



# **VOLTA FINANCE LIMITED**

**ANNUAL REPORT AND ACCOUNTS 2014**



# VOLTA FINANCE LIMITED IS A CLOSED-ENDED LIMITED LIABILITY INVESTMENT COMPANY THAT PURSUES A DIVERSIFIED INVESTMENT STRATEGY ACROSS STRUCTURED FINANCE ASSETS.

## FORWARD-LOOKING STATEMENTS

This report includes statements that are, or may be considered, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “plans”, “expects”, “targets”, “aims”, “intends”, “may”, “will”, “can”, “can achieve”, “would” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report, including in the Chairman’s Statement. They include statements regarding the intentions, beliefs or expectations of the Company or the Investment Manager concerning, among other things, the investment objectives and investment policies, financing strategies, investment performance, results of operation, financial condition, liquidity prospects, dividend policy and targeted dividend levels of the Company, the development of its financing strategies and the development of the markets in which it, directly and through special purpose vehicles, will invest in and issue securities and other instruments. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company’s actual investment performance, results of operations, financial condition, liquidity, dividend policy and dividend payments and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the investment performance, results of operations, financial condition, liquidity, dividend policy and dividend payments of the Company and the development of its financing strategies are consistent

with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause differences include, but are not limited to: changes in economic conditions generally and in the structured finance and credit markets particularly; fluctuations in interest and currency exchange rates, as well as the degree of success of the Company’s hedging strategies in relation to such changes and fluctuations; changes in the liquidity or volatility of the markets for the Company’s investments; declines in the value or quality of the collateral supporting many of the Company’s investments; legislative and regulatory changes and judicial interpretations; changes in taxation; the Company’s continued ability to invest its cash in suitable investments on a timely basis; the availability and cost of capital for future investments; the availability of suitable financing; the continued provision of services by the Investment Manager and the Investment Manager’s ability to attract and retain suitably qualified personnel; and competition within the markets relevant to the Company.

These forward-looking statements speak only as at the date of this report. Subject to its legal and regulatory obligations (including under the rules of Euronext Amsterdam), the Company expressly disclaims any obligations to update or revise any forward-looking statement (whether attributed to it or any other person) contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

The Company qualifies all such forward-looking statements by these cautionary statements.

# VOLTA AT A GLANCE

THE INVESTMENT OBJECTIVES OF VOLTA FINANCE LIMITED (THE "COMPANY" OR "VOLTA") ARE TO PRESERVE ITS CAPITAL AND TO PROVIDE A STABLE STREAM OF INCOME TO ITS SHAREHOLDERS THROUGH DIVIDENDS THAT IT EXPECTS TO DISTRIBUTE ON A SEMI-ANNUAL BASIS. IT WILL SEEK TO ATTAIN ITS INVESTMENT OBJECTIVES BY PURSUING A DIVERSIFIED INVESTMENT STRATEGY ACROSS STRUCTURED FINANCE ASSETS.

**17.1%**  
NAV performance per share year to 31 July 2014 (including dividends paid)

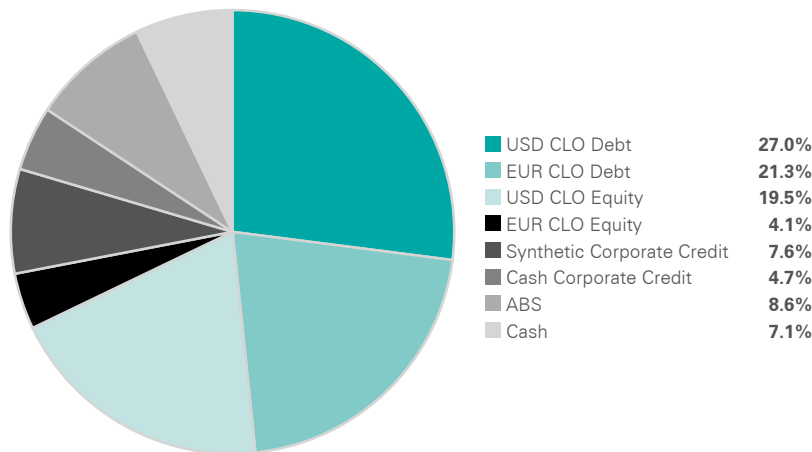
**15.1%**  
Share price performance year to 31 July 2014 (dividends re-invested)

**10.4%**  
Annual return from inception to 31 July 2014

**8.1%**  
Projected portfolio IRR (under a standard scenario)

**8.8%**  
Dividend yield on NAV year to 31 July 2014

## ASSET ALLOCATION\* AS AT 31 JULY 2014



\* This asset allocation includes only those assets held as at 31 July 2014 and therefore excludes assets that the Company had committed to purchase as at that date. Please see the Glossary on page 62 for further details on the terms used above.

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# CHAIRMAN'S STATEMENT



Dear Shareholder,

I am pleased to report another period of excellent performance for our Company in the year to 31 July 2014. The net asset value ("NAV") per share rose by €0.58 or 8.3% during the year, contributing to a total positive performance per share of €1.19 or 17.1% after taking into account total dividends of €0.61 per share paid during the year. The share price also performed strongly, returning a total positive performance of 15.1% (dividends re-invested). It is gratifying that this strong investment performance was accompanied by low levels of volatility during the financial year.

As in prior years, our Company continues to invest in assets that are principally exposed to corporate credit risk. This financial year was characterised by continuing normalisation for structured finance assets with the fading of the stigma that affected the whole asset class in 2008/2009. This and the universal "hunt for yield" have seen credit spreads tighten further to the benefit of portfolio performance.

In order to seek to maintain strong performance in the future, our Investment Manager has increased turnover and started to rotate the portfolio into the new generation of structured finance assets yielding in excess of 8% at the expense of those issued prior to 2008/2009 which are now yielding 5% to 6%. By way of example, recent maturities of synthetic corporate credit first-loss positions have been rotated into 2013 or 2014 vintages of CLO Equity pieces.

More information is provided in the Investment Manager's Report. In summary, however, this rotation is expected to continue and assets should continue to be available for sourcing in the 8% to 11% expected yield range.

## PERFORMANCE

Before turning to a more detailed analysis of the performance for the year, it is worth dwelling on a longer-term perspective. From inception in December 2006 to 31 July 2014 the Company has generated a total return of 112.3% or 10.4% per annum (dividends re-invested).

That performance has been achieved despite the exceptionally difficult conditions experienced during the financial crisis, a period that saw several similar investment vehicles go into liquidation. It is a testament to the quality of the underlying assets and the skill of your Investment Manager. I believe that these qualities should endure for the benefit of Shareholders in the future. As a result of its track record, Volta has earned a place in a wide range of investors' portfolios.

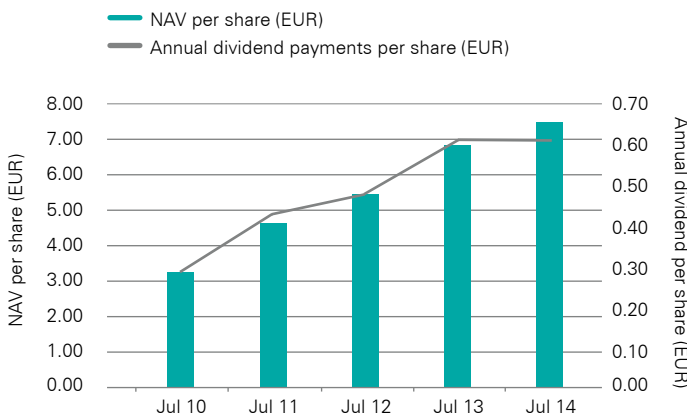
A detailed comparison of the Company's performance against key indices is provided in the Investment Manager's Report.

**DIVIDEND**

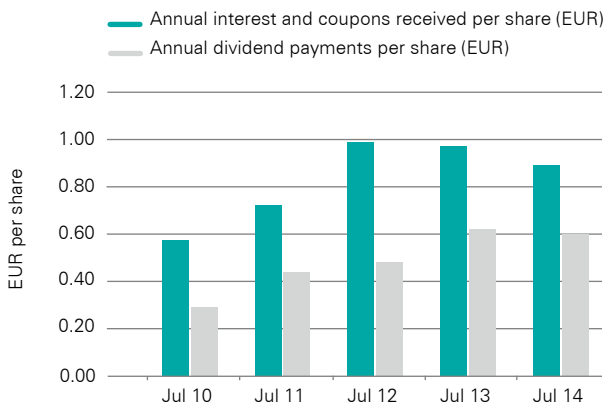
Volta’s Board is proposing a final dividend of €0.30 per share, which amounts to €10.9 million, for the semi-annual period ended 31 July 2014 that will be payable to Shareholders on 9 December 2014. This dividend is in addition to the €0.30 per share dividend paid for the prior semi-annual period. Accordingly, the dividend yield for the year to 31 July 2014 was 8.8%.

The charts below demonstrate the evolution of dividend payments over the past five years, including the currently proposed dividend.

**EVOLUTION OF ANNUAL DIVIDEND PAYMENTS AND NAV PER SHARE**



**EVOLUTION OF ANNUAL DIVIDEND PAYMENTS AND ANNUAL INTEREST AND COUPONS RECEIVED**



In recent years we have offered the opportunity to receive the dividend in Volta shares as well as in cash. During 2014 the Company’s activities in the European Union became governed by the European Alternative Investment Fund Managers Directive (“AIFMD”). This is discussed in a little more detail below but one consequence of AIFMD has been the introduction of considerable uncertainty regarding the legal treatment of dividend re-investment in certain European jurisdictions. The Board anticipates that clarity will gradually improve over time but at present it is imprudent to offer Shareholders a dividend re-investment option for risk of breaching regulatory interpretations in certain jurisdictions. As a result, the dividend payable on 9 December 2014 will be available only in cash. The Board will monitor the position and may offer a re-investment option in the future.

**REGULATION AND GOVERNANCE**

The pace of regulatory change has continued undiminished over the past year. A number of changes have come into effect during the last twelve months, including AIFMD.

The Company appointed its Investment Manager, AXA Investment Managers Paris S.A., as its Alternative Investment Fund Manager on 22 July 2014.

A negative consequence of this Directive is to limit the access of regulated funds including Volta to certain assets which will be ineligible under AIFMD. Our Investment Manager believes however that, over time, such limitation should not be significant once market participants have adapted their practices to the new set of financial regulations, including AIFMD, the EU Capital Requirements Directive IV and the Dodd–Frank Wall Street Reform and Consumer Protection Act.

Your Board remains committed to ensuring high standards of corporate governance. As a result, the Board recently formed a separate Risk Committee to focus on identifying and managing investment portfolio related risks that might impact upon the performance of the Company’s shares. The Risk Committee will complement and enhance the work of the existing Audit Committee, which will now focus on risks that might impact upon financial reporting and other areas that are not specifically related to the Company’s investment portfolio, and I look forward to being able to report to you on the work of this new Committee in the interim report.

# CHAIRMAN'S STATEMENT CONTINUED

## SHAREHOLDER COMMUNICATION

The Board and the Investment Manager remain committed to transparency and continue to seek to offer a high level of information on our Company's assets and investment strategy.

In addition, over the year, our Investment Manager had regular contact with a number of Shareholders and also with equity analysts in order to improve the coverage of the Company by the financial community and to help improve the liquidity of our shares. The Company appointed Liberum Capital as its Corporate Broker with effect from 1 January 2014 in order to support dealing in its shares and contact with investors.

As always, your Board welcomes feedback from Shareholders and remains available to address Shareholders' questions via conference calls such as the one to be held after the release of this report.

## PROPOSAL TO LIST ON THE LONDON STOCK EXCHANGE

Subsequent to the year-end, on 20 August 2014, the Company announced that it will, subject to the approval of Shareholders, seek to list the shares of the Company on the London Stock Exchange. We believe that this will assist with improving liquidity in the Company's shares and will, over time, help to broaden the Shareholder base. The dual listing is subject to approval at the Company's Annual General Meeting ("AGM") to be held on 3 December 2014 and the Board is unanimous in recommending the proposal to Shareholders. Please see the Report of the Directors on page 14 for further details.

## CHANGE OF DIRECTORS

I am sorry to have to tell you that Christian Jimenez has notified the Company of his intention not to seek re-election as a Director at the forthcoming AGM. Christian has been a Director since our Company's inception and has proved an invaluable and steady hand in helping guide the Company through turbulent economic times, especially in 2008/2009. He has acted as both Chairman of the Audit Committee and as Senior Independent Director with great skill. Christian will leave as a Director from the date of the AGM on 3 December 2014 and I would like to thank him for his valuable contribution.

I am, however, delighted to welcome both Paul Meader and Stephen Le Page as Directors, each of whom is a resident of Guernsey. These appointments were confirmed at the Board meetings on 15 May 2014 and 16 October 2014 respectively on the recommendation of the Nomination Committee, following thorough search processes by the Board.

Paul Meader brings wide-ranging investment and fund experience gathered over 28 years in financial markets, and in the fixed income markets in particular. He is also a very experienced director of both listed and unlisted investment companies and we are already benefiting from his contribution and perspective. It is proposed that Paul will assume the role of Senior Independent Director with effect from the date of the AGM.

Stephen Le Page has experience of a wide range of investment vehicles, gained as a senior partner of the accountancy firm PricewaterhouseCoopers in the Channel Islands, which is expected to be invaluable to the Company. It is proposed that Stephen will assume the role of Chairman of the Audit Committee with effect from the date of the AGM.

## OUTLOOK

Continued signs of self-sustaining economic growth in the US and UK and ongoing accommodative monetary stimulus from the ECB are encouraging and should provide further underpinning to the credit quality of the portfolio. However, this improving economic picture is already leading to speculation over the timing of interest rate rises in the US and UK with central expectations that the first tightening will commence early in 2015. While this may introduce volatility into the fixed interest and equity markets, gently rising interest rates from such low levels present little threat to the Company's assets.

The principal uncertainty relates to credit spreads which, in some sectors, have tightened markedly. However, for the coming financial year the Investment Manager remains confident of being able to source assets in the 8% to 11% projected IRR range, in line with what has been achieved recently. This target range is a few percent below what could be reasonably expected on a long-term basis. It is the direct consequence of a prolonged low interest rate environment but equally remains a highly attractive total return when weighed against the embedded risk profile of the portfolio.

There may of course be some short-term mark-to-market volatility but the asset quality and skill demonstrated since inception in 2006 should continue to reward our Company's Shareholders.

I look forward to reporting to you again in the interim report in the spring of 2015.



**JAMES GILLIGAN**  
CHAIRMAN  
20 OCTOBER 2014

# INVESTMENT MANAGER'S REPORT

On the invitation of the Board, this commentary has been provided by AXA Investment Management Paris S.A. ("AXA IM") as Investment Manager of Volta. The commentary is not intended to constitute, and should not be construed as, investment advice. Potential investors in the Company should seek their own independent financial advice and may not rely on this communication in evaluating the merits of investing in the Company. The commentary is provided as a source of information for Shareholders of the Company but is not attributable to the Company.

## 1. OVERVIEW FOR THE YEAR ENDED 31 JULY 2014

This period has been characterised by the normalisation process that has taken place over several years since the 2008/2009 economic and financial crisis:

- in general structured finance assets issued prior to 2008 benefited from spread tightening towards levels that can now be characterised as "normal"; and
- primary markets continue to resume activity and total outstanding amounts have increased in several markets. This is generally the situation of the two main markets in which Volta invests: the CLO market and the European Bank Balance Sheet transaction market.

In this period Volta started rotating its portfolio from pre-crisis deals to recently issued deals and it is expected that this rotation will increase in the next period, now that pre-crisis tranches no longer trade at a premium to recent transactions.

Volta continued to invest predominantly in assets with corporate credit exposures.

This period was again a very good year for Volta, as highlighted below:

- per share, including the two dividend payments, the annual NAV performance was 17.1%;
- Volta's assets generated €31.4 million of interest or coupons over the financial year, representing an annualised rate of 12.7% of Volta's NAV at the beginning of the year, compared to €32.7 million in the previous financial year;

- interest and coupons received represented 1.4 times the dividend payments;
- Volta had a significant portfolio turnover. The equivalent of €71.5 million was invested and €72.2 million was sold or received as principal payments of maturing assets; and
- the average projected IRR of Volta's purchases made during period was 9.7%, under standard assumptions made at the time of purchase.

## 2. PAST PERFORMANCE

The strong performance in terms of NAV per share is in line with the good fundamentals of Volta's assets and also reflects our ability to sell assets yielding below the 5% to 6% range in order to invest in assets yielding at least 8%.

AXA IM handles mandates ranging from low-risk/low-return profiles to high single-digit/low double-digit return profiles and, as a result, we are well placed to understand the dynamics of structured finance markets. Volta benefited from this experience in the annual period under review, generating a performance well ahead of the projected IRR of its assets at the beginning of the period.

During this financial year, we took the opportunity of some stress in the US government bond market to add some duration (positive exposure to US government bonds) into the portfolio. In our opinion, this is a way of fixing the projected performance of part of the floating-rate instruments of Volta as well as a way to partially hedge certain macroeconomic risks to which Volta's portfolio is exposed. This added 0.7% to the annual performance.

For a number of years, structured finance assets were priced with excessive caution following the blow-up of sub-prime assets and the severe financial stress that followed the bankruptcy of Lehman Brothers. We consider that we are now roughly back to "normal" conditions even if there remain some very good opportunities in structured finance relative to traditional credit markets.

# INVESTMENT MANAGER'S REPORT CONTINUED

## 2. PAST PERFORMANCE CONTINUED

As a listed company investing mainly in US dollar and euro corporate assets, Volta's performance can be compared with both equity and high yield bonds indices. As at the end of July 2014 the performance was as follows<sup>1</sup> (annualised figures):

	1 year %	3 years %	5 years %	Since inception %
GAV performance (including dividend payments)	16.3	28.9	43.4	4.6
<b>Share performance (dividends re-invested in the shares)*</b>	<b>15.1</b>	<b>30.4</b>	<b>63.8</b>	<b>10.4</b>
S&P 500 (dividends re-invested in shares)*	16.9	16.8	16.8	6.3
MSCI Euro (dividends re-invested in shares)*	16.9	10.7	9.3	1.1
US High Yield Bonds (H0A0 index on Bloomberg)	8.3	8.3	12.3	8.6
European High Yield Bonds (HE00 index on Bloomberg)	11.8	8.6	12.5	8.8

<sup>1</sup> No statement in this comparative table is intended to be nor may be construed as a profit forecast. The figures provided relate to previous months or years and past performance is neither a guide to future returns nor a reliable indicator to the future performance of the Company or the Investment Manager.

\* Figures given by Bloomberg using the TRA function.

Overall, the performance of an investor re-investing their dividend in the Company's shares (10.4% annualised return as at 31 July 2014 since Volta's launch in December 2006) can be favourably compared to the average performance of large equity indices and high yield bond indices referenced in the table above for the same period.

As a result of the significant performance of Volta's assets over the financial year and over the last three years, AXA IM received €1.9 million of Performance Fees for the semi-annual period ended 31 January 2014, as the performance was above the required performance threshold. No performance fees were receivable for the semi-annual period ended 31 July 2014. Performance Fees are based on the performance of the assets, as measured by the NAV, and depend upon semi-annual and tri-annual performance measures (for more detail on the calculation of Performance Fees please refer to Note 18 of the financial statements).

## 3. INVESTMENT PORTFOLIO

As at 31 July 2014, Volta held assets divided amongst four asset classes: CLOs, Synthetic Corporate Credit deals, Cash Corporate Credit transactions and ABS.

The vast majority of the portfolio's assets as at 31 July 2014 had exposure to underlying portfolios of corporate credit positions (loans, bonds and CDS issued by or on corporate entities).

**TABLE 1 – VOLTA FINANCE ASSET ALLOCATION BASED ON MARK-TO-MARKET PRICES (BASED ON GAV)\***

Main asset class	Sub-classification	31 July 2014 %	31 July 2013 %
CLO	USD Equity tranches	19.7	14.6
	EUR Equity tranches	4.1	3.2
	USD Debt tranches	27.2	21.9
	EUR Debt tranches	21.4	22.6
Synthetic Corporate Credit	Equity tranches	—	6.1
	Debt tranches	2.0	8.6
	Bank Balance Sheet transactions	5.7	7.8
Cash Corporate Credit	Equity tranches	3.5	4.2
	Debt tranches	1.2	1.4
ABS	Mortgage Residual positions	7.4	6.5
	Debt tranches	1.2	1.4
Cash	—	6.5	1.7

\* GAV of €274.0 million reported as at 31 July 2014 and GAV of €247.1 million reported as at 31 July 2013. The valuation of each asset class takes into account the valuation of the individual assets and of the derivatives hedging the asset class. Figures may not precisely add up to 100% due to rounding.

During the financial year, all of the equity tranches and most of the debt tranches of Synthetic Corporate Credit deals matured or were sold. The vast majority of Volta's new investments during the period were CLO tranches. As a result of this rotation more than one quarter of Volta investments, as at the end of July 2014, were assets issued in the last two and a half years, replacing assets issued before 2008.

A schedule of the Company's investments as at the end of July 2014 is presented in Note 21 of the financial statements.

Over the course of the financial year ended 31 July 2014, the Company purchased or committed amounts for 20 different assets for an aggregate amount of the equivalent of €90.3 million (including three deals for an aggregate amount of €18.8 million that will be settled after the end of July 2014), with a projected average IRR of 9.9%:

- €47.6 million was used to purchase or was committed to purchase thirteen CLO Debt tranches;
- €20.5 million was invested in five CLO Equity tranches;
- €14.7 million was invested or committed to invest in the first-loss piece of a warehouse of CLO; and
- €7.5 million was committed to invest in a European loan fund.

During the financial year, Volta received the equivalent of €72.2 million from the sale, maturity and amortisation of its assets.

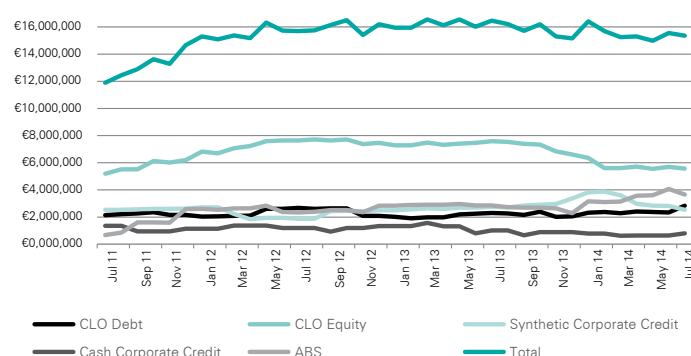
Given current market conditions, we expect that Volta will be able to continue purchasing assets with projected IRRs in the 8% to 11% area for the forthcoming periods.



**GENERATION OF CASH FLOWS**

Volta should continue seeing a modest decrease in the amount of interest and coupons to be received in the forthcoming annual periods due to the fact that two Corporate Credit Equity positions have been reimbursed in the first quarter of 2014 and most of the CLO Equity positions from 2006 and 2007 vintages in the current portfolio have ended their re-investment period and started to see a decrease of their coupon payments. Considering this, under reasonable assumptions, interest and coupons for the forthcoming financial year are expected to amount to approximately €30 million (€15 million per semi-annual period) compared to an average of approximately €16 million per semi-annual period received during each of the previous two financial years ended 31 July 2014.

**SIX MONTHLY ROLLING AMOUNT OF INTEREST AND COUPONS OVER THE LAST THREE YEARS**



**PROJECTED IRR ON VOLTA PORTFOLIO**

In order to give Shareholders an understandable and comparable perspective regarding Volta’s asset valuations, projected returns of Volta’s assets as of the end of July 2014 are given below with some comments. These projected returns are based on standard assumptions regarding default rates, recovery rates and prepayment rates of underlying asset classes.

Main asset class	Sub-classification	% of GAV	Projected IRR (%)*	Projected WAL (years)*	Comments
CLO	USD/EUR CLO Equity 1.0	15.7	9.7	2.5	Cash flows from these deals have started to diminish. Most of the USD deals are expected to be called in the coming two to three years.
CLO	USD/EUR CLO Equity 2.0	8.1	8.6	4.5	The attached projected IRR does not take into account the performance of CLO managers in avoiding default in the current environment nor the possibility of reducing the liability cost of these CLOs.
CLO	USD/EUR CLO Debt 1.0	38.8	6.5	2.5	Given that the projected IRR does not take into account the fact that these tranches can be called, particularly the US tranches, depending on the timing of the call the projected IRR could be 0.5% to 1.0% higher.
CLO	USD/EUR CLO Debt 2.0	9.9	8.1	5.5	These are medium to long-term investments where the risk of refinancing is remote. This asset class is expected to deliver very stable performance.
Synthetic Corporate Credit	Debt	2.0	1.4	0.3	These assets have very high subordination to losses (original senior tranches purchased at discount during the crisis). These assets are likely to be sold or to mature in the very near future.
Synthetic Corporate Credit	Bank Balance Sheet transactions	5.7	7.6	2.5	One of the four deals in which Volta invested has been called prior to maturity. The pipeline is strong enough to replace maturing assets and even to grow the asset class at IRRs in the 9% to 11% range.
Cash Corporate Credit	Equity/Debt	4.7	9.6	3.5	This is a very diversified asset class including one loan fund, one emerging credit CDO and one German SME deal.
ABS	Mortgage Residual positions	7.4	10.4	3.0	The projected IRR is based on relatively conservative projected cash flows.
ABS	Debt	1.2	11.0	N/A	This is an investment in a US mortgage debt fund co-managed by AXA IM and Ellington that produced a YTD performance of 7.9% as at the end of July 2014.

\* These projections are for illustrative purposes only, are based on a number of assumptions and should not be regarded as profit or earnings forecasts. In addition, changes to current market conditions may cause changes to certain of the assumptions which could produce different results, less favourable to investors. Accordingly, no representation or warranty is made that any simulation will happen or any asset will perform or will be sold in accordance with these projections.

# INVESTMENT MANAGER'S REPORT CONTINUED

### 3. INVESTMENT PORTFOLIO CONTINUED

#### PROJECTED IRR ON VOLTA PORTFOLIO CONTINUED

According to such calculations, the GAV of Volta as at 31 July 2014 corresponds to an IRR slightly above 8% when considering the standard assumption that the ratings, and hence weighted average rating factor ("WARF"), of a portfolio of corporate credit exposures appropriately reflect the probability of default on a medium to long-term basis.

On average, the projected IRRs above have been very stable since the previous annual report and we believe that such returns remain attractive relative to either traditional credit markets or equity markets.

The above projected IRR does not take into account the potential for roughly half of Volta's assets to be called prior to the relevant scheduled maturity dates. If and when CLO Debt tranches are called in advance of their scheduled amortisation dates, performance will be improved significantly.

This IRR is also based on the assumption that the CLO Equity tranches will suffer from default at the underlying loan portfolio in line with historical averages. During the last seven years, defaults occurred in the CLO selected by AXA IM Paris for Volta at a pace significantly lower than the historical average as measured by the WARF of the underlying loan portfolio. Typically the 8.1% average IRR shown above for the CLO 2.0 Equity tranches we have purchased during the last two years does not take into account added value that can be expected from the CLO managers we selected, nor the opportunity that the cost of debt of the CLO can be reduced through time.

Taking that into account, as well as the possibility to refinance assets following the re-investment period, we expect an IRR between 9% and 12% for the CLO 2.0 Equity tranches we have purchased so far.

### 4. OVERVIEW OF THE MAIN ASSET CLASSES OF VOLTA

The three main asset classes in which Volta is invested are CLO tranches (debt and equity pieces), UK non-conforming residual positions (under the bucket "Mortgage Residual positions") and Bank Balance Sheet transactions. Below are comments about the situation of the CLO market and the Bank Balance Sheet transaction market as well as a comment on the situation of the UK non-conforming residual positions in which Volta is invested.

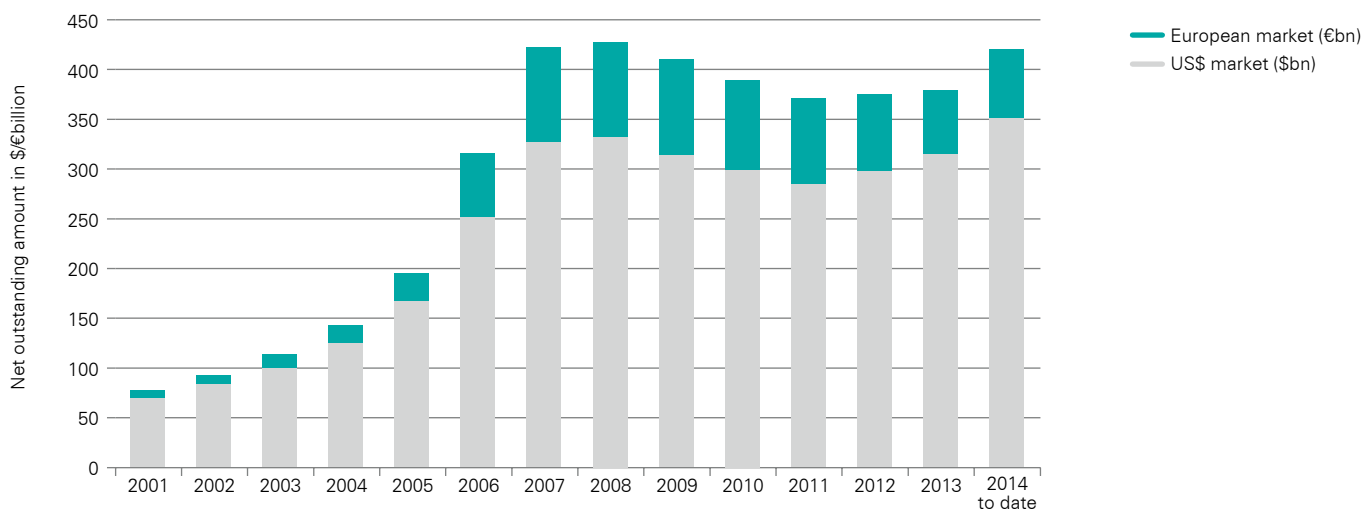
#### CLO MARKET OVERVIEW

In 2013 global CLO new issuances reached USD 91.4 billion, of which USD 81.8 billion were US deals and €7.0 billion European.

As of the end of August 2014, YTD issuances reached USD 85.9 billion for US and €8.0 billion of European deals.

Issuances for 2014 should end up being very close to the record level reached in 2007, although most of the US deals are not eligible for European regulated investors because they do not satisfy the "retention rule". However, as at the end of August 2014 and since the beginning of the year, AXA IM has been involved in the structuring of eight US deals so that we were able to invest in tranches of USD CLO 2.0 deals as desired.

#### OUTSTANDING AMOUNTS OF CLO MARKETS



As evidenced above, the CLO market is growing again after a few years of stabilisation.

Under standard scenarios, the current projected returns for CLO tranches range from Libor+140bp for the AAA tranches to 10%+ return for the equity pieces of CLO in both the US and Europe.

The CLO market currently comprises two different categories: CLOs issued prior to 2010, mainly in 2006 and 2007, which are referred to as "CLO 1.0" deals; and CLOs issued after 2010, mainly in 2012, 2013 and 2014, which are referred to as "CLO 2.0" deals. The main differences between CLO 1.0 and CLO 2.0 are as follows:

- > The maturity schedule: the majority of CLO 1.0 transactions have passed or will soon pass their Re-investment Period ("RP"), meaning that the deals will amortise in the forthcoming three to four years and/or will be called earlier. CLO 2.0 deals have longer maturities, although the debt tranches of the majority of CLO 2.0 deals could be refinanced two years after the CLO issuance.
- > The cost of debt: the cost of debt for CLO 1.0 is far below that for CLO 2.0. CLO 1.0 Equity tranches benefited from this feature in the years following the 2008 economic and financial crisis.

Hence, CLO 1.0 Debt tranches are, when appropriately selected, priced to be reimbursed at par in the coming years. This should limit the price volatility of these assets. CLO 2.0 Debt tranches that are a longer term investment can be more volatile like any classic long-term credit instrument.

Please see below the past performances of CLO Debt tranches:

Annual returns	2012	2013	2014 YTD
<b>CLO 1.0</b>			
AAA	5.17%	2.50%	<b>1.22%</b>
AA	14.94%	4.35%	<b>1.83%</b>
A	20.83%	8.72%	<b>2.21%</b>
BBB	31.01%	12.01%	<b>2.67%</b>
BB	41.71%	12.65%	<b>5.34%</b>
<b>CLO 2.0</b>			
AAA	3.86%	0.31%	<b>1.07%</b>
AA	9.38%	0.97%	<b>1.47%</b>
A	17.02%	2.95%	<b>0.95%</b>
BBB	24.10%	7.03%	<b>2.20%</b>
BB	29.16%	10.68%	<b>1.98%</b>

Source: J.P Morgan. 2014 YTD as at 30 June 2014.

For Volta, considering the risk/return profile of CLO 1.0 Debt tranches relative to CLO 2.0 Debt tranches, we decided to take our time before starting to invest in CLO 2.0 deals. The above performance table demonstrates that we were right not moving too fast into CLO 2.0 Debt tranches as CLO 1.0 Debt tranches outperformed them up to mid-2014. We think that the timing is now appropriate for such rotation and we will increase the allocation to CLO 2.0 deals (which represented slightly less than 20% of Volta's CLO portfolio as at the end of July 2014) in the coming financial year.

Please see below a breakdown of CLO debt holdings as of the end of July 2014:

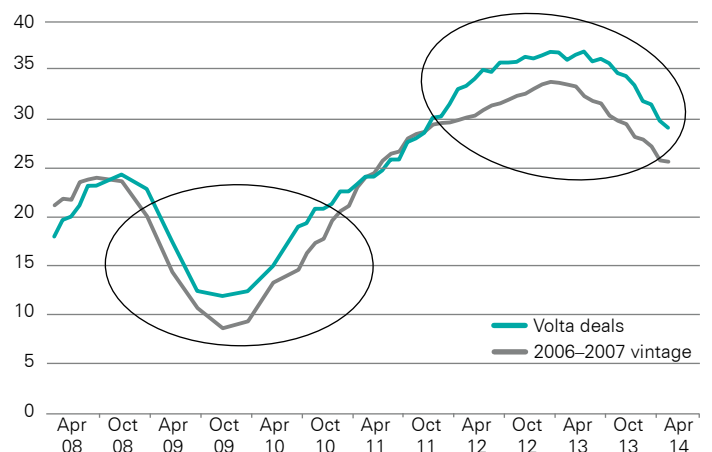
CLO vintage	Original rating	Market value (€m)	
		Euro deals	USD deals
1.0	BBB	24.0	13.0
	BB	18.7	43.7
2.0	BB	16.4	11.7
	B	—	1.4

When investing in CLO 1.0 Debt tranches, we favoured BBB tranches from Euro deals and BB tranches from USD deals in line with the stronger ability of USD deals to maintain or improve subordination through time. Euro CLO 2.0 deals have been issued with a larger subordination for the BB tranches relative to USD deals, which made us more comfortable investing significant amounts in these kinds of tranches. The sole investment we made on a B tranche of USD CLO 2.0 was with a CLO manager who demonstrated above average capabilities in maintaining or improving debt subordination.

Regarding investment in equity tranches of CLO, the 2006/2007 vintage equity pieces of CLOs have, on average, been the best ever vintage for CLO equity investments. Thanks to the fact that these CLOs benefited from a very cheap cost of funding (the average spread of the CLO debt tranches) and the fact that these CLOs were able to re-invest in years 2009 to 2012 at discounted loan prices, the equity pieces of these CLOs have received very significant payments since the 2008/2009 crisis.

