

FINANCIAL STATEMENTS
(UNAUDITED)

SPECIAL VALUE OPPORTUNITIES FEEDER FUND
(A Delaware Statutory Trust)
September 30, 2018

Special Value Opportunities Feeder Fund
(A Delaware Statutory Trust)

Financial Statements (Unaudited)

September 30, 2018

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Special Value Opportunities Feeder Fund
(A Delaware Statutory Trust)

Statement of Assets and Liabilities (Unaudited)

September 30, 2018

Assets

Investment in Special Value Opportunities Fund, LLC	\$ 3,312,179
Total assets	<u>3,312,179</u>

Liabilities

Other liabilities	25,121
Total liabilities	<u>25,121</u>

Net assets

<u>\$ 3,287,058</u>

Analysis of net assets

Common shares, \$0.001 par value, unlimited shares authorized, 77,537,546 shares issued and outstanding	\$ 77,538
Paid-in capital	58,311,186
Accumulated deficit	<u>(55,101,666)</u>
Net assets	<u>\$ 3,287,058</u>
Net asset value per share	<u>\$ 0.04</u>

*See accompanying notes and financial statements
of Special Value Opportunities Fund, LLC*

Special Value Opportunities Feeder Fund
(A Delaware Statutory Trust)

Statement of Operations (Unaudited)

Nine Months Ended September 30, 2018

Net investment income allocated from Special Value Opportunities Fund, LLC

Interest income	\$ 104,446
Lease income	33,443
Other expenses	(21,003)
Net investment income allocated from Special Value Opportunities Fund, LLC	<hr/> 116,886

Trust expenses

Professional fees	48,037
Custody fees	5,625
Other expenses	8,930
Total trust expenses	<hr/> 62,592

Net investment income	<hr/> <hr/> 54,294
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Net realized and unrealized gain (loss) on investments and foreign currency allocated from Special Value Opportunities Fund, LLC

Net realized gain	59,018
Change in net unrealized appreciation/depreciation	(2,474,190)
Net realized and unrealized loss	<hr/> (2,415,172)

Net decrease in net assets resulting from operations	<hr/> <hr/> \$ (2,360,878)
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*See accompanying notes and financial statements
of Special Value Opportunities Fund, LLC*

Special Value Opportunities Feeder Fund
(A Delaware Statutory Trust)

Statement of Changes In Net Assets (Unaudited)

Nine Months Ended September 30, 2018

Net assets, beginning of period	\$ 5,947,170
Net investment income	54,294
Net realized gain	59,018
Change in net unrealized appreciation/depreciation	(2,474,190)
Net decrease in net assets resulting from operations	(2,360,878)
Distributions	(299,234)
Net assets, end of period	<u>\$ 3,287,058</u>

*See accompanying notes and financial statements
of Special Value Opportunities Fund, LLC*

Special Value Opportunities Feeder Fund
(A Delaware Statutory Trust)

Statement of Cash Flows (Unaudited)

Nine Months Ended September 30, 2018

Operating activities

Net decrease in net assets resulting from operations	\$ (2,360,878)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities:	
Investment in Special Value Opportunities Fund, LLC	2,725,696
Decrease in other liabilities	(65,584)
Net cash provided by operating activities	<u>299,234</u>

Financing activities

Shareholder distributions	(299,234)
Net cash used in financing activities	<u>(299,234)</u>

Net change in cash	-
Cash at beginning of period	-
Cash at end of period	<u><u>\$ -</u></u>

*See accompanying notes and financial statements
of Special Value Opportunities Fund, LLC*

Special Value Opportunities Feeder Fund
(A Delaware Statutory Trust)

Notes to Financial Statements (Unaudited)

September 30, 2018

1. Organization and Nature of Operations

Special Value Opportunities Feeder Fund, a Delaware Statutory Trust (the “Trust”), was established for the purpose of enabling qualified investors to participate indirectly in the investment objectives of Special Value Opportunities Fund, LLC, a Delaware Limited Liability Company (the “Fund”). The Fund is an investment partnership originally registered as a non-diversified investment company under the Investment Company Act of 1940. In connection with its planned wind-down, the Fund applied for deregistration and, effective June 24, 2015, the Fund’s registration under the 1940 Act ceased to be in effect. In connection with its deregistration, the Fund elected to convert from a regulated investment company to a partnership for U.S. federal tax purposes, effective April 1, 2015. The purposes of the Trust are exclusively to offer its common shares to certain eligible investors, invest substantially all of its assets in the common shares of the Fund, hold the common shares issued to it by the Fund and distribute any amounts received by the Trust on the shares of the Fund to the shareholders of the Trust. At September 30, 2018, the Trust owned approximately 10.7% of the Fund’s common shares. The investment manager of the Trust is Tennenbaum Capital Partners, LLC (the “Investment Manager”).

