation) on foreign currency forward contracts</i>				<u><u>\$ 684</u></u>

All contracts are valued on each valuation date at the applicable foreign exchange rate and any resulting unrealized appreciation or depreciation is recorded on such date. The Fund realizes gains and losses at the time forward contracts are extinguished or closed upon entering into an offsetting contract.

## NOTE 8 – Commitments and Contingencies:

In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

As of December 31, 2018, the Fund has potential unfunded investment commitments of \$6,527.

As an investment company under U.S. GAAP, the Fund is required to disclose financial support provided to investees, and whether such support was provided pursuant to previously existing contractual obligations or at the discretion of the General Partner. The Fund provides financial support to portfolio companies in accordance with its investment objectives, which include investing primarily in the securities of entities that are undergoing, are considered likely to undergo, or have undergone reorganizations under applicable bankruptcy law, or other extraordinary transactions such as debt restructurings, reorganizations and liquidations outside of bankruptcy. This financial support may be provided pursuant to contractual agreements, typically in the form of follow-on investments, guarantees or financing commitments. Generally, financial support is provided as an inherent part of the ongoing investment operations of the Fund and is considered to be provided at the discretion of the General Partner. For the year ended December 31, 2018, financial support totaling \$213,852 was provided to investees at the discretion of the General Partner; the Fund did not provide financial support to investees pursuant to contractual agreements.

## NOTE 9 – Revolving Credit Facility:

The Fund entered into a \$200,000 revolving credit facility agreement on August 30, 2017. The facility provides for the issuance under certain circumstances of letters of credit in support of investment commitments of the Fund. The facility is secured by the capital commitments of the Fund. The facility requires a payment in respect of unused

Oaktree Huntington Investment Fund II, L.P. - Class A and B  
 Notes to Financial Statements *(continued)*  
 December 31, 2018  
 (Amounts in thousands)

## NOTE 9 – Revolving Credit Facility *(continued)*:

commitments equal to 0.25% per annum, payable quarterly in arrears, and bears interest, as elected by the Fund, at an annual rate of LIBOR plus 1.5% or the Prime Rate plus 1.5%. The facility upfront fees paid by the Fund were \$1,755, which are being amortized over the period of the facility. The facility expires on August 28, 2020 unless extended with the mutual consent of the lender and the Fund.

Under the credit agreement, the Fund is subject to various affirmative and negative covenants and must maintain compliance with certain financial covenants at all times.

As of December 31, 2018, the Fund has no outstanding borrowings under the credit facility and was in compliance with the financial covenants. The carrying value of the credit facility approximates fair value; the General partner has analyzed and concluded that a credit facility of this nature originated at December 31, 2018 would have similar terms. The credit facility is considered to be Level III under U.S. GAAP fair value hierarchy, and is valued by the General Partner using a discounted cash flow analysis.

## NOTE 10 – Financial Highlights of the Limited Partner Class:

Limited Partner's internal rate of return as of:

December 31, 2017	18.6%
December 31, 2018	12.6%

Year Ended  
December 31, 2018

Ratio of net investment income to average Limited Partner's capital	1.6%
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Ratio of management fees and expenses to average Limited Partner's capital:

Before potential incentive allocation to the General Partner	3.1%
After potential incentive allocation to the General Partner	4.2%

The expense and net investment income ratios are calculated based on expenses and income allocated to the Limited Partner class taken as a whole. Average Limited Partner's capital is obtained by calculating the monthly average for the period ended December 31, 2018.

## NOTE 11 – Subsequent Events:

Subsequent events have been reviewed through March 15, 2019, the date these financial statements became available for distribution to the partners, and no material subsequent events were identified.



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## Report of Independent Auditors

The General Partner  
Oaktree Huntington Investment Fund II, L.P. – Class A and B

We have audited the accompanying financial statements of Oaktree Huntington Investment Fund II, L.P. – Class A and B (the “Fund”), which comprise the statement of assets and liabilities, including the condensed schedule of investments, as of December 31, 2018, and the related statements of operations and potential incentive allocation, cash flows and changes in partners’ capital for the year then ended, and the related notes to the financial statements.

### Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### Auditor’s Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oaktree Huntington Investment Fund II, L.P. – Class A and B at December 31, 2018, and the results of its operations, its cash flows and changes in its partners’ capital for the year then ended in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

March 15, 2019

## Oaktree Huntington Investment Fund II, L.P. - Class A and B

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### INVESTMENT MANAGER

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