Please see below a comparison between the effective cash flows on the eight USD CLO Equity positions Volta acquired in 2006/2007 and the average cash flows of 2006/2007 USD CLO equities:

**AVERAGE CASH-ON-CASH RETURN (%) FOR NON-TERMINATED DEALS BY VINTAGE**



Cash-on-cash return: the non-discounted sum of all cash payments to equity over the previous year, divided by the initial equity balance.

Source: Moody's Equity Score Report, November 2012 and Volta Finance Limited.

# INVESTMENT MANAGER'S REPORT CONTINUED

## 4. OVERVIEW OF THE MAIN ASSET CLASSES OF VOLTA CONTINUED CLO MARKET OVERVIEW CONTINUED

The chart on the previous page illustrates our added value when selecting CLO Equity tranches for Volta, being able to select deals that paid higher cash flows in difficult times (2009/2010) as well as in good times (2012/2013).

Upon purchase in 2006/2007, these USD Equity tranches were expected to deliver a performance (measured as the IRR of the projected cash flows) in the 12% to 13% range under reasonable and standard assumptions. Thanks to the relevant managers' ability to take opportunities arising from the 2008/2009 crisis (no deleveraging and being able to re-invest in discounted loans after that), we now expect these tranches, on average, through their whole life, to have experienced a performance above 20%.

CLO 2.0 Equity tranches have a cost of leverage close to Libor+2.0% (against circa Libor+0.5% for CLO issued in 2006/2007). Hence there is no such optionality in the CLO 2.0 Equity tranches (the possibility that the overall performance of the equity piece ends up significantly above what could be assumed at time of purchase) even if almost all the 2.0 CLOs benefit from the possibility of lowering their cost of funding by refinancing all or part of the debt tranches. However, in today's market, and with a strong focus on selecting appropriate deals, it seems to us that some CLO 2.0 Equity tranches (in USD or in Euro) can generate IRRs in the 9% to 12% range (under reasonable assumptions) which seems to us to be an acceptable expected performance.

During the financial year we started investing in some equity tranches of CLO 2.0 and we expect that this will again be the case in the next period.

Another way to have a leveraged exposure to underlying corporate loans is to provide the capital for CLO warehousing. Changes in regulations have reduced the appetite for banks to provide such capital, so this kind of investment solution can now be considered. Volta committed USD 20.0 million (USD 10.0 million drawn as at the end of the financial year) in such a warehouse for the next CLO to be issued by AXA IM Inc. with a projected IRR circa 15%. The risk profile is slightly different from that on CLO Equity tranches. CLO warehousing usually lasts six months with a three to six-month possible extension; the CLO manager is not paid during the warehousing and leverage increases from typically five times (before the CLO pricing) up to 20 times (between pricing and closing of the CLO) for a cost of debt which is generally very similar to that of AAA tranches of CLO. The main risks are a significant fall in the mark-to-market value of the underlying loan portfolio such that the CLO cannot be priced without accepting a loss for the warehouse capital provider and the ability of the arranging bank to execute the targeted CLO with the designated CLO manager. Some CLO warehousing transactions can include the delivery of equity pieces of the finalised CLO (not the transaction we purchased so far).

## OVERVIEW ON BANK BALANCE SHEET TRANSACTIONS

New regulations and controls incentivise banks, particularly European banks, to strengthen their capital. For several years now there has been a regular source of opportunity for investors through what are known as Bank Balance Sheet transactions (transactions that permit the banks to optimise their cost of capital or reduce their capital need by transferring first loss or very junior risk attached to some portion of their balance sheet). Such transactions permit access to sound and profitable banking activities, including, for example: loans to corporates (particularly SMEs); trade finance; real estate loans; and counterparty risk.

AXA IM has invested in these kinds of transactions for more than 15 years and has a significant presence in this market. At the time of writing this statement we have close to €2.0 billion of deals in the pipeline.

Volta obtains access to this asset class through its investment in one fund dedicated to these kinds of transactions (BCOF: Bank Capital Opportunity Fund) and through co-investment with the other funds and mandates that we manage in this area.

So far, Volta has directly co-invested in four deals:

- one Swiss transaction;
- one Portuguese SME transaction;
- one transaction exposed to US HY corporate credit names; and
- one transaction exposed to the counterparty risk of large investment grade corporate names.

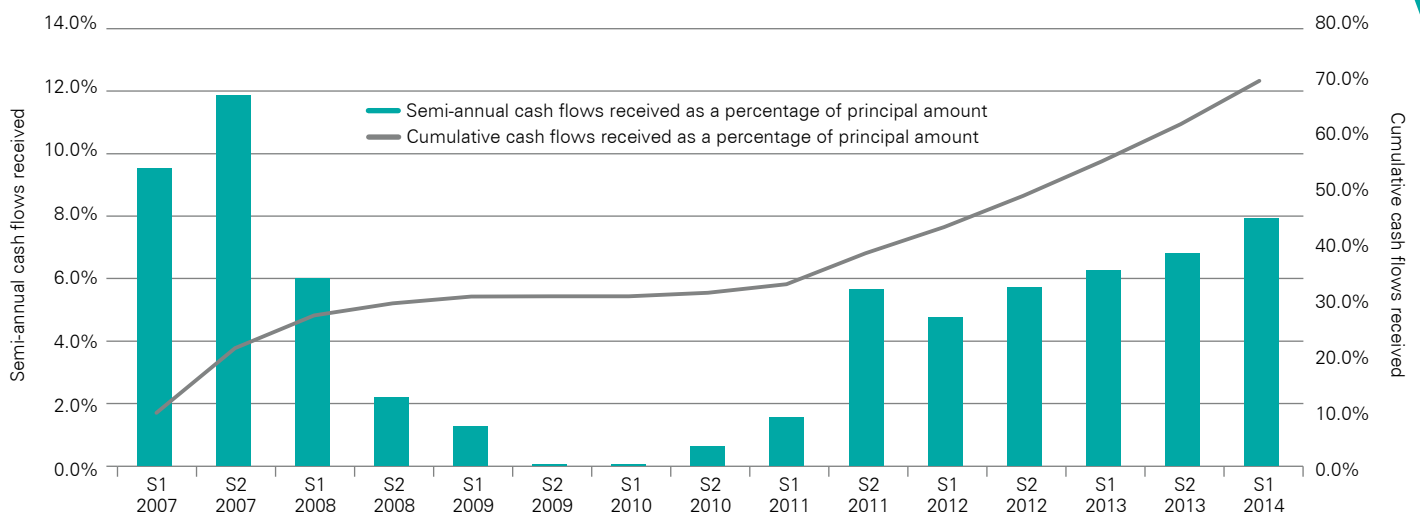
Since the sourcing of these four deals, the underlying credit performance so far has been better than the hypothesis we used when sourcing them. One of the transactions, paying a Euribor+13.0% coupon, has been called in September 2014. These four deals were sourced with an average projected IRR close to 11%. Considering the pipeline that still exists for these kinds of transactions, it could be expected that Volta will continue gaining exposure to this asset class.

## OVERVIEW ON THE UK NON-CONFORMING RESIDUAL POSITIONS HELD BY VOLTA

These positions are residual positions from UK non-conforming mortgage ABS transactions.

The cash flows received depend on the number of mortgages that stay in the pool and that are currently paying. Hence, the main risk is refinancing of the underlying mortgages (mortgages that are refinanced leave the pool) and arrears (and then default) on the monthly payments.

**HISTORY OF PAYMENTS ON THE FIVE UK NON-CONFORMING RESIDUAL POSITIONS HELD BY VOLTA SINCE 2006/2007**



At some stage during 2009/2010, arrears of payments on the underlying mortgages were so high that these positions stopped paying any cash flows. Since then, thanks to the easing of monetary policy in the UK and to directives from the UK government to mortgage servicers to favour keeping people in their homes instead of proceeding to foreclosures, the mortgagors have been able to repay part of their arrears of payments and these positions resumed paying cash flows at close to 12% of their initial purchase price per year over the last three years.

As at the end of July 2014, these positions were valued through a mark-to-model approach whereby we assumed that, on average, the pool of underlying mortgages will continue to behave for the next three years with roughly the same parameters that have been observed in recent years (few refinancing and few defaults) and then will suffer from refinancing and defaults. This model assumes, implicitly, that it is difficult to conceive what could be the pace of refinancing and defaults in more than three years' time for UK non-conforming mortgages and adopts a prudent view regarding refinancing and regarding arrears of payments/defaults if the Bank of England significantly increases its interest rates in the future.

**5. FOREIGN EXCHANGE HEDGE STRATEGY**

With Volta's base currency being euro, each investment denominated in another currency generates a currency exposure if it is not hedged. As at the end of July 2014, Volta had non-euro investments in CHF, GBP and USD.

Considering the size of the CHF investment (0.8% of the NAV) and the investments in GBP (7.6% of the NAV), Volta decided not to hedge the currency risk generated by these investments. Only the currency risk provided by USD investments is considered for hedging.

As outlined in previous reports, the Company faces the risk of being forced to sell assets to meet margin calls on its foreign exchange hedge transactions if the US dollar were to appreciate significantly. In order to limit this risk the Company uses currency options to reduce the level of cash that could be called by its currency swap counterparties when the dollar appreciates and also to reduce the amount of dollars sold forward. So far, this hedging strategy has been successful in helping the Company to avoid being forced to sell assets to meet margin calls. The fact that the Company has not always been fully hedged has not significantly affected the overall performance of the Company on a cumulative basis to date. This liquidity risk is closely monitored by us under the supervision of the Board.

As at the end of July 2014 the Company's US dollar assets (including cash) were valued at approximately USD 212.0 million, US dollar forward sales represented USD 67.5 million and US dollar call options (financed by selling out of the money US dollar put options) represented USD 42.5 million. Overall, taking into account the delta on the options, Volta could be considered as having a USD 158.0 million (43% of NAV) long unhedged position to the USD. The currency exposures of the Company are expected to be very stable through time and are communicated in every monthly report so that investors can be aware of such exposures.

The contracts used to apply this strategy are collateralised with the Company's counterparty (Citibank). A net balance of €0.2 million was paid by the Company to Citibank at the end of July 2014.

# INVESTMENT MANAGER'S REPORT CONTINUED

## 6. OUTLOOK

### OVERALL VIEW

At the time of writing, our view is that we will continue for some time to live under what some strategists call the "New Normal": a period in the long-term economic cycle in which the involvement of and control from governments and central banks are high in order to limit economic and financial volatility because of the significant amount of debt that has been accumulated during the previous decades. Economic agents that accumulated significant amounts of debt are typically households, governments and local state entities. Corporate entities, despite a recent and modest increase, still have amounts of debt in line or below the last ten to 20 years' most common measures (relative to EBITDA or enterprise value).

This is the main reason why Volta focused so much on corporate credit debt when pursuing re-investment strategies during the most recent years. One of the main targets of the New Normal are to favour an overall reduction of debts and we tend to consider that as supportive for investment in credit assets.

We recognise a number of existing known risk factors, including excessive bank balance sheets in China and geopolitical issues in the Middle East and Eastern Europe, but we do not expect, at the time of writing, these uncertainties to impact the way developed economies are managed under the present regime.

Regarding structured finance markets and in relation to Volta's objectives, it is our view, for the coming year, that:

- The CLO market, in the US and in Europe, will continue to be very active, both in terms of new issuances and in terms of secondary trading. Thanks to various regulations, CLO Debt yields are still at attractive levels relative to historical levels and fundamental risks. This makes CLO 2.0 Equity tranches less attractive than the CLO 1.0 Equity tranches from the 2006/2007 vintage; however, we think that, selecting the appropriate CLO manager and the appropriate structure can permit achieving returns in the 9% to 12% range for some new CLO Equity tranches.
- When considering current housing prices and mortgage standards in the US, it seems to us that US mortgages constitute a compelling asset for securitisation. Yet there are few issuances in this area that permit a direct investment for Volta and this view materialised through the investment in a fund that we co-manage with Ellington in the US (Saint Bernard Fund). We hope to see at some point a resumption of opportunities (in the primary market) in this area.
- Bank Balance Sheet transactions will continue to be a sizeable and interesting market, especially in Europe, for investors looking for returns in excess of 10%.
- Information on the investment strategy, geographic and sector investment focus and principal stock exposures are included in this report and Note 17 to the financial statements. A full list of portfolio holdings is included in Note 21 to the

financial statements. None of the Company's assets are subject to special arrangements arising from their illiquid nature. Note 17 to the financial statements sets out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected. There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by AXA IM.

### OUTLOOK FOR VOLTA

For the financial year to come, Volta should continue focusing on corporate credit assets even if, from time to time, some opportunities can be seized outside this asset class. Recognising the very solid situation of most of the CLO mezzanine debt tranches we are considering leveraging the ones we estimate to be most stable. As already mentioned in this report we will increase the weight of recently issued assets in the portfolio. In this context, we aim to source more Bank Balance Sheet transactions as well.

When conducting the overall investment strategy, the Company pursues the following objectives:

- to maintain a high level of diversification of its portfolio with investments mainly exposed to corporate credit underlying risk through various formats (CLO, synthetic and cash structures);
- to protect the principal amount of Volta's assets;
- to maintain the stability of ongoing interest and coupons received by the Company at a significant level; and
- to maintain a level of expected return in line with the Company's objectives.

One way of improving the total return of Volta's floating rate debt assets could be to add some fixed rate sensitivity when interest rates appear to reasonably price in future increases in base rates. This was partially done in the financial year under review using UST-Notes futures and options.

The Company has demonstrated its ability to continue to adapt its investment strategy during the financial year under review, especially through an increase in the turnover of the portfolio in order to generate capital gains as discount margins tightened.

The experience of the teams in the structured finance department of AXA IM and their ability to take advantage of investment opportunities across the different segments of the structured finance markets should provide encouraging prospects for the future of Volta.

# REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31 July 2014. In the opinion of the Directors, the annual report and audited financial statements are fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

## INCORPORATION

The Company is a closed-ended limited liability company registered in Guernsey under the Companies (Guernsey) Law, 2008 (as amended) with registered number 45747.

## ACTIVITIES

The Company is a closed-ended investment company with the objective of investing, amongst other asset types, in the following main asset classes: CLO, Synthetic Corporate Credit, Cash Corporate Credit and ABS.

## RESULTS AND DIVIDENDS

The International Financial Reporting Standards ("IFRS") net profit for the year amounted to €44.0 million.

The Directors consider recommendation of a dividend on a semi-annual basis. The payment of any dividend by the Company is subject to the satisfaction of a solvency test as required by the Companies (Guernsey) Law, 2008 (as amended).

The Directors recommend the payment of a final dividend for the year of €0.30 per share to those Shareholders on the register on 8 December 2014. This is in addition to the interim dividend of €0.30 per share paid in April 2014.

## ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIFM DIRECTIVE" OR "AIFMD")

The AIFM Directive seeks to regulate managers ("AIFMs") of alternative investment funds ("AIFs") that are marketed or managed in the EEA. The Company appointed AXA IM to act as its AIFM on 22 July 2014. The Company appointed State Street Custody Services (Guernsey) Limited ("SSCSGL") to act as its Depository on 22 July 2014 in compliance with AIFMD.

AXA IM is authorised to act as the Company's AIFM by the Autorité des Marchés Financiers (the "AMF") in France. In order to maintain such authorisation and to be able to continue to manage the AIF, AXA IM is required to comply with various obligations prescribed under AIFMD. In conformity with article 53 of the Commission delegated regulation (EU) No. 231/2013, AXA IM has established appropriate policies and procedures regarding the credit risk of each of the structured credit positions (positions coming from the securitisation of underlying exposures) held by Volta, in order to monitor information regarding the performance of the underlying exposures on a timely basis and to manage such credit risk where applicable and possible. Such policies and procedures are appropriate to the risk/return profile of these positions. AXA IM also regularly implements stress tests on these positions.

Certain regulatory changes have arisen from the implementation of the AIFMD that may in some circumstances impair the ability of the Investment Manager to manage the investments of the Company and this may adversely affect the Company's ability to carry out its investment strategy and achieve its investment objectives. In addition, AIFMD may limit the Company's ability to market future issuances of

its shares in some EU jurisdictions. Certain EU member states may impose stricter rules or interpretations of the AIFM Directive on the AIFM in respect of the marketing of shares than those either required under AIFMD or as interpreted by other EU member states, as the Company is a non-EU AIF. However, it is currently not feasible to ascertain the definitive position adopted by every EU member state. The Board and the Company's advisors will continue to monitor implications of the AIFM Directive.

AXA IM has not disclosed details of remuneration paid to its staff members who are directly involved in the management of Volta's portfolio nor its policies regarding the remuneration of such staff as AXA IM itself has not completed a full financial reporting year to which AIFMD was applicable during the Company's financial year ended 31 July 2014.

Information on the investment strategy, geographic and sector investment focus and principal stock exposures are included in the Investment Manager's Report and Note 17 to the financial statements. A full list of portfolio holdings is included in Note 21 to the financial statements. None of the Company's assets are subject to special arrangements arising from their illiquid nature. Note 17 to the financial statements sets out the risk profile and risk management systems in place. There have been no changes to the risk management systems in place in the period under review and no breaches of any of the risk limits set, with no breach expected. There are no new arrangements for managing the liquidity of the Company or any material changes to the liquidity management systems and procedures employed by AXA IM.

## PORTFOLIO ADMINISTRATOR

Sanne Group (Guernsey) Limited was appointed as Portfolio Administrator to the Company with effect from 22 July 2014 to replace Deutsche Bank AG, London Branch.

## LIQUIDITY ENHANCEMENT CONTRACT

Kepler Corporate Finance ("Kepler") was appointed as Liquidity Provider to the Company in 2012 to trade on behalf of the Company and for the Company's account and risk on the Euronext Amsterdam, so as to facilitate the liquidity and regular trading of the Company's shares, thereby promoting and supporting the normal trade in such shares and limiting trading price fluctuations unjustified by market trends or solely due to the lack of regular trading. The Company funded the liquidity account with €250,000 and Kepler commenced liquidity operations during September 2012. The contract with Kepler was terminated on 31 December 2013. The Company paid Kepler a fee of €30,000 per annum for its services.

The Companies (Guernsey) Law, 2008 (as amended) prohibits the payment of dividends in respect of any shares held by a company as treasury shares. Consequently, in accordance with that law, no dividends were paid by the Company on any shares held on the Liquidity Account.

During the financial year, all of the remaining treasury shares held on the Liquidity Account were sold for aggregate sale proceeds of €215,938 and the balance of €280,918 held on the Liquidity Account was returned to the Company's deposit account, generating an overall gain to the Company of €30,918, excluding fees paid to the Liquidity Provider.

# REPORT OF THE DIRECTORS CONTINUED

## CORPORATE BROKER

Liberum Capital Limited ("Liberum") was appointed as Corporate Broker to the Company with effect from 1 January 2014. The Company's principal purpose in appointing a Corporate Broker is to help improve communication with both existing and potential Shareholders and thereby to improve liquidity in the Company's shares. The Company pays Liberum a fixed fee of £50,000 per annum to act as Corporate Broker, payable half yearly in advance on 1 January and 1 July in each year.

## UNITED STATES OF AMERICA FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA")

Guernsey has entered into an Intergovernmental Agreement ("IGA") with the US Treasury in order to comply with FATCA and has also entered into an IGA with the UK in order to comply with the UK's requirements for enhanced reporting of tax information in accordance with FATCA principles. Under such IGAs, the Company is regarded as a Foreign Financial Institution ("FFI") resident in Guernsey. As such, the Company is required to register as an FFI. According to the current draft UK/US IGA guidance notes, there will be a reduction of reporting requirements for listed companies, which should enable the Company to register as a deemed compliant FFI. However, it should be noted that the guidance notes may be subject to change prior to finalisation, which could potentially impact upon the Company and/or its Shareholders. Non-compliance with FATCA could potentially expose the Company to a US withholding tax on all proceeds from its US investments at the rate of 30%. The Company has registered under FATCA and has been assigned the following Global Intermediary Identification Number ("GIIN"): 8YKCK2.99999.SL.831. The Board continues to monitor developments in the rules and regulations arising from the implementation of FATCA in conjunction with its tax advisors.

## APPLICATION TO LIST THE COMPANY'S ORDINARY SHARES ON THE LONDON STOCK EXCHANGE

The shares of the Company have been listed on Eurolist and admitted to trading on Euronext Amsterdam since 15 December 2006. Subject to Shareholder and regulatory approval, it is now proposed to seek a dual-admission of the Company's shares to the premium listing segment of the Official List of the UK Listing Authority ("UKLA") and to trading on the London Stock Exchange's Main Market ("Admission").

The Directors believe that a dual-admission to trading on both Euronext Amsterdam and the London Stock Exchange will be beneficial to the Company and its Shareholders for, among others, the following reasons:

- Access to market makers and increased market liquidity – Admission will bring the Company under the market making regime in place in London and therefore there will be a price in the shares at all times. It is hoped that having a number of market makers will help ensure that liquidity, even if in small volumes, will be available at all times.
- Enhanced global visibility – Admission is expected to increase the Company's global visibility and maximise the Company's target investor base. A number of UK institutions, private client brokers and wealth managers, who are the primary drivers of day-to-day liquidity, have a preference for, or are mandated to invest only in, securities which are traded on the London Stock Exchange.

- Access to greater broker/research coverage – the coverage of the Company by leading research analysts may be increased following Admission. This is expected to provide Shareholders and potential investors with additional independent information on the Company.
- No restructuring required – no changes to the structure, investment objectives and policy or corporate governance of the Company are required for Admission.

Subject to Shareholder approval, Admission is expected to take place in or around the end of January 2015. The Company's admission to trading on Euronext Amsterdam will continue and will not be impacted by Admission. Shortly prior to Admission, Shareholders will be given the option to hold their shares in CREST, to retain the shares in Euroclear Netherlands ("Euroclear NL") (to be nominally held in CREST by Euroclear NL's nominee, Euroclear Bank Nominee) or to hold the shares in registered/certificated form. Settlement of any transactions on Euronext Amsterdam and the Main Market will occur through the CREST system.

Pursuant to the Prospectus Rules of the Financial Conduct Authority, a summary document in connection with the application for Admission of the Company's shares to trading on the London Stock Exchange's Main Market will be published upon approval by the UKLA (the "Summary Document"). The Summary Document will not provide an update to any previous prospectus and will not contain any operational update not already available to investors. The Summary Document is expected to be published in early 2015, shortly prior to Admission.

## PROPOSED AMENDMENTS TO THE COMPANY'S MEMORANDUM AND ARTICLES OF INCORPORATION

In order to effect the proposed dual-listing, the Company will be required to make certain changes to the terms of its Articles of Incorporation. The Company is also seeking to take this opportunity to review its Memorandum and Articles of Incorporation more extensively to ensure that they remain consistent with current law and practice. Accordingly, the Company is proposing three resolutions to amend the Memorandum and Articles of Incorporation.

The first of these (Resolution 9) seeks to amend the objects of the Company to provide that the Company's objects will not be restricted. Guernsey law now permits this simplification of objects and the Company is taking advantage of this.

The second of these (Resolution 10), which is not conditional on Admission, makes a number of minor changes to reflect changes in Guernsey law. In addition, it would simplify the existing quorum requirements for general meetings to bring these into line with market practice and would also give the Directors more flexibility in the declaration and payment of dividends.

The final resolution (Resolution 11) is conditional upon Shareholders approving Admission (Resolution 8). This resolution would make certain additional changes to the Articles which are required in order for Admission to occur. In summary, these relate to inserting into the Articles provisions which restrict the ability of the Company to issue further shares on a non pre-emptive basis. This restriction is subject to certain exceptions and it is expected



that the Company will seek a resolution at subsequent Annual General Meetings to disapply this restriction to a limited extent. The final set of changes are required to enable the Company's shares to be settled through the CREST system, which is required for trading on the London Stock Exchange.

A draft of the proposed new articles (showing the full terms of the amendments proposed to be made) has been appended to the notice of the Annual General Meeting and will be available for inspection at the offices of Herbert Smith Freehills LLP, Exchange House, Primrose Street, London EC2A 2EG and at the registered office of the Company during normal business hours on any business day (Saturdays and public holidays excepted) from the date of this annual report until the conclusion of the Annual General Meeting and at the place of the Annual General Meeting for at least 15 minutes prior to, and during, the meeting.

#### GOING CONCERN

The Directors have considered the impact of the market conditions at the financial year-end date and subsequently. During the financial year the fair values of the Company's assets have risen by a significant amount, although by a lower amount than in the prior year. The Company currently has no debt financing. The Company's current cash holdings and projected cash flows are sufficient to cover current liabilities and projected liabilities. The Directors are therefore of the opinion that the Company is a going concern and the financial statements have been prepared on this basis.

#### DIRECTORS

The Directors who held office during the financial year and up to the date of approval of this report were:

James Gilligan  
Christian Jimenez  
Stephen Le Page (appointed 16 October 2014)  
Paul Meader (appointed 15 May 2014)  
Joan Musselbrook  
Paul Varotsis

The Directors' interests in the Company's share capital as at the financial year-end were:

	31 July 2014 Number of shares	31 July 2013 Number of shares
J Gilligan	39,461	30,776
C Jimenez	124,112	108,426
S Le Page	—	—
P Meader	—	—
J Musselbrook	124,743	108,997
P Varotsis	134,127	117,508

#### ROTATION PROVISIONS

Each of Mr Jimenez's, Mr Meader's and Mr Le Page's current terms of office expire at the 2014 Annual General Meeting ("AGM"). Mr Jimenez has advised the Board that he will not seek re-appointment for a further term. On the recommendation of the Board, Mr Meader and Mr Le Page will each be standing for election for a further three-year term at the 2014 AGM. Ms Musselbrook's and Mr Varotsis' current

terms of office expire at the 2015 AGM. Mr Gilligan's current term of office expires at the 2016 AGM.

In accordance with the rotation provisions set out in the Company's Memorandum and Articles of Incorporation, in the years in which the Chairman's and Directors' terms of office expire, the Chairman and each of the Directors may stand for re-election for a further three-year term until completion of nine years of service on the Board, after which each Director may stand for re-election on an annual basis, subject to the satisfactory demonstration of continuing independence.

#### DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

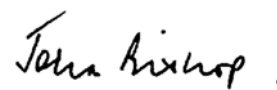
#### AUDITOR

KPMG Channel Islands Limited served as Auditor during the financial year and has expressed its willingness to continue in office. A resolution to re-appoint KPMG Channel Islands Limited as Auditor will be put to the forthcoming AGM on 3 December 2014.

#### COMPANY SECRETARY

The Company Secretary is Sanne Group (Guernsey) Limited of Third Floor, La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey GY1 1WD, Channel Islands.

By order of the Board



**AUTHORISED SIGNATORY**  
**SANNE GROUP (GUERNSEY) LIMITED,**  
**COMPANY SECRETARY**  
**20 OCTOBER 2014**

# CORPORATE SUMMARY

## THE COMPANY

Volta Finance Limited (the "Company", "Volta Finance" or "Volta") is a closed-ended limited liability company registered in Guernsey under the Companies (Guernsey) Law, 2008 (as amended) with registered number 45747.

The Company is an authorised closed-ended collective investment scheme.

## INVESTMENT OBJECTIVES

The Company's investment objectives are to seek to preserve capital and to provide a stable stream of income to its Shareholders through dividends that it expects to distribute on a semi-annual basis. Subject to the risk factors that are described in this Corporate Summary and in Note 17, it seeks to attain its investment objectives predominantly through investments in structured finance assets. The investment strategy focuses on direct and indirect investments in, and exposures to, a variety of assets selected for the purpose of generating cash flows for the Company. Whilst the Company's investment objectives remain unchanged, considering the discount to par at which some of the Company's assets have been purchased, part of the expected return for some of the Company's investments may come from back-loaded cash flows corresponding to principal payments in addition to expected ongoing cash flows. The assets that the Company may invest in either directly or indirectly include but are not limited to: corporate credits; sovereign and quasi-sovereign debt; residential mortgage loans; commercial mortgage loans; automobile loans; student loans; credit card receivables; leases; and debt and equity interests in infrastructure projects. There can be no assurance that the Company will achieve its investment objectives.

The Company's approach to investment is through vehicles and arrangements that essentially provide exposure to portfolios of such underlying assets. In this regard, the Company reviews the investment strategy adopted by AXA Investment Managers Paris (the "Investment Manager" or "AXA IM") on a quarterly basis. The current investment strategy is to concentrate on the following underlying asset classes: CLO; Synthetic Corporate Credit; Cash Corporate Credit; and ABS. As at the financial year-end and throughout the financial year, the Company held assets in its portfolio classified within each of these main asset types.

## THE INVESTMENT MANAGER

The Investment Manager is authorised by the Autorité des Marchés Financiers (the "AMF") as an investment management company and its activities are governed by article L. 532-9 of the French Code Monétaire et Financier. AXA IM is an investment manager with a team of experts concentrating on the structured finance markets. AXA IM was appointed as the Company's Alternative Investment Fund Manager ("AIFM") in accordance with the EU Alternative Investment Fund Management Directive ("AIFMD") on 22 July 2014.

## ASSET VALUES

At 31 July 2014, the Company's NAV was €273.6 million, with the NAV per share amounting to €7.50. The Company publishes its NAV on a semi-annual basis and publishes its GAV monthly.

NAV is an expression of the total value of the Company that takes into account the current fair value of the Company's investments, accruals for debtors and the amount of the Company's liabilities. The Company's NAV at 31 July 2014 can be seen in the Statement of Financial Position on page 34 ("Total Shareholders' equity" line).

GAV is an expression of the Company's value that takes into account the fair value of the Company's assets less the estimated amount of accrued fees payable to the Investment Manager. GAV, which is published by the Company on a more frequent basis than NAV, may be a useful point of reference as the Company has no debt financing and its NAV is published only semi-annually.

## DURATION

The Company has a perpetual life.

## WEBSITE

The Company's website address is [www.voltafinance.com](http://www.voltafinance.com).

### LISTING INFORMATION

The Company's ordinary shares are listed on the NYSE Euronext Amsterdam Stock Exchange ("Euronext Amsterdam") (website: [www.euronext.com](http://www.euronext.com)).

The ISIN number of the Company's listed shares is GG00B1GHHH78.

The closing price of the Company's listed shares quoted on Euronext Amsterdam at 31 July 2014 was €6.33 per share.

The average closing price of the Company's listed shares quoted on Euronext Amsterdam over the financial year ended 31 July 2014 was €6.36 per share.

Subject to Shareholder and regulatory approvals, in addition to its listing on Euronext Amsterdam, the Company intends to seek Admission of its shares to listing on the London Stock Exchange.

The Company's listed shares are held through the book-entry system of Euroclear Nederland. In order to identify the Company's Shareholders, the Company may request the participating interest and certain other data of its Shareholders holding 0.5% or more of the Company's issued share capital of any institution (bank) admitted by Euroclear Nederland, intermediary or Shareholder. Such a request is subject to certain limitations. Currently no information regarding the identity of the Company's Shareholders is available.

### PROVISIONAL FINANCIAL CALENDAR

21 October 2014	Announcement of results for the financial year ended 31 July 2014 and publication of the 2014 annual report
4 November 2014	Investor conference call (at 10:30 CEST/09:30 BST – dial-in details to be announced)
3 December 2014	Annual General Meeting
5 December 2014	Ex-dividend date
8 December 2014	Dividend record date
9 December 2014	Dividend payment date

# PRINCIPAL RISK FACTORS

## SUMMARY

An investment in the Company's shares (the "Shares") is suitable only for sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result. The Company offers no assurance that its investment objectives will be achieved. Prospective investors should carefully review and evaluate the descriptions of risk and the other information contained in this document, as well as their own personal circumstances, and consult with their financial and tax advisors before making a decision to invest in the Shares.

Prospective investors should be aware that the value of the Shares may decrease, any dividend income from them may not reach targeted levels or may decline, and investors may not get back their invested capital. In addition, the market price of the Shares may be significantly different from the underlying value of the Company's net assets. The net asset value of the Company as determined by it from time to time may be at a level higher than the amount that could be realised if the Company were liquidated.

The following risks and uncertainties are those that the Company believes are material, but these risks and uncertainties may not be the only ones that the Company and its Shareholders may face. Additional risks and uncertainties, including those that the Company is not aware of or currently views as insignificant, may also result in decreased revenues, increased expenses or other events that could result in a decline in the value of the Shares.

## RISKS RELATING GENERALLY TO THE COMPANY'S INVESTMENTS

The Company's investment strategy involves a high degree of exposure to potential losses.

Prospective investors in the Shares must accept and be able to bear the risk of investment in assets bearing a high level of embedded leverage on various forms of credit.

Indeed, most of the Company's investments will be in subordinated securities and subordinated loans, or will be structured so as to create the risk/return profile of subordinated securities or loans, and so can be particularly susceptible to losses on underlying assets or from credit contracts.

Defaults or unexpected changes in the timing of cash flows or in recovery rates from the Company's investments may have a negative impact on the value of the Company's portfolio and its cash flows.

Many of the Company's investments will be illiquid or have limited liquidity, which can adversely affect valuations and realisations.

The Company may be required to post margin payments with respect to derivative transactions and/or may be required to pay cash amounts demanded to satisfy commitments on certain assets. In such circumstances, the limited liquidity of its assets may increase the risk of being unable to satisfy such requests.

The performance of many of the Company's investments may depend to a significant extent upon the performance of the servicers or portfolio managers of underlying asset portfolios. In some cases, the Company's investments will be subject to multiple layers of management and other fees.

The ability of the Company to implement its investment strategies and to achieve targeted returns may be limited by an inability to source appropriate investments in which to invest.

Rising interest rates may adversely affect the market value of some of the Company's investments and declining interest rates may affect the return on available re-investment opportunities.

Hedging transactions may limit gains or result in losses.

The Company's investments will be subject to differing laws regarding creditors' rights and the enforceability of security.

The Company's investment portfolio may be subject to concentration risk.

The Company will be subject to market risk and credit risk.

The Company will be exposed to foreign exchange risk.

The Company's reported net income may be volatile due to mark-to-market adjustments of portfolio positions.

The Company may invest in assets on terms that limit the Company's control over those assets.

The valuation of the Company's assets may depend upon significant judgements, estimates and assumptions that affect their reported values. Such judgements, estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The realisable value of the Company's assets may differ significantly from these estimates.

### RISKS RELATING TO THE INVESTMENT MANAGER

The Company's investment performance is heavily dependent on the Investment Manager.

The Board is responsible for the determination of the Company's investment objectives and investment guidelines and has overall responsibility for overseeing the Company's activities, including oversight of the activities of the Investment Manager. However, the Company's investment performance is heavily dependent on the skills and judgement of the Investment Manager, which has significant discretion in the implementation of the Company's investment programme. In particular, the Company's performance will be dependent on the success of the Investment Manager's investment process. The Board has instructed the Investment Manager to conduct the Company's investment related activities in compliance with applicable law, the Company's investment objectives and guidelines and the Company's contractual undertakings.

There can be no assurance that the Investment Manager's past performance will be any guide to future performance or results.

### POTENTIAL TAX RISKS

If withholding tax were imposed in respect of distributions or other payments on the Shares, the value of the Shares could be materially and adversely affected.

If the investment activities of the Company unexpectedly cause it to become subject to tax on a net income basis in any country, including France, the United Kingdom or the United States, the Company's financial condition and prospects could be materially and adversely affected.