The Certificate of Trust of the Trust was filed with the Delaware Secretary of State on June 21, 2004. Investment operations commenced on July 13, 2004. The Trust received \$75,500,000 in committed equity from investors and invested the proceeds in the Fund.

The financial statements and accompanying notes of the Trust should be read in conjunction with the financial statements and accompanying notes of the Fund, including the Fund’s schedule of investments.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Trust have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). Subsequent events have been evaluated through November 28, 2018, the date the financial statements were available for issuance. No events were noted that would require adjustment to or disclosure in the financial statements. The following is a summary of the significant accounting policies of the Trust.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period.

Special Value Opportunities Feeder Fund
(A Delaware Statutory Trust)

Notes to Financial Statements (Unaudited) (Continued)

September 30, 2018

2. Summary of Significant Accounting Policies (continued)

Although management believes these estimates and assumptions to be reasonable, actual results could differ from those estimates.

Investment Valuation

The Trust's investment in the Fund is recorded at fair value based on the Fund's reported net asset value per share. Valuation of investments held by the Fund is discussed in the notes to the accompanying financial statements of the Fund.

Investment Income and Expenses

Net decrease in net assets resulting from operations, as reflected in the statement of operations, includes the Trust's proportionate share of the Fund's investment income, operating expenses, and realized and unrealized gains and losses on investments. The Trust also incurred additional expenses of \$62,592 during the nine months ended September 30, 2018.

Income Taxes

The Trust is not subject to income, capital gains or corporation tax in the United States provided that various conditions applicable to grantor trusts under the Internal Revenue Code are met. Consequently, no provision for income taxes is required in the Trust's financial statements. In accordance with ASC Topic 740 – *Income Taxes*, the Trust recognizes in its financial statements the effect of a tax position when it is determined that such position is more likely than not, based on the technical merits, to be sustained upon examination. The tax returns of the Trust remain open for examination by tax authorities for a period of three years from the date they are filed.

3. Share Equity

Each common share has a par value of \$0.001 and the rights set out in the Agreement and Declaration of Trust. At September 30, 2018, the Trust's accumulated deficit was comprised of the following:

Distributions in excess of net investment income	\$ (20,192,634)
Accumulated net realized losses	(31,392,776)
Accumulated net unrealized depreciation on investments	(3,516,256)
Accumulated deficit	<u>\$ (55,101,666)</u>

Special Value Opportunities Feeder Fund
(A Delaware Statutory Trust)

Notes to Financial Statements (Unaudited) (Continued)

September 30, 2018

3. Share Equity (continued)

At September 30, 2018, persons holding equity interests in the Fund and/or the Trust included the following:

Name	Relationship	Common Shares		Interest
		Fund	Trust	
Northrop Grumman Corp. Master Trust	>10% Owner of the Fund	3,851.170	-	Direct
Unitrin Inc.	>10% Owner of the Fund	5,134.894	-	Indirect
Danica Pensionsforsikring A/S	>10% Owner of the Trust	-	15,404,810	Direct
Sampension Structured Credit K/S	>10% Owner of the Trust	-	15,404,810	Direct
Matignon Titrisation	>10% Owner of the Trust	-	10,269,874	Direct
BayernInvest Alternative Loan Fund	>10% Owner of the Trust	-	25,674,684	Direct
Massachusetts Mutual Life Insurance Co	Affiliate of Co-Manager of the Fund	1,798.743	-	Direct
Massachusetts Mutual Life Insurance Co	Affiliate of Co-Manager of the Fund	1,282.193	-	Indirect

4. Dividends and Distributions

The Trust is entitled to receive, when declared by the Fund, cash dividends in an amount per share equal to the sum of the cash distributions divided by the number of shares outstanding on the record date. Dividends received by the Trust are immediately distributed to the Trust's shareholders, after reduction for any Trust-level expenses. Distributions to Trust shareholders, including liquidating distributions upon termination and dissolution of the Trust, will be made pro rata in accordance with the number of shares owned. Distributions are recorded on the record date. As of September 30, 2018, the Trust had paid \$89,501,118 in distributions to shareholders since inception.

5. Indemnification

Consistent with standard business practice, the Trust enters into contracts that contain a variety of indemnifications. The Trust's maximum exposure under these arrangements is unknown. However, the Trust expects the risk of material loss to be remote.

Special Value Opportunities Feeder Fund
(A Delaware Statutory Trust)

Notes to Financial Statements (Unaudited) (Continued)

September 30, 2018

6. Financial Highlights

	<i><u>Nine Months Ended September 30, 2018</u></i>
<i>Per share operating performance:</i> ⁽¹⁾	
Net asset value, beginning of period	\$ 0.07
Investment operations:	
Net investment income	-
Net realized and unrealized gain	(0.03)
Total from investment operations	<u>(0.03)</u>
Distribution to shareholders	-
Net asset value, end of period	<u>\$ 0.04</u>
Total return ⁽²⁾	(41.9)%
<i>Ratios to average net assets:</i> ⁽¹⁾⁽³⁾	
Net investment income	1.3%
Expenses (before performance fees)	2.0%
Expenses (including performance fees)	2.0%
	<u>Inception-to-Date</u>
Internal rate of return: ⁽⁴⁾	
September 30, 2018	3.2%
December 31, 2017	3.5%

⁽¹⁾ The per share amounts and ratios reflect income and expenses assuming inclusion of the Trust's proportionate share of income and expenses of the Fund.

⁽²⁾ Not annualized. Return calculated on a monthly time-linked basis. There were no performance fees allocated from the Fund.

⁽³⁾ Annualized.

⁽⁴⁾ Net of Fund and Trust expenses and distributions to the Fund's preferred shareholders. Internal rate of return ("IRR") is the imputed annual return over an investment period and, mathematically, is the rate of return at which the discounted cash flows equal the initial cash outlays. The IRR presented assumes liquidation of the Trust at net asset value as of the period end date.

FINANCIAL STATEMENTS
(UNAUDITED)

SPECIAL VALUE OPPORTUNITIES FUND, LLC
(A Delaware Limited Liability Company)
September 30, 2018

Special Value Opportunities Fund, LLC
(A Delaware Limited Liability Company)

Financial Statements (Unaudited)

September 30, 2018

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Special Value Opportunities Fund, LLC
(A Delaware Limited Liability Company)

Statement of Assets and Liabilities (Unaudited)

September 30, 2018

Assets

Investments, at fair value (cost \$63,867,977)	\$ 29,757,847
Cash and cash equivalents	1,398,216
Other receivables	1,090
Accrued interest income	7,128
Total assets	<u>31,164,281</u>

Liabilities

Payable to the Investment Manager	29,116
Accrued expenses and other liabilities	137,556
Total liabilities	<u>166,672</u>

Net Assets	<u><u>\$ 30,997,609</u></u>
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See accompanying notes to financial statements.

Special Value Opportunities Fund, LLC
(A Delaware Limited Liability Company)

Schedule of Investments (Unaudited)