If unanticipated withholding or excise taxes are imposed in respect of distributions or other payments on the Company's direct and indirect investments, the return on those investments could be materially and adversely affected.

The Company expects that US taxpayers generally would be subject to adverse US tax consequences in respect of their investment in the Shares under US tax rules applicable to "passive foreign investment companies".

US taxpayers should consult their own tax advisors regarding the US federal income tax consequences that would apply to them as actual and deemed owners of numerous passive foreign investment companies as a result of their investment in the Shares, including

any US federal income tax elections that may be available to help mitigate such consequences. However, the Company is not obliged to provide investors or their advisors with such information that might be required for US tax reporting purposes and it does not intend to provide such information.

Guernsey has entered into an Intergovernmental Agreement ("IGA") with the US Treasury in order to comply with the US Foreign Account Tax Compliance Act ("FATCA") and has also entered into an IGA with the UK in order to comply with the UK's requirements for enhanced reporting of tax information in accordance with FATCA principles. Under such IGAs, the Company is regarded as a Foreign Financial Institution ("FFI") resident in Guernsey. As such, the Company is required to register as an FFI. According to the current draft UK/US IGA guidance notes, there will be a reduction of reporting requirements for listed companies, which should enable the Company to register as a deemed compliant FFI. However, it should be noted that the guidance notes may be subject to change prior to finalisation, which could potentially impact upon the Company and/or its Shareholders. Non-compliance with FATCA could potentially expose the Company to a US withholding tax on all proceeds from its US investments at the rate of 30%. The Company has registered under FATCA and has been assigned the following GIIN number: 8YKCK2.99999.SL.831. The Board continues to monitor developments in the rules and regulations arising from the implementation of FATCA in conjunction with its tax advisors.

### REGULATORY RISKS

Any regulatory changes arising from implementation of the Alternative Investment Fund Managers Directive ("AIFM Directive" or "AIFMD"), or any other relevant regulatory changes that impair the ability of the Investment Manager to manage the investments of the Company or limit the Company's ability to market future issuances of its Shares, may adversely affect the Company's ability to carry out its investment strategy and achieve its investment objective.

The principal practical impacts upon the Company arising to date from implementation of AIFMD have been: (i) the requirement for the Company to appoint an AIFM; and (ii) the requirement for the Company to appoint a Depositary.

# BOARD OF DIRECTORS



**01 JAMES GILLIGAN****CHAIRMAN AND INDEPENDENT DIRECTOR**

Mr Gilligan began his career with the Civil Service in his native Scotland, then moved to Guernsey in 1970, joining the Guernsey Income Tax office. In 1974 he joined the private bank Kleinwort Benson in Guernsey. He undertook various roles during his long career at the bank and he was Managing Director of the Guernsey Branch at the time of his retirement towards the end of 2006. Mr Gilligan is a Fellow of the Chartered Institute of Bankers and an ex-President of the Guernsey Centre of the Chartered Institute of Bankers. He is also an ex-Chairman of the Guernsey Association of Banks. He is a member of The Society of Trust and Estate Practitioners (retired). Mr Gilligan is Chairman of Guernsey Finance LBG, the entity charged with the promotion of Guernsey as an International Finance Centre, and also in this capacity he sits on the Finance Sector Forum dealing with the strategic development of the finance sector in Guernsey. Mr Gilligan holds a number of other non-executive roles.

**02 CHRISTIAN JIMENEZ****SENIOR INDEPENDENT DIRECTOR**

Mr Jimenez is Founder and Chief Executive Officer of Diamant Bleu Gestion, an asset management company based in Paris. Mr Jimenez was Chief Financial Officer of Ecureuil Vie, the insurance company subsidiary of the Caisse d'Epargne Group from 2004 to 2007. Prior to that, he was Chief Financial and Risk Officer of Compagnie Financière EULIA from 2002 to 2003. Mr Jimenez was Chief Executive Officer of SURASSUR, the reinsurance company subsidiary of the Caisse d'Epargne Group from 1995 to 2002, part of which time (2000 to 2001) he was also Chief Investment Officer of Caisse Nationale de Caisses d'Epargne et de Prévoyance. Prior to this, he was Deputy Chief Financial Officer of Caisse d'Epargne Group from 1994 to 1999 and held other positions at Banque Nationale de Paris and Banque de France. He was also a professor of Economics from 1979 to 1984. Mr Jimenez is also Honorary Chairman of Association Française des Gestionnaires d'Actif-Passif ("AFGAP"), having been a member of AFGAP since 1991, Chairman of AFGAP from 1997 to 1999 and Chairman of its Scientific Committee from 1999 to 2002 and Regional Director for France of the Professional Risk Managers' International Association ("PRMIA") since 2002.

**03 JOAN MUSSELBROOK****INDEPENDENT DIRECTOR**

Ms Musselbrook was Managing Director at MBIA UK Insurance Limited, a leading financial guarantor and provider of other specialised financial services. She was responsible for most of MBIA's Structured Finance business in Europe, including CDOs and ABS. She began her career at NatWest International Division in 1985 and remained with the NatWest Group in various positions until 2000, at which time she was a Director of the Asset Securitisation Group at Greenwich NatWest, with particular responsibility for CDOs. She joined MBIA Assurance S.A. as a Director in 2000 and was Managing Director of MBIA UK Insurance Limited from 2004 to 2006. Ms Musselbrook is a member of the Institute of Directors and holds a degree from Oxford University.

**04 PAUL VAROTSI****INDEPENDENT DIRECTOR**

Mr Varotsis was a partner at Reoch Credit Partners LLP until March 2011 where he worked as a consultant for financial institutions and advised investors, asset managers, intermediaries and software vendors on structured credit solutions. Mr Varotsis was Director of CDOs at Barclays Capital from 2002 to 2004. Prior to that, he was Executive Director, Structured Credit Trading, at Lehman Brothers from 2000 to 2002 and spent approximately ten years (1991 to 2000) at Chase Manhattan Bank and its predecessors; his last position at Chase was head of Credit and Capital Management (Europe, Africa, Middle East). He was European Chairman of the ISDA committee that participated in the drafting of the 2003 Credit Derivatives Definitions and advised the Bank of England and other regulators on the appropriate framework for the market's development. Mr Varotsis holds an MBA from the Stanford Graduate School of Business, a diplôme from the Institut d'Études Politiques de Paris and a diplôme from the Institut Supérieur de Gestion.

**05 PAUL MEADER****INDEPENDENT DIRECTOR**

Mr Meader is an independent director of investment companies, insurers and investment funds. Until the autumn of 2012 he was Head of Portfolio Management for Canaccord Genuity, based in Guernsey, prior to which he was Chief Executive of Corazon Capital, Guernsey. He has 28 years' experience in financial markets in London, Dublin and Guernsey, holding senior positions in portfolio management and trading. Prior to joining Corazon Capital he was Managing Director of Rothschild's Swiss private banking subsidiary in Guernsey. Mr Meader is a Chartered Fellow of the Chartered Institute of Securities & Investments, a past Commissioner of the Guernsey Financial Services Commission and past Chairman of the Guernsey International Business Association. He is a graduate of Hertford College, Oxford.

**06 STEPHEN LE PAGE****INDEPENDENT DIRECTOR**

Mr Le Page was a partner with PricewaterhouseCoopers in the Channel Islands from 1994 until September 2013. During his career with that firm he worked with many different types of financial organisation as both auditor and advisor, and he also served as the senior partner of the firm, effectively carrying out the role of chief executive and leading considerable growth in the business. Mr Le Page is a Fellow of the Institute of Chartered Accountants in England and Wales and a Chartered Tax Advisor. He is a past President of the Guernsey Society of Chartered and Certified Accountants and a past Chairman of the Guernsey International Business Association. Mr Le Page holds a number of other non-executive roles, including a role advising the States of Guernsey, and is also Chair of the Multiple Sclerosis Society, Guernsey branch.

# MANAGEMENT, ADMINISTRATION AND ADVISORS

## **VOLTA FINANCE LIMITED**

Company registration number: 45747 (Guernsey, Channel Islands)

## **REGISTERED OFFICE**

Third Floor, La Plaiderie Chambers  
La Plaiderie  
St Peter Port  
Guernsey GY1 1WG  
Channel Islands  
Tel: +44 (0)1481 739810  
E-mail: [voltafinance@sannegroup.com](mailto:voltafinance@sannegroup.com)  
Website: [www.voltafinance.com](http://www.voltafinance.com)

## **COMPANY SECRETARY, ADMINISTRATOR, REGISTRAR AND PORTFOLIO ADMINISTRATOR**

### **SANNE GROUP (GUERNSEY) LIMITED**

Third Floor, La Plaiderie Chambers  
La Plaiderie  
St Peter Port  
Guernsey GY1 1WG  
Channel Islands

## **DEPOSITARY**

### **STATE STREET CUSTODY SERVICES (GUERNSEY) LIMITED**

PO Box 238  
Dorey Court  
Admiral Park  
St Peter Port  
Guernsey GY1 3PF  
Channel Islands

## **LISTING AGENT AND PAYING AGENT**

### **ING BANK N.V.**

Bijlmerplein 888  
1102 MG Amsterdam  
The Netherlands

## **LEGAL ADVISORS AS TO DUTCH LAW**

### **DE BRAUW BLACKSTONE WESTBROEK N.V.**

Claude Debussylaan 80  
PO Box 75084  
1070 AB Amsterdam  
The Netherlands

## **INVESTMENT MANAGER**

### **AXA INVESTMENT MANAGERS PARIS S.A.**

Coeur Défense  
Tour B – La Défense 4  
100 Esplanade de Général de Gaulle  
92932 Paris La Défense Cedex  
France

## **CORPORATE BROKER**

### **LIBERUM CAPITAL LIMITED**

Ropemaker Place, Level 12  
25 Ropemaker Street  
London  
EC2Y 9LY  
United Kingdom

## **INDEPENDENT AUDITOR**

### **KPMG CHANNEL ISLANDS LIMITED**

Glategny Court  
Glategny Esplanade  
St Peter Port  
Guernsey GY1 1WR  
Channel Islands

## **LEGAL ADVISORS AS TO GUERNSEY LAW**

### **MOURANT OZANNES**

1 Le Marchant Street  
St Peter Port  
Guernsey GY1 4HP  
Channel Islands



# CORPORATE GOVERNANCE REPORT

As a Guernsey limited liability company with shares listed on Euronext Amsterdam, the Company is not subject to the UK Corporate Governance Code (the "UK Code" or the "Code"). Similarly, the Dutch Corporate Governance Code does not apply to the Company. On 30 September 2011, the Guernsey Financial Services Commission ("GFSC") issued a Code of Corporate Governance (the "GFSC Code"), which applies to the Company. The GFSC Code replaced the previous GFSC guidance, "Guidance on Corporate Governance in the Finance Sector". The GFSC Code provides a framework that applies to all entities licensed by the GFSC, or which are registered or authorised as a collective investment scheme under the Protection of Investors (Bailiwick of Guernsey) law, 1987. Any company, such as Volta, that voluntarily complies with the UK Code is deemed to also comply with the GFSC Code. The Directors have determined that the Company should continue to voluntarily apply the UK Code, with certain exceptions as detailed below. The UK Code was revised in September 2012, with such revisions applying to reporting periods commencing on or after 1 October 2012. The Company has applied the September 2012 revisions to the UK Code in its financial reporting for the reporting period commencing 1 August 2013.

## STATEMENT OF HOW THE PRINCIPLES OF THE UK CODE ARE APPLIED

Throughout the financial year ended 31 July 2014 the Company has been in compliance with the provisions set out in the UK Code, except as already explained or as set out below:

- Sections A–C: The Company does not have a Deputy Chairman, Executive Directors or a Chief Executive Officer. Accordingly, provisions of the Code relating to the Deputy Chairman, Executive Directors and Chief Executive Officer do not apply to the Company.

Explanation: As the Code itself states, investment companies typically have a Board structure that differs from those of other companies and this affects the relevance of particular provisions of the Code. Due to the nature of the Company's business and the structure of its relationships with its Administrator, Depositary and Investment Manager, the Directors do not believe it would be at present cost-effective or advisable to have full-time Executive Directors.

- Section B.1.1: The Company has established its own criteria for assessing the independence of the Board (as detailed on the next page).

Explanation: The Directors believe that these criteria are more appropriate to the Company's circumstances.

- Section C.3.5: The Company does not have an internal audit function.

Explanation: The Directors believe that this requirement of the Code was intended for companies with internal accounting departments. The Company does not expect to have more than a single employee, who in any event would not be trained in audit matters. The Company will rely on its Administrator for assistance in drawing up its accounts and reports to Shareholders.

- Section E.2: The Company will call and conduct its AGM of Shareholders in accordance with the requirements of Guernsey law and with Euronext Amsterdam requirements, rather than in accordance with the UK Code.

Explanation: As a Guernsey domiciled company with a listing in Amsterdam, rather than a UK listed company, the Company follows Guernsey and Euronext Amsterdam requirements relating to AGMs of Shareholders, rather than those of the Code or any other authority. In this way the Company avoids potential unanticipated conflicts of procedural requirements. This may change if and when the Company is listed on the London Stock Exchange.

- Section C.2.1: The Board should, at least annually, conduct a review of the effectiveness of the Company's risk management and internal control systems and should report to Shareholders that they have done so. The review should cover all material controls, including financial, operational and compliance records.

Explanation: Whereas the Company reviews and updates its risk ratings on an ongoing basis, the internal control environment of the Company is the product of control systems operated by its third-party service providers together with oversight by the Audit Committee and Risk Committee. On 10 September 2014, the Company held its first Risk Committee meeting. The purpose of the Risk Committee is to provide a framework for identification and management of investment portfolio related risks that might impact upon the performance of the Company's shares, whilst the Audit Committee retains responsibility for identification and management of risks that might impact upon financial reporting and other areas that are not specifically related to the Company's investment portfolio.

- Section D.1: The Remuneration Committee should judge where to position their company relative to other companies. However, they should each use such comparisons with caution, in view of the risk of an upward ratchet of remuneration levels with no corresponding improvement in performance. They should also be sensitive to pay and employment conditions elsewhere in the Group, especially when determining annual salary increases.

Explanation: The Board has considered comparable companies and has decided that, due to the differences between these companies and Volta, it will not take into consideration other companies' remuneration policies when setting its own. The Company has a Remuneration Committee that consists of the Directors, which will submit any proposed increases in the Directors' remuneration, in excess of the amounts set out in the Company's Articles of Incorporation, to the Company's Shareholders for approval.

- Section C.3.4: The Audit Committee should review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Audit Committee's objective should be to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

Explanation: The Company does not employ staff, other than its Directors, and therefore relies on the Company Secretary and other third-party service providers to address any concerns raised.

# CORPORATE GOVERNANCE REPORT CONTINUED

## THE BOARD

The Board is responsible for the determination of the Company's investment objectives, investment guidelines and dividend policy and has overall responsibility for overseeing the Company's activities. Mr Gilligan acts as Chairman of the Board. Mr Jimenez acts as the Senior Independent Director. Mr Gilligan, Mr Jimenez, Ms Musselbrook, Mr Meader and Mr Varotsis are independent from the Investment Manager and satisfy the independence criteria established by the Board as follows:

- › the independent Board members may not be Directors, employees, partners, officers or professional advisors to other funds that are managed by the Investment Manager or managed by any other company in the AXA Group;
- › the independent Board members may not be Directors, employees, officers, partners or professional advisors to the Investment Manager or any AXA Group companies;
- › the independent Board members may not have a business relationship with the Investment Manager or any AXA Group companies that is material to the members (although they may acquire and hold AXA Group insurance, investment and other products on the same terms as those available to other parties unaffiliated with AXA Group); and
- › the independent Board members may not receive remuneration from the Investment Manager or any AXA Group companies (although they may acquire and hold AXA Group insurance, investment and other products in the same terms as those available to other parties unaffiliated with the AXA Group and they may accept commissions or other payments from parties entering into transactions with AXA Group companies as long as those commissions and payments are on market terms and are not material to the members).

The Board reviews at least annually whether there are other factors that potentially affect the independence of the independent members of the Board or involve meaningful conflicts of interest for them with the Company. Prospective investors in the Company's shares should note that other companies may define "independence" differently. The individual independence status of the Directors was last reviewed and confirmed by the Board on 10 September 2014.

All of the Directors are non-executive and the Company's day-to-day activities are delegated to third parties, including the Administrator and Portfolio Administrator, the Investment Manager and the Depositary. The Company has entered into an Investment Management Agreement with the Investment Manager under which the Investment Manager is responsible for the management of the Company's investment portfolio subject to the Company's investment guidelines and the overall supervision of the Board.

## COMMITTEES OF THE BOARD

Audit, Risk, Nomination and Remuneration Committees have been established by the Board and each Committee has formally delegated duties, responsibilities and terms of reference, which are available upon request from the Company Secretary, but these are not currently available on the Company's website.

### AUDIT COMMITTEE

Please see the Audit Committee's separate report on page 26 for details of its composition, responsibilities and activities.

### NOMINATION COMMITTEE

The Nomination Committee comprises Mr Gilligan (Chairman), Mr Jimenez, Ms Musselbrook, Mr Varotsis and Mr Meader, who was appointed to the Nomination Committee on 10 September 2014. Only Independent Directors will serve on the Nomination Committee. The Committee meets at least once each year and considers the size, structure and composition of the Board. The Committee considers retirements, re-appointments and appointments of additional or replacement Directors and makes recommendations to the Board in this respect with particular consideration to the rotation provisions set out in the Company's Memorandum and Articles of Incorporation. The Nomination Committee keeps under review the balance of skills of the Board and the knowledge, experience, length of service and performance of the Directors.

Mr Jimenez's and Mr Meader's current terms of office expire at the forthcoming AGM. Mr Jimenez has advised the Board that he will not seek re-appointment for a further term. At the Nomination Committee meeting held on 10 September 2014, Mr Gilligan confirmed that a formal performance evaluation had been conducted and concluded that Mr Meader has demonstrated during his current term of office that he: positively adds to the balance of skills of the Board; has current and relevant expertise; effectively contributes to the Board; and demonstrates commitment to the Company's business. Accordingly the Nomination Committee recommended that the Board should propose Mr Meader for re-election to the Board at the forthcoming AGM.

At the Nomination Committee meeting held on 15 October 2014, the Nomination Committee recommended to the Board the appointment of Stephen Le Page as a Director of the Company. The Board duly appointed Mr Le Page at its meeting on 16 October 2014. The Nomination Committee also recommended that the Board should propose Mr Le Page for re-election to the Board at the forthcoming AGM.

### REMUNERATION COMMITTEE

The Remuneration Committee comprises Mr Jimenez (Chairman), Mr Gilligan, Ms Musselbrook, Mr Varotsis and Mr Meader, who was appointed to the Remuneration Committee on 11 September 2014. Only Independent Directors serve on the Remuneration Committee. The Committee meets at least once each year to review the remuneration of the Directors and any employees of the Company and make recommendations to the Board in this respect. The remuneration of the Directors was last reviewed by the Committee on 11 September 2014 and it was proposed that, in recognition of the proposed London listing and the increased workload that this will bring to the Board members, the Directors have approved the reinstatement of their full remuneration entitlement with effect from the AGM. This will be notified to Shareholders at the AGM to be held on 3 December 2014.

## RISK COMMITTEE

The Risk Committee was established on 27 June 2014 and comprises Mr Meader (Chairman), who was appointed to the Risk Committee as its Chairman on 10 September 2014, Mr Jimenez, Mr Gilligan, Ms Musselbrook and Mr Varotsis. Only Independent Directors serve on the Risk Committee. The Committee will meet approximately four times each year to review and monitor the effectiveness of the Company's risk management and internal control procedures and to report its findings to the Board. The Risk Committee held its first meeting on 10 September 2014. Consequently, no report on the activities of this Committee is presented in this annual report.

The composition of the aforementioned Committees and their terms of reference are kept under periodic review. The terms of reference of the Committees require that appointments to the Committee shall be for a period of up to three years. Committee members may be re-appointed for further three-year terms until completion of nine years of service on the Board, after which each Board member may be re-appointed to a Committee on an annual basis, subject to the satisfactory demonstration of independence as a Board member.

## ATTENDANCE

There were nine Board meetings held during the financial year ended 31 July 2014. The attendance record of each of the Directors was as follows:

	Number of attendances
J Gilligan	9
C Jimenez	8
S Le Page	—
P Meader	2
J Musselbrook	9
P Varotsis	8

There were five Audit Committee meetings, three Nomination Committee meetings and one Remuneration Committee meeting held during the financial year ended 31 July 2014. The attendance record of each of the Committee members was as follows:

	Number of attendances		
	Audit Committee	Nomination Committee	Remuneration Committee
J Gilligan	5	3	1
C Jimenez	5	3	1
S Le Page	—	—	—
P Meader	1	—	—
J Musselbrook	5	3	1
P Varotsis	5	2	1

## PERFORMANCE

The Chairman has reviewed the performance of each of the Directors and the Board as a whole, by conducting individual performance review meetings and presenting a report of his findings to the Board. This performance review was last conducted on 10 September 2014. The Chairman's report found the performance of the individual Directors and the Board as a whole over the review period to be excellent.

The Directors, other than the Chairman, led by the Senior Independent Director, have reviewed the performance of the Chairman by group appraisal and subsequent presentation of a report to the Board by the Senior Independent Director. This performance review was last conducted on 10 September 2014. The Senior Independent Director's report found the performance of the Chairman over the review period to be excellent.

## INVESTOR RELATIONS

Shareholders are able to contact the Company directly through its dedicated e-mail address ([voltafinance@sannegroup.com](mailto:voltafinance@sannegroup.com)) or by correspondence sent to the Company Secretary or to the Investment Manager. As a consequence, the Board received appropriate updates from the Company Secretary and from the Investment Manager relative to such correspondence to keep it informed of Shareholders' sentiment or analysts' views. The Company also holds periodic investor calls in which members of the Board participate and which the Board subsequently discusses at its Board meetings. The next investor call is due to be held on 4 November 2014.

# AUDIT COMMITTEE REPORT

The Audit Committee presents its report for the year ended 31 July 2014.

## TERMS OF REFERENCE

The Board has established terms of reference for the Audit Committee (the "Committee") governing its responsibilities, authorities and composition (the "Terms of Reference"). As stated in the Corporate Governance Report, the Company voluntarily applies the UK Code, as revised in September 2012.

The Committee's responsibilities include, but are not limited to, the following:

- reviewing and monitoring the effectiveness of the Company's financial reporting and internal control procedures;
- monitoring the integrity of the financial statements of the Company, including its annual report and interim report and any other formal announcement relating to its financial performance;
- reviewing significant financial reporting issues, estimates and judgements;
- reviewing the Company's accounting policies to ensure that they remain appropriate and are applied consistently;
- monitoring the statutory audit of the annual report and the independent review of the Company's interim report by its Auditor;
- reviewing the Auditor's performance, independence and objectivity;
- reviewing and making recommendations to the Board regarding the appointment, re-appointment or removal of the Auditor together with the terms of engagement and level of remuneration of such Auditor;
- reviewing and making recommendations to the Board regarding the appointment of the Auditor to perform non-audit related services together with the terms of engagement and level of remuneration for such services;
- reviewing such significant financial information contained in certain other documents or regulatory returns as the Audit Committee might deem appropriate from time to time, particularly announcements considered to contain price-sensitive information; and
- reporting to the Board on the Committee's activities and how it has discharged its responsibilities.

## DELEGATION OF DUTIES

The Committee has no full-time employees as all day-to-day operational functions, including investment management, financial reporting, risk management and internal control, have been outsourced to various service providers. However, the Committee retains full responsibility for the oversight of such service providers.

## COMPOSITION

The Committee comprises Mr Jimenez (Chairman), Mr Gilligan, Ms Musselbrook, Mr Varotsis and Mr Meader (appointed 27 June 2014). Only Independent Directors serve on the Committee and members of the Committee have no links with the Company's Auditor. Mr Jimenez is not standing for re-election to the Board and will therefore no longer serve as a Director with effect from the date of the AGM. Consequently, Mr Jimenez will cease to act as Chairman of the Committee with effect from that date. It is proposed that Mr Le Page will be appointed as Chairman of the Committee as from the date of the AGM.

## ACTIVITIES

During the financial year ended 31 July 2014 the Committee met on five occasions and met with the Auditor on each such occasion. The Committee receives and reviews the Company's quarterly management accounts and the annual and interim reports and financial statements, together with the reports of the Investment Manager and Auditor contained therein.

In the Committee's opinion, the principal risk of misstatement in the Company's financial reporting arises from the valuation of its investments. In order to mitigate this risk, the Company: (i) employs independent external parties with expertise in the valuation of such investments to review the valuations on a semi-annual basis and report whether or not such valuations appear reasonable; and (ii) reviews the Investment Manager's valuation assumptions to ensure that such assumptions are reasonable and to ensure that the valuations are consistent with such assumptions. The Committee reviews the independent reports and the Investment Manager's valuation assumptions prior to the publication of the Company's annual and interim reports.

For the financial year ended 31 July 2014 the Committee identified the calculation of the Investment Manager's Performance Fee to represent a significant risk of misstatement in the Company's financial reporting. The Committee requested the Administrator, Auditor and Investment Manager to work together to ensure that the Performance Fee calculation agreed to both the terms and the spirit of the Performance Fee calculation methodology as approved by Shareholders in July 2013. The Committee reviewed a detailed presentation on the calculation methodology prepared by the Administrator and discussed and agreed the conclusions therein with the Auditor and Investment Manager.

The Committee reviewed the Company's accounting policies applied in the preparation of its annual and interim reports together with the relevant critical judgements, estimates and assumptions and, upon taking the appropriate advice from the Auditor, determined that these were in compliance with International Financial Reporting Standards ("IFRS") and were reasonable. The Committee reviewed the materiality levels applied by the Auditor to both the financial statements as a whole and to individual items and was satisfied that these materiality levels were appropriate. The Auditor reports to the Committee all material corrected and uncorrected misstatements and was able to report that there were no material corrected or uncorrected misstatements. The Committee also reviews the Company's financial reports as a whole to ensure that such reports appropriately describe the Company's activities and to ensure that all statements contained in such reports are consistent with the Company's financial results and projections. Accordingly, the Committee was able to advise the Board that the annual report and audited financial statements is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

The Committee focuses on ensuring that effective systems of internal financial and non-financial control are maintained and works closely with the Company's third-party service providers in this regard. As the Company's accounting functions are delegated to third parties, the Company does not have an internal audit function. The internal control environment of the Company is the product of control systems operated by their third-party service providers, together with oversight exercised by the Committee. To satisfy itself as to the existence and efficacy of material controls affecting the Company, the Committee has sought certain comfort and explanations from key third-party service providers. In particular, the Committee requests its key third-party service providers to complete an annual questionnaire and reviews the responses provided to the questions contained therein.

The Auditor ("KPMG") presents its audit plan and its interim review plan to the Committee prior to each such audit and interim review. KPMG provided the Committee with an overview of its audit strategy and plan for the year ending 31 July 2014 at a meeting in June 2014. KPMG advised that it considered the two principal audit risks to be: (i) valuation of investments (due to the risks inherent in this area and the fact that the Performance Fee and Management Fee are both calculated based upon the Company's NAV); and (ii) Performance Fees (due to the complex nature of the calculation).

KPMG advised that they would be visiting AXA IM's offices in Paris to review AXA IM's internal controls and procedures in order to address these significant audit risks. The Committee advised KPMG that two members of the Committee also planned to visit AXA IM's offices in Paris to review AXA IM's internal controls and procedures and it was agreed that a joint visit would be beneficial to both KPMG and the Committee. This visit took place in early September, with the joint participation of KPMG and the Committee members proving to be very beneficial.

KPMG has been the Company's Auditor since 2006. The Company benefits greatly from this service continuity as KPMG is able to utilise staff with detailed knowledge of the Company's investment portfolio and its operations. While such staff continuity is very beneficial to the Company, KPMG ensures that independence and objectivity is maintained by, amongst other things, periodic rotation of staff at all levels, including that of the lead audit partner, who is subject to rotation after five years of service as lead audit partner. Such staff rotation is carefully planned and managed in order to ensure that the Company continues to benefit from KPMG's detailed knowledge built up over the years.

The Committee has formally reviewed the independence of KPMG and KPMG provided the Committee with a letter confirming its opinion that it continued to maintain its independence and the rationale for such opinion, including the fact that it confirms its independence to the Committee at the start and completion of each audit. KPMG's confirmation includes a summary of its controls to ensure compliance with professional and regulatory standards on independence and a schedule showing any non-audit services provided during the year.

The Committee is satisfied that the current Auditor conducts its audit independently and effectively. Consequently, the Committee has, so far, not considered it necessary to conduct a tender process for the appointment of its Auditor. The Committee has noted that the Financial Reporting Council ("FRC") introduced a revised UK Corporate Governance Code in September 2012 (the "Revised Code") and the recommendation contained therein that external audits should be put out to tender at least every ten years. The Committee has also noted that the FRC has proposed non-binding transitional arrangements with respect to audit tendering, including a suggestion that tendering should normally fit the cycle of partner rotation. KPMG has not yet held office for ten years and the lead audit partner was rotated this year. Consequently, the Committee does not consider the Revised Code requires them to conduct a tendering process in the current year and it will keep its tendering arrangements under review. There are no contractual obligations restricting the Committee's choice of external Auditor.

The audit fee for the financial year ended 31 July 2014 was €180,000. Other than the interim review completed at a fee of €51,500, advice provided to assist the Company to comply with AIFMD at a cost of £12,500 and FATCA at a cost of £2,350, and professional tax services provided at a fee of £2,700, no other non-audit services have been provided to the Company by the Auditor or its affiliates during the year.



**PAUL MEADER**  
MEMBER OF THE AUDIT COMMITTEE  
AND INDEPENDENT DIRECTOR  
20 OCTOBER 2014

# DIRECTORS' REMUNERATION REPORT

Each of the Directors has signed a letter of appointment with the Company setting out the terms of their appointment. Under the terms of these letters the Chairman is normally entitled to receive an annual fee of €120,000. Each of the other Directors is usually entitled to receive an annual fee of €60,000, in each case payable quarterly in equal instalments in arrears, plus in each case an additional fee of €10,000 per meeting for each of the first four meetings of the Board attended in person by such Director in any calendar year.

The Board of Directors decided on 11 September 2014 to discontinue the temporary 10% reduction to their remuneration with effect from the date of the forthcoming AGM. Until that date, the Chairman will continue to receive an annual fee of €108,000 and each of the other Directors will continue to receive an annual fee of €54,000, which will in each case remain payable quarterly in equal instalments in arrears, plus in the case of the other Directors an additional fee of €9,000 per meeting for each of the first four meetings of the Board attended in person by such Director in any calendar year.

Each Director receives 30% of his or her Director's fee in respect of any year in the form of newly issued shares at a share price equal to the average per share closing price of the shares on Euronext Amsterdam over the 60 consecutive Euronext Amsterdam trading days preceding the date of issuance. The Directors are obliged to retain those shares for a period of no less than six months from their respective dates of issuance.

In addition to these fees, the Company reimburses all reasonable travel and other incidental expenses incurred by the Directors in the performance of their duties.

The total amounts for the Directors' remuneration for the financial year ended 31 July 2014 were as follows:

Director	Cash €	Shares €	Total €
J Gilligan	75,600	32,400	108,000
C Jimenez	63,000	27,000	90,000
S Le Page	—	—	—
P Meader	20,612	8,834	29,446
J Musselbrook	63,000	27,000	90,000
P Varotsis	63,000	27,000	90,000
<b>Total Directors' remuneration</b>	<b>285,212</b>	<b>122,234</b>	<b>407,446</b>

Please note that the above table represents Directors' remuneration for the financial year which may vary from the agreed remuneration in the calendar year due to the timing of when Directors attend meetings.

The share element of the Directors' remuneration, amounting to €122,234, was issued as follows:

Director	Shares issued during the period	Shares issued after the period end	Total
J Gilligan	3,853	1,230	5,083
C Jimenez	3,170	1,025	4,195
S Le Page	—	—	—
P Meader	—	1,341	1,341
J Musselbrook	3,170	1,025	4,195
P Varotsis	3,170	1,025	4,195
<b>Total</b>	<b>13,363</b>	<b>5,646</b>	<b>19,009</b>

The Directors continue to hold these shares and no disposals of shares have been made by the Directors to date.

All remuneration of the Directors was in the form of fees. There was no performance related compensation.

None of the Directors has any personal financial interest in any of the Company's investments.



**JAMES GILLIGAN**  
CHAIRMAN  
20 OCTOBER 2014

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

## IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

The Companies (Guernsey) Law, 2008 (as amended) requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008 (as amended). They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing the financial statements and that to the best of their knowledge and belief:

- (a) this annual report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces; and
- (b) the financial statements, prepared in accordance with IFRS adopted by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), give a true and fair view of the assets, liabilities, financial position and results of the Company.



**JAMES GILLIGAN**  
CHAIRMAN  
20 OCTOBER 2014



**PAUL MEADER**  
INDEPENDENT DIRECTOR

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VOLTA FINANCE LIMITED

## OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

### OPINION ON FINANCIAL STATEMENTS

We have audited the financial statements of Volta Finance Limited (the "Company") for the year ended 31 July 2014 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as issued by the IASB. In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2014 and of its results for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as issued by the IASB; and
- comply with the Companies (Guernsey) Law, 2008.

### OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

The risks of material misstatement detailed in this section of this report are those risks that we have deemed, in our professional judgement, to have had the greatest effect on: the overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team. Our audit procedures relating to these risks were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of these risks, and we do not express an opinion on these individual risks.

In arriving at our audit opinion above on the financial statements, the risks of material misstatement that had the greatest effect on our audit were as follows:

#### Valuation of investments (256,293,502 or 94% of NAV)

Refer to the Audit Committee Report on page 26, Note 2d (Use of estimates and judgements), Note 3b (Significant accounting policies – financial instruments) and Notes 4 and 17 (Financial instruments disclosures).

- The risk – The Company invests primarily in a portfolio comprised of four main asset classes – collateralised loan obligations ("CLO"), synthetic corporate credit securities ("SCC"), cash corporate credit securities ("CCC") and asset-backed securities ("ABS"), with exposure to both European and US credit markets. Fair values of investments are initially based on price quotes, where available. Price quotes are obtained by the Company's Investment Manager from arranging banks or other market participants. These price quotes are indicative and may not represent prices traded in an active market. Where price quotes are unavailable, the Investment Manager determines fair value using valuation techniques such as a discounted cash flow model approach or with reference to prices of comparable instruments. For the majority of investments, the Company engages the services of independent third parties to review the fair values and key inputs/assumptions used to determine the fair value of investments. The valuation of the Company's investments is considered a significant area of our audit, given that it represents the majority of the net assets of the Company and in view of the significance of estimates and judgements that may be involved in the determination of fair value.
- Our response – Our audit procedures with respect to the Company's investments included, but were not limited to, testing of the Investment Manager's controls in relation to the valuation of investments, evaluating the prices provided by arranging banks or other market participants and, where relevant, assessing the appropriateness of valuation techniques adopted and inputs used. We used our own pricing specialist group to assess the quality and integrity of the price quotes provided by the arranging banks and the valuation techniques applied by the Investment Manager through a combination of independent comparison to available price quotes from independent sources or applying a discounted cash flow models using contractual terms and market data. For certain investments priced by the Investment Manager using valuation techniques, our pricing specialist group considered the nature of the investment and their knowledge of market practice for the valuation of such an investment to assess the appropriateness of the valuation technique adopted. Key inputs and assumptions, such as collateral performance, default rates, prepayment rates and market interest rates were compared to external data sources.