September 30, 2018

Issuer	Instrument	Ref	Spread	Maturity / Expiration	Principal / Shares	Fair Value	% of Investments
Debt Investments							
Plastics Manufacturing							
TR Acquisition Holdings, LLC (WinCup) ^(A)	Subordinated Promissory Note	Fixed	10.00% PIK	2/28/2020	\$ 27,618,172	\$ 28	-
WinCup, Inc. ^(A)	Second Lien Term Loan C-2	Fixed	2.00% PIK	2/28/2020	\$ 35,464,122	10,885,712	36.58%
WinCup, Inc.	Equipment Finance Loan	LIBOR (M)	14.50% PIK	2/28/2020	\$ 3,641,689	3,641,689	12.24%
						14,527,429	48.82%
Total Debt Investments (Cost \$45,096,193)						14,527,429	48.82%
Equity Securities							
Air Transportation							
Aircraft Leased to United Airlines, Inc.							
United N659UA-767, LLC (N659UA)	Trust Beneficial Interests				957	4,093,461	13.76%
United N661UA-767, LLC (N661UA)	Trust Beneficial Interests				964	4,193,425	14.09%
Epic Aero, Inc. (One Sky) ^(A)	Warrants to Purchase Common Stock			12/4/2018	587	1,521,170	5.11%
						9,808,056	32.96%
Business Support Services							
Findly Talent, LLC ^(A)	Class A Membership Units				992,344	85,342	0.29%
STG-Fairway Holdings, LLC (First Advantage) ^(A)	Class A Units				1,126,480	3,014,911	10.13%
						3,100,253	10.42%
Metal and Mineral Mining							
EPMC HoldCo, LLC ^(A)	Membership Units				2,561,000	460,980	1.55%
Plastics Manufacturing							
WinCup, Inc. ^(A)	Common Stock				73,517,938	7,352	0.02%
Retail							
Shop Holding, LLC (Connexity) ^(A)	Class A Units				430,001	43	-
Wired Telecommunications Carriers							
V Telecom Investment S.C.A. (Vivacom) (Luxembourg) ^{(A) (B)}	Common Shares				2,127	1,853,734	6.23%
Total Equity Securities (Cost \$18,771,784)						15,230,418	51.18%
Total Investments (Cost \$63,867,977)						\$ 29,757,847	100.00%

^(A) Non-income producing.

^(B) Investment denominated in foreign currency. Amortization cost and fair value converted from foreign currency to U.S. dollars.

LIBOR resets monthly (M).

See accompanying notes to financial statements.

Special Value Opportunities Fund, LLC
(A Delaware Limited Liability Company)

Statement of Operations (Unaudited)

Nine Months Ended September 30, 2018

Investment income

Interest income	\$ 977,480
Lease income	312,980
Total investment income	<u>1,290,460</u>

Operating expenses

Legal fees, professional fees, and due diligence expenses	76,122
Custody fees	60,000
Insurance expense	9,395
Other operating expenses	51,040
Total operating expenses	<u>196,557</u>

Net investment income 1,093,903

**Net realized and unrealized gain (loss) on investments
and foreign currency**

Net realized gain	552,331
Change in net unrealized appreciation/depreciation	(23,155,137)
Net realized and unrealized loss	<u>(22,602,806)</u>

Net decrease in net assets resulting from operations \$ (21,508,903)

See accompanying notes to financial statements.

Special Value Opportunities Fund, LLC
(A Delaware Limited Liability Company)

Statement of Changes in Net Assets (Unaudited)

Nine Months Ended September 30, 2018

Net assets, beginning of period	\$ 56,506,512
Net investment income	1,093,903
Net realized gain	552,331
Change in net unrealized appreciation/depreciation	<u>(23,155,137)</u>
Net increase in net assets resulting from operations	(21,508,903)
Distributions	(4,000,000)
Net assets, end of period	<u><u>\$ 30,997,609</u></u>

See accompanying notes to financial statements.

Special Value Opportunities Fund, LLC
(A Delaware Limited Liability Company)

Statement of Cash Flows (Unaudited)

Nine Months Ended September 30, 2018

Operating activities

Net decrease in net assets resulting from operations	\$ (21,508,903)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided by operating activities:	
Net realized gain	(552,331)
Change in net unrealized appreciation/depreciation on investments	23,150,869
Amortization of investment discount	(8,171)
Interest income paid in kind	(955,892)
Changes in assets and liabilities:	
Proceeds from sales, maturities and paydowns of investments	1,343,901
Decrease in accrued interest income	3,005
Decrease in other receivables	1,535,389
Decrease in prepaid expenses and other assets	8,497
Decrease in payable to the Investment Manager	(22,780)
Decrease in accrued expenses and other liabilities	(80,995)
Net cash provided by operating activities	<u>2,912,589</u>

Financing activities

Distributions paid	<u>(4,000,000)</u>
Net cash used in financing activities	<u>(4,000,000)</u>
Net decrease in cash and cash equivalents	(1,087,411)
Cash and cash equivalents at beginning of period	<u>2,485,627</u>
Cash and cash equivalents at end of period	<u><u>\$ 1,398,216</u></u>

See accompanying notes to financial statements.