We also considered the Company's disclosures (see Note 2d) in relation to the use of estimates and judgements in determining the fair value of investments and the Company's investment valuation policies and fair value disclosures (see Notes 3d, 4 and 21) for compliance with International Financial Reporting Standards as issued by the IASB.

#### Performance Fees (€1,870,426 or 0.7% of NAV)

Refer to the Audit Committee Report on page 26 and Note 18 (related party disclosure).

- The risk – On 17 July 2013, the Company's Shareholders approved a revised calculation basis for the Investment Manager's Performance Fee, effective from 1 August 2013. The formula for the calculation of Performance Fees is as described in Note 18 of the financial statements. The calculation of Performance Fees is considered a significant area of our audit, given that the revised calculation basis is initially effective in the current year and in view of the level of judgement in interpreting the agreed Performance Fee terms and the consequent complexity in calculating Performance Fees.
- Our response – Our audit procedures with respect to the Company's Performance Fees included, but were not limited to, recalculating the Performance Fees payable in the current year, and evaluating and considering the consistency and reasonableness of the calculation performed by the Company against the formula as approved by the Company's Shareholders.

We also considered the Company's disclosures (see Note 18) in relation to related party transactions for compliance with International Financial Reporting Standards as issued by the IASB.



## OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT CONTINUED

### OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality is a term used to describe the acceptable level of precision in financial statements. Auditing standards describe a misstatement or an omission as “material” if it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The auditor has to apply judgement in identifying whether a misstatement or omission is material and to do so the auditor identifies a monetary amount as “materiality for the financial statements as a whole”.

The materiality for the financial statements as a whole was set at €8,000,000. This has been calculated using a percentage of the Company’s net asset value (of which it represents approximately 3%), which we believe is the most appropriate benchmark as net asset value is considered as the prime driver of returns to members and the main focus of these users of the financial statements.

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of €400,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our assessment of materiality has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

Whilst the audit process is designed to provide reasonable assurance of identifying material misstatements or omissions, it is not guaranteed to do so. Rather, we plan the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant depth of work on a broad range of assets, liabilities, income and expense as well as to devote significant time of the most experienced members of the audit team, in particular the Responsible Individual, to subjective areas of the accounting and reporting process.

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

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under International Standards on Auditing (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, or a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- › we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors’ statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company’s performance, business model and strategy; or
- › the Corporate Governance Report does not appropriately address matters communicated by us to the Audit Committee.

Under the Companies (Guernsey) Law, 2008, we are required to report to you if, in our opinion:

- › the Company has not kept proper accounting records; or
- › the financial statements are not in agreement with the accounting records; or
- › we have not received all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

We have nothing to report in respect of the above responsibilities.

# INDEPENDENT AUDITOR'S REPORT CONTINUED

## SCOPE OF REPORT AND RESPONSIBILITIES

### THE PURPOSE OF THIS REPORT AND RESTRICTIONS ON ITS USE BY PERSONS OTHER THAN THE COMPANY'S MEMBERS AS A BODY

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008 and, in respect of any further matters on which we have agreed to report, on terms we have agreed with the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' Responsibilities set out on page 29, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the UK Ethical Standards for Auditors.

## MARK R THOMPSON

FOR AND ON BEHALF OF KPMG CHANNEL ISLANDS LIMITED  
CHARTERED ACCOUNTANTS AND RECOGNISED AUDITOR  
GLATEGNY COURT  
GLATEGNY ESPLANADE  
ST PETER PORT  
GUERNSEY  
GY1 1WR  
20 OCTOBER 2014

## ADDENDUM TO AUDITOR'S REPORT

- The maintenance and integrity of the Volta Finance Limited website is the responsibility of the Directors; the work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the financial statements or audit report since they were initially presented on the website.
- Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2014

	Notes	1 August 2013 to 31 July 2014 €	1 August 2012 to 31 July 2013 As restated* €
<b>Operating income</b>			
Net gain on financial assets at fair value through profit or loss		49,692,810	79,178,582
Deposit interest income		17,136	2,015
Net foreign exchange gain/(loss) on retranslation of cash and cash equivalents		1,553,896	(514,133)
Net (loss)/gain on derivatives		(342,203)	2,337,771
		<b>50,921,639</b>	<b>81,004,235</b>
<b>Operating expenditure</b>			
Investment Management Fees	18	(3,623,670)	(2,589,916)
Investment Manager Performance Fees	18	(1,870,426)	(7,659,610)
Directors' remuneration and expenses	7	(418,601)	(426,441)
Company secretarial, administration and accountancy fees	6	(266,272)	(277,107)
Audit and audit related fees		(231,500)	(285,430)
Portfolio valuation and administration fees		(98,910)	(77,660)
Legal fees		(65,717)	(165,332)
Insurance		(57,100)	(61,374)
Custodian fees		(27,929)	(29,101)
Other operating expenses		(216,156)	(239,877)
		<b>(6,876,281)</b>	<b>(11,811,848)</b>
<b>Operating profit and total comprehensive income for the year</b>		<b>44,045,358</b>	<b>69,192,387</b>
<b>Earnings per share</b>			
Basic and diluted	9	€1.2212	€2.1098
		<b>Number of shares</b>	<b>Number of shares</b>
<b>Weighted average number of shares outstanding</b>			
Basic and diluted	9	<b>36,067,240</b>	<b>32,795,207</b>

## OTHER COMPREHENSIVE INCOME

There were no items of other comprehensive income in either the current year or prior year (as restated).

The Notes on pages 37 to 61 form part of these financial statements.

\* For further details on the restatement, please see Note 3I.

# STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2014

	Notes	31 July 2014 €	31 July 2013 As restated* €	1 August 2012 As restated* €
<b>ASSETS</b>				
Financial assets at fair value through profit or loss	10	256,293,502	238,701,867	169,951,961
Derivatives	11	—	1,623,337	972,651
Trade and other receivables		33,813	49,373	39,390
Cash and cash equivalents		19,465,204	9,737,841	5,168,807
<b>TOTAL ASSETS</b>		<b>275,792,519</b>	<b>250,112,418</b>	<b>176,132,809</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b>				
Share capital	13	—	—	—
Share premium	14	33,676,690	28,437,336	3,969,938
Warrants	15	1,410,000	1,410,000	1,410,000
Other distributable reserves	16	191,155,819	213,087,057	231,418,043
Accumulated gain/(loss)	16	47,406,187	3,360,829	(65,831,558)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>273,648,696</b>	<b>246,295,222</b>	<b>170,966,423</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Derivatives	11	170,327	—	—
Trade and other payables	12	1,973,496	3,817,196	5,166,386
<b>TOTAL LIABILITIES</b>		<b>2,143,823</b>	<b>3,817,196</b>	<b>5,166,386</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>275,792,519</b>	<b>250,112,418</b>	<b>176,132,809</b>
<b>Net asset value per share outstanding</b>				
Basic and diluted		€7.5011	€6.9242	€5.4502

These financial statements on pages 33 to 61 were approved by the Board of Directors on 20 October 2014 and were signed on its behalf by:



**JAMES GILLIGAN**  
CHAIRMAN



**PAUL MEADER**  
INDEPENDENT DIRECTOR

The Notes on pages 37 to 61 form part of these financial statements.

\* For further details on the restatement, please see Note 31.

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 JULY 2014

	Notes	Share premium €	Warrants €	Other distributable reserves €	Accumulated (loss)/gain €	Total €
Balance at 31 July 2012 (as restated*)		3,969,938	1,410,000	231,418,043	(65,831,558)	170,966,423
Total comprehensive income for the year		—	—	—	69,192,387	69,192,387
Issue of ordinary shares to Directors	13, 14	124,200	—	—	—	124,200
Issue of Class C shares	13, 14	5,439,379	—	—	—	5,439,379
Scrip dividends paid	13, 14, 16	3,058,966	—	(3,058,966)	—	—
Dividends paid in cash	8, 16	—	—	(15,272,020)	—	(15,272,020)
Proceeds from issue of shares	13, 14	16,029,874	—	—	—	16,029,874
Purchase of Treasury Shares	13, 14	(185,021)	—	—	—	(185,021)
Balance at 31 July 2013 (as restated*)		28,437,336	1,410,000	213,087,057	3,360,829	246,295,222
Total comprehensive income for the year		—	—	—	44,045,358	44,045,358
Issue of ordinary shares to Directors	13, 14	113,400	—	—	—	113,400
Scrip dividends paid	13, 14, 16	4,910,016	—	(4,910,016)	—	—
Dividends paid in cash	8, 16	—	—	(17,021,222)	—	(17,021,222)
Sale of Treasury Shares	13, 14	215,938	—	—	—	215,938
<b>Balance at 31 July 2014</b>		<b>33,676,690</b>	<b>1,410,000</b>	<b>191,155,819</b>	<b>47,406,187</b>	<b>273,648,696</b>

The Notes on pages 37 to 61 form part of these financial statements.

\* For further details on the restatement, please see Note 3I.

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2014

Notes	1 August 2013 to 31 July 2014 €	1 August 2012 to 31 July 2013 As restated* €
<b>Cash flows used in operating activities</b>		
Total comprehensive income for the year	44,045,358	69,192,387
Adjustments for:		
Net gain on financial assets at fair value through profit or loss	(49,692,810)	(79,178,582)
Net loss/(gain) on derivatives	342,203	(2,337,771)
Net foreign exchange (gain)/loss on retranslation of cash and cash equivalents	(1,553,896)	514,133
Decrease/(Increase) in trade and other receivables	15,560	(9,983)
Decrease in trade and other payables	(1,843,700)	(1,349,190)
Directors' fees paid in the form of shares	113,400	124,200
Investment Manager's Performance Fee paid in the form of Class C shares	—	5,439,379
<b>Net cash used in operating activities</b>	<b>(8,573,885)</b>	<b>(7,605,427)</b>
<b>Cash flows from investing activities</b>		
Net receipts from margin accounts from foreign exchange derivative activities	1,466,832	1,826,283
Net settlement of derivative transactions	(15,371)	(139,197)
Coupons and dividends received	5 31,369,150	32,693,017
Purchase of investments	5 (71,458,863)	(46,459,684)
Proceeds from sales and redemptions of investments	5 72,190,888	24,195,342
<b>Net cash from investing activities</b>	<b>33,552,636</b>	<b>12,115,761</b>
<b>Cash flows used in financing activities</b>		
Dividends paid in cash	(17,021,222)	(15,272,020)
Proceeds from issue of shares	—	16,029,874
Sale/(Purchase) of Treasury Shares	13 215,938	(185,021)
<b>Net cash used in financing activities</b>	<b>(16,805,284)</b>	<b>572,833</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,173,467</b>	<b>5,083,167</b>
Cash and cash equivalents at the beginning of the year	9,737,841	5,168,807
Effect of exchange rate fluctuations on cash and cash equivalents	1,553,896	(514,133)
<b>Cash and cash equivalents at the end of the year</b>	<b>19,465,204</b>	<b>9,737,841</b>

## NET CASH USED IN OPERATING ACTIVITIES

Net cash used in operating activities for the year of €8,573,885 (2013: €7,605,427) includes the following interest receipts:

	1 August 2013 to 31 July 2014 €	1 August 2012 to 31 July 2013 €
Deposit interest	17,136	2,015

The Notes on pages 37 to 61 form part of these financial statements.

\* For further details on the restatement, please see Note 3I.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2014

## 1. REPORTING ENTITY

The Company is a closed-ended limited liability company registered under the Companies (Guernsey) Law, 2008 (as amended) with registered number 45747. The Company's shares are listed on Euronext Amsterdam. With effect from 27 March 2014, the registered office of the Company is Third Floor, La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey GY1 1WG, Channel Islands. Prior to 27 March 2014, the registered office of the Company was Third Floor, Natwest House, Le Truchot, St Peter Port, Guernsey GY1 1WD, Channel Islands.

As at 31 July 2014 the principal activity of the Company was investment in a diversified portfolio of structured finance assets. The Company's investment objectives are to seek to preserve capital and to provide a stable stream of income to its Shareholders through dividends that it expects to distribute on a semi-annual basis. Subject to the risk factors that are described in this annual report and financial statements (see Principal Risk Factors on pages 18 and 19 and Note 17), the Company's strategy focuses on direct and indirect investment in, and exposures to, a variety of assets selected for the purpose of generating cash flows for the Company. The Company's basic approach to investment in the underlying assets, as described in the Company's Corporate Summary, is to invest in vehicles and arrangements that essentially provide exposure to portfolios of Primary Underlying Assets. There can be no assurance that the Company will achieve its investment objectives.

The Directors have chosen not to present quarterly financial statements. Semi-annual unaudited condensed interim financial statements are prepared in addition to annual audited financial statements. The Directors of the Company also publish an interim management statement covering the period from the beginning of each interim period to the date of publication of such interim management statement, in accordance with the EU Transparency Directive.

## 2. BASIS OF PREPARATION

### A) STATEMENT OF COMPLIANCE

The financial statements, which give a true and fair view, have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and are in compliance with the Companies (Guernsey) Law, 2008 (as amended).

**New accounting standards, amendments to existing standards and/or new interpretations of existing standards (separately or together, "New Accounting Requirements") adopted during the current year**

The Directors have assessed the impact, or potential impact, of all New Accounting Requirements. In the opinion of the Directors, except for the amendments to IFRS 7 and the application of IFRS 9, IFRS 12 and IFRS 13 referred to below, there are no mandatory New Accounting Requirements applicable in the current year that had any material effect on the reported performance, financial position or disclosures of the Company. Consequently, no other mandatory New Accounting Requirements are listed. The Company has not early adopted any New Accounting Requirements that are not mandatory except for IFRS 9 as stated below.

#### Amendments to IFRS 7 – "Disclosures – Offsetting Financial Assets and Financial Liabilities" – effective from 1 January 2013

For financial assets and financial liabilities within the scope of the disclosures, an entity is required to disclose separately: (i) the gross amounts; (ii) the amounts offset in accordance with the offsetting criteria in IAS 32; (iii) the net amounts presented in the Statement of Financial Position – i.e. the difference between (i) and (ii); (iv) the amounts subject to enforceable master netting arrangements or similar agreements that do not qualify for offsetting under IAS 32; and (v) the net amount after deducting the amounts in (iv) from those in (iii). These amendments are effective for annual periods commencing on or after 1 January 2013.

In the opinion of the Directors, the Company's application of these amendments to IFRS 7 had no material effect on its reported performance, financial position or disclosures.

#### IFRS 12 – "Disclosures of Interests in Other Entities" – effective from 1 January 2013

IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. In the opinion of the Directors, all of the disclosures required under this standard are reported in Note 21. IFRS 12 is effective for annual periods commencing on or after 1 January 2013.

#### IFRS 9 – "Financial Instruments" (Replacement of IAS 39 – "Financial Instruments: Recognition and Measurement") – effective from 1 January 2018

IFRS 9 addresses the recognition, classification and measurement of financial assets and financial liabilities and may be adopted to replace IAS 39. IFRS 9 requires financial assets to be classified into two measurement categories: (i) those measured at fair value; and (ii) those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The mandatory effective date for application of IFRS 9 is for accounting periods beginning on or after 1 January 2018, but early adoption is permitted at any time. The Directors have decided to early adopt IFRS 9 as issued in October 2010 in the Company's financial statements. In accordance with IAS 8, such application has been applied retrospectively as at 1 August 2012.

The main changes resulting from the replacement of IAS 39 by IFRS 9 are changes to the classification and subsequent measurement of the Company's financial instruments. The Company's financial assets previously classified as available-for-sale ("AFS") are now classified as financial assets at fair value through profit or loss, with the fair value movement on these assets now being recognised in the Statement of Comprehensive Income rather than in the Statement of Other Comprehensive Income. The retrospective impact of adoption of IFRS 9 is set out in Note 3 under the heading "Restatement". Adoption of IFRS 9 had no effect on the Company's NAV.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2014

## 2. BASIS OF PREPARATION CONTINUED

### A) STATEMENT OF COMPLIANCE CONTINUED

New accounting standards, amendments to existing standards and/or new interpretations of existing standards (separately or together, "New Accounting Requirements") adopted during the current year continued

#### IFRS 13 – "Fair Value Measurement" – effective from 1 January 2013

IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

The principal changes affecting the Company's disclosures are as follows:

- for financial assets and financial liabilities that are measured at fair value in the Statement of Financial Position after initial recognition, where such fair value measurements are categorised within Level 2 or Level 3 of the fair value hierarchy, a requirement for the Company to disclose: (i) a description of the valuation technique(s) and the inputs used in the fair value measurement. If there has been a change in valuation technique (e.g. changing from a market approach to an income approach or the use of an additional valuation technique), the entity shall disclose that change and the reason(s) for making it; and (ii) for fair value measurements categorised within Level 3 of the fair value hierarchy, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (e.g. when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity; and
- for financial assets and financial liabilities that are measured at fair value in the Statement of Financial Position after initial recognition, where such fair value measurements are categorised within Level 3 of the fair value hierarchy: (i) a requirement for the Company to disclose the amount of the total gains or losses for the period included in profit or loss that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of the reporting period and the line item(s) in profit or loss in which those unrealised gains or losses are recognised; and (ii) a requirement for the Company to disclose a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement.

In the opinion of the Directors, the Company's application of IFRS 13 had no material effect on its reported performance and financial position. The disclosures required by IFRS 13 are provided in Notes 4 and 17.

#### Non-mandatory New Accounting Requirements not yet adopted

All non-mandatory New Accounting Requirements are either not yet permitted to be adopted, or would have no material effect on the reported performance, financial position or disclosures of the Company and consequently have neither been adopted nor listed.

### B) BASIS OF MEASUREMENT

These financial statements have been prepared on a historical cost basis except for the revaluation of financial instruments classified or designated at fair value through profit or loss. The methods used to measure fair value are further disclosed in Note 4.

### C) FUNCTIONAL AND PRESENTATIONAL CURRENCY

These financial statements are presented in euro (rounded to the nearest whole euro), which is the Company's functional and presentational currency. In the Directors' opinion, the euro is the Company's functional currency as the Company has issued its share capital denominated in euro and the Company partially hedges the projected cash flows from its US dollar investments such that its principal exposure is to the euro.

### D) USE OF ESTIMATES AND JUDGEMENTS

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

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following:

- estimation uncertainty: Note 4 (Determination of fair values); and
- estimation uncertainty and critical judgements in applying accounting policies: Note 17 (Financial risk management).



### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### A) FOREIGN CURRENCIES

Transactions in foreign currencies are initially translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and monetary liabilities denominated in foreign currencies are retranslated to euro at the foreign currency closing exchange rate ruling at the reporting date.

Foreign currency exchange differences arising on retranslation of monetary items are recognised in the income statement under the heading of: "Net gain on financial assets at fair value through profit or loss"; "Net (loss)/gain on derivatives"; or "Net foreign exchange gain/(loss) on retranslation of cash and cash equivalents", as appropriate.

For the purposes of foreign currency retranslation, all of the Company's investments are considered to represent monetary items as all such investments are considered to be readily convertible into money, or money's worth.

#### B) FINANCIAL INSTRUMENTS

##### Recognition

Financial assets and financial liabilities are initially recognised in the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of a given instrument. Regular way purchases and sales of financial instruments are recognised on the trade date. Gains and losses are recognised from that date.

##### Derecognition

Financial assets are derecognised when the contractual rights to cash flows from the assets expire or the Company transfers the financial assets and substantially all of the risks and rewards of ownership have been transferred. Financial liabilities are derecognised when the liabilities are extinguished.

##### Classification and measurement

The Company classifies its financial assets and financial liabilities into categories in accordance with IFRS 9.

##### Financial assets at fair value through profit or loss

Whilst the Company holds the majority of its investments for long periods in order to collect the contractual cash flows arising therefrom, it will not necessarily hold its investments until maturity. Instead the Company will sell such investments if other investments with better risk/reward profiles are identified. In addition, debt investments may be purchased at a significant discount or premium to par. Furthermore, the Company reports the GAV of its investment portfolio to its investors on a monthly basis. Therefore, in the opinion of the Directors, the Company's business model as defined by IFRS 9 is to manage its investments on a fair value basis. Consequently, the Company is required to classify its investments as financial assets at fair value through profit or loss. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

##### Derivative financial instruments – financial assets and financial liabilities at fair value through profit or loss

The Company holds derivative financial instruments to minimise its exposure to foreign exchange risks and from time to time may also hold derivative financial instruments to minimise its exposure to interest rate risks or for economic leveraging. Derivatives are classified as financial assets or financial liabilities (as applicable) at fair value through profit or loss and are initially recognised at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognised in profit or loss. The fair values of derivative transactions are measured at their market prices at the reporting date.

#### C) SHARE CAPITAL

##### Ordinary shares, Class B ordinary share and Class C ordinary shares (together the "ordinary shares")

The Company's ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction in equity and are charged to the share premium account. The initial set up costs of the Company were charged to the share premium account.

#### D) NET GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The net gain on financial assets at fair value through profit or loss comprises interest income on funds invested, dividend income, net realised gains and/or losses on disposal of financial assets, net positive and/or negative changes in the fair value of financial assets at fair value through profit or loss and foreign exchange retranslation gains and/or losses.

Interest income is recognised on the due date of such income. Dividend income is recognised in the income statement on the date the Company's right to receive payments is established, which is usually the ex-dividend date.

#### E) EARNINGS PER SHARE

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary Shareholders by the weighted average number of ordinary shares outstanding during the period. The diluted EPS is calculated by adjusting the profit or loss attributable to ordinary Shareholders for the effects of all dilutive potential ordinary shares, which comprise the warrants issued to the Investment Manager. For further details, please see Note 9.

#### F) TAXATION

The Company is classified as exempt for taxation purposes under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (as amended) and as such incurs a flat fee (presently £600 per annum). No other taxes are incurred in Guernsey.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2014

## 3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

### G) DIVIDENDS PAYABLE

Dividends payable on ordinary shares are recognised in the Statement of Changes in Shareholders' Equity when approved by the Shareholders.

The Directors consider recommendation of a dividend on a semi-annual basis, having regard to various considerations, including the financial position of the Company.

The payment of any dividend by the Company is subject to the satisfaction of a solvency test as required by the Companies (Guernsey) Law, 2008 (as amended).

### H) OFFSETTING

Financial assets and liabilities are offset and the net amount is reported within assets and liabilities where there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### I) SEGMENT REPORTING

The Board has considered the requirements of IFRS 8 – "Operating Segments". The Company has entered into an Investment Management Agreement with the Investment Manager under which the Investment Manager is responsible for the management of the Company's investment portfolio, subject to the overall supervision of the Directors. Subject to its terms and conditions, the Investment Management Agreement requires the Investment Manager to manage the Company's investment portfolio in accordance with the Company's investment guidelines as in effect from time to time and as published on the legal and financial information section of the Company's website in the document entitled "Information to be disclosed to investors in relation AIFM Directive".

The Board has delegated the day-to-day implementation of the Company's investment strategy to its Investment Manager, giving the Investment Manager full authority to act on behalf of the Company in its capacity as Investment Manager, including the authority to purchase and sell securities and other investments and to carry out other actions as appropriate to give effect thereto. However, the Board retains full responsibility to ensure that the Investment Manager adheres to its mandate and may also modify the definition of what constitutes a Target Asset Class from time to time, provided that the cash flows from underlying assets directly or indirectly supporting any new Target Asset Class are derived principally from Underlying Assets. Moreover, the Board is fully responsible for the appointment and/or removal of the Investment Manager. Accordingly, the Board is deemed to be the "Chief Operating Decision Maker" of the Company.

In the Board's opinion the Company is engaged in a single segment of business, being investment in a diversified portfolio of structured finance assets.

### J) SHARE-BASED PAYMENT TRANSACTIONS

Directors receive 30% of their fees in respect of any period in the form of newly issued shares. The share-based payment awards vest immediately as the Directors are not required to satisfy a specified vesting period before becoming unconditionally entitled to the instruments granted. The fair value of equity-settled share-based payment awards is based on the average closing share price for the 60 Euronext Amsterdam trading days preceding the date of issuance. These are recognised as a Directors' fee, with a corresponding increase in liability when the Directors become unconditionally entitled to the awards. Equity is subsequently increased once the shares are issued.

### K) TREASURY SHARES

Where the Company purchases its own share capital (whether into treasury or for cancellation), the consideration paid, which includes any directly attributable costs (net of taxation, if any) is recognised as a deduction from equity Shareholders' funds through the share premium account. When such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs (net of taxation, if any), is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from the share premium account.

Shares held in treasury are not taken into account in determining NAV per share or earnings per share.

### L) RESTATEMENT

During the year, as already disclosed in Note 2, the Company early adopted IFRS 9. In accordance with IAS 8, the prior year comparative figures have been restated. The restatement has no net effect on the Company's reported financial position as at 31 July 2013 nor on its net financial performance or reported cash flows for the year ended 31 July 2013. However, the restatement does affect the classification of the Company's financial assets and the presentation of any gains/losses arising therefrom.

	As originally stated at 31 July 2013	As restated at 31 July 2013	As originally stated at 1 August 2012	As restated at 1 August 2012
	€	€	€	€
Statement of Financial Position				
Available-for-sale securities	201,182,353	—	151,851,743	—
Financial assets at fair value through profit or loss	32,060,764	238,701,867	13,006,966	169,951,961
Trade and other receivables	5,508,123	49,373	5,132,642	39,390
Net unrealised fair value movements on available-for-sale securities	13,131,360	—	(1,962,076)	—
Accumulated (loss)/gain	(9,770,531)	3,360,829	(63,869,482)	(65,831,558)
	242,112,069	242,112,069	104,159,793	104,159,793

**3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED****L) RESTATEMENT CONTINUED**

	As originally stated for the year ended 31 July 2013 €	As restated for the year ended 31 July 2013 €
<b>Statement of Comprehensive Income</b>		
Income on available-for-sale securities – effective interest income and dividend income	23,413,240	—
Income on available-for-sale securities – recognition of revised cash flow estimates	16,834,030	—
Income on investments at fair value through profit or loss – effective interest income	3,686,124	—
Net gain on financial assets at fair value through profit or loss	—	79,178,582
Net realised gain on available-for-sale securities and investments at fair value through profit or loss	1,897,616	—
Net realised gain on available-for-sale securities, previously recognised in equity in prior periods as a net unrealised gain, transferred to the Income Statement	1,355,439	—
Reversal of impairment recognised on available-for-sale debt securities	15,422,784	—
Impairment recognised on available-for-sale debt securities	(671,679)	—
Net foreign exchange loss on settlement of foreign exchange derivatives and retranslation of cash and cash equivalents	(672,767)	—
Net foreign exchange loss on cash and cash equivalents	—	(514,133)
Gain on revaluation of financial assets designated at fair value through profit or loss	9,692,689	—
Foreign exchange loss on retranslation of available-for-sale securities and investments at fair value through profit or loss	(7,545,097)	—
Net gain on revaluation of foreign exchange derivatives	2,309,611	—
Net gain on derivatives	—	2,337,771
Net gain on revaluation of other derivative positions	186,794	—
	<b>65,908,784</b>	<b>81,002,220</b>
<b>Other Comprehensive Income</b>		
Net unrealised gain on available-for-sale securities recognised in the year	16,448,875	—
Net realised loss on available-for-sale securities, previously recognised in equity in prior periods as a net unrealised gain, transferred to the Income Statement	(1,355,439)	—
	15,093,436	—
	<b>81,002,220</b>	<b>81,002,220</b>
<b>Statement of Changes in Shareholders' Equity</b>		
Accumulated loss	(9,770,531)	3,360,829
Net unrealised gain on available-for-sale securities	13,131,360	—
	<b>3,360,829</b>	<b>3,360,829</b>
<b>Statement of Cash Flows</b>		
Net cash generated from/(used in) operating activities	24,928,956	(7,605,427)
Net cash generated (used in)/from investing activities	(20,438,059)	12,115,761
Net cash generated from financing activities	572,833	572,833
Effect of exchange rate fluctuations on cash and cash equivalents	(494,696)	(514,133)
<b>Net change in cash and cash equivalents</b>	<b>4,569,034</b>	<b>4,569,034</b>

The early adoption of IFRS 9 had no effect on cash generated from/(used in) operating activities, investing activities or financing activities. However, coupons and dividends received were reclassified from operating activities to investing activities.

The Company's previous accounting policies relating to the recognition and measurement of the following items are no longer applicable: effective interest income; revised cash flow estimates on AFS debt securities; and impairment and reversals of impairment.

**4. DETERMINATION OF FAIR VALUES**

A number of the Company's accounting policies and disclosures require the determination of fair values for financial assets and liabilities. Fair values have been determined based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the Notes specific to that asset or liability.

Financial assets for which market prices are available from a third party in a liquid market are valued monthly on the basis of such market prices. The majority of the Company's portfolio is valued on the basis of valuations received on a monthly basis from the arranging bank or another market participant. In many cases, the arranging bank or market participant determines the valuation based on pricing models, which may or may not produce values that correspond to the prices that the Company could obtain if it sought to liquidate such positions. Such valuations generally involve subjective judgements on key model inputs, particularly default and recovery rates, and may not be uniform. Banks and other market participants may be unwilling to disclose all or any of the key model inputs or discount rates that have been used to produce such valuations and it is currently standard market practice to withhold such information. In such circumstances, the valuation continues to be sourced from such arranging bank, or other market participant, despite the lack of information on valuation assumptions.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2014

## 4. DETERMINATION OF FAIR VALUES CONTINUED

The Investment Manager reviews the market prices received from third parties for reasonableness against its own valuation models and may adjust such prices where such prices are not considered to represent a reliable estimation of fair value. The fair value calculations for the residual and debt tranche investments in securitisation vehicles are sensitive to the following key model inputs: default rates; recovery rates; and prepayment rates. The initial model assumptions are reviewed on a regular basis with reference to both current and projected data. In the case of a material change in the actual key model inputs from the historical ones, the model assumptions will be adjusted accordingly as well as the discount rate used when reviewing the fair value of the Company's portfolio.

For certain investments targeted by the Company, the secondary trading market may be illiquid or may sometimes become illiquid. As a result, at such times there may be no regularly reported market prices for these investments. In addition, there may not be an agreed industry standard methodology for valuing the investments (e.g. in the case of residual income positions of asset-backed securitisations). In the absence of an active market for an investment and where a financial asset does not involve an arranging bank, or another market participant that is willing to provide valuations on a monthly basis, or if an arranging bank is unwilling to provide valuations, a mark-to-model approach has been adopted by the Investment Manager to determine the valuation. Such pricing models generally involve a number of valuation assumptions, many of which are based on subjective judgements. Key model inputs include (but are not limited to): asset spreads; expected defaults; expected recovery rates; and the price of uncertainty or liquidity through the interest rate at which expected cash flows are discounted. These inputs are derived by reference to a variety of market sources. The method of valuation depends on the nature of the asset.

Independent third parties have reviewed the valuations and/or valuation assumptions as at 31 July 2014 and have concluded that they were fair and reasonable.

In accordance with Volta's valuation policy, the Company's GAV and NAV as at 31 July 2014 were calculated using prices received from arranging banks or brokers for all assets except for those assets noted below:

Asset	% of NAV as at 31 July 2014	% of NAV as at 31 July 2013	Valuation methodology
Promise Mobility	0.7%	0.9%	Discounted projected cash flow model-based valuation using a discount rate of 12.0%, an assumed default rate of 1.2% p.a. and a recovery rate of 55.0%
Tennenbaum Opportunities Fund V	2.8%	3.4%	This is a fund that is valued using the net asset value as provided by the underlying fund manager
Bank Capital Opportunity Fund	2.0%	2.2%	This is a fund that is valued using the net asset value as provided by the underlying fund manager
St Bernard Opportunity Fund	1.2%	1.3%	This is a fund that is valued using the net asset value as provided by the underlying fund manager
UK non-conforming mortgages ABS residual positions	7.5%	5.5%	Discounted projected cash flow model-based valuation using a discount rate of 10.0% for Alba 2006-1, Alba 2006-2 and Alba 2007-1 and a discount rate of 12.0% for Eurosail and Newgate; the valuation assumptions used differ for each asset, the current assumed annual default rate ranging from 0.3% to 3.1%, the assumed annual default rate during the five years ending on 31 July 2019 ranging from 2.7% to 8.0%, and the constant prepayment rate ranging from 4.4% to 12.4%
ACAS 2014-1 Class E Notes	1.5%	—	This asset was a recent purchase (July 2014) and was therefore valued at cost
Jazz III Subordinated Notes	—	2.5%	This asset was valued on a mark-to-model basis as it was concluded that the price received from the arranging bank significantly undervalued this asset
<b>Total as a percentage of NAV</b>	<b>15.7%</b>	<b>15.8%</b>	

## 5. OPERATING SEGMENTS

The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the GAV, which is prepared on a monthly basis by Sanne Group (Guernsey) Limited ("Sanne"). The GAV reported by Sanne includes: all of the assets in Volta's portfolio revalued to the month-end fair value, as adjusted for any amounts due to/from brokers; all of Volta's cash except for the small balances that are held on the Company's accounts at RBSI, which are maintained in order to facilitate the efficient payment of the Company's operating expenses; all open derivative positions revalued to the month-end fair value, net of any margin amounts paid or received; an estimate of the amount payable as at the month-end to the Investment Manager with respect to Management Fees and, if applicable, Performance Fees; but excludes the Company's other liabilities. This GAV is published monthly by the Company. The table below shows a reconciliation between the measure of GAV used by the Board and published as at 31 July 2014 and that contained in the financial statements.

	31 July 2014 €
Published GAV as at 31 July 2014	273,976,417
Adjustments:	
– cash balances held at RBSI	133,838
– prepayments of operating expenses	33,813
– correction of duplicated coupon receipt	(10,849)
GAV per these financial statements, as adjusted for amounts payable to the Investment Manager	274,133,219
Adjustments already taken into account in the published GAV:	
– Investment Management Fees payable	1,901,438
– Performance Fee over-accrued as at 31 January 2014, to be offset against Management Fees	(412,465)
– Derivative liabilities	170,327
<b>Total assets per Statement of Financial Position at 31 July 2014</b>	<b>275,792,519</b>

The published GAV does not include cash held at RBSI, as this cash is primarily held to cover expenses payable, and adjustments for prepaid expenses.

## 5. OPERATING SEGMENTS CONTINUED

The Company's assets (excluding cash) held as at the year-end and income recognised from investments during the year per geographical areas in which the Company is invested are presented in the table below:

	31 July 2014		31 July 2013	
	Assets held* %	Coupons and dividends received €	Assets held* %	Coupons and dividends received €
UK	7.40	6,799,569	5.55	5,230,677
USA	53.09	14,887,049	56.08	18,014,686
Europe (excluding UK)	31.21	9,634,249	32.43	9,384,719
Emerging markets	1.24	48,283	1.37	62,935
<b>Total</b>	<b>92.94</b>	<b>31,369,150</b>	<b>95.43</b>	<b>32,693,017</b>

\* Assets held are shown as a percentage of GAV.

The Company is domiciled in Guernsey. However, none of the Company's investments are domiciled in Guernsey. Consequently no investment income is derived from Guernsey sources.

The Company does not hold any non-current assets other than financial instruments.

The Company did not hold any investments that individually represented more than 10% of the Company's income.