Special Value Opportunities Fund, LLC
(A Delaware Limited Liability Company)

Notes to Financial Statements (Unaudited)

September 30, 2018

1. Organization and Nature of Operations

Special Value Opportunities Fund, LLC (the “Company”), a Delaware limited liability company, is an investment partnership. The Company was initially formed as a nondiversified, closed-end management investment company under the Investment Company Act of 1940 (the “1940 Act”). In connection with the planned wind-down of the Company, the Company applied for deregistration, and, effective June 24, 2015, the Company’s registration under the 1940 Act ceased to be in effect. For federal tax purposes, the Company converted from a regulated investment company to a partnership effective April 1, 2015.

The Certificate of Formation of the Company was filed with the Delaware Secretary of State on February 18, 2004. Investment operations commenced and initial funding was received on July 13, 2004. The Company was formed to acquire a portfolio of investments consisting primarily of bank loans, distressed debt, stressed high yield debt, mezzanine investments and public equities. The stated objective of the Company is to generate current income as well as long-term capital appreciation using a leveraged capital structure. On June 22, 2018, the Company’s operating agreement was amended to extend the Company’s termination date to July 13, 2019.

Tennenbaum Capital Partners, LLC (“TCP”) serves as the Investment Manager of the Company. Babson Capital Management LLC serves as Co-Manager. The Managing Member of the Company is SVOF/MM, LLC. Both the Managing Member and the Investment Manager are registered investment advisors under the Investment Advisers Act of 1940.

Company Structure

The Company was formed with an initial maximum capitalization of \$1,422 million, consisting of \$711 million of committed common equity, \$238 million of preferred equity, and a \$473 million credit facility. On January 13, 2015, the Company repurchased approximately 227 shares of its common stock at a total cost of approximately \$1.2 million. On July 21, 2015, the Company terminated its remaining credit facility and on January 2, 2015 the remaining preferred equity was redeemed.

On August 1, 2018, the Investment Manager merged with and into a wholly-owned subsidiary of BlackRock Capital Investment Advisors, LLC, an indirect wholly-owned subsidiary of BlackRock, Inc., with the Investment Manager as the surviving entity. While the change in ownership of the Investment Manager resulted in a deemed “assignment” of the investment management agreement, the Investment Manager remains the investment manager to the Company following the transaction, and the terms pursuant to which the Company is managed remain unchanged.

Special Value Opportunities Fund, LLC
(A Delaware Limited Liability Company)

Notes to Financial Statements (Unaudited) (Continued)

September 30, 2018

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). The Company is an investment company following accounting and reporting guidance in Accounting Standards Codification (“ASC”) Topic 946, Financial Services – Investment Companies. Subsequent events have been evaluated through November 28, 2018, the date the financial statements were available for issuance. No events were noted that would require adjustment to or disclosure in the financial statements. The following is a summary of the significant accounting policies of the Company.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Although management believes these estimates and assumptions to be reasonable, actual results could differ from those estimates and such differences could be material.

Investment Valuation

Management values investments held by the Company at fair value. Fair value is generally defined as the amount for which an investment would be sold in an orderly transaction between market participants at the measurement date.

Investments listed on a recognized exchange or market quotation system, whether U.S. or foreign, are valued using the closing price on the date of valuation. Investments not listed on a recognized exchange or market quotation system, but for which reliable market quotations are readily available are valued using prices provided by a nationally recognized pricing service or by using quotations from broker-dealers. Investments for which market quotations are either not readily available or are determined to be unreliable are valued by independent valuation services or, for investments aggregating less than 5% of the total capitalization of the Company, by the Investment Manager.

Pursuant to this policy, investment professionals of the Investment Manager provide recent portfolio company financial statements and other reporting materials to independent valuation firms as applicable, which firms evaluate such materials along with relevant observable market data to conduct independent appraisals each quarter, and their preliminary valuation conclusions are documented and discussed with senior management of the Investment Manager.

Special Value Opportunities Fund, LLC
(A Delaware Limited Liability Company)

Notes to Financial Statements (Unaudited) (Continued)

September 30, 2018

2. Summary of Significant Accounting Policies (continued)

Generally, to increase objectivity in valuing the Company's investments, the Investment Manager will utilize external measures of value, such as public markets or third-party transactions, whenever possible. The Investment Manager's valuation is not based on long-term work-out value, immediate liquidation value, nor incremental value for potential changes that may take place in the future. The values assigned to investments that are valued by the Investment Manager are based on available information and do not necessarily represent amounts that might ultimately be realized, as these amounts depend on future circumstances and cannot reasonably be determined until the individual investments are actually liquidated.

Fair valuations of investments in each asset class are determined using one or more methodologies including the market approach, income approach, or, in the case of recent investments, the cost approach, as appropriate.

The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets. Such information may include observed multiples of earnings and/or revenues at which transactions in securities of comparable companies occur, with appropriate adjustments for differences in company size, operations or other factors affecting comparability.

The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present value amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. The discount rates used for such analyses reflect market yields for comparable investments, considering such factors as relative credit quality, capital structure, and other factors.

In following these approaches, the types of factors that may be taken into account also include, as relevant: available current market data, including relevant and applicable market trading and transaction comparables, security covenants, call protection provisions, information rights, the nature and realizable value of any collateral, the portfolio company's ability to make payments, its earnings and cash flows, the markets in which the portfolio company does business, comparisons of financial ratios of peer companies that are public, merger and acquisition comparables, comparable costs of capital, the principal market in which the investment trades, and enterprise values, among other factors.

Investments of the Company may be categorized based on the types of inputs used in valuing such assets. The level in the GAAP valuation hierarchy in which an investment falls is based on the lowest level input that is significant to the valuation of the investment in its entirety. Transfers between levels are recognized as of the beginning of the reporting period.

Special Value Opportunities Fund, LLC
(A Delaware Limited Liability Company)

Notes to Financial Statements (Unaudited) (Continued)

September 30, 2018

2. Summary of Significant Accounting Policies (continued)

At September 30, 2018, the investments of the Company were categorized as follows:

Level	Basis for Determining Fair Value	Bank Debt	Equity Securities
1	Quoted prices in active markets for identical assets	\$ -	\$ -
2	Other direct or indirect observable market inputs*	-	-
3	Independent third-party valuation sources that employ significant unobservable inputs	14,527,429	14,684,053
3	Investment Manager valuations with significant unobservable inputs	-	546,365
Total		<u>\$ 14,527,429</u>	<u>\$ 15,230,418</u>

* E.g., quoted prices in inactive markets or quotes for comparable investments

Unobservable inputs used in the fair value measurement of the Company's Level 3 investments as of September 30, 2018 included the following:

Asset Type	Fair Value	Valuation Technique	Unobservable Input	Range (Weighted Average)
Bank Debt	14,527,429	Market comparable companies	Revenue multiples	0.3x - 0.3x (0.3x)
		Market comparable companies	EBITDA multiples	7.0x - 7.0x (7.0x)
Equity Securities	15,230,418	Income approach	Discount rate	4.5% - 4.5% (4.5%)
		Market comparable companies	Revenue multiples	0.3x - 1.0x (1.0x)
		Market comparable companies	EBITDA multiples	5.0x - 10.3x (10.3x)
		Option Pricing Model	EBITDA multiples	10.3x - 10.3x (10.3x)

Generally, a change in an unobservable input may result in a change to the value in the investment as follows:

Input	Impact to Value if Input Increases	Impact to Value if Input Decreases
Discount rate	Decrease	Increase
Revenue multiples	Increase	Decrease
EBITDA multiples	Increase	Decrease

Special Value Opportunities Fund, LLC
(A Delaware Limited Liability Company)

Notes to Financial Statements (Unaudited) (Continued)

September 30, 2018

2. Summary of Significant Accounting Policies (continued)

Changes in investments categorized as Level 3 during the nine months ended September 30, 2018 were as follows:

	Independent Third-Party Valuation	
	Bank Debt	Equity Securities
Beginning balance	\$ 38,149,947	\$ 14,096,589
Net realized and unrealized gains (losses)	(24,578,410)	1,892,853
Acquisitions*	955,892	-
Dispositions	-	(1,305,389)
Ending balance	<u>\$ 14,527,429</u>	<u>\$ 14,684,053</u>

Net change in unrealized appreciation/depreciation during the period on investments still held at period end (included in net realized and unrealized gains (losses) above)

\$	(24,578,410)	\$	1,370,863
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* Includes payments received in kind.