As stated in Note 3i, in the Board's opinion the Company is engaged in a single segment of business, being investment in a diversified portfolio of structured finance assets. However, certain financial information by asset class is presented below to supplement the information presented above in accordance with IFRS 8 in order to provide Shareholders with additional useful information.

Volta's coupons and dividends received on each asset class according to the Company's classification of its investments for investor reporting purposes are presented in the table below:

	1 August 2013 to 31 July 2014 €	1 August 2012 to 31 July 2013 €
USD CLO Equity	9,250,157	13,808,940
EUR CLO Equity	3,020,894	1,330,921
USD CLO Debt	2,889,437	2,322,876
EUR CLO Debt	2,331,588	1,982,163
<b>CLO total</b>	<b>17,492,076</b>	<b>19,444,900</b>
Synthetic Corporate Credit Equity	2,574,881	4,325,984
Synthetic Corporate Credit Debt	69,143	250,579
Synthetic Corporate Credit – Bank Balance Sheet transactions	2,789,849	659,439
<b>Synthetic Corporate Credit total</b>	<b>5,433,873</b>	<b>5,236,002</b>
Cash Corporate Credit Equity	1,520,825	2,276,811
Cash Corporate Credit Debt	48,283	62,935
<b>Cash Corporate Credit total</b>	<b>1,569,108</b>	<b>2,339,746</b>
ABS – Mortgage Residual positions	6,794,335	5,220,054
ABS Debt	79,758	452,315
<b>ABS total</b>	<b>6,874,093</b>	<b>5,672,369</b>
<b>Total coupons and dividends received</b>	<b>31,369,150</b>	<b>32,693,017</b>

The fair value of Volta's investments as at the financial year-end is presented in the table below by asset class:

	31 July 2014 €	31 July 2013 €
USD CLO Equity	53,915,874	36,066,611
EUR CLO Equity	11,293,146	4,327,683
USD CLO Debt	74,598,413	54,173,470
EUR CLO Debt	58,642,006	52,304,207
<b>CLO total</b>	<b>198,449,439</b>	<b>146,871,971</b>
Synthetic Corporate Credit Equity	968	17,921,020
Synthetic Corporate Credit Debt	5,438,007	21,343,796
Synthetic Corporate Credit – Bank Balance Sheet transactions	15,579,515	19,178,052
<b>Synthetic Corporate Credit total</b>	<b>21,018,490</b>	<b>58,442,868</b>
Cash Corporate Credit Equity	9,617,282	10,451,798
Cash Corporate Credit Debt	3,420,476	3,431,203
<b>Cash Corporate Credit total</b>	<b>13,037,758</b>	<b>13,883,001</b>
ABS – Mortgage Residual positions	20,401,709	13,374,335
ABS Debt	3,386,106	6,129,692
<b>ABS total</b>	<b>23,787,815</b>	<b>19,504,027</b>
<b>Total investments</b>	<b>256,293,502</b>	<b>238,701,867</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2014

## 5. OPERATING SEGMENTS CONTINUED

Volta's investment purchases during the year, excluding commitments to be paid after the year-end, are presented in the table below by asset class:

	1 August 2013 to 31 July 2014 €	1 August 2012 to 31 July 2013 €
USD CLO Equity	20,286,530	—
EUR CLO Equity	7,597,086	—
USD CLO Debt	27,418,623	15,848,604
EUR CLO Debt	16,156,624	20,843,248
<b>CLO total</b>	<b>71,458,863</b>	<b>36,691,852</b>
Synthetic Corporate Credit Equity	—	—
Synthetic Corporate Credit Debt	—	—
Synthetic Corporate Credit – Bank Balance Sheet transactions	—	6,243,463
<b>Synthetic Corporate Credit total</b>	<b>—</b>	<b>6,243,463</b>
ABS – Mortgage Residual positions	—	—
ABS Debt	—	3,524,369
<b>ABS total</b>	<b>—</b>	<b>3,524,369</b>
<b>Total purchases</b>	<b>71,458,863</b>	<b>46,459,684</b>

Volta's investment sales proceeds and redemption proceeds received during the year are presented in the table below by asset class:

	1 August 2013 to 31 July 2014 €	1 August 2012 to 31 July 2013 €
USD CLO Equity	1,226,679	3,076,855
EUR CLO Equity	590,998	—
USD CLO Debt	9,761,938	11,594,384
EUR CLO Debt	17,251,015	4,322,794
<b>CLO total</b>	<b>28,830,630</b>	<b>18,994,033</b>
Synthetic Corporate Credit Equity	19,912,060	2,318,130
Synthetic Corporate Credit Debt	16,998,582	—
Synthetic Corporate Credit – Bank Balance Sheet transactions	1,978,466	573,466
<b>Synthetic Corporate Credit total</b>	<b>38,889,108</b>	<b>2,891,596</b>
Cash Corporate Credit Equity	—	1,134,065
<b>Cash Corporate Credit total</b>	<b>—</b>	<b>1,134,065</b>
ABS – Mortgage Residual positions	284,931	87,738
ABS Debt	4,186,219	1,087,910
<b>ABS total</b>	<b>4,471,150</b>	<b>1,175,648</b>
<b>Total sales and redemption proceeds</b>	<b>72,190,888</b>	<b>24,195,342</b>

## 6. COMPANY SECRETARIAL, ADMINISTRATION, ACCOUNTANCY AND PORTFOLIO ADMINISTRATION FEES

Sanne acts as Company Secretary, Administrator, Registrar and Portfolio Administrator. Company secretarial, administration, accountancy and portfolio administration fees are incurred and billed on a time cost basis in accordance with Sanne's standard fee scales, subject to an annual cap of GBP 220,000 for the year ended 31 July 2014, with respect to the activities and responsibilities as set out in the Administration, Registrar and Secretarial Agreement. The amount charged to the Company under the terms of this agreement during the year was €266,272 (2013: €277,107).

## 7. DIRECTORS' REMUNERATION AND EXPENSES

	1 August 2013 to 31 July 2014 €	1 August 2012 to 31 July 2013 €
Directors' fees (cash element)	256,862	289,800
Directors' fees (equity element, settled during the year)	113,400	95,850
Directors' fees (equity element, settled after the year-end)	37,184	28,350
Directors' expenses	11,155	12,441
	<b>418,601</b>	<b>426,441</b>

None of the Directors have any direct personal financial interest in any of the Company's investments other than indirectly through their shareholding in the Company.

## 8. DIVIDENDS

The following dividends have been proposed and/or paid during the year ended 31 July 2014 and during the prior year:

	Dividend per share €
<b>Dividend for the semi-annual period ended 31 July 2014 (proposed)</b>	<b>0.30</b>
Dividend for the semi-annual period ended 31 January 2014 (paid 22 April 2014)	0.30
Dividend for the semi-annual period ended 31 July 2013 (paid 30 December 2013)	0.31
Dividend for the semi-annual period ended 31 January 2013 (paid 24 April 2013)	0.31
Dividend for the semi-annual period ended 31 July 2012 (paid 28 December 2012)	0.26

## 9. EARNINGS PER SHARE ("EPS")/NAV PER SHARE

The calculation of the basic and diluted EPS is based on the following information:

	1 August 2013 to 31 July 2014 €	1 August 2012 to 31 July 2013 As restated €
<b>Profit for the purposes of basic EPS being net profit attributable to equity holders</b>	<b>44,045,358</b>	69,192,387
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>36,067,240</b>	32,795,207
Dilutive effect of ordinary shares subject to warrants	—	—
Warrants (exercisable at €10 per share)	—	—
<b>Weighted average number of ordinary shares for the purposes of diluted earnings per share</b>	<b>36,067,240</b>	32,795,207

The average market price, based on closing prices quoted on Euronext Amsterdam, for one ordinary share during the year ended 31 July 2014 was €6.36 (2013: €5.77).

## 10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

	1 August 2013 to 31 July 2014 €	1 August 2012 to 31 July 2013 As restated €
Fair value brought forward	<b>238,701,867</b>	169,951,961
Purchases	<b>71,458,863</b>	46,459,684
Sale and redemption proceeds received	<b>(72,190,888)</b>	(24,195,342)
Realised and unrealised movement in fair value, including accrued income and dividends receivable	<b>18,323,660</b>	46,485,564
Fair value carried forward	<b>256,293,502</b>	238,701,867

## 11. DERIVATIVES

Foreign exchange swaps and options are classified as financial instruments at fair value through profit or loss and are held to hedge some of the currency exposure generated by US dollar assets held by the Company (see Note 17). The hedge has been put in place taking into account the fact that derivative positions, such as simple foreign exchange swaps, could cause the Company to require cash to fund margin calls on those positions. Considering this, the Company decided to use foreign exchange call and put options to limit the liquidity risk that could be created in the event of significant margin calls. As a consequence of this limitation, there is no certainty that hedging some of the currency exposure generated by US dollar assets could continue to be performed in the future in case of high volatility in the US dollar/euro cross rate. Foreign exchange derivatives are entered into with Citigroup, with a margin requirement being applicable upon revaluation of such transactions. The balance on the margin account is offset against the value of the foreign exchange derivative transactions open as at the year-end.

Towards the end of July 2014, the Investment Manager opened a derivative position on US Treasury Notes, entering into option transactions thereon. This position was small and was reversed a few days afterwards with a very modest gain. Consequently, no margin requirement was applicable to this transaction.

	31 July 2014 €	31 July 2013 €
Revaluation of foreign exchange forward and option positions	<b>(422,848)</b>	792,235
Net margin amount paid as at the year-end	<b>240,000</b>	230,048
Net carrying value of the foreign exchange derivative positions	<b>(182,848)</b>	1,022,283
Revaluation of US Treasury Note option positions	<b>12,521</b>	186,794
Net margin amount paid as at the year-end	—	414,260
Net carrying value of the US Treasury Note derivative positions	<b>12,521</b>	601,054
<b>Net carrying value of derivative positions</b>	<b>(170,327)</b>	1,623,337

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2014

**12. TRADE AND OTHER PAYABLES**

	31 July 2014 €	31 July 2013 €
Investment Management Fees	1,901,438	1,397,210
Investment Manager Performance Fees	(412,465)	1,983,836
Dividends payable	—	—
Directors' fees (cash payable)	86,762	66,150
Directors' fees (shares payable)	37,184	28,350
Accrued expenses and other payables	360,577	341,650
	<b>1,973,496</b>	<b>3,817,196</b>

**13. SHARE CAPITAL****AUTHORISED**

	31 July 2014 Number of shares	31 July 2013 Number of shares	1 August 2012 Number of shares
Ordinary shares of no par value each	<b>Unlimited</b>	Unlimited	Unlimited
Class B convertible ordinary share of no par value	<b>1</b>	1	1
Class C non-voting convertible ordinary shares of no par value each	<b>Unlimited</b>	Unlimited	Unlimited

With respect to voting rights at general meetings of the Company, the ordinary shares and Class B share confer on the holder of such shares the right to one vote for each share held, whilst the holders of Class C shares do not have the right to vote.

The Class B share is identical in all respects to the Company's ordinary shares, except that it will entitle the holder of the Class B share (an affiliate of AXA S.A.) to elect a single Director to the Company's Board of Directors. At such time as the holdings of the AXA Group investors decline to less than 5% of the Company's equity capitalisation (with the Class B share and the other issued and outstanding ordinary shares and Class C shares taken together), the Class B share shall be converted to an ordinary share.

The Class C shares are non-voting shares but in all other respects have the same rights and entitlements as the ordinary shares. The Investment Manager has agreed with the Company in the Investment Management Agreement that it will retain any Class C shares issued to it for a period of at least two years from the date of issuance of such shares. If sold to a party unaffiliated with the Investment Manager, the Class C shares will be convertible into ordinary shares.

As stated in the Report of the Directors, the Companies (Guernsey) Law, 2008 (as amended) prohibits the payment of dividends in respect of any shares held by a company as treasury shares. Consequently, in accordance with that law, no dividends were paid by the Company on any shares held on the Liquidity Account. The Company's Liquidity Account was operated by Kepler Corporate Finance with the objective to improve the liquidity in the trading of the Company's shares. The Liquidity Account was closed on 31 December 2013, with the remaining shares thereon being sold in the market. Consequently, as at 31 July 2014, the Company held nil shares on its Liquidity Account as treasury shares.

Except for treasury shares, each class of share ranks pari passu with each other with respect to participation in the profits and losses of the Company. The Directors consider recommendation of a dividend on a semi-annual basis, having regard to various considerations, including the financial position of the Company and the solvency test as required by the Companies (Guernsey) Law, 2008 (as amended). The Company may declare an interim dividend by ordinary resolution of the Directors and may declare a final dividend by ordinary resolution of the Shareholders at a general meeting but no dividend shall exceed the amount recommended by the Board of Directors.

**ISSUED AND FULLY PAID**

	Number of Ordinary shares in issue	Number of Class B share in issue	Number of Class C shares in issue	Total number of shares in issue	Warrants: potential number of shares
Balance at 31 July 2012	31,228,819	1	139,914	31,368,734	3,000,000
Private placement of newly issued shares	2,628,280	—	—	2,628,280	—
Issued to Directors during the year	24,163	—	—	24,163	—
Scrip dividends paid	565,925	—	—	565,925	—
Class C shares issued	—	—	731,243	731,243	—
Balance at 31 July 2013	34,447,187	1	871,157	35,318,345	3,000,000
Issued to Directors during the year	17,974	—	—	17,974	—
Scrip dividends paid	822,353	—	—	822,353	—
Class C shares issued	—	—	322,575	322,575	—
<b>Balance at 31 July 2014</b>	<b>35,287,514</b>	<b>1</b>	<b>1,193,732</b>	<b>36,481,247</b>	<b>3,000,000</b>

The IPO of ordinary shares on 20 December 2006 was priced at €10 per share. The following ordinary shares have subsequently been issued: as at 31 July 2014 an aggregate amount of 418,932 shares had been issued to the Directors on a quarterly basis in respect of 30% of their fees, of which 17,974 were issued during the period; an aggregate amount of 2,240,302 shares issued in respect of scrip dividends; and a private placement of 2,628,280 shares in May 2013. During the year, shares were issued as follows: 17,974 ordinary shares were issued to the Directors in respect of their fees at the following prices per share: €6.15, €6.20, €6.23 and €6.52; 322,575 Class C shares were issued at €6.15 per share to the Investment Manager in settlement of 50% of the Investment Manager's Performance Fee payable for the semi-annual period ended 31 July 2013; and scrip dividends were paid whereby 624,273 ordinary shares were issued at €5.89 per share and 198,080 ordinary shares were issued at €6.23 per share.



### 13. SHARE CAPITAL CONTINUED ISSUED AND FULLY PAID CONTINUED

Treasury shares were (sold)/purchased during the year as follows:

	1 August 2013 to 31 July 2014 €	1 August 2012 to 31 July 2013 €
Balance brought forward	(185,021)	—
Sale/(Purchase) of treasury shares	215,938	(185,021)
Realised gain on disposal of treasury shares	30,917	—

### 14. SHARE PREMIUM ACCOUNT

	Ordinary shares €	Class B share €	Class C shares €	Total €
Balance at 31 July 2012	3,436,328	—	533,610	3,969,938
Private placement of newly issued shares	16,029,874	—	—	16,029,874
Issued to Directors during the year	124,200	—	—	124,200
Scrip dividends paid	3,058,966	—	—	3,058,966
Class C shares issued	—	—	5,439,379	5,439,379
Treasury shares purchased	(185,021)	—	—	(185,021)
Balance at 31 July 2013	22,464,347	—	5,972,989	28,437,336
Issued to Directors during the year	113,400	—	—	113,400
Scrip dividends paid	4,910,016	—	—	4,910,016
Treasury shares sold	215,938	—	—	215,938
<b>Balance at 31 July 2014</b>	<b>27,703,701</b>	<b>—</b>	<b>5,972,989</b>	<b>33,676,690</b>

The share premium account represents the issue proceeds received, or value attributed, from the issue of share capital, except for the share premium amount of €285,001,174 arising from the Company's initial issue of share capital upon its IPO, which was transferred to other distributable reserves on 26 January 2007, following approval by the Royal Court of Guernsey.

### 15. WARRANTS

	31 July 2014	31 July 2013	1 Aug 2012
Number of warrants issued at IPO (1:1 exercisable for C shares)	3,000,000	3,000,000	3,000,000
Value of warrants at IPO	€1,410,000	€1,410,000	€1,410,000
Exercise price	€10	€10	€10
Exercise period – start date	01/12/2008	01/12/2008	01/12/2008
Exercise period – end date	31/12/2016	31/12/2016	31/12/2016
Closing price of ordinary shares at year-end	€6.33	€6.04	€4.39
Theoretical value per warrant if exercised at period end	—	—	—
Dilutive effect of warrants	—	—	—

The warrants were issued to the Investment Manager upon the closing of the IPO. The warrants give the Investment Manager the right to acquire an amount of Class C shares equivalent to 10% of the number of shares in issue immediately following the closing, at an exercise price per share equal to the offer price of €10 per share. The warrants became exercisable after 30 November 2008 and will cease to be exercisable after 31 December 2016.

### 16. RESERVES

	Accumulated (loss)/gain As restated €	Other distributable reserves €
As at 31 July 2012	(65,831,558)	231,418,043
Total comprehensive income for the year	69,192,387	—
Scrip dividends paid	—	(3,058,966)
Dividends paid in cash	—	(15,272,020)
As at 31 July 2013	3,360,829	213,087,057
Total comprehensive income for the year	44,045,358	—
Scrip dividends paid	—	(4,910,016)
Dividends paid in cash	—	(17,021,222)
<b>As at 31 July 2014</b>	<b>47,406,187</b>	<b>191,155,819</b>

The accumulated loss reserve represents all profits and losses recognised through the Statement of Comprehensive Income to date.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2014

## 16. RESERVES CONTINUED

Other distributable reserves represent the balance transferred from the share premium account on 26 January 2007, less dividends paid. The initial purpose of this reserve was to create a reserve from which dividend payments could be paid under Guernsey company law prevailing at that time and the Company's Articles of Association. However, the Companies (Guernsey) Law, 2008 (as amended) became effective from 1 July 2008. Under this law, dividends may now be paid from any source, provided that a company satisfies the relevant solvency tests as prescribed under the law and the Directors make the appropriate solvency declaration.

## 17. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities. Below is a non-exhaustive summary of the risks that the Company is exposed to as a result of its use of financial instruments:

### MARKET RISK

Market risk is the risk of changes in market prices, such as foreign exchange rates, interest rates and equity prices, affecting the Company's income and/or the value of its holdings in financial instruments.

The Company's exposure to market risk comes mainly from movements in the value of its investments. Changes in credit spreads may further affect the Company's net equity or net income directly through their impact on unrealised gains or losses on investments within the portfolio and therefore the Company's ability to make gains on such investments, or indirectly through their impact on the Company's ability to borrow and access capital (and its cost of capital).

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk. The Company's strategy for the management of market risk is driven by its investment objective to preserve capital and to provide a stable stream of income to its Shareholders through dividends by investing in a variety of assets selected for the purpose of generating overall stable and predictable cash flows. The Company's market risk is managed on a daily basis by the Investment Manager in accordance with policies and procedures in place.

The Company intends to mitigate market risk generally by pursuing where possible a diversified investment strategy involving direct and indirect investments in a number of asset types that naturally tend to involve a diversification of underlying market risk. The Company generally intends to structure synthetic investment exposures so as to mitigate credit exposure to its counterparties. The Company's market positions are monitored on a quarterly basis by the Board of Directors. The Company uses derivatives to manage its exposure to foreign currency risks and may also use derivatives from time to time to manage its exposure to interest rate risks. The instruments used include interest rate swaps, forward contracts, futures and options. The Company does not apply hedge accounting.

### FAIR VALUE ESTIMATION

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities. Investments, whose values are based on quoted market prices in active markets and are therefore classified within Level 1, include active listed equities. The quoted price for these instruments is not adjusted;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes "observable" requires significant judgement by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

## 17. FINANCIAL RISK MANAGEMENT CONTINUED

### FAIR VALUE ESTIMATION CONTINUED

The following tables analyse, within the fair value hierarchy, the Company's financial assets and liabilities (by class, excluding cash and cash equivalents, trade and other receivables and trade and other payables) measured at fair value at 31 July 2014 and 31 July 2013:

	31 July 2014			
	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets at fair value through profit or loss:				
– securities	—	—	256,293,502	256,293,502
Financial liabilities at fair value through profit or loss:				
– derivatives	—	(170,327)	—	(170,327)
	—	(170,327)	256,293,502	256,123,175
	31 July 2013 (as restated)			
	Level 1 €	Level 2 €	Level 3 €	Total €
Financial assets at fair value through profit or loss:				
– securities	—	—	238,701,867	238,701,867
– derivatives	—	1,623,337	—	1,623,337
	—	1,623,337	238,701,867	240,325,204

All of the Company's investments are classified within Level 3 as they have significant unobservable inputs and they may trade infrequently. As observable prices are not available for these securities, the Company has used valuation techniques (see Note 4) to derive their fair value. Foreign exchange derivatives (open option positions and open foreign exchange swaps) are included within Level 2 as their prices are not publicly available but are derived from information that is publicly available.

The following table represents the movement in Level 3 instruments for the year ended 31 July 2014 by asset class:

	Fair value as at 1 August 2013 €	Purchases €	Sale and redemption proceeds €	Gains on sales €	Unrealised movement in fair value €	Fair value as at 31 July 2014 €
CLO – USD Equity	36,066,611	20,286,530	(1,226,679)	—	(1,210,588)	53,915,874
CLO – EUR Equity	4,327,683	7,597,086	(590,998)	—	(40,625)	11,293,146
CLO – USD Debt	54,173,470	27,418,623	(9,761,938)	323,136	2,445,122	74,598,413
CLO – EUR Debt	52,304,207	16,156,624	(17,251,015)	2,057,104	5,375,086	58,642,006
SCC Equity	17,921,020	—	(19,912,060)	1,739,361	252,647	968
SCC Debt	21,343,796	—	(16,998,582)	776,894	315,899	5,438,007
SCC BBS	19,178,052	—	(1,978,466)	—	(1,620,071)	15,579,515
CCC Equity	10,451,798	—	(284,931)	284,931	(834,516)	9,617,282
CCC Debt	3,431,203	—	—	—	(10,727)	3,420,476
ABS Residual	13,374,335	—	—	—	7,027,374	20,401,709
ABS Debt	6,129,692	—	(4,186,219)	910,477	532,156	3,386,106
	238,701,867	71,458,863	(72,190,888)	6,091,903	12,231,757	256,293,502

The appropriate fair value classification level is reviewed for each of the Company's investments at each year-end. Any transfers into or out of a particular fair value classification level is recognised at the beginning of the period following such re-classification at the fair value as at the date of re-classification. There were no such transfers between fair value classification levels during the year. All of the unrealised movement in fair value disclosed in the table above relates to investments held as at 31 July 2014.

### SENSITIVITY ANALYSIS

In the opinion of the Directors, the following analysis gives an approximation of the sensitivity of the different asset classes to market risk as at 31 July 2014 that seems reasonable considering the current market environment and the nature of the Company's assets' main underlying risks. This sensitivity analysis presents an approximation of the potential effects of events that could have been reasonably expected to occur as at the reporting date. Where valuations were based upon quoted prices received from arranging banks or other market participants, or on a NAV provided by the underlying fund manager, the sensitivity analyses are not necessarily based upon the assumptions used by such arranging banks/market participants/underlying fund managers as these are not made available to the Company, as explained in Note 4.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2014

## 17. FINANCIAL RISK MANAGEMENT CONTINUED

### SENSITIVITY ANALYSIS CONTINUED

The sensitivity of the fair values of most of the assets held by the Company to the traditional risk variables are not the most relevant in the current environment. For example, the sensitivity to interest rates is inter-dependent with other, more significant, market variables. This analysis reflects the sensitivity to some of the most relevant determinants of the risks associated with each asset class. Whilst every effort has been made to assess the pertinent risk factors, there is no assurance that all the risk factors have been considered. Other risk factors could become large determinants of the fair value. For additional information please refer to the non-exhaustive list presented in the Principal Risk Factors on pages 18 and 19.

#### CLO tranches

Two of the main risks associated with CLO tranches are the occurrence of defaults and prepayments in the underlying portfolio. The Directors believe it is reasonable to test the sensitivity of these assets to the following reasonably possible changes to:

- (i) the rate of occurrence of defaults at the underlying loan portfolio level. The base case scenario is to project defaults in line with the historical average default rate (circa 2.8% per year). A reasonably possible change in the default rate is considered to be a possible increase to 1.5 times the historical average (a decrease to 0.5 times the historical average would have approximately an equal and opposite impact, so this is not presented in the table below). For further information, the projected impact of a change in the default rate to 2.0 times the historical average is also presented in the table below.
- (ii) the rate of occurrence of prepayments as measured by the constant prepayment rate ("CPR") at the underlying loan portfolio level. The base case scenario is to project a CPR in line with the historical average CPR (circa 30% per year for the US and 25% for Europe). The Directors consider that reasonably possible changes in the CPR would be a decrease in the CPR of the underlying loan portfolios from 30% to 15% for the US and from 25% to 10% for Europe. The impact of the CPR is very linear so that the impact of an opposite test would be likely to result in an equal and opposite impact.

Asset class	% of GAV	Impact of an increase in default rate to 1.5x historical average		Impact of an increase in default rate to 2.0x historical average		Decrease in CPR from 30% to 15% for US and from 25% to 10% for Europe	
		Price impact	Impact on GAV	Price impact	Impact on GAV	Price impact	Impact on GAV
USD/EUR CLO Equity 1.0	15.7%	(6.5%)	(1.0%)	(13.7%)	(2.1%)	7.5%	1.2%
USD/EUR CLO Equity 2.0	8.1%	(8.5%)	(0.7%)	(18.0%)	(1.5%)	3.7%	0.3%
USD/EUR CLO Debt 1.0	38.8%	(0.1%)	0.0%	(0.1%)	0.0%	(1.6%)	(0.6%)
USD/EUR CLO Debt 2.0	9.9%	(0.1%)	0.0%	0.0%	0.0%	(0.5%)	0.0%
All CLO tranches	72.5%		(1.7%)		(3.6%)		0.9%

As presented above, a reasonably possible increase in the default rate in the underlying loan portfolios would be likely to have almost no impact on the debt tranches of CLO, but would be detrimental to equity tranches; a decrease in the CPR would negatively impact the debt tranches (principal payment will occur later) and would positively impact equity tranches as shown above (in such event excess cash flows to the equity tranches would last longer).

#### Synthetic Corporate Credit Debt transactions

The investments within this asset class (representing 2.0% of the GAV) benefit from a very high level of seniority relative to losses that could occur in the underlying portfolio and are consequently not sensitive to any reasonably possible changes in assumptions.

#### Synthetic Corporate Credit Bank Balance Sheet transactions

The investments within this asset class (representing 5.7% of the GAV) are first-loss exposures to diversified portfolios of investment grade and sub-investment grade corporate credits. The Directors consider a reasonably possible change in the default rate to be a possible increase or decrease to 1.5 times or 0.5 times the historical average default rate. Such an increase in defaults would be likely to lead to a 1.0% decrease in the average prices of these assets, thereby leading to a negligible decrease in the GAV. An equal and opposite decrease in defaults as referred to above would be likely to lead to a 1.6% increase in the average prices of these assets, thereby leading to a 0.1% increase in the GAV.

#### Cash Corporate Credit Equity transactions

As at 31 July 2014, the Company held two investments in this asset class (Tennenbaum and Promise Mobility, representing 2.8% and 0.7% of the GAV respectively). These assets have exposures to diversified portfolios of investment grade and sub-investment grade corporate credits. One of the main risks associated with these assets is the occurrence of defaults in the underlying portfolio. The Directors believe it is reasonable to test the sensitivity of these assets to a change in the occurrence of defaults. For Tennenbaum the test has been calibrated as an increase/decrease in the level of defaults equivalent to one year of projected defaults as measured by the WARF, for the first year to come, keeping the projected future losses unchanged for the following years (i.e. an immediate "jump to default" equivalent to one year of defaults at the historical average default rate). Such an increase in the level of defaults would be likely to decrease the price by 0.9% and decrease the GAV by 0.03%. Such a decrease in the level of defaults would be likely to increase the price by 0.9% and increase the GAV by 0.03%. For Promise Mobility the test has been calibrated as an increase/decrease of 25% in the default rate. Such an increase in the level of defaults would be likely to decrease the price by 34.7% and decrease the GAV by 0.2%. Such a decrease in the level of defaults would be likely to increase the price by 34.7% and increase the GAV by 0.2%.

#### Cash Corporate Credit Debt transactions

As at 31 July 2014, the Company had one investment in this asset class (ICE 1). This investment (representing 1.1% of the GAV) benefits from a very high level of seniority relative to losses that could occur in the underlying portfolio and is consequently not sensitive to any reasonably possible changes in assumptions.

## 17. FINANCIAL RISK MANAGEMENT CONTINUED

### SENSITIVITY ANALYSIS CONTINUED

#### ABS Mortgage Residual positions

As at 31 July 2014, the main risk associated with the UK non-conforming positions held by the Company (representing 7.4% of the GAV) is the level of credit losses in the underlying collateral. Considering the losses observed over the past financial year, the Directors believe it is reasonable to test an increase/decrease of 25% in the projected annual losses in the underlying portfolio relative to the projected losses used to value the assets. If the projected losses on the UK non-conforming underlying portfolio were to increase by such amount, the fair value of these assets would be likely to decrease by 10.2% and would decrease the GAV by 0.8%. If the projected losses on the UK non-conforming underlying portfolio were to decrease by such amount, the fair value of these assets would be likely to increase by 10.2% and would increase the GAV by 0.8%.

#### ABS Debt positions

As at 31 July 2014, the Company held only one investment in this asset class, St Bernard Fund (representing 1.2% of the GAV). St Bernard is a complex fund and it has not been feasible for the Company to determine a simple stress test that could be implemented. However, it should be noted that, as at 31 July 2014 and over the last twelve months, St Bernard's volatility was 2.4% for an annual performance of 10.8% (the respective figures since inception of this fund are 5.9% volatility for an annualised performance of 14.8%). The Directors believe that this gives a reasonable indication of the risk profile of this investment.

#### Derivative transactions – US Treasury Notes

As at 31 July 2014, the Company held a very limited position on US Treasury Notes so that the potential impact of any reasonably possible change that might affect this position was not significant.

### VALUATION RISK

The markets for many of the Company's investments, including residual income positions, are illiquid. Accordingly, many of the Company's investments are or will be illiquid. In periods of market uncertainty or distress, the markets for the Company's investments may become increasingly illiquid or even cease to function effectively for a period of time. In addition, investments that the Company may purchase in privately negotiated (also called "over-the-counter" or "OTC") transactions may not be registered under relevant securities laws or otherwise may not be freely tradable, rendering them less liquid than other investments. Tax or other attributes of securities or loans in which the Company invests may make them attractive to only a limited range of investors. There may also be contractual or other restrictions on transfers of the Company's investments. As a result of these and other factors, the Company's ability to vary its portfolio in a timely fashion and to receive a fair price in response to changes in economic and other conditions may be limited and the Company may be forced to hold investments for an indefinite period of time or until the maturity or early redemption thereof.

Furthermore, where the Company acquires investments for which there is not a readily available market, the Company's ability to obtain reliable information about the resale value of such investments or risks to which such investment is exposed may be limited. Illiquidity contributes to uncertainty about the values ascribed to investments when NAV determinations are made, which can cause those determinations to vary from amounts that could be realised if the Company were to seek to liquidate its investments. The Company could also face some difficulties when collecting reliable information about the value of its assets if all or part of the contributors for such information was to experience significant business difficulties or were to suspend relative market activities. This could affect the timing and determination process when assessing the value of the Company's investments.

Although the Company and its agents are able to refer to reported over-the-counter trading prices and prices from brokers when valuing its investments, for most investments the Company's pricing sources frequently need to rely on financial pricing models based on assumptions concerning a number of variables, some of which involve subjective judgements and may not be uniform.

If the Company was unable to collect reliable information about the value of its assets the Investment Manager has agreed to provide a monthly valuation based on pricing models. The Company engages independent third parties to review semi-annually the main assumptions employed by the Investment Manager and to report the fairness and reasonableness of those assumptions and valuations to the Portfolio Administrator and the Company.

### INTEREST RATE RISK

Changes in interest rates can affect the Company's net interest income, which is the difference between the interest income earned on interest earning investments and the interest expense incurred on interest bearing liabilities. Changes in the level of interest rates can also affect, among other things, the Company's ability to acquire loans and investments, the value of its investments and the Company's ability to realise gains from the settlement of such assets.

The CLO Equity tranches by the Company would be negatively impacted even by a modest increase in the USD Libor and Euribor rates as these assets currently benefit from the existence of Libor and Euribor floors attached to underlying loans. Conversely, any increase in such interest rates would benefit the Company's floating rate assets.

The Company may enter into hedging transactions for the purposes of efficient portfolio management, where appropriate, to protect its investment portfolio from interest rate fluctuations. These instruments may be used to hedge as much of the interest rate risk as the Investment Manager determines is in the best interests of the Company, given the cost of such hedges. The Company may bear a level of interest rate risk that could otherwise be hedged when the Investment Manager believes, based on all relevant facts, that bearing such risks is advisable.

Interest rate risk is analysed by the Investment Manager on a daily basis and is communicated and monitored by the Board through the quarterly business report.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2014

**17. FINANCIAL RISK MANAGEMENT CONTINUED****INTEREST RATE RISK CONTINUED**

The tables below summarise the effective interest rates applicable to the Company's cash and cash equivalents as at the end of the year. It should be noted that the Company no longer computes an effective interest figure for its investments held. Consequently, the Company no longer calculates the effective interest rates applicable to its investments. For further details of the projected internal rate of return ("IRR"), as estimated using standard historical assumptions, please see Section 3 of the Investment Manager's Report. In the Directors' opinion, market interest rate risk on the Company's investments is not considered to be material when compared to the risk factors that are considered to be significant, as described in the sensitivity analysis.