	Investment Manager Valuation	
	Bank Debt	Equity Securities
Beginning balance	\$ -	\$ 489,687
Net realized and unrealized gains	-	56,678
Acquisitions	-	-
Dispositions	-	-
Ending balance	<u>\$ -</u>	<u>\$ 546,365</u>

Net change in unrealized appreciation/depreciation during the period on investments still held at period end (included in net realized and unrealized gains, above)

\$	-	\$	56,678
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Special Value Opportunities Fund, LLC
(A Delaware Limited Liability Company)

Notes to Financial Statements (Unaudited) (Continued)

September 30, 2018

2. Summary of Significant Accounting Policies (continued)

Investment Transactions

The Company records investment transactions on the trade date, except for private transactions that have conditions to closing, which are recorded on the closing date. The cost of investments purchased is based upon the purchase price plus those professional fees which are specifically identifiable to the investment transaction. Realized gains and losses on investments are recorded based on the specific identification method, which typically allocates the highest cost inventory to the basis of the investments sold.

Cash and Cash Equivalents

Cash consists of amounts held in accounts with brokerage firms and the custodian bank. Cash equivalents consist of highly liquid investments with an original maturity of generally three months or less. Cash equivalents are carried at amortized cost, which approximates fair value.

Foreign Investments

The Company may invest in instruments traded in foreign countries and denominated in foreign currencies. At September 30, 2018, the Company held a foreign currency denominated investment comprising approximately 6.23% of the Company's total investments by fair value. This position was converted at the respective foreign exchange rate in effect at September 30, 2018 and reported in U.S. dollars. Purchases and sales of investments and income and expense items denominated in foreign currencies, when they occur, are translated into U.S. dollars on the respective dates of such transactions. Realized or unrealized gains and losses from investments resulting from changes in foreign exchange rates are included in the Statement of Operations with realized or unrealized gains and losses resulting from changes in the market prices of such investments.

Investments in foreign companies and securities of foreign governments may involve special risks and considerations not typically associated with investing in U.S. companies and securities of the U.S. government. These risks include, among other things, revaluation of currencies, less reliable information about issuers, different transaction clearance and settlement practices, and potential future adverse political and economic developments. Moreover, investments in foreign companies and securities of foreign governments and their markets may be less liquid and their prices more volatile than those of comparable U.S. companies and the U.S. government.

Special Value Opportunities Fund, LLC
(A Delaware Limited Liability Company)

Notes to Financial Statements (Unaudited) (Continued)

September 30, 2018

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Interest and dividend income, including income paid in kind, is recorded on an accrual basis. Origination, structuring, closing, commitment and other upfront fees, including original issue discounts, earned with respect to capital commitments are generally amortized or accreted into interest income over the life of the respective debt investment. Other fees, including certain amendment fees, prepayment fees and commitment fees on broken deals, are recognized as earned. Prepayment fees and similar income due upon the early repayment of a loan or debt security are recognized when receivable and are included in interest income.

Certain debt investments are purchased at a discount to par as a result of the underlying credit risks and financial results of the issuer, as well as general market factors that influence the financial markets as a whole. Discounts on the acquisition of corporate bonds are generally amortized using the effective-interest or constant-yield method assuming there are no questions as to collectability. When principal payments on a loan are received in an amount in excess of the loan's amortized cost, the excess principal payments are recorded as interest income.

Income Taxes

Effective April 1, 2015, the Company elected to convert from a regulated investment company ("RIC") for U.S. federal tax purposes to a partnership. As a RIC, the Company was not taxed on its income, provided it distributed such income and satisfied other applicable income tax requirements. The Company complied with such requirements through the date of its conversion, and, accordingly, no income taxes were incurred by the Company with respect to such period. For U.S. federal income tax purposes, the Company's conversion to a partnership was treated as a full disposition and distribution of all assets and liabilities on March 31, 2015 and an immediate contribution of such assets and liabilities to the partnership on April 1, 2015 at the fair value of such assets and liabilities as of March 31, 2015.