**Interest rate profile as at 31 July 2014**

	Interest charging basis	Effective interest rate %	Amount €
<b>Financial assets</b>			
Cash and cash equivalents:			
EUR deposit accounts	Floating	Eonia – 25bp	8,088,879
USD deposit accounts	Floating	Overnight USD Libor – 25bp	10,620,912
GBP deposit accounts	Floating	Sonia – 40bp	581,914
CHF deposit accounts	Floating	Overnight CHF Libor – 25bp	173,499
			<b>19,465,204</b>
<b>Financial assets at fair value through profit or loss</b>			
USD CLO Equity	Floating	N/A – Subordinated securities	53,915,874
EUR CLO Equity	Floating	N/A – Subordinated securities	11,293,146
USD CLO Debt	USD Libor plus margin	4.5%	74,598,413
EUR CLO Debt	Euribor plus margin	4.2%	58,642,006
SCC Equity	Floating	N/A – Subordinated securities	968
SCC Debt	USD Libor/Euribor plus margin	0.5%	5,438,007
SCC BBS	Floating	N/A – Subordinated securities	15,579,515
CCC Equity	Floating	N/A – Subordinated securities	9,617,282
CCC Debt	USD Libor plus margin	1.4%	3,420,476
ABS – Mortgage Residual positions	Floating	N/A – Subordinated securities	20,401,709
ABS Debt	USD Libor/Euribor plus margin	1.7%	3,386,106
			<b>256,293,502</b>

**Interest rate profile as at 31 July 2013 (as restated)**

	Interest charging basis	Calculation basis %	Amount €
<b>Financial assets</b>			
Cash and cash equivalents:			
EUR deposit accounts	Floating	Eonia – 25bp	1,155,210
USD deposit accounts	Floating	Overnight USD Libor – 25bp	8,481,087
GBP deposit accounts	Floating	Sonia – 40bp	38,718
CHF deposit accounts	Floating	Overnight CHF Libor – 25bp	62,826
			<b>9,737,841</b>
<b>Financial assets at fair value through profit or loss</b>			
USD CLO Equity	Floating	N/A – Subordinated securities	36,066,611
EUR CLO Equity	Floating	N/A – Subordinated securities	4,327,683
USD CLO Debt	USD Libor plus margin	3.41%	54,173,470
EUR CLO Debt	Euribor plus margin	3.22%	52,304,207
SCC Equity	Floating	N/A – Subordinated securities	17,921,020
SCC Debt	USD Libor/Euribor plus margin	3.03%	21,343,796
SCC BBS	Floating	N/A – Subordinated securities	19,178,052
CCC Equity	Floating	N/A – Subordinated securities	10,451,798
CCC Debt	USD Libor plus margin	0.85%	3,431,203
ABS – Mortgage Residual positions	Floating	N/A – Subordinated securities	13,374,335
ABS Debt	USD Libor/Euribor plus margin	1.88%	6,129,692
			<b>238,701,867</b>

**17. FINANCIAL RISK MANAGEMENT CONTINUED****CURRENCY RISK**

The Company's accounts are presented in euro, the Company's functional currency, whilst investments are made and realised in euro and other currencies. Changes in rates of exchange may have an adverse effect on the reported value, price or income of the investments. A change in foreign currency exchange rates may adversely impact reported returns on the Company's non-euro denominated investments. The Company's principal non-euro currency exposures are expected to be the US dollar and British pound sterling, but this may change over time.

The Company's policy is to partially hedge its currency risk on an overall portfolio basis. The Company may bear a level of currency risk that could otherwise be hedged where the Investment Manager considers that bearing such risks is advisable or is in the best interest of the Company considering the liquidity risk that is attached to any derivative contracts that could be used (e.g. margin calls on those contracts). At the end of July 2014 the Investment Manager has put into place arrangements to hedge into euro part of its US dollar exposure associated with the US dollar-denominated assets. In order to reduce the risk of having to post a potentially unlimited amount of cash with respect to forward euro/US dollar foreign exchange swaps, the Investment Manager has capped and floored those amounts using short to mid-term options. Consequently, there is no guarantee that hedging the currency exposure generated by US dollar assets can continue to be performed in the future if volatility in the US dollar/euro cross rate is very high.

The exposure associated with the British pound sterling-denominated residuals of asset-backed securities is unhedged as at the end of July 2014 given the limited amount of exposure.

Currency risk, and any associated liquidity risk, is analysed by the Investment Manager on a daily basis and is communicated and monitored by the Board through the quarterly business report.

**Currency risk profile as at 31 July 2014**

	Denominated in EUR €	Denominated in USD €	Denominated in GBP €	Denominated in CHF €	Total €
Financial assets at fair value through profit or loss	85,938,379	147,373,978	20,401,709	2,579,436	256,293,502
Cash and cash equivalents	8,088,879	10,620,912	581,914	173,499	19,465,204
Trade and other receivables	33,414	—	399	—	33,813
Trade and other payables	(1,873,437)	(23,543)	(76,516)	—	(1,973,496)
Derivative contracts	(182,848)	12,521	—	—	(170,327)
	<b>92,004,387</b>	<b>157,983,868</b>	<b>20,907,506</b>	<b>2,752,935</b>	<b>273,648,696</b>

The following foreign exchange swaps and options were unsettled as at 31 July 2014:

Description of open positions	Nominal amount USD	Average strike price \$/€
Forward foreign exchange contracts (USD sold forward vs. EUR)	67,500,000	1.35
Long position – USD calls vs. EUR	42,500,000	1.20
Short position – USD puts vs. EUR	42,500,000	1.44
Long position – USD puts vs. EUR	42,500,000	1.62
		Unrealised gain €
Aggregate revaluation gain		(422,848)
Margin accounts balance – amounts paid		240,000
Unsettled amount receivable		(182,848)

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2014

**17. FINANCIAL RISK MANAGEMENT CONTINUED****CURRENCY RISK CONTINUED**

Currency risk profile as at 31 July 2013 (as restated)

	Denominated in EUR €	Denominated in USD €	Denominated in GBP €	Denominated in CHF €	Total €
Financial assets at fair value through profit or loss	98,850,566	123,521,017	13,882,024	2,448,260	238,701,867
Cash and cash equivalents	1,155,210	8,481,087	38,718	62,826	9,737,841
Trade and other receivables	41,940	—	7,433	—	49,373
Trade and other payables	(3,709,362)	(28,060)	(79,774)	—	(3,817,196)
Derivative contracts	1,022,283	601,054	—	—	1,623,337
	97,360,637	132,575,098	13,848,401	2,511,086	246,295,222

The following foreign exchange swaps and options were unsettled as at 31 July 2013:

Description of open positions	Nominal amount USD	Average strike price \$/€
Forward foreign exchange contracts (USD sold forward vs. EUR)	67,500,000	1.31
Long position – USD calls vs. EUR	62,500,000	1.19
Short position – USD puts vs. EUR	62,500,000	1.42
Long position – USD puts vs. EUR	37,500,000	1.61

	Unrealised gain €
Aggregate revaluation gain	792,235
Margin accounts balance – amounts paid	230,048
Unsettled amount receivable	1,022,283

**CREDIT RISK AND COUNTERPARTY RISK**

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

At the reporting date, the Company's financial assets exposed to credit risk are financial assets at fair value through profit or loss, open foreign exchange contracts and cash and cash equivalents.

The ABS positions could be split into two different sub-classes: a position in a fund mainly investing in US RMBS debt tranches (St Bernard Opportunity Fund), representing 14.2% of the fair value of this asset class; and five residual income positions backed by UK non-conforming residential loans, representing 85.5% of the fair value of this asset class. During the financial year, no particular events affected either Pangaea or St Bernard Opportunity Fund. At the year-end, the valuation of the five UK non-conforming residual positions reflects the approach that recently observed cash flows, being the result of extra payments at the underlying level, might last for five years.

The Cash Corporate Credit assets include three positions: one loan fund (Tennenbaum), one residual position exposed to German SME loans (Promise Mobility) and an originally AA-rated tranche of a CDO exposed to emerging market credit positions (ICE). During the financial year, no particular events affected the situation of any of these three positions.

The positions in the CLO asset class are residual or mezzanine debt tranches of CLOs, which, being term leveraged structures at a fixed margin, can generate more excess payments through re-investments when markets are under stress than under normal circumstances. Overall, for the ten US dollar and euro transactions that have been held since early/mid 2007, the effective cash flows available for the owner of the residual positions have increased significantly throughout the crisis as a result of the significant increase of the weighted average spread of the underlying portfolios.

A residual position on a CLO also gives access to the amount that remains in the structure once the debt tranches are paid back (at maturity if the normal process of deleveraging the structure takes place, sooner if the deal is called by the residual holders). It can be possible to measure the principal amount of the underlying loan portfolios (defaulted loans are valued at their market value) that exceeds the principal amount of the outstanding CLO Debt tranches at any point in time. The average remaining principal amount of the eleven classic residual positions held by Volta was approximately unchanged as at 31 July 2014 compared to 31 July 2013. All of the positions in this bucket are negatively exposed to an increase in default rates, to an increase in the percentage of assets rated CCC or below and to a significant decrease in underlying loan prices. However, they strongly benefit from a historically cheap cost of leverage that was locked in before the 2008 crisis and they also benefit from some of their intrinsic features, mainly the ability to re-invest diverted amounts and prepayments.

As at 31 July 2014, the Company held 43 positions in debt tranches of CLOs accounting for 52.0% of Volta's end-of-year GAV. With the exception of one investment that is unrated but could be considered equivalent to a BB-rated tranche taking into account its level of subordination, the investments in debt tranches of CLOs have been in tranches initially rated between BB (second loss position) and BBB (generally third loss position). These positions, as for the residual holdings, have cash flows that are sensitive to the level of defaults and the percentage of assets rated CCC or lower in the underlying loan portfolio. Nevertheless, these tranches are structured to be able to absorb a higher level of defaults in the underlying loans portfolio than residual holdings, given their second, third and even higher loss ranking.

Each asset, at the time of purchase, was expected to repay its principal in full at maturity and was expected to be able to sustain a certain level of stress. Depending on the ability to find opportunities in the market and on the timing of the purchases, the Company has been able to purchase assets with different levels of initial subordination and IRR.



## 17. FINANCIAL RISK MANAGEMENT CONTINUED

### CREDIT RISK AND COUNTERPARTY RISK CONTINUED

Five of these positions (Adagio III, Centurion, Apidos, Black Diamond and Tara Hill) have structural features that could generate some early payments of principal in the event of stressed conditions arising in the underlying portfolios, which might be beneficial to the Company, considering these positions were bought significantly below par.

The Synthetic Corporate Credit bucket could be split in two: debt tranches, representing 2.1% of Volta's end-of-year GAV; and first-loss positions in credit portfolios, representing 6.1% of Volta's end-of-year GAV. No particular events in the year affected the situation of these positions. Through these synthetic deals the Company is exposed to the credit of the counterparty of such deals, namely Merrill Lynch International, JP Morgan, UBS and Standard Chartered.

The table below takes into account losses of principal amounts that could not be recouped for Corporate Credit and ABS; residual tranches of CLOs are accounted for by their remaining principal amount; and US dollar principal amounts are translated to euro using end of period cross rate.

	End of period principal amounts (€ million)					
	January 2012	July 2012	January 2013	July 2013	January 2014	July 2014
CLO Equity	51.5	54.9	44.2	45.2	55.1	65.2
CLO Debt	94.0	106.9	111.6	123.8	132.6	133.2
Synthetic Corporate Credit Equity	23.3	18.9	21.4	18.9	8.3	—
Synthetic Corporate Credit Debt	23.4	24.3	22.9	23.2	6.8	5.4
Bank Balance Sheet transactions	5.0	7.0	10.7	17.7	16.3	15.6
Cash Corporate Credit Equity	21.1	18.5	16.6	14.0	14.0	9.6
Cash Corporate Credit Debt	3.8	4.1	3.7	3.8	3.7	3.4
ABS	4.8	10.7	9.9	18.4	25.8	23.8
Cash and derivative positions	3.8	3.9	6.5	11.4	24.4	19.5
<b>Total principal (including cash)</b>	<b>230.7</b>	<b>249.2</b>	<b>247.5</b>	<b>276.4</b>	<b>287.0</b>	<b>275.7</b>
Change before currency conversion impact	11.1	8.6	11.7	25.8	12.9	(7.4)
Effect of conversion into euro at end of period	11.4	9.9	(13.4)	3.1	(2.3)	(3.9)
<b>Principal amount per share (euro)</b>	<b>7.46</b>	<b>7.95</b>	<b>7.69</b>	<b>7.83</b>	<b>7.91</b>	<b>7.81</b>

The Company is subject to credit risk with respect to its investments. The Company and its Investment Manager seeks to mitigate credit risk by actively monitoring the Company's portfolio of investments and the underlying credit quality of its holdings. The Company's multi-asset class investment strategy is founded on diversifying credit risk by pursuing investments in assets that are expected to generate cash flows from underlying portfolios that have at the time of purchase, in aggregate, diverse characteristics such as low historical default rates and/or high expected recovery rates in the event of default and/or significant granularity.

The Company may invest in total return swaps, credit default swaps and other derivatives with various financial institution counterparties for purposes of securing investment exposure to portfolios of diverse underlying reference obligations. The Company is exposed to counterparty credit risk in respect of these transactions. The Investment Manager employs various techniques to limit actual counterparty credit risk. As at the financial year-end, the Company's derivative counterparties were Citibank New York, Citibank N.A., London Branch and Goldman Sachs International. Substantially all of the cash held by the Company is held at State Street Bank. Bankruptcy or insolvency by State Street Corporation may cause the Company's rights with respect to the cash held at State Street Bank to be delayed or limited. The Company monitors its risk by monitoring the credit rating of State Street Bank, as reported by Standard & Poor's, Moody's or Fitch, and analyses any information that could imply deterioration in State Street Bank's financial position. The current long-term issuer credit ratings assigned to Citigroup Inc., Goldman Sachs International and State Street Bank by each of Moody's, Standard & Poor's and Fitch respectively are as follows: Citigroup Inc., Baa2 (stable), A- (negative outlook) and A (stable); Goldman Sachs: Baa1 (stable), A (negative outlook) and A (stable); State Street Bank: A1 (stable), AA- (stable) and AA- (stable).

The Company may have more than 20% of its gross assets invested in the instruments of one or more special purpose vehicles. The Company's investment guidelines establish criteria for synthetic arrangements entered into by the Company and require specific Board approval for investments in excess of certain limits. Those criteria, and Board approval for certain investment exposures, are intended to limit the investment risk of the Company. Shareholders should, however, be prepared to bear the risks of direct and indirect investment in special purpose structured finance vehicles and arrangements, which often involve reliance on techniques intended to achieve bankruptcy remoteness and protection through security arrangements that may not function as intended in unexpected scenarios.

### RISK RELATING TO DERIVATIVES

The Company's transactions using derivative instruments and any credit default or total return swap arrangements or other synthetic investments entered into by the Company or any of its funding vehicles may involve certain additional risks, including counterparty credit risk. Moreover, as referred to in the preceding paragraph, the Company has established criteria for synthetic arrangements that are intended to limit its investment risk. Certain derivative transactions into which the Company may enter may be sophisticated and innovative and as a consequence may involve tax or other risks that may be misjudged.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2014

**17. FINANCIAL RISK MANAGEMENT CONTINUED****CONCENTRATION RISK**

The Company may be exposed at any given time to any one corporate credit, counterparty, industry, region, country, asset class or to particular services or asset managers (in addition to the Investment Manager). As a result it may therefore be exposed to a degree of concentration risk. However, the Board considers that the Company is, in general, very diversified and that concentration risk is therefore not significant.

Nevertheless, the Company monitors the concentration of its portfolio and from time to time, and as long as market opportunities and liquidity permit, might rebalance its investment portfolio accordingly, although there can be no assurance that it will succeed. This is because in a stressed situation, which may be characterised by high volatility in the value of the Company's assets and/or significant changes in the market expectation of default rates and/or significant changes in the liquidity of its assets, the ability of the Company to mitigate its concentration risk could be significantly affected.

As the Company invests primarily in Structured Finance assets, it is exposed to concentration risks at two levels: direct concentration risk from the Company's positions in particular deals/transactions and indirect concentration risk arising from the exposures underlying those positions.

A measure of the direct exposure to certain asset types as at the reporting date is given below:

Main asset class	Detailed classification	As at 31 July 2014	As at 31 July 2013
		%	%
CLO	USD CLO Equity	19.6	14.6
	EUR CLO Equity	4.1	3.2
	USD CLO Debt	27.1	21.9
	EUR CLO Debt	21.3	22.6
Synthetic Corporate Credit	Synthetic Corporate Credit Equity	—	6.1
	Synthetic Corporate Credit Debt	2.0	8.6
	Bank Balance Sheet transactions	5.6	7.8
Cash Corporate Credit	Cash Corporate Credit Equity	3.5	4.2
	Cash Corporate Credit Debt	1.2	1.4
ABS	Mortgage Residual positions	7.4	6.5
	ABS Debt	1.2	1.4
Cash	—	7.1	1.7

The table above shows exposures to asset type based on mark-to-market prices (based on originally reported GAV). As at 31 July 2014, reported GAV amounted to €274.0 million (31 July 2013: €247.1 million). Figures may not add up to 100% due to rounding. For further information regarding the Company's exposures to individual transactions and to individual investment managers, please refer to Note 21.

Indirect exposures to underlying concentrations can be complex and will vary by asset type and factors such as subordination. In general, the Company's investment portfolio is very diversified. The Company's principal concentration exposures are derived from its positions in CLO Equity tranches. Based on reports provided to the Investment Manager, the largest 20 underlying exposures aggregated across all the Company's CLO Equity tranches as at 31 July 2014 were:

Issuer Name	Industry Group	Average exposure of CLO equity tranches (%)
First Data Corporation	Software	1.32%
HCA Inc.	Healthcare services	0.99%
Nuveen Investments Inc.	Diversified financial services	0.96%
Asurion LLC/CA	Insurance	0.93%
Ineos US Finance LLC	Chemicals	0.88%
Huntsman International LLC	Chemicals	0.87%
Chrysler Group LLC	Auto manufacturers	0.70%
Texas Competitive Electric Holdings Co LLC	Electric	0.68%
Calpine Corporation	Electric	0.68%
Aramark Services Inc.	Food	0.64%
Delta Air Lines Inc.	Airlines	0.63%
CHS/Community Health Systems Inc.	Healthcare services	0.57%
Avaya Inc.	Telecommunications	0.57%
Alere Inc.	Healthcare products	0.55%
West Corporation/Old	Telecommunications	0.52%
Univision Communications Inc.	Media	0.51%
The Hertz Corporation	Commercial services	0.51%
Univar Inc.	Chemicals	0.51%
Biomet Inc.	Healthcare products	0.50%
Axalta Coating Systems US Holdings Inc.	Chemicals	0.49%

Based on the current weighting of CLO Equity positions (23.7% of GAV), the default of one underlying loan representing 1% of all the CLO Equity underlying portfolios would cause a decline of approximately 0.83% of current GAV, which would occur upon liquidation of the relevant CLO Equity tranches (assuming a standard recovery rate of 65% and that CLO Equity positions represent, on average, a ten times leverage on the underlying loan portfolios). At the time of such default the impact on GAV would be mitigated by the fact that CLO Equity valuations take into account not only the liquidation value but also the ongoing payments from these positions. As a result, the Company has limited exposure to indirect concentration risk. Accumulating defaults at the level of the underlying credit portfolios, direct concentration, represents a greater risk to the Company.

## 17. FINANCIAL RISK MANAGEMENT CONTINUED

### RE-INVESTMENT RISK

Some of the Company's investments (e.g. ABS, including mortgage-backed securities, and leveraged loans) may be particularly sensitive to the interest rate environment, with a general decline in prevailing rates of interest tending to promote faster rates of repayment of fixed-rate obligations. Unexpected accelerations in the rate of repayments can cause the value of such investments to decline and may leave the Company with excess cash to re-invest in a low interest rate environment. One virtue of having a multi-asset class strategy is that the flexibility exists to reallocate among asset classes in such cases.

### LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Many of the assets in which the Company invests are illiquid. Changes in market sentiment may make significant portions of the Company's investment portfolio rapidly more illiquid, particularly with regard to types of assets for which there is not a broad well-established trading market or for which such a market is linked to a fewer number of market participants. Portfolio issuers and borrowers may experience changes in circumstance that adversely affect their liquidity, leading to interruptions in cash flows. The Company can seek to manage liquidity needs by borrowing but turns in market sentiment may make credit expensive or unavailable. Liquidity may also be addressed by selling assets in the Company's portfolio but selling assets may in some circumstances be significantly disadvantageous for the Company or even almost impossible if liquidity were to disappear for the Company's assets. In the event of such adverse liquidity conditions the Company might be unable to fund margin calls on its derivative positions and might consequently be unable to fund the payment of dividends. Liquidity risk is analysed by the Investment Manager on a daily basis and is communicated and monitored by the Board through the quarterly business report.

### MATURITY PROFILE

The following tables show the legal maturity of the securities:

#### Maturity profile as at 31 July 2014

	Within one year €	One to five years €	Over five years €
<b>Financial assets</b>			
Cash and cash equivalents	19,465,204	—	—
Financial assets at fair value through profit and loss	48,815,269	72,448,376	135,029,857
Trade and other receivables	33,813	—	—
	<b>68,314,286</b>	<b>72,448,376</b>	<b>135,029,857</b>
<b>Financial liabilities</b>			
Derivative contracts	(170,327)	—	—
Trade and other payables	(1,973,496)	—	—
	<b>(2,143,823)</b>	<b>—</b>	<b>—</b>

#### Maturity profile as at 31 July 2013 (as restated)

	Within one year €	One to five years €	Over five years €
<b>Financial assets</b>			
Cash and cash equivalents	9,737,841	—	—
Financial assets at fair value through profit and loss	44,151,264	84,267,328	110,283,275
Derivative contracts	1,623,337	—	—
Trade and other receivables	49,373	—	—
	55,561,815	84,267,328	110,283,275
<b>Financial liabilities</b>			
Trade and other payables	(3,817,196)	—	—

### RISKS RELATING TO LEVERAGED EXPOSURE

The Company's investment strategy involves a high degree of exposure to the risks of leverage. Investors in the shares must accept and be able to bear the risk of investment in a highly leveraged investment portfolio. Predominantly the leverage is provided through investment in structured leveraged instruments (embedded leverage) with no recourse on the Company's assets, but it is possible that the Company may participate in direct leverage transactions with recourse and consequent increased liquidity needs.

### CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Company. The Company's capital is represented by the ordinary shares, share premium account, other distributable reserves and accumulated loss reserve. The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objectives. The Company seeks to attain its investment objectives by pursuing a multi-asset class investment strategy, although investments made during the year were predominantly concentrated in assets leveraging corporate credit exposures. The investment strategy focuses on direct and indirect investments in, and exposures to, a variety of assets selected for the purpose of generating cash flows for the Company. The Board of Directors also monitors the level of dividends to ordinary Shareholders.

There were no changes in the Company's approach to capital management during the year.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2014

## 18. RELATED PARTY DISCLOSURE

### TRANSACTIONS WITH DIRECTORS AND THE INVESTMENT MANAGER

For disclosure of Directors' remuneration, please see Note 7. As at the year-end, Directors' fees to be paid in cash of €86,762 (31 July 2013: €66,150) had been accrued but not paid. Directors' fees to be paid in shares of €37,184 (31 July 2013: €28,350) had been accrued but not paid and Directors' expenses of €1,035 (31 July 2013: €1,047) had been accrued but not paid.

As at 31 July 2014, the Directors of the Company controlled 1.16% (31 July 2013: 1.04%) of the voting shares of the Company.

Under the Investment Management Agreement, the Investment Manager is entitled to receive a Management Fee from the Company at a rate of 1.5% per annum on the Company's NAV, calculated for each semi-annual period ending on 31 July and 31 January on the basis of the Company's NAV at the end of the preceding period and payable semi-annually in arrears. During the year the Investment Management Fees accrued were €3,623,670 (year ended 31 July 2013: €2,589,916). Fees accrued as at 31 July 2014 were €1,901,438 (31 July 2013: €1,397,210 outstanding).

Effective from 1 August 2013, the Investment Manager is entitled to receive a Performance Fee from the Company if the Company's NAV increases during a semi-annual period by an amount that exceeds a specified threshold ("Threshold A") and if the cumulative amount of the NAV increase, if any, over the most recent six semi-annual periods exceeds another specified threshold ("Threshold B"). Up until 31 July 2013, the Investment Manager was entitled to receive a Performance Fee based upon the Distribution Income calculation as described in the 2013 annual report.

The Performance Fee charge recognised in the Statement of Comprehensive Income for the year was €1,870,426 (year ended 31 July 2013: €7,659,610). The Performance Fee for the semi-annual period ended 31 January 2014 was overpaid by €412,465. This amount has been offset against the Management Fee payable to the Investment Manager for the semi-annual period ended 31 July 2014 (as at 31 July 2013, Performance Fees of €3,967,672 were outstanding, of which €1,983,836 was included within trade and other payables as at 31 July 2013 and €1,983,836 of which had been credited directly to the share premium account as at 31 July 2013). During the financial year, 322,575 Class C shares were issued in payment of Performance Fees of €1,983,836 that were outstanding as at 31 July 2013.

The Formula is to pay Performance Fees equal to the lesser of A and B below:

- A: X% of the amount by which the NAV\* increase, if any, over the latest semi-annual period exceeds Threshold A; and
- B: X% of the cumulative amount over the most recent six semi-annual periods by which the NAV\* increase, if any, exceeds Threshold B (minus any Performance Fees already paid for the first five semi-annual periods).

X% is defined as 15% if the NAV plus cumulative dividends paid since the IPO as at the beginning of the period is below cumulative capital raised since the IPO, or 20% if the NAV plus cumulative dividends paid as at the beginning of the period is above cumulative capital raised. Threshold A is defined as the greater of (i) 8%\*\* of the cumulative capital raised and (ii) 10%\*\* of the NAV\*\*\* at the beginning of the semi-annual period.

Threshold B is defined as the greater of (i) 8%\*\* of the cumulative capital raised and (ii) 8%\*\* of the average NAV\*\*\* as at the beginning of each of the most recent six semi-annual periods.

\* As adjusted for: dividends paid in cash; new shares issued for cash; and expenses paid by issuance of shares over the period.

\*\* Calculated on an annualised basis (currently on an ACT/360 basis, proposed basis to be ACT/ACT).

\*\*\* As adjusted for dividends paid in cash and new shares issued for cash.

The Formula will generate a Performance Fee payable to the Investment Manager based solely on the NAV performance of a single semi-annual period only if the cumulative performance over three years is greater than Threshold B. Any such Performance Fee payable will be paid entirely in cash.

As stated in the Investment Manager's Report, the Investment Manager also acts as Investment Manager for the following of the Company's investments: Adagio III CLO PLC Class E Notes; Adagio III CLO PLC Class C Notes; Oryx European CLO B.V.; Adagio II CLO PLC Class D Notes; Prelude Credit Alpha PLC; Bank Capital Opportunity Fund; Cadenza; St Bernard Opportunity Fund (Series 3 and 4); Opera Structured Credit; and Allegro II CLO Warehouse. The Investment Manager also previously acted as Investment Manager for ARIA III, Jazz III CDO (Ireland) PLC Subordinated Notes (EUR and USD), Jazz III CDO (Ireland) PLC Class A-1 Notes and Jazz III CDO (Ireland) PLC Class C Notes, each of which matured during the period.

Except for the investment in Allegro II CLO Warehouse, the Investment Manager earns, or earned, Investment Management Fees directly from each of the above investment vehicles, in addition to its Investment Management Fees earned from the Company. However, with respect to the Company's investments in ARIA III, Bank Capital Opportunity Fund, Cadenza, St Bernard Credit Opportunities Fund and the original purchases of first-loss tranches of Jazz III, there is no duplication of Investment Management Fees as adjustment for these investments is made in the calculation of the Investment Management Fees payable by the Company.

Except for the Company's investments in Allegro II CLO Warehouse, ARIA III, Bank Capital Opportunities Fund, Cadenza, St Bernard Opportunity Fund and the original purchases of first-loss tranches of Jazz III, all other investments in products managed by the Investment Manager were made by way of secondary market purchases on a bona fide arm's length basis from parties unaffiliated with the Investment Manager. Therefore, the Company pays Investment Management Fees with respect to these investments calculated in the same way as if the Investment Manager of these deals was an independent third party.

As at 31 July 2014, AXA Group Investors and AXA Assurances Vie Mutuelle together held 25.0% (31 July 2013: 25.8%) of the voting shares in the Company and funds managed by AXA IM for third-party investors owned 5.5% (31 July 2013: 5.5%) of the voting shares in the Company. AXA IM did not hold any voting shares in the Company for its own account as at 31 July 2014. AXA IM held 1,193,732 Class C shares as at 31 July 2014. In August 2014 AXA IM sold 139,914 Class C shares in the market, such shares being automatically converted into ordinary shares. AXA IM currently holds 1,053,818 Class C shares.

## 19. COMMITMENTS

As at 31 July 2014, the Company had entered into the following commitments: to subscribe a further USD 10.0 million to Allegro II CLO Warehouse; to subscribe EUR 7.5 million to the Crescent European Loan Fund; and USD 5.4 million to ICG 2014-2 CLO.

## 20. SUBSEQUENT EVENTS

Since the end of the financial year, no particular event has materially affected the Company. However, the following points are pertinent:

- the Company announced that it will, subject to the approval of Shareholders, seek to have the shares of the Company admitted to the premium listing segment of the Official List of the UKLA and to trading on the London Stock Exchange plc's Main Market;
- since the end of July 2014, Volta's reported GAV increased from €7.51 per share to €7.61 per share at the end of August 2014;
- since the end of July 2014, the Company purchased one asset (one USD CLO Debt tranche) for the equivalent of €7.0 million and sold one asset (a Cash Corporate Credit Debt asset) for €2.5 million. Previous commitments were settled for the equivalent of €14.4 million; and
- two assets (one Cash Corporate Credit Debt and one Bank Balance Sheet transaction) matured or have been called for the equivalent of €5.0 million.

## 21. INVESTMENT PORTFOLIO

The Company invests in financial instruments issued by special purpose vehicles. None of the Company's investments are considered to represent controlling interests in any such special purpose vehicle. A full list of the Company's investments is presented in the table below.

Issuer	ISIN	Investment manager	Main classification	Sub-classification	Currency	Value in EUR	Percentage of investment portfolio
Wasatch CLO 2006-1 Subordinated Notes	USG94608AB57	Invesco	CLO	Equity	USD	9,851,106	3.84%
Black Diamond 2013-1 Subordinated Notes	USG11476AB76	Black Diamond Capital Management LLC	CLO	Equity	USD	9,376,133	3.66%
Tennenbaum Opportunities Fund V	TOF5	Tennenbaum Capital Partners, LLC	Cash Corporate Credit	Equity (fund)	USD	7,746,216	3.02%
Allegro II CLO Limited – CLO Warehouse deal	QS0001117954	AXA IM Paris	CLO	Equity	USD	7,376,838	2.88%
Northwoods Capital 2007-8 Subordinated Notes	USG6666RAB18	Angelo Gordon	CLO	Equity	USD	6,958,892	2.72%
Adagio III CLO Class E Notes – BB debt	XS0262683971	AXA IM Paris	CLO	Debt	EUR	6,760,156	2.64%
Richmond Park CLO Class D Notes – BB debt	XS1000874302	GSO Blackstone	CLO	Debt	EUR	6,481,490	2.53%
CIFC 2007-3 Class D Notes – BB debt	USG2189NAA93	CIFC	CLO	Debt	USD	6,125,971	2.39%
ALBA 2007-1 PLC residual income securities	XS0301709621	Oakwood	ABS	Residual	GBP	6,037,138	2.36%
Black Diamond 2006-1 Class E Notes – BB debt	XS0282504280	Black Diamond Capital Management LLC	CLO	Debt	USD	5,933,313	2.32%
ALBA 2006-2 PLC residual income securities	XS0271780651	Oakwood	ABS	Residual	GBP	5,772,011	2.25%
Batallion CLO 2007-1 Class E Notes – BB debt	USG08889AF79	Brigade Capital Management	CLO	Debt	USD	5,630,743	2.20%
Bank Capital Opportunity Fund	LU0648070216	AXA IM Paris	Synthetic Corporate Credit	Bank Balance Sheet	EUR	5,552,000	2.17%
Oak Hill ECP 2007-2 Class E Notes – BB debt	XS0300349379	Oak Hill	CLO	Debt	EUR	5,525,166	2.16%
Acas CLO 2013-1 Class E Notes – BB debt	USG0067AAA81	ACAM	CLO	Debt	USD	5,524,183	2.16%
Carlyle HY PART IX Subordinated Notes	KYG1908R1048	Carlyle	CLO	Equity	USD	5,082,320	1.98%
CIFC 2007-2 Class D Notes – BB debt	USG21899AA00	CIFC	CLO	Debt	USD	5,034,561	1.96%
Cheyne Credit Opp. 1 IV – BBB debt	XS0243225728	Nomura	CLO	Debt	EUR	4,888,000	1.91%
CIFC 2006-2 B2L – BB debt	XS0279835614	CIMC	CLO	Debt	USD	4,803,967	1.87%
Venture 2006-7 Class D Notes – BBB debt	USG9335NAE97	MJX	CLO	Debt	USD	4,765,647	1.86%
Newgate Funding PLC 2006-2 residual income securities	XS0259286101	Mortgage Plc	ABS	Residual	GBP	4,466,326	1.74%

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2014

## 21. INVESTMENT PORTFOLIO CONTINUED

Issuer	ISIN	Investment manager	Main classification	Sub-classification	Currency	Value in EUR	Percentage of investment portfolio
Golden Tree Loan Opp. 2007-4 Subordinated Notes	USG39607AC37	Golden Tree	CLO	Equity	USD	4,379,764	1.71%
Acas CLO 2014-1 Class E Notes – BB debt	USG00673AA48	ACAM	CLO	Debt	USD	4,078,113	1.59%
Caravela 3	XS0945192762	European Bank	Synthetic Corporate Credit	Bank Balance Sheet	EUR	4,037,500	1.58%
Oryx 1 Class D Notes – BBB debt	XS0230415373	AXA IM Paris	CLO	Debt	EUR	3,906,800	1.52%
Jubilee 1 Class D Notes – BBB debt	XS0292633533	Alcentra	CLO	Debt	EUR	3,890,700	1.52%
Batallion CLO 2007-1 Subordinated Notes	USG08887AA27	Brigade Capital Management	CLO	Equity	USD	3,714,578	1.45%
Arese 2013-6 Class E Notes – BB debt	XS0951555530	Arese Europe	CLO	Debt	EUR	3,668,400	1.43%
Euro Galaxy 2013-3 Class E Notes – BB debt	XS0996455472	Pinnebridge (aka AIG)	CLO	Debt	EUR	3,570,375	1.39%
Arese 2013-6 Subordinated Notes	XS0951556850	Arese Europe	CLO	Equity	EUR	3,480,000	1.36%
ICE 1 Emerging CLO – A3 – AA debt	USG4746PAD09	ICE Canyon LLC	Cash Corporate Credit	Debt	USD	3,420,476	1.33%
St Bernard Opportunity Fund	QS0011132394	AXA IM Paris	ABS Debt (Fund)		USD	3,386,106	1.32%
Limerock 1 Class D Notes – BB debt	USG55001AH71	Invesco	CLO	Debt	USD	3,356,573	1.31%
Sands Point 2006-1 Subordinated Notes	USG7800DAA93	Guggenheim	CLO	Equity	USD	3,318,456	1.29%
Dryden XVII – Junior AAA debt	USG7546RAP40	Prudential IM	Synthetic Corporate Credit	Debt	USD	2,987,507	1.17%
Regatta Funding 2007-1 B1L – BBB debt	USG7476XAF71	Citi Capital Advisor	CLO	Debt	USD	2,978,890	1.16%
Oak Hill ECP 2007-2 Subordinated Notes	XS0300349700	Oak Hill	CLO	Equity	EUR	2,940,000	1.15%
Lightpoint 2006-5 Class C Notes – BBB debt	USG5487GAD00	Neuberger Berman	CLO	Debt	USD	2,852,676	1.11%
Cordatus 2007-1 Class E Notes – BB debt	XS0304113235	CVC	CLO	Debt	EUR	2,762,400	1.08%
Eurosail 2006-1 PLC residual income securities	XS0254441081	SPML	ABS	Residual	GBP	2,737,117	1.07%
Euro Galaxy 2006-1 Class D Notes – BBB debt	XS0264791855	Pinnebridge (aka AIG)	CLO	Debt	EUR	2,722,200	1.06%
Venture 2007-9 Class E Notes – BB debt	USG93352AA33	MJX	CLO	Debt	USD	2,653,569	1.04%
Centurion 2005-10 Class E Notes – BB debt	USG2066PAA24	River Source Investments LLC	CLO	Debt	USD	2,605,698	1.02%
CELF 2005-2 Class D Notes – BBB debt	XS0233121234	Carlyle Europe	CLO	Debt	EUR	2,580,600	1.01%
Clock Finance 2013	XS0908245037	Major European Bank	Synthetic Corporate Credit	Bank Balance Sheet	CHF	2,579,436	1.01%
Black Diamond 2012-1 Class D Notes – BB debt	USG1146TAA00	Black Diamond Capital Management LLC	CLO	Debt	USD	2,531,504	0.99%
Carlyle GMSE 2013-1 Class E Notes – BB debt	XS0941552407	Carlyle	CLO	Debt	EUR	2,516,750	0.98%
Adagio III Class D Notes – BBB debt	XS0262683203	AXA IM Paris	CLO	Debt	EUR	2,500,976	0.98%
Sierra 2006-2 B2L – BB debt	XS0276546065	Apidos Capital Management	CLO	Debt	USD	2,491,383	0.97%
Duane Street 2006-3 Class D Notes – BBB debt	USG29283AF85	Citi Capital Advisor	CLO	Debt	USD	2,474,641	0.97%
Corsair Jersey No. 7	XS0280348573	JP Morgan	Synthetic Corporate Credit	Debt	EUR	2,450,500	0.96%
Laurelin 2 Class D Notes – BBB debt	XS0305010711	Golden Tree Asset Management LP	CLO	Debt	EUR	2,376,398	0.93%