For periods following the conversion on April 1, 2015, the Company's income or loss is reported in the members' individual income tax returns. Consequently, no income taxes with respect to such period are paid at the Company level or reflected in the Company's financial statements. In accordance with ASC Topic 740, *Income Taxes*, the Company recognizes in its financial statements the effect of a tax position when it is determined that such position is more likely than not, based on technical merits, to be sustained upon examination. The Company's tax returns remain open for examination by tax authorities for a period of three years from the date they are filed.

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Notes to Financial Statements (Unaudited) (Continued)

September 30, 2018

3. Distributions and Performance Fees

As a performance fee, the Investment Manager receives an amount equal to 20% of distributions of net income and gain (gross of performance fees), after cumulative distributions to common shareholders have been made in an amount equal to an 8% annual weighted-average return on common shareholders' undistributed contributed equity (the "Hurdle"). After the Hurdle is met, the Investment Manager also receives a catch-up payment until its cumulative performance fee payments equal 20% of cumulative income and gain distributions (gross of performance fees). Performance fees are accrued in a consistent manner, based on cumulative net income or loss and realized and unrealized gains or losses. As of September 30, 2018, the Hurdle exceeded the cumulative performance of the Company; accordingly, no performance allocation was recorded. As of September 30, 2018, the Company had distributed \$847,131,053 to common shareholders since inception.

4. Management and Advisory Fees and Other Operating Expenses

Pursuant to the amendment of the Company's operating agreement on May 23, 2016, the Investment Manager has agreed to waive the advisory fee for the period July 14, 2016 through its scheduled termination on July 13, 2019.

The Company pays all expenses incurred in connection with the business of the Company, including fees and expenses of outside contracted services, such as custodian, trustee, administrative, legal, audit and tax preparation fees, costs of valuing investments, insurance costs, brokers' and finders' fees relating to investments, and any other transaction costs associated with the purchase and sale of investments of the Company.

5. Commitments, Concentration of Credit Risk and Off-Balance Sheet Risk

The Company conducts business with brokers and dealers that are primarily headquartered in New York and Los Angeles, and are members of the major securities exchanges. Banking activities are conducted with a firm headquartered in the San Francisco area.

In the normal course of business, the Company's investment activities involve executions, settlement and financing of various investment transactions resulting in receivables from, and payables to, brokers, dealers and the Company's custodian. These activities may expose the Company to risk in the event such parties are unable to fulfill contractual obligations. Management does not anticipate any material losses from counterparties with whom it conducts business.

Consistent with standard business practice, the Company enters into contracts that contain a variety of indemnifications, and is engaged from time to time in various legal actions. The Company's maximum exposure under these arrangements and activities is unknown. However, the Company expects the risk of material loss to be remote.

Special Value Opportunities Fund, LLC
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Notes to Financial Statements (Unaudited) (Continued)

September 30, 2018

6. Related Parties

The Company, the Investment Manager, the Managing Member and their members and affiliates may be considered related parties. From time to time, the Investment Manager advances payments to third parties on behalf of the Company and receives reimbursement from the Company. At September 30, 2018, such reimbursable amounts totaled \$29,116 as reflected in the Statement of Assets and Liabilities.

7. Financial Highlights

The financial highlights of the Company were as follows:

	<u>Nine Months Ended September 30, 2018</u>
Ratios to average net assets: ¹	
Net investment income	2.7%
Expenses (before performance fees) ²	0.5%
Expenses (including performance fees) ²	0.5%
 Return on equity, net ³	 (41.1)%
	<u>Inception-to-Date</u>
Internal rate of return: ⁴	
September 30, 2018	3.2%
December 31, 2017	3.6%

⁽¹⁾ Annualized, except for performance fees.

⁽²⁾ As of July 14, 2016, the Investment Manager is no longer charging management fees.

⁽³⁾ Not annualized. Returns (net of Company expenses, including performance fees) calculated on a monthly geometrically linked, time-weighted basis.

⁽⁴⁾ Net of dividends to preferred shareholders and Company expenses, including financing costs and management and performance fees. Internal rate of return ("IRR") is the imputed annual return over an investment period and, mathematically, is the rate of return at which the discounted cash flows equal the initial cash outlays. The internal rate of return presented assumes liquidation of the Company at net asset value as of the balance sheet date.