## 21. INVESTMENT PORTFOLIO CONTINUED

Issuer	ISIN	Investment manager	Main classification	Sub-classification	Currency	Value in EUR	Percentage of investment portfolio
Euro Galaxy 2006-1 Class E Notes – BB debt	XS0264792234	AIG Global Investments	CLO	Debt	EUR	2,264,750	0.88%
ACAS 2012-1 Class E Notes – BB debt	USG00669AA28	ACAM	CLO	Debt	USD	2,230,092	0.87%
Alpine-Taurus	XS0791159758	Major European Bank	Synthetic Corporate Credit	Bank Balance Sheet	EUR	2,091,200	0.82%
Cordatus 2014-III Subordinated Notes	XS1052142608	CVC	CLO	Equity	EUR	1,950,000	0.76%
Promise Mobility 2006-1	DE000A0LDYP7	IKB	Cash Corporate Credit	Equity	EUR	1,871,066	0.73%
Lightpoint Pan European CLO Subordinated Notes	XS0282169803	Neuberger Berman	CLO	Equity	EUR	1,590,000	0.62%
Black Diamond 2013-1 Class D Notes – BB debt	USG11476AA93	Black Diamond Capital Management LLC	CLO	Debt	USD	1,482,744	0.58%
Duane Street 2006-3 Class E Notes – BB debt	USG29281AA33	Citi Capital Advisor	CLO	Debt	USD	1,453,245	0.57%
ALBA 2006-1 PLC residual income securities	XS0255043050	Oakwood	ABS	Residual	GBP	1,389,117	0.54%
ACAS CLO 2013-1 Class F Notes – B debt	USG0067AAB64	ACAM	CLO	Debt	USD	1,385,381	0.54%
Adagio II Class D Notes – BBB debt	XS0237058424	AXA IM Paris	CLO	Debt	EUR	1,373,700	0.54%
Opera Structured Credit	XS0244258272	AXA IM Paris	CLO	Equity	EUR	1,333,147	0.52%
Aquarius	XS0870021366	Major European Bank	Synthetic Corporate Credit	Bank Balance Sheet	USD	1,319,380	0.51%
Galaxy 2006-VII Subordinated Notes	USG25796AB20	AIG	CLO	Equity	USD	1,270,580	0.50%
Galaxy 2007-VIII Class E Notes – BB debt	USG25937AA47	AIG	CLO	Debt	USD	1,265,408	0.49%
Lightpoint CLO V Subordinated Notes	USG5487GAG31	Neuberger Berman	CLO	Equity	USD	1,149,128	0.45%
Apidos 2006-Q Class E Notes – BB debt	USG04879AA34	Apidos Capital Management	CLO	Debt	USD	1,103,835	0.43%
Prelude	XS0205131013	AXA IM Paris	CLO	Equity	USD	1,070,657	0.42%
Century 2007-14 Class C Notes – BBB debt	USG20669AA83	Lightpoint	CLO	Debt	USD	871,154	0.34%
Leopard IV Class E Notes – BB debt	XS0251752472	M&G Investment Management Ltd	CLO	Debt	EUR	586,688	0.23%
Octagon 2007 Class D Notes – BB debt	USG67245AF09	Octagon Investment Partners	CLO	Debt	USD	528,655	0.21%
Black Diamond – 2005-2 E1 – BB debt	XS0232465202	Black Diamond Capital Management LLC	CLO	Debt	USD	436,467	0.17%
Denali Capital 2005-V Subordinated Notes	USG62553AA35	Denali Capital LLC	CLO	Equity	USD	367,422	0.14%
Tara Hill 1 IV – BB debt	XS0122500027	AIB Capital Markets plc	CLO	Debt	EUR	266,457	0.10%
Jazz III CDO (Ireland) plc Class C Notes – A debt	XS0263617374	AXA IM Paris	Synthetic Corporate Credit	Debt	EUR	960	0.00%
Jazz III CDO (Ireland) plc Subordinated Notes	XS0263615675	AXA IM Paris	Synthetic Corporate Credit	Equity	USD	6	0.00%

# GLOSSARY

Definitions and explanations of methodologies used:

“ABS”	asset-backed securities.
“AIFM”	Alternative Investment Fund Manager, appointed in accordance with AIFMD.
“Annual return since inception to 31 July 2014”	as reported by Bloomberg using the “TRA” function.
“AXA IM”	AXA Investment Managers Paris S.A.
“Bank Balance Sheet transactions”	synthetic transactions that permit banks to transfer part of their exposures such as exposures to corporate loans, mortgage loans, counterparty risks, trade finance loans or any classic and recurrent risks banks take in conducting their core business.
“Cash Corporate Credit” deals	structured credit positions predominantly exposed to corporate credit risks by direct investments in cash instruments (loans and/or bonds).
“CLOs” or “CLO”	Collateralised Loan Obligations.
“Dividend yield on NAV”	calculated as total dividends paid during the financial year divided by the NAV as at 31 July 2013.
“IRR”	internal rate of return.
“Mortgage Residual positions”	residual income positions backed by UK non-conforming residential loans, which are a sub-classification of asset-backed securities (“ABS”).
“NAV performance per share”	calculated as the increase in NAV per share plus the total dividends paid per share during the financial year as a percentage of the NAV per share as at 31 July 2013.
“Projected portfolio IRR”	calculated as the projected future return on Volta’s portfolio as at 31 July 2014 under standard historical assumptions.
“Share price performance”	the percentage increase in the share price plus the total dividends paid per share during the financial year, with such dividends re-invested in the shares. The figure was obtained from Bloomberg using the TRA function.
“Synthetic Corporate Credit” deals	structured credit positions predominantly exposed to corporate credit risks by synthetic contracts.
“WARF”	weighted average ratings factor, which gives an indication of the probability of default.



# NOTICE OF MEETING

FOR THE YEAR ENDED 31 JULY 2014

A closed-ended limited liability company registered in Guernsey under the Companies (Guernsey) Law, 2008 (as amended) with registered number 45747 and registered with the Netherlands Authority for the Financial Markets pursuant to Section 1:107 of the Dutch Financial Markets Supervision Act (the "Company").

## NOTICE OF THE EIGHTH ANNUAL GENERAL MEETING OF THE COMPANY

In accordance with the Company's Articles of Incorporation, notice is hereby given that the eighth Annual General Meeting ("AGM") of the Company will be held at the Company's registered office, Third Floor, La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey GY1 1WG, Channel Islands, at 10:00am (London time) on 3 December 2014.

The Directors of the Company wish to notify Shareholders of the following:

- the Directors have decided that, due to their increased workload in light of the proposed London listing and the continued improved performance of the Company, they have agreed to rescind the 10% discount on their remuneration which has been in place since 2010;
- Christian Jimenez, who currently acts as the Company's Senior Independent Director, has notified the Company of his intention not to seek re-election as a Director and he will therefore resign as a Director on 3 December 2014; and
- the Directors are proposing, subject to Shareholders' approval of Resolution 8, to seek Admission of the Company's shares to the premium listing segment of the Official List of the UK Listing Authority ("UKLA") and to trading on the London Stock Exchange's Main Market. In order to effect the proposed dual-listing, the Company will be required to make certain changes to the terms of its Articles of Incorporation. The Company is also seeking to take this opportunity to review its Memorandum and Articles of Incorporation more extensively to ensure that they remain consistent with current law and practice. Accordingly, the Company is proposing three resolutions (Resolutions 9, 10 and 11) to amend the Memorandum and Articles of Incorporation. Please refer to the Report of the Directors for a summary of the proposed amendments.

## AGENDA

### ORDINARY BUSINESS

1. To adopt the audited financial statements of the Company for the year ended 31 July 2014, including the reports of the Directors and the Auditor (the "Accounts").
2. To re-appoint KPMG Channel Islands Limited of Gategny Court, Gategny Esplanade, St Peter Port, Guernsey GY1 1WR as the Company's Auditor to hold office until the conclusion of the next AGM.
3. To authorise the Board to negotiate and fix the remuneration of the Auditor in respect of the year ending 31 July 2015.
4. To elect Paul Meader as the Senior Independent Director of the Company for an initial term of three years\*.
5. To elect Stephen Le Page as an Independent Director of the Company for an initial term of three years\*\*.
6. To approve a final dividend for the year ended 31 July 2014 in respect of the Company's ordinary shares, Class B share and Class C shares of €0.30 per share, with an ex-dividend date of 5 December 2014, a record date of 8 December 2014 and a payment date of 9 December 2014.
7. To renew the authorisation of the Company unconditionally and generally for the purposes of Section 315 of the Companies (Guernsey) Law, 2008 (as amended) to make market purchases\*\*\* of ordinary shares in the Company provided that:
  - (a) the maximum number of ordinary shares in each class authorised to be purchased is 14.99% of each class of the ordinary shares in issue at any time;
  - (b) the minimum price payable by the Company for each ordinary share is 1% of the average of the mid-market values of the ordinary shares of that class in the Company for the five business days prior to the date of the market purchase and the maximum price payable by the Company for each ordinary share will not be more than 105% of the average of the mid-market values of the ordinary shares of that class in the Company for the five business days prior to the date of the market purchase; and
  - (c) such authority shall expire at the conclusion of the next AGM of the Company.
8. To approve the admission of the Company's shares to the premium listing segment of the Official List of the UKLA and to trading on the London Stock Exchange plc's Main Market (the "Admission").

### SPECIAL RESOLUTIONS

9. In accordance with regulation 2 of the Companies (Transitional Provisions) Regulations, 2008 and to ensure compliance with section 15(2) of the Companies (Guernsey) Law, 2008 as amended (the Law) to alter the existing Memorandum of Association of the Company as follows:
  - (a) by deleting paragraph 3 in its entirety and replacing it as follows:
 

"3. The objects and powers of the Company are not restricted.";
  - (b) by deleting paragraph 5 in its entirety and replacing it as follows:
 

"5. The Company is a non-cellular company within the meaning of section 2(1)(c) of the Companies (Guernsey) Law, 2008, as amended.";
  - (c) by deleting paragraphs 6, 7, 8 and 9 in their entirety and renumbering the remaining paragraphs accordingly; and
  - (d) so as to incorporate all conforming changes to the new Memorandum of Incorporation attached to this notice and marked "A" for the purposes of identification.

# NOTICE OF MEETING CONTINUED

FOR THE YEAR ENDED 31 JULY 2014

## AGENDA CONTINUED

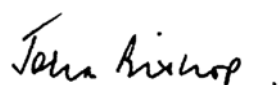
### SPECIAL RESOLUTIONS CONTINUED

10. To approve and adopt certain amendments to the Articles of Incorporation, including, amongst other things, the amendments to the quorum necessary for general Shareholder meetings and the amendments to the Directors' powers to declare dividends, each as highlighted in the copy of the Articles of Incorporation attached to this notice and marked "B" for the purposes of identification.
11. Subject to Shareholder approval of Admission, to approve and adopt the amendments to the Articles of Incorporation necessary for the Admission, each as highlighted in the copy of the Articles of Incorporation attached to this notice and marked "C" for the purposes of identification.
  - \* Mr Meader is an independent director of investment companies, insurers and investment funds. Until the autumn of 2012 he was Head of Portfolio Management for Canaccord Genuity, based in Guernsey, prior to which he was Chief Executive of Corazon Capital, Guernsey. He has 28 years' experience in financial markets in London, Dublin and Guernsey, holding senior positions in portfolio management and trading. Prior to joining Corazon Capital he was Managing Director of Rothschild's Swiss private banking subsidiary in Guernsey. Mr Meader is a Chartered Fellow of the Chartered Institute of Securities & Investments, a past Commissioner of the Guernsey Financial Services Commission and past Chairman of the Guernsey International Business Association. He is a graduate of Hertford College, Oxford.
  - \*\* Mr Le Page was a partner with PricewaterhouseCoopers in the Channel Islands from 1994 until September 2013. During his career with that firm he worked with many different types of financial organisation as both auditor and advisor, and he also served as the senior partner of the firm, effectively carrying out the role of chief executive and leading considerable growth in the business. Mr Le Page is a Fellow of the Institute of Chartered Accountants in England and Wales and a Chartered Tax Advisor. He is a past President of the Guernsey Society of Chartered and Certified Accountants and a past Chairman of the Guernsey International Business Association. Mr Le Page holds a number of other non-executive roles, including a role advising the States of Guernsey, and is also Chair of the Multiple Sclerosis Society, Guernsey branch.
  - \*\*\* Provided always that the market purchase will meet the criteria stipulated in the Commission Regulation (EC) of 22 December 2003 implementing the Market Abuse Directive as regards exemptions for buy-back programmes and stabilisation of financial instruments (No 2273/2003) (unless the purchases would not bear the risk of breaching the market manipulation prohibition).

## NOTES

1. The Company's 2014 annual report and accounts were published on 21 October 2014.
2. Copies of the Company's Memorandum and Articles of Incorporation and its 2014 annual report and accounts are available for inspection at the Company's registered office during normal business hours and are available on request free of charge from the Company Secretary, Sanne (Guernsey) Limited, Third Floor, La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey GY1 1WD, Channel Islands (e-mail: voltafinance@sannegroup.com) and from the Listing Agent, ING Bank N.V., Bijlmerplein 888, 1102 MG Amsterdam, The Netherlands, or from the Company's website (www.voltafinance.com).
3. Investors holding ordinary shares via an admitted institution of Euroclear Nederland who wish to attend or to exercise the voting rights attached to the shares at the AGM should contact their admitted institution as soon as possible. Only those investors holding ordinary shares via an admitted institution of Euroclear Nederland as at 10:00am (London time) on 1 December 2014 shall be entitled to attend and/or exercise their voting rights attached to such shares at the AGM.
4. Should the Class B Shareholder being entitled to vote wish to attend or exercise the voting rights attached to the shares at the AGM they should contact the Company Secretary as soon as possible.
5. All Shareholders maintain the right to elect a proxy to vote on their behalf at the AGM.
6. The quorum requirements for the conduct of Ordinary Business are set out under Article 16(2) of the Company's Articles of Incorporation and the quorum requirements for the conduct of Special Business are set out under Articles 16(3)-(7). The consideration of Special Business, if applicable, requires a larger quorum than for Ordinary Business. In the event that there exists at the commencement of the AGM a quorum for Ordinary Business but no quorum for Special Business this situation shall not impede the AGM from proceeding to consider the Ordinary Business on its own and passing such resolutions arising therefrom. The progression of Special Business thereafter shall be dealt with on its own and in accordance with Articles 16(3)-(7).
7. In accordance with Dutch regulatory requirements, the notice period for an AGM of the Company is 42 days.

For and on behalf of



**SANNE GROUP (GUERNSEY) LIMITED**  
 COMPANY SECRETARY  
 20 OCTOBER 2014

APPENDIX A

MEMORANDUM OF INCORPORATION RELATING TO RESOLUTION 9.

INCORPORATED UNDER THE COMPANIES (GUERNSEY) LAW 2008~~1994 AS AMENDED~~  
ORGANISED UNDER THE COMPANIES (GUERNSEY) LAW 2008 AS AMENDED

COMPANY LIMITED BY SHARES

MEMORANDUM OF INCORPORATION

of

VOLTA FINANCE LIMITED

1. The name of the Company is "VOLTA FINANCE LIMITED".
2. The Registered Office of the Company will be situate in Guernsey.
3. The ~~Company is a non-cellular company within the meaning of section 2(1) (e) of The Companies (Guernsey) Law, 2008.~~ objects and powers of the Company are not restricted.
4. The liability of the Members is limited to the amount (if any) for the time being unpaid on the shares held by each of them respectively.
5. The ~~Share Capital of the Company consists of an unlimited number of ordinary shares of no par value each, a single Class B convertible ordinary share of no par value and an unlimited number of Class C non-voting convertible ordinary shares of no par value each.~~ Company is a non-cellular company within the meaning of section 2(1) (c) of The Companies (Guernsey) Law, 2008, as amended.
- ~~6. The Company may make or alter:~~
  - ~~(i) any provision in the Memorandum relating to any matter mentioned in section 15(7) of The Companies (Guernsey) Law, 2008 by special resolution; and~~
  - ~~(ii) any other provision in the Memorandum in the manner prescribed by the Laws.~~
- ~~7. The rights for the time being attached to any shares in the initial capital and to any shares having preferred deferred qualified or special rights privileges and conditions may be altered or dealt with in accordance with the Articles of Incorporation.~~
- ~~8. The shares shall be paid for according to the terms of allotment or otherwise by calls as the Board shall think fit.~~
- ~~9. Shares in the capital of the Company may be issued in payment or part payment of the purchase~~

~~consideration for any property purchased by the Company or in consideration of any services rendered to the Company by any person in assisting the Company to carry out any of its objects and for shares so issued no money payment shall be made or required save in so far as by the terms under which any of such shares may be issued a cash payment may be required.~~

6. ~~10.~~ The common signature of the Company may be either:

(1) **"VOLTA FINANCE LIMITED"**

with the addition of the signature(s) of one or more officer(s) of the Company authorised generally or specifically by the Directors for such purpose, or such other person or persons as the Directors may from time to time appoint; or

(2) if the Directors resolve that the Company shall have a common seal, the common seal of the Company affixed in such manner as the Articles of Incorporation of the Company may from time to time provide;

as the Directors may from time to time determine either generally or in any particular case.

**APPENDIX B**

**ARTICLES OF INCORPORATION RELATING TO RESOLUTION 10.**

**INCORPORATED UNDER THE COMPANIES (GUERNSEY) LAW 1994 AS AMENDED  
ORGANISED UNDER THE COMPANIES (GUERNSEY) LAW 2008 AS AMENDED**

COMPANY LIMITED BY SHARES

ARTICLES OF INCORPORATION

of

**VOLTA FINANCE LIMITED**

Registered the 31st day of October 2006

Articles of Incorporation adopted by special resolution passed on ~~27 November 2008~~ [ ] 2014

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INCORPORATED UNDER THE COMPANIES (GUERNSEY) LAW 1994 AS AMENDED  
ORGANISED UNDER THE COMPANIES (GUERNSEY) LAW 2008 AS AMENDED

**COMPANY LIMITED BY SHARES**

**ARTICLES OF INCORPORATION**

of

**VOLTA FINANCE LIMITED**

**1. DEFINITIONS**

In these Articles the following words shall bear the following meanings if not inconsistent with the subject or context:

<b>Words</b>	<b>Meanings</b>
<b>Admission</b>	Admission to trading on Eurolist by Euronext of the Ordinary Shares becoming effective in accordance with the Prospectus Rules and the rules of Euronext Amsterdam N.V. respectively.
<b>Admitted Institution</b>	An institution which holds interests in shares on behalf of its clients through Euroclear Nederland as an admitted institution of Euroclear Nederland.
<b>Affiliate</b>	With respect to any specified person or entity, any other person or entity, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person or entity.
<b>Articles</b>	These Articles of Incorporation as now framed and at any time altered.
<b>at any time</b>	At any time or times and includes for the time being and from time to time.
<b>Auditor</b>	The auditor for the time being of the Company.
<b>AFM</b>	The Netherlands Authority for the Financial Markets ( <i>Autoriteit Financiële Markten</i> ).
<b>Board</b>	The Directors at any time or the Directors present at a duly convened meeting at which a quorum is present or, as the case may be, the Directors assembled as a committee of such Board.

<b>Business Day</b>	A weekday (other than a Saturday or Sunday) on which the majority of banks in New York and Guernsey are open for normal banking business.
<b>Clearstream Luxembourg</b>	Clearstream Banking S.A., Luxembourg, the Luxembourg clearing and settlement system.
<b>Code</b>	The United States Internal Revenue Code of 1986, as amended.
<b>dematerialised instruction</b>	An instruction sent or received by means of the Euroclear Nederland System or Clearstream Luxembourg System.
<b>Director</b>	A director of the Company for the time being.
<b>dividend</b>	Includes bonus.
<b>Dutch Securities Act</b>	The Dutch Act on the Supervision of the Securities Trade 1995 ( <i>Wet toezicht effectenverkeer 1995</i> ).
<b>Euroclear Nederland Requirements</b>	The rules and requirements of Euroclear Nederland as included in the Dutch Securities Transfer Giro Act 1977 ( <i>Wet Giraal Effectenverkeer 1977</i> ) or otherwise as may be applicable to the Company from time to time.
<b>Euroclear Nederland</b>	Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., the Dutch depository and settlement institute, a subsidiary of Euroclear Bank S.A./N.V., the operator of the system known as “Euroclear” or the “Euroclear system”.
<b>Euroclear or Clearstream Luxembourg System</b>	The facilities and procedures for the time being of the relevant system of which Euroclear Nederland or Clearstream Luxembourg has been approved as operator.
<b>Eurolist by Euronext</b>	The regulated market of Euronext Amsterdam N.V.
<b>Executor</b>	Includes administrator.
<b>Extraordinary Resolution</b>	A resolution of the Members in general meeting passed by a majority of not less than three quarters of the votes recorded, including, where there is a poll, any votes cast by proxy.
<b><u><a href="#">Guernsey Regulations</a></u></b>	<u><a href="#">The Uncertificated Securities (Guernsey) Regulations, 2009 (as amended from time to time).</a></u>
<b>Investment Company Act</b>	The United States Investment Company Act of 1940, as amended.



<b>Investment Manager</b>	AXA Investment Managers Paris.
<b><del>Laws</del><u>Law</u></b>	<del>Every Order in Council, Act or Ordinance for the time being in force concerning companies registered in Guernsey and affecting the Company</del> <u>the Companies (Guernsey) Law, 2008 as amended extended or replaced and any Ordinance statutory instrument or regulation made thereunder.</u>
<b>Liquidator</b>	Any liquidator of the Company appointed at any time under the <del>Laws</del> <u>Law</u> .
<b>Member</b>	In relation to shares means the person whose name is entered in the Register as the holder of the shares and includes any person entitled on the death, disability or insolvency of a Member.
<b>Memorandum</b>	The Memorandum of Incorporation of the Company.
<b>month</b>	Calendar month.
<b>Offer</b>	The offer of the Ordinary Shares of the Company in connection with Admission.
<b>Office</b>	The registered office at any time of the Company.
<b>Ordinary Share</b>	A voting non-convertible ordinary share.
<b>Prospectus Rules</b>	The prospectus rules pursuant to the Dutch Securities Act.
<b>proxy</b>	Includes attorney.
<b>Register</b>	The register of Members kept pursuant to the <del>Laws</del> <u>Law</u> .
<b>relevant system</b>	A computer-based system, and procedures, which enable title to units of a security to be evidenced and transferred without a written instrument, and which facilitate supplementary and incidental matters and includes the system operated by Euroclear Nederland known as the “Euroclear System” and by Clearstream Luxembourg known as the “Clearstream Luxembourg System”.
<b>Secretary</b>	Includes a temporary or assistant secretary and any person appointed by the Board to perform any of the duties of secretary of the Company.
<b>Transfer Agent</b>	Such bank, trust company or other person as shall be appointed from time to time to act as registrar and transfer agent for the shares, PROVIDED THAT if no

Transfer Agent is specifically designated, the Secretary shall act in such capacity.

**Uncertificated**

In relation to a share, means a share title to which is recorded on the relevant register of securities as being held in uncertificated form, and title to which may be transferred by means of a relevant system; and “**Certificated**” means in relation to a share, a share which is not in Uncertificated form.

**United Kingdom**

The United Kingdom of Great Britain and Northern Ireland.

**United States**

The United States of America, its territories, possessions and all areas subject to its jurisdiction (including the commonwealth of Puerto Rico).

2. **INTERPRETATION**

- (1) The singular includes the plural and *vice versa*.
- (2) The masculine includes the feminine.
- (3) Words importing persons include corporations.
- (4) Expressions referring to writing include any mode of representing or reproducing words (but only to the extent that (a) the Directors so resolve, either generally or in relation to particular categories of document, and (b) the recipient (if not the Company) has requested or agreed) including electronic communication.
- (5) References to enactments shall include references to any modifications or re-enactments thereof for the time being in force.
- (6) The word "**may**" shall be construed as permissive and the word "**shall**" shall be construed as imperative.
- (7) Subject to the above, any words defined in the [LawsLaw](#) shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.
- (8) The headings are inserted for convenience only and shall not affect the interpretation of these Articles.
- (9) The expression "**officer**" shall include a Director, manager and the Secretary, but shall not include an auditor.
- (10) Any words or expressions defined in the Euroclear Nederland Requirements shall (if not inconsistent with the subject or context) bear the same meanings in these Articles.
- (11) The expressions “**communication**” and “**electronic communication**” shall

have the same respective meanings as in the Electronic Communications Act 2000, the latter including, without limitation, e-mail, facsimile, CD-Rom, audio tape and telephone transmission and (in the case of electronic communication by the Company in accordance with Article 34(6)) publication on a web site.

- (12) The expression “**address**” shall include, in relation to electronic communication, any number or address used for the purposes of such communication.

### 3. **BUSINESS**

Any branch or kind of business which by the Memorandum or by these Articles is either expressly or impliedly authorised to be undertaken may be undertaken or suspended at any time by the Board whether commenced or not.

### 4. **SHARES**

- (1) (a) The Company shall have power to issue an unlimited number of Ordinary Shares of no par value each, a single Class B convertible ordinary share of no par value and an unlimited number of Class C non-voting convertible ordinary shares of no par value each.
- (b) The Class C non-voting convertible ordinary shares shall have the same rights as the Ordinary Shares, save that they shall confer on the holder thereof no voting rights.
- (c) The single Class B convertible ordinary share shall have the same rights as an Ordinary Share, save that it shall confer on the holder thereof the right to elect (and remove) one member of the Board. This Article 4(1)(c) shall not be amended without the affirmative vote of the holder of the Class B Share.
- (d) The Class C non-voting convertible ordinary shares will be convertible into Ordinary Shares (and shall rank *pari passu* therewith) upon certification by the holder that, among other things, they are being sold to a party unaffiliated with the Investment Manager.
- (e) The Company shall maintain or cause to be maintained a separate register for the Class C Shares, and the person named in such register as the holder of any Class C Share shall be treated by the Company as the owner thereof for all purposes; and no transfer of any Class C Share shall be registered except upon certification (i) by the transferor and the proposed transferee as to whether the proposed transferee is or is not an Affiliate of AXA S.A. and (ii) by the proposed transferee in the form approved by the Directors to the effect that the transferee is or is not an affiliate and that the transferee has certified that it is not a “US person” and that it is purchasing in an “offshore transaction” (as those terms are defined in Regulation S under the U.S. Securities Act of 1933, as amended) complying with the provisions of Rule 903 or Rule 904 of Regulation S; provided that, if both the transferor and the proposed transferee certify that the proposed transferee is not an Affiliate of AXA S.A., then any Class C Shares involved in such

transfer shall upon completion of transfer automatically be converted into Ordinary Shares, and the Company shall take or cause to be taken such steps as may be necessary or appropriate to effect a corresponding increase in the number of Ordinary Shares represented by any global share certificate representing Ordinary Shares.

- (f) At such time as the holding of AXA S.A., together with those of any party controlling, controlled by or under common control with AXA S.A., declines to less than 5% per cent of the Company's equity capitalisation (with the Class B convertible ordinary share and the other issued and outstanding shares taken together), the Class B convertible ordinary share shall automatically be converted into an Ordinary Share and shall rank pari passu therewith.
  - (g) Prior to permitting the Board member designated by the holder of the Class B Share to vote at any meeting of the Board, the Company shall obtain a certificate of the holder of the Class B Share to the effect that (i) such holder is an Affiliate of AXA S.A. and (ii) as of the date of such meeting, the total number of Ordinary Shares, Class B Shares and Class C Shares held by AXA Group investors equals or exceeds 5 per cent. of the Company's equity capitalization; and such Board member shall not be permitted to vote at such meeting if such certificate is not provided prior to commencement of such meeting.
  - (h) At such time as the Class B convertible ordinary share is no longer held by AXA S.A. or one of its Affiliates, the Class B convertible ordinary share shall automatically be converted into an Ordinary Share and shall rank pari passu therewith.
- (2) Where subscription monies are not an exact multiple of the subscription price a fraction of a share shall be allotted to the subscriber who shall be registered as the holder of such fraction PROVIDED THAT any holding of shares is a multiple of 1/1,000 part of a share.
  - (3) Any preference shares may, with the sanction either of the Board or an ordinary resolution, be issued on terms that they are to be redeemed or, at the option of either the Company or the holder, are liable to be redeemed in each case on such terms and in such manner as the Company before the issue may by ordinary resolution and subject to and in default of such determination as the Board may decide.
  - (4) The Company may from time to time, subject to the provisions of the [LawsLaw](#), purchase its own shares (including any redeemable shares), or agree to purchase in the future, in any manner authorised by the [LawsLaw](#) and may make payments in respect of any such purpose otherwise than out of its distributable profits or the proceeds of a fresh issue of shares.
  - (5) If at any time the share capital of the Company is divided into shares of different classes, all or any of the rights for the time being attached to any share or class of shares (and notwithstanding that the Company may or may be about to be in liquidation) may (unless otherwise expressly provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than

three-quarters of the capital committed or agreed to be committed in respect of the issued shares of the class or with the sanction of an Extraordinary Resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in these Articles.

- (6) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not (unless otherwise expressly provided by the terms of issue of the shares of that class) be deemed to be varied by (a) the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto or (b) the purchase or redemption by the Company of any of its own shares.
- (7) The special rights conferred upon the holders of any shares or class of shares issued with preferred, deferred or other special rights shall not be deemed to be varied by the exercise of any powers under Article ~~6~~7.
- (8) For the avoidance of doubt, it is hereby declared that a resolution to increase the authorised share capital of the Company shall not be regarded or deemed as varying, modifying or abrogating the special rights conferred upon the holders of any shares issued with preferred, deferred or other special rights.
- (9) Subject to the provisions of these Articles the unissued shares shall be at the disposal of the Board which may allot, grant options over (including, without limitation, by way of granting phantom stock, stock appreciation rights or other similar rights) or otherwise dispose of them to such persons on such terms and conditions and at such times as the Board determines but so that the amount payable on application on each share shall be fixed by the Board.
- (10) The Company may pay commission in money or shares to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares in the Company or procuring or agreeing to procure subscriptions whether absolute or conditional for any shares in the Company PROVIDED THAT the rate or amount of commission shall be fixed by the Board and disclosed in accordance with the ~~Laws~~Law. The Company may also pay brokerages.
- (11) The Directors may at any time after the allotment of any share but before any person has been entered in the Register as the holder:
  - (a) recognise a renunciation thereof by the allottee in favour of some other person and accord to any allottee of a share a right to effect such renunciation; and / or
  - (b) allow the rights represented thereby to be one or more participating securities,in each case upon and subject to such terms and conditions as the Directors may think fit to impose.
- (12) Any person who acquires shares in the capital of the Company in any private purchase/placement of the Ordinary Shares of the Company in the Offer and related transactions and their transferees is deemed to have agreed that none of

those arrangements constitutes a breach of any duty that may be owed to them under these Articles or any duty stated or implied by law or equity.

- (13) The minimum aggregate subscription pursuant to which shares in the Company may first be allotted is 2 shares.

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#### 6. ~~5.~~ COMPANY NOT OBLIGED TO RECOGNISE ANY TRUST

~~Except~~ Without prejudice to Part XXIX of the Law, ~~except~~ as ordered by a court of competent jurisdiction or as required by law the Company shall not be affected or bound by or be compelled in any way to recognise (even when having notice) any equitable contingent future or partial interest in any share or fraction or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety in the registered holder and whether or not such share shall be entered in the Register as held in trust nor shall the Company be bound to see to the execution of any trust to which any share may be subject.

#### 7. ~~6.~~ POWER TO REQUIRE DISCLOSURE OF BENEFICIAL INTEREST

- (1) The Directors shall have power by notice in writing to require any Member to disclose to the Company:
- (i) the identity of any person other than the Member (an "**interested party**") who has any interest in the shares held by the Member;
  - (ii) the nature of such interest; and
  - (iii) any other relevant information that the Directors may reasonably request.
- (2) Any such notice shall require any information in response to such notice to be given in writing within such reasonable time as the Directors shall determine.
- (3) The Company shall maintain a register of interested parties to which the provisions of Sections ~~{55} and {58}~~ 123 of the ~~Companies~~ Law shall apply *mutatis mutandis* as if the register of interested parties was the Register of Members and whenever in pursuance of a requirement imposed on a Member as aforesaid, the Company is informed of an interested party, the identity of the interested party and the nature of the interest shall be promptly inscribed therein together with the date of the request.
- (4) The Directors shall exercise their powers under paragraph (1) above on the requisition of Members holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as carries at that date the right of voting at general meetings of the Company.
- (5) A requisition under paragraph (4) must:
- (a) state that the requisitionists are requiring the Company to exercise its powers under this Article;

- (b) specify the manner in which they require those powers to be exercised;
  - (c) give reasonable grounds for requiring the Company to exercise those powers in the manner specified; and
  - (d) be signed by the requisitionists and deposited at the Office.
- (6) A requisition may consist of several documents in like form each signed by one or more requisitionists.
- (7) On the deposit of a requisition complying with paragraph (5), it is the Directors' duty to exercise their powers under paragraph (1) in the manner specified in the requisition.
- (8) If any Member has been duly served with a notice given by the Directors in accordance with paragraph (1) and is in default for more than 14 days after service of the notice in supplying to the Company the information thereby required, then the Directors may in their absolute discretion at any time thereafter serve a notice (a "**direction notice**") upon such Member.
- (9) A direction notice may direct that, in respect of:
- (a) any shares in relation to which the default occurred (all or the relevant number as appropriate of such shares being the "**default shares**"); and
  - (b) any other shares held by the Member;

the Member shall not be entitled to vote at a general meeting or meeting of the holders of any class of shares of the Company either personally or by proxy to exercise any other right conferred by membership in relation to meetings of the Company or of the holders of any class of shares of the Company.

- (10) The direction notice may additionally direct that in respect of the default shares:
- (a) any dividend or part thereof which would otherwise be payable on such shares shall be retained by the Company without any liability to pay interest thereon when such money is finally paid to the Member and the Member shall not be entitled to elect to receive shares instead of a dividend;
  - (b) no transfer other than an approved transfer (as set out in paragraph (13)(c)) of the default shares held by such Member shall be registered unless:
    - (i) the Member is not himself in default as regards supplying the information requested; and
    - (ii) when presented for registration the transfer is accompanied by a certificate by the Member in a form satisfactory to the Directors to the effect that after due and careful enquiry the Member is satisfied that no person in default as regards

supplying such information is interested in any of the shares the subject of the transfer.

The Company shall send to each other person appearing to be interested in the shares the subject of any direction notice a copy of the notice, but failure or omission by the Company to do so shall not invalidate such notice.

- (11) If shares are issued to a Member as a result of that Member holding other shares in the Company and if the shares in respect of which the new shares are issued are default shares in respect of which the Member is for the time being subject to particular restrictions, the new shares shall on issue become subject to the same restrictions whilst held by that Member as such default shares. For this purpose, shares which the Company procures to be offered to Members *pro rata* (or *pro rata* ignoring fractional entitlements and shares not offered to certain Members by reason of legal or practical problems associated with offering shares outside the Netherlands or Guernsey) shall be treated as shares issued as a result of a Member holding other shares in the Company.
- (12) Any direction notice shall have effect in accordance with its terms for as long as the default, in respect of which the direction notice was issued, continues but shall cease to have effect in relation to any shares which are transferred by such Member by means of an approved transfer as set out in paragraph (13)(c). As soon as practical after the direction notice has ceased to have effect (and in any event within 7 days thereafter) the Directors shall procure that the restrictions imposed by paragraphs (9) and (10) above shall be removed and that dividends withheld pursuant to paragraph (10)(a) above are paid to the relevant Member.
- (13) For the purpose of this Article:
  - (a) a person shall be treated as appearing to be interested in any shares if the Member holding such shares has given to the Company a notification which either (a) names such person as being so interested or (b) fails to establish the identities of those interested in the shares and (after taking into account the said notification and any other relevant notification) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares;
  - (b) the prescribed period in respect of any particular Member is 14 days from the date of service of the said notice in accordance with paragraph (1);
  - (c) a transfer of shares is an approved transfer if but only if:
    - (i) it is a transfer of shares to an offeror by way or in pursuance of acceptance of a public offer made to acquire all the issued shares in the capital of the Company not already owned by the offeror or connected person of the offeror in respect of the Company; or
    - (ii) the Directors are satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares to



a party unconnected with the Member and with other persons appearing to be interested in such shares; or

- (iii) the transfer results from a sale made through Eurolist by Euronext or any stock exchange outside the Netherlands on which the Company's shares are listed or normally traded.

For the purposes of this sub paragraph any person referred to in Article 22(7) in relation to Directors shall, *mutatis mutandis*, be included amongst the persons who are connected with the Member or any person appearing to be interested in such shares.

- (14) Any Member who has given notice of an interested party in accordance with paragraph (1) who subsequently ceases to have any party interested in his shares or has any other person interested in his shares shall notify the Company in writing of the cessation or change in such interest and the Directors shall promptly amend the register of interested parties accordingly.

## 8. ~~7.~~ CERTIFICATES AND REGISTER OF MEMBERS

- (1) Subject to the Laws, the Board may issue shares as Certificated shares or as Uncertificated shares in its absolute discretion. Temporary documents of title will not be issued.
- (2) Subject to paragraph (1), the Company may issue:
  - (a) without payment one certificate to each person for all his shares of each class and when part only of the shares comprised in a certificate is sold or transferred a balance certificate; or
  - (b) upon payment of such sum as the Board may determine several certificates each for one or more shares of any class.
- (3) Any certificate issued shall specify the shares to which it relates and the amount paid up and the distinguishing numbers (if any).
- (4) All forms of certificate for shares or debentures or representing any other form of security (other than letters of allotment scrip certificates and other like documents) may if determined by the Board be issued under the common signature of the Company and countersigned by the Transfer Agent and may be signed mechanically and PROVIDED THAT if the shares or debentures are issued in global form, the certificates shall be valid upon receipt of a certificate from the Transfer Agent certifying the shares or debentures have been duly registered.
- (5) If a share certificate is issued and is defaced lost or destroyed it may be replaced or renewed without charge (other than exceptional out of pocket expenses) on such terms (if any) as to evidence and indemnity as the Board thinks fit.
- (6) Shares of any class may be traded through an electronic settlement system and held in Uncertificated form in accordance with such arrangements as may from time to time be permitted by any statute, regulation, order, instrument or

rule in force affecting the Company, including the Guernsey Regulations. Amendments to these Articles which may be necessary or expedient for this purpose may be made by special resolution but will not be deemed to vary the rights of any class of shares.

- (7) The Company shall keep (or shall cause the Transfer Agent to keep) the Register at the Office in accordance with the ~~Laws~~Law. Subject to such restrictions (if any) as may be imposed by the Euroclear Nederland Requirements, the registration of transfers may be suspended at such times and for such periods as the Board may decide and either generally or in respect of a particular class of share (not exceeding in all 30 days in any one year).
- (8) The Company shall not be bound to register more than 4 persons as the joint holders of any share or shares. In the case of a share held jointly by several persons in Certificated form the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of the joint holders shall be sufficient delivery to all.
- (9) Furthermore, the Company shall keep (or shall cause the Transfer Agent to keep) a register in which the names and addresses of any depository receipt shareholders are to be recorded. This register may be part of the Register and paragraphs 7 and 8 of this Article shall *mutatis mutandis* apply.

## 9. ~~8.~~ LIEN

- (1) The Company shall have a first and paramount lien (extending to all dividends payable) on all shares (not being fully paid) for all moneys whether presently payable or not called or payable at a fixed time in respect of those shares and for all the debts and liabilities of the holder to the Company and that whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person (other than such holder) and whether the time for payment or discharge shall have arrived or not and notwithstanding that the same are joint debts or liabilities of such holder and any other person (whether a Member or not).
- (2) For the purpose of enforcing such lien, the Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, nor until the expiration of 14 days after a notice in writing, stating and demanding payment of the sum presently payable, and giving notice of intention to sell in default, shall have been served on the holder for the time being of the shares or the person entitled by reason of his death or bankruptcy to the shares. For the purpose of giving effect to any such sale the Directors may authorise any person to transfer to the purchaser thereof the shares so sold.
- (3) The net proceeds of such sale, after payment of the costs of such sale, shall be applied in or towards payment or satisfaction of the debt or liability in respect whereof the lien exists, so far as the same is presently payable and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the time of the sale. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of

the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in relation to the sale.

#### 10. ~~9.~~ CALLS ON SHARES

- (1) The Board may at any time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value or by way of premium and not by the conditions of allotment made payable at fixed times) and each Member shall pay to the Company at the time and place appointed the amount called. A call may be revoked or postponed.
- (2) Joint holders shall be jointly and severally liable to pay calls.
- (3) If a sum called in respect of a share is not paid before or on the day appointed the person from whom the sum is due shall pay interest from the day appointed to the time of actual payment at such rate (not exceeding 15% per annum) as the Board may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.
- (4) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable and in the case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
- (5) Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the money uncalled and unpaid upon the shares held by him beyond the sums actually called up thereon as payment in advance of calls, and such payment in advance of calls shall extinguish, so far as the same shall extend, the liability upon the shares in respect of which it is advanced, and upon the money so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which it has been received, the Company may (until the same would, but for such advance, become presently payable) pay interest at such rate as the Member paying such sum and the Directors agree upon PROVIDED THAT any amount paid up in advance of calls shall not entitle the holder of the shares upon which such amount is paid to participate in respect thereof in any dividend until the same would but for such advance become presently payable.
- (6) The Board may on an issue of shares differentiate between holders as to amount of calls and times of payment.

#### 11. ~~10.~~ FORFEITURE AND SURRENDER OF SHARES

- (1) If a Member fails to pay any call or instalment on the day appointed, the Board may at any time during such period as any part remains unpaid serve notice requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued and any expenses which may have been incurred by the Company by reason of non-payment.
- (2) The notice shall state a further day on or before which the payment required by

the notice is to be made and the place where the payment is to be made and that in the event of non-payment the shares in respect of which the call was made or instalment is payable will be liable to be forfeited. If the requirements of any such notice are not complied with any share in respect of which the notice has been given may at any time before payment has been made be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture.

- (3) Notice of forfeiture shall forthwith be given to the former holder and an entry of such notice and forfeiture shall forthwith be made and dated in the Register opposite the entry of the share; but no forfeiture shall be in any manner invalidated by any omission or neglect to give notice or to make entry.
- (4) A forfeited share shall be deemed to be the property of the Company and may be sold re-allotted or otherwise disposed of on such terms as the Board shall think fit with or without all or any part of the amount previously paid on the share being credited as paid and at any time before a sale or disposition the forfeiture may be cancelled.
- (5) A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall notwithstanding the forfeiture remain liable to pay to the Company all monies which at the date of forfeiture were presently payable by him to the Company in respect of the shares with interest thereon from the date of forfeiture until payment at such rate (not exceeding 15% per annum) as the Directors may determine and the Directors may enforce payment without any allowance for the value of the shares at the time of forfeiture.
- (6) The Board may accept from any Member on such terms as shall be agreed a surrender of any shares in respect of which there is a liability for calls. Any surrendered share may be disposed of in the same manner as a forfeited share.
- (7) A declaration in writing by a Director or the Secretary that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on the date stated in the declaration shall be conclusive evidence of the facts therein as against all persons claiming to be entitled to the shares.
- (8) The Company may receive the consideration given for any share on any sale or disposition and may execute a transfer of the share in favour of the person to whom the same is sold or disposed of and he shall thereupon be registered as the holder and shall not be bound to see to the application of the purchase money nor shall his title be affected by any irregularity or invalidity in forfeiture sale re-allotment or disposal.

## 12. ~~11.~~ **TRANSFER AND TRANSMISSION OF SHARES**

- (1) The Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of any settlement system, including the Euroclear Nederland System and/or the Clearstream Luxembourg System. Where they do so, paragraphs (2) and (3) shall commence to have effect immediately prior to the time at which Euroclear Nederland or Clearstream

Luxembourg admits the class to settlement by means of such system.

- (2) In relation to any class of shares which, for the time being, Euroclear Nederland or Clearstream Luxembourg has admitted to settlement by means of the Euroclear Nederland System or Clearstream Luxembourg System, and for so long as such class remains so admitted, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with:
  - (a) the holding of shares of that class in Uncertificated form;
  - (b) the transfer of title to shares of that class by means of the Euroclear Nederland System or Clearstream Luxembourg System; or
  - (c) the Euroclear Nederland Requirements.
- (3) Without prejudice to the generality of paragraph (2) and notwithstanding anything contained in these Articles where any class of shares is, for the time being, admitted to settlement by means of the Euroclear Nederland System or Clearstream Luxembourg System:
  - (a) such securities will be issued to Euroclear Nederland in registered form for safekeeping on behalf of and for the benefit of those persons entitled to the shares. Individual share certificates will not be issued;
  - (b) such securities may be issued in Uncertificated form in accordance with and subject as provided in the Euroclear Nederland Requirements;
  - (c) unless the Directors otherwise determine, such securities held by the same holder or joint holder in Certificated form and Uncertificated form shall be treated as separate holdings;
  - (d) such securities may be changed from Uncertificated to Certificated form, and from Certificated to Uncertificated form in accordance with and subject as provided in the Euroclear Nederland Requirements;
  - (e) title to such of the shares as are recorded on the Register as being held in Uncertificated form may be transferred only by means of the Euroclear Nederland System or Clearstream Luxembourg System and as provided in the relevant rules and regulations of such settlement system and accordingly (and in particular) no provision of these Articles shall apply in respect of such shares to the extent that those Articles require or contemplate the effecting of a transfer by an instrument in writing and the production of a certificate for the security to be transferred;
  - (f) every transfer of shares from a Euroclear Nederland account of a Euroclear Nederland member to a Euroclear Nederland account of another Euroclear Nederland member will vest in the transferee a beneficial interest in the shares transferred, notwithstanding any agreements or arrangements to the contrary however and whenever arising and however expressed. Accordingly, each Euroclear Nederland or Clearstream Luxembourg member who is for the time

being registered as the holder of any shares in the capital of the Company shall hold such shares upon trust for himself and for those persons (if any) whose Euroclear Nederland or Clearstream Luxembourg accounts are duly credited with any such shares or in favour of whom shares are to be withdrawn from the Euroclear Nederland System or Clearstream Luxembourg System pursuant to a settled stock withdrawal instruction; and the member and all such persons, to the extent respectively of the shares duly credited to their respective Euroclear Nederland or Clearstream Luxembourg accounts or the subject of a settled stock withdrawal instruction, shall accordingly have beneficial interests therein;

(g) where a dematerialised instruction is expressed to have been sent on behalf of a person by Euroclear Nederland or Clearstream Luxembourg:

(i) the person on whose behalf the instruction is expressed to have been sent shall not be able to deny to the addressee:

(1) that the instruction was sent with his authority; or

(2) that the information contained in it is correct; and

(ii) Euroclear Nederland or Clearstream Luxembourg as the case may be shall not be able to deny to the addressee:

(1) that he has authority to send the dematerialised instruction; or

(2) that he has sent the dematerialised instruction;

(h) where a dematerialised instruction is expressed to have been sent by a person, and it is not expressed to have been sent on behalf of another person, the first person shall not be allowed to deny to the addressee:

(i) that the information contained in the instruction is correct; or

(ii) that he has sent it;

(i) an addressee who receives a dematerialised instruction (whether directly, or by means of the facilities of a sponsor acting on his behalf) may (subject to paragraphs (j) and (k)) accept that at the time when it was sent:

(i) the information contained in the instruction was correct;

(ii) the user or authorised operator identified in the instruction as having sent the instruction did send it; and

(iii) if the instruction was expressed to have been sent on behalf of a person, it was sent with the authority of that person;

(j) an addressee shall not be allowed to accept any of the matters

specified in paragraph (i) where, at the time when he received the dematerialised instruction, he was a person who was not either the Company or receiving dematerialised instructions on behalf of the Company, and he had actual notice:

- (i) that any information contained in it was incorrect;
  - (ii) that the user or Euroclear Nederland or Clearstream Luxembourg who was expressed to have sent the instruction did not send it; or
  - (iii) if the instruction was expressed to have been sent on behalf of a person, that the person had not given to Euroclear Nederland or Clearstream Luxembourg his authority to send the instruction on his behalf;
- (k) an addressee shall not be allowed to accept any of the matters specified in paragraph (i) where, at the time when he received the dematerialised instruction, he was either the Company or receiving dematerialised instructions on behalf of the Company; and:
- (i) he had actual notice from Euroclear Nederland or Clearstream Luxembourg of any of the matters specified in paragraph (j); and
  - (ii) the instruction was an instruction from Euroclear Nederland or Clearstream Luxembourg requiring the registration of title in the circumstances specified in any of sub-paragraphs 8.1.1, 8.1.2, 8.1.3 and 8.1.4 of the Euroclear Nederland Requirements;
- (l) however, where an addressee has received actual notice of a kind to which this Article refers in respect of a properly authenticated dematerialised instruction, he may accept the matters specified in paragraph (i) if at the time when he received the actual notice it was not practicable for him to halt his processing of the instruction;
- (m) a person who is permitted by paragraph (i) or (l) to accept any matter shall not be liable in damages or otherwise to any person by reason of his having relied on the matter that he was permitted to accept;
- (n) except as provided in paragraph (m), this Articles does not affect any liability of a person for causing or permitting a dematerialised instruction:
- (i) to be sent without authority;
  - (ii) to contain information that is incorrect; or
  - (iii) to be expressed to have been sent by a person who did not send it; and
- (o) paragraphs (g) to (n) shall be construed generally in accordance with

the Euroclear Nederland Requirements;

- (p) the Company shall comply in all respects with the Euroclear Nederland Requirements;
  - (q) uncertificated shares of a class are not to be regarded as forming a separate class from certificated shares of that class; and
  - (r) if a class of shares is no longer admitted to settlement by means of the Euroclear Nederland System or Clearstream Luxembourg System, the Company may give notice to a Member requiring the Member to change Uncertificated shares to Certificated shares by the time stated in the notice. The notice may also state that the Member may not change Certificated shares to Uncertificated shares. If the Member does not comply with the notice, the Board may authorise a person to change the Uncertificated shares to Certificated shares in the name and on behalf of the Member.
- (4) Subject to such of the restrictions of these Articles as may be applicable:
- (a) any Member may transfer all or any of his Uncertificated shares by means of a relevant system authorised by the Board in such manner provided for, and subject as provided, in any regulations issued for this purpose under the ~~Laws~~[Law](#) or such as may otherwise from time to time be adopted by the Board on behalf of the Company and the rules of any relevant system and accordingly no provision of these Articles shall apply in respect of an Uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the shares to be transferred;
  - (b) any Member may transfer all or any of his Certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve; and
  - (c) an instrument of transfer of a Certificated share shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer of a Certificated share need not be under seal.
- (5) Every instrument of transfer of a Certificated share shall be left at the Office or such other place as the Board may prescribe with the certificate of every share to be transferred and such other evidence as the Board may reasonably require to prove the title of the transferor or his right to transfer the shares; and the transfer and certificate (if any) shall remain in the custody of the Board but shall be at all reasonable times produced at the request and expense of the transferor or transferee or their respective representatives. A new certificate shall be delivered free of charge to the transferee after the transfer is completed and registered on his application and when necessary a balance certificate shall be delivered if required by him in writing.
- (6) The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any share in Certificated form or Uncertificated form



(subject to paragraph (7) below) which is not fully paid or on which the Company has a lien provided, in the case of a listed share that this would not prevent dealings in the share from taking place on an open and proper basis on Eurolist by Euronext. In addition, subject to paragraph (7) below, the Directors may refuse to register a transfer of shares which is prohibited by Article 6 and may also refuse to register a transfer of shares unless:

- (a) it is in respect of only one class of shares;
  - (b) it is in favour of a single transferee or not more than 4 joint transferees; and
  - (c) it is delivered for registration to the Office or such other place as the Board may decide, accompanied by the certificate for the shares to which it relates and such other evidence as the Board may reasonably require to prove title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.
- (7) The Board may only decline to register a transfer of an Uncertificated share in the circumstances set out in regulations issued for this purpose under the [LawsLaw](#) or such as may otherwise from time to time be adopted by the Board on behalf of the Company and of the listing rules made by the AFM, the rules of Euronext Amsterdam N.V. and the rules and regulations of any relevant settlement system, and where, in the case of a transfer to joint holders, the number of joint holders to whom the Uncertificated share is to be transferred exceeds 4.
- (8) If the Board refuses to register the transfer of a share it shall, within 2 months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee.
- (9) The registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in any one year) as the Board may decide and either generally or in respect of a particular class of share except that, in respect of any shares which are participating securities, the Register shall not be closed without the consent of the relevant operator of the settlement system.
- (10) No fee shall be payable to the Company in respect of the registration of any transfer, probate, letters of administration, certificate of marriage or death, power of attorney, instruction or other document relating to or affecting the title to any shares.
- (11) On the death of a Member, the survivors where the deceased was a joint holder and the executor or administrator of the deceased where he was a sole holder shall be the only persons recognised by the Company as having any title to or interest in his shares; but nothing herein shall release the estate of a deceased joint holder from any liability in respect of any share jointly held.
- (12) A person so becoming entitled to a share in consequence of the death, bankruptcy or incapacity of a Member or otherwise by operation of law (subject as hereinafter provided), upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share,

shall have the right to receive and may give a discharge for all dividends and other money payable or other advantages due on or in respect of the share, but he shall not be entitled to receive notice of or to attend or vote at meetings of the Company, or save as aforesaid, to any of the rights or privileges of a Member unless and until he shall be registered as a Member in respect of the share PROVIDED ALWAYS that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within 90 days the Board may thereafter withhold all dividends or other monies payable or other advantages due in respect of the share until the requirements of the notice have been complied with.

- (13) (A) No person that is an “employee benefit plan” subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), a plan subject to Section 4975 of the Code, a person or entity whose assets include the assets of any such “employee benefit plan” or “plan” by reason of 29 C.F.R.2510.3-101 (as modified by Section 3(42) of ERISA) or otherwise, or any other employee benefit plan subject to any federal, state, local or non-US law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code (a “**Similar Law**”) (each, an “**ERISA Person**”) may acquire or hold the shares and any person acquiring the shares will be deemed to have represented and warranted by its acquisition that it is not an ERISA Person and that no portion of the assets used by such person constitute assets of any plan subject to part 4 of subtitle B of Title I of ERISA, Section 4975 of the Code or any Similar Laws (any such person using assets of such a plan shall also be an “**ERISA Person**”). Any purported acquisition of shares by a person in contravention of this provision shall be deemed to be held in trust (the “**Trust**”) for the benefit of a charitable beneficiary designated by the Company following discovery of the Trust, and such ERISA Person will acquire no rights in such shares except as deemed trustee (the “**Trustee**”) for the benefit of such Trust (the “**Shares-in-Trust**”). The ERISA Persons purportedly owning such Shares-in-Trust shall submit such shares for registration in the name of the Trust. Such designation of shares as Shares-in-Trust shall be effective as of the date on which the ERISA Person had purportedly acquired such shares.

During the period prior to the Board’s discovery of the existence of the Trust, any transfer of shares by an ERISA Person to a non-ERISA Person shall reduce the number of Shares-in-Trust on a one-for-one basis, and to that extent such shares shall cease to be designated as Shares-in-Trust. After the discovery of the existence of the Trust, but prior to the redemption or other transfer of all discovered Shares-in-Trust and/or the submission of all discovered Shares-in-Trust for registration in the name of the Trust, any transfer of shares by an ERISA Person to a non-ERISA Person shall reduce the number of Shares-in-Trust on a one-for-one basis, and to that extent such shares shall cease to be designated as Shares-in-Trust.

Prior to the Board’s discovery of the Trust, the shares that are deemed Shares-in-Trust shall be considered to be issued and outstanding

shares of the Company. The prohibited owner shall have no rights in the shares deemed to be held by the Trustee. The prohibited owner shall not benefit economically from ownership of any shares held in Trust by the Trustee, shall have no rights to any distributions and shall not possess any rights to vote or other rights attributable to the shares deemed to be held in the Trust. The Trustee shall have all rights and privileges attaching to the shares and rights to distributions with respect to shares held in the Trust, which rights shall be exercised for the exclusive benefit of the charitable beneficiary. Any distribution paid prior to the discovery by the Board of the Trust shall be paid by the recipient of such distribution to the Trustee upon demand and any distribution authorised but unpaid shall be paid when due to the Trustee. Any distribution so paid to the Trustee shall be held in trust for the charitable beneficiary.

If it shall come to the notice of the Board that shares are held in Trust pursuant to this paragraph 13(A) or are otherwise purported to be held by any ERISA Person, the Company will have the right, but not the obligation, to repurchase the Shares-in-Trust or to otherwise transfer the Shares-in-Trust to an Eligible Transferee as provided in (B) and (C) below. Upon a redemption or transfer of such Shares-in-Trust, the interest of the charitable beneficiary designated by the Company in the Shares-in-Trust shall terminate and the Trustee shall distribute the net proceeds of the sale to the prohibited owner and to the charitable beneficiary as provided herein. The prohibited owner shall receive the lesser of (1) the price paid by the prohibited owner for the shares or, if the prohibited owner did not give value for the shares in connection with the event causing the shares to be held in Trust (e.g., in the case of a gift, devise or other such transaction), the fair market value of the shares on the day of the event causing the shares to be deemed to be held in the Trust and (2) the fair market value per share on the date of the discovery by the Company of the purported ownership of the shares by an ERISA Person. Any net sale proceeds in excess of the amount payable to the prohibited owner shall be immediately paid to the charitable beneficiary.

By written notice to the Trustee, the Board shall designate one or more non-profit organisations to be the charitable beneficiary of the interest in the Trust such that (1) the shares held in the Trust would not violate the restrictions set forth herein in the hands of such charitable beneficiary and (2) each such organisation must be described in Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended (the “**Code**”) and contributions to each such organisation must be eligible for deduction under each of Sections 170(b)(1)(A), 2055 and 2522 of the Code.

If it shall come to the notice of the Board that shares are purported to be held by any ERISA Person and the foregoing provisions with respect to the Trust are unenforceable for any reason, the Company shall have the right to repurchase the shares, to otherwise transfer the shares to an Eligible Transferee or to direct the holder to transfer such shares to an Eligible Transferee. The prohibited owner shall receive the lesser of (1) the price paid by the prohibited owner for the shares

or, if the prohibited owner did not give value for the shares, the fair market value of the shares on the day of the purported acquisition and (2) the fair market value per share on the date of the transfer to another holder in accordance with this paragraph.

- (B) If it shall come to the notice of the Board that any shares:
- a) are or may be owned or held directly or beneficially by any person in breach of any law or requirement of any country or by virtue of which such person is not qualified to own those shares and, in the sole and conclusive determination of the Board, such ownership or holding or continued ownership or holding of those shares (whether on its own or in conjunction with any other circumstance appearing to the Board to be relevant) would in the reasonable opinion of the Board, cause a pecuniary or tax disadvantage to the Company or any other holder of shares or other securities of the Company which it or they might not otherwise have suffered or incurred or are held in Trust pursuant to paragraph 13(A) or are otherwise purported to be held by any ERISA Person; or
  - b) are or may be owned or held directly or beneficially by any person to whom a transfer of shares or whose ownership or holding of any shares might in the sole and conclusive determination of the Board require registration of the Company as an investment company under the Investment Company Act of 1940;

the Board may serve written notice (hereinafter called a “**Transfer Notice**”) upon the person (or any one of such persons where shares are registered in joint names) appearing in the register as the holder (the “**Vendor**”) of any of the shares concerned (the “**Relevant Shares**”) requiring the Vendor within 3 days (or such extended time as in all the circumstances the Board consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person who, in the sole and conclusive determination of the Board, would not fall within sub-paragraphs (i) or (ii) above (such a person being hereinafter called an “**Eligible Transferee**”) (such Eligible Transferee to include for this purpose the Company). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Share to which it relates pursuant to the provisions referred to in this paragraph (B) or paragraph (C) below, any rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.

- (C) If within 3 days after the giving of a Transfer Notice (or such extended time as in all the circumstances the Board consider reasonable) the Transfer Notice has not been complied with to the satisfaction of the Board, the Company may sell the Relevant Shares on behalf of the holder thereof by instructing an Admitted Institution to sell them at the best price reasonably obtainable at the time of sale to any one or more Eligible Transferees. To give effect to a sale, the Board may authorise in writing any officer or employee of the Company or any offer or employee of the secretary of the Company to transfer the Relevant Shares on behalf of the holder thereof (or any person who is

automatically entitled to the shares by transmission or by law) or to cause the transfer of the Relevant Shares to the Eligible Transferee and in relation to an uncertificated share may require Euroclear Nederland to convert the share into certificated form and an instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. An Eligible Transferee is not bound to see to the application of the purchase money and the title of the Eligible Transferee is not affected by any irregularity in or invalidity of the proceedings connected to the sale. The net proceeds of the sale of the Relevant Shares, after payment of the Company's costs of the sale, shall be received by the Company, whose receipt shall be a good discharge for the purchase moneys, and shall belong to the Company and, upon their receipt, the Company shall become indebted to the former holder of the Relevant Shares, or the person who is automatically entitled to the Relevant Shares by transmission or by law, for an amount equal to the net proceeds of transfer, in the case of certificated shares, upon surrender by him or them of the certificate for the Relevant Shares which the Vendor shall forthwith be obliged to deliver to the Company. The Company is deemed to be a debtor and not a trustee in respect of that amount for the member or other person. No interest is payable on that amount and the Company is not required to account for money earned on it. The amount may be employed in the business of the Company or as it thinks fit. The Company may register or cause the registration of the Eligible Transferee as holder of the Relevant Shares and thereupon the Eligible Transferee shall become absolutely entitled thereto.

- (D) A person who becomes aware that his holding, directly or beneficially of shares will or is likely to fall within any of sub-paragraphs (A) or (B) of this Article, shall forthwith, unless he has already received a Transfer Notice pursuant to the provisions referred to in paragraph (B) above either transfer the shares to one or more Eligible Transferees or give a request in writing to the Directors for the issue of a Transfer Notice in accordance with the provisions referred to in paragraph (B) above. Every such request shall, in the case of certificated shares, be accompanied by the certificate(s) for the shares to which it relates.
  
- (E) Subject to the provisions of the Articles, the Board will, unless any Director has reason to believe otherwise, be entitled to assume without enquiry that none of the shares are held in such a way as to entitle the Board to serve a Transfer Notice in respect thereof. The Board may, however, at any time and from time to time call upon any holder (or any one of joint holders or a person who is automatically entitled to the shares by transmission or by law) of shares by notice in writing to provide such information and evidence as it shall require upon any matter connected with or in relation to such holder of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than 3 days after service of the notice requiring the same) as may be specified by the Board in the said notice, the Board may, in its absolute discretion, treat any share held by such a holder or joint holder or person who is automatically entitled

to the shares by transmission or by law as being held in such a way as to entitle them to serve a Transfer Notice in respect thereof.

- (F) The Board will not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this Article. The exercise of the powers conferred by the provisions referred to paragraphs (A) and/or (B) and/or (C) and/or (E) above may not be questioned or invalidated in any case on the ground that there was insufficient evidence of direct or beneficial ownership or holding of shares by any person or that the true direct or beneficial owner or holder of any shares was otherwise than as appeared to the Board at the relevant date provided that the said powers have been exercised in good faith.

13. ~~12.~~ **SUSPENSION OF CALCULATION OF NET ASSET VALUE**

- (1) The Directors may at any time temporarily suspend the calculation of the Company's net asset value during:
- (a) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of a substantial part of the investments of the Company is not reasonably practicable without this being seriously detrimental to the interests of the Members or if in the opinion of the Directors of the Company the net asset value of the Company cannot be fairly calculated;
  - (b) any breakdown in the means of communication normally employed in determining the value of the investments of the Company or when for any reason the current prices of the investments of the Company cannot be promptly and accurately ascertained;
  - (c) any period in which the Directors determine that doing so is necessary or advisable for the protection of the Company.
- (2) Any such suspension shall be publicised by the Directors in such manner as they may deem appropriate to the persons likely to be affected thereby and to any stock exchange on which the shares are listed if required by the rules of that exchange and shall take effect at such time as the Directors shall declare but not later than the close of business on the Business Day next following the declaration and thereafter there shall be no determination of the net asset value until the Directors shall declare the suspension at an end except that the suspension shall terminate in any event on the first Business Day on which:
- (a) the condition giving rise to the suspension shall have ceased to exist; and
  - (b) no other condition under which suspension is authorised under paragraph (1) shall exist.
- (3) Each declaration by the Directors pursuant to paragraph (1) shall be consistent with such official rules and regulations (if any) relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction

over the Company as shall be in effect at the time to the extent not inconsistent with such official rules and regulations, the determination of the Directors shall be conclusive.

14. ~~13.~~ **ALTERATION OF CAPITAL**

- (1) The Company at any time may by ordinary resolution increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe.
- (2) Subject to the rights attached to the existing Ordinary Shares and these Articles, new shares shall be of such class and amount and have such preferred, deferred or other rights or restrictions as regards dividends or in the distribution of assets or as to voting or otherwise as the Company may by ordinary resolution decide, or if no such resolution is passed or so far as any pertinent resolution does not make specific provision, as the Board may decide.
- (3) Subject to the terms and rights attaching to the Ordinary Shares and these Articles, the Company before the issue of any new shares may by ordinary resolution resolve that all or some of them shall be offered to the Members in proportion to their existing shares at such price as the Company or the Board may fix and such offer shall be made by notice specifying the number of shares to which the Member is entitled and limiting a time within which the offer if not accepted will be deemed to be declined; and after the expiration of such period or on the receipt of an intimation from the Member that he declines, the Board may offer the same on similar terms to such of the other Members as they may select including the Directors or dispose of them in such manner as they think fit. For the purpose of giving effect to this Article, the Board shall be entitled to disregard fractions. In the absence of any determination to the contrary, new shares may be dealt with as if they formed part of the original capital and shall be subject to these Articles.
- (4) Subject as provided elsewhere in these Articles, the Company may by ordinary resolution:
  - (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - (b) subdivide all or any of its shares into shares of smaller amount than is fixed by the Memorandum (if any) so however that in subdivision the proportion between the amount paid and the amount if any unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that the resolution whereby any share is subdivided may determine that as between the holders of the shares resulting from subdivision one or more of the shares may have such preferred deferred or other rights over the others as the Company has power to attach to unissued or new shares;
  - (c) cancel any shares which at the date of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of the shares so cancelled;

- (d) convert all or any of its fully paid shares into stock and reconvert that stock into paid-up shares of any denomination; and
  - (e) convert all or any of its fully paid shares the nominal amount of which is expressed in a particular currency into fully paid shares of a nominal amount of a different currency, the conversion being effected at the rate of exchange (calculated to not less than 3 significant figures) current on the date of the resolution or on such other date as may be specified therein.
- (5) The Board on any consolidation of shares may deal with fractions of shares in any manner.
- (6) The Company may by special resolution reduce its share capital any capital redemption reserve fund or any share premium account in any manner and with and subject to any incident authorised and consent required by the [LawsLaw](#).

#### 15. ~~14.~~ GENERAL MEETINGS

- (1) The first general meeting (being an annual general meeting) of the Company shall be held within such time as may be required by the [LawsLaw](#) and thereafter general meetings (which are annual general meetings) shall be held once at least in each subsequent calendar year. All general meetings (other than annual general meetings) shall be called extraordinary general meetings. General meetings shall be held in Guernsey or such other place as may be determined by the Directors from time to time.
- (2) A Member shall not be entitled in respect of any share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company unless all calls due from him in respect of that share have been paid.
- (3) A Member shall not, if the Directors so determine, be entitled in respect of any share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting if he or any other person appearing to be interested in such shares has failed to comply with a notice requiring the disclosure of Members' interests and given under the Articles within 14 days from the date of such notice. The restrictions will continue until the information required by the notice is supplied to the Company or until the shares in question are transferred or sold in circumstances specified for this purpose in the Articles.
- (4) A Member participating by video link or telephone conference call or other electronic or telephonic means of communication in a meeting shall be treated as forming part of the quorum of that meeting PROVIDED THAT the Members present at the meeting can hear and speak to the participating Member.
- (5) A video link or telephone conference call or other electronic or telephonic means of communication in which a quorum of Members participates and all participants can hear and speak to each other shall be a valid meeting which



shall be deemed to take place where the chairman is present unless the Members resolve otherwise.

- (6) Any general meeting convened by the Board, unless its time shall have been fixed by the Company in general meeting or unless convened in pursuance of a requisition, may be postponed by the Board by notice in writing and the meeting shall, subject to any further postponement or adjournment, be held at the postponed date for the purpose of transacting the business covered by the original notice.
- (7) The Board may whenever it thinks fit and shall on the requisition in writing of one or more holders representing not less than one-tenth of the issued share capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an extraordinary general meeting.
- (8) The requisition shall be dated and shall state the object of the meeting and shall be signed by the requisitionists and deposited at the Office and may consist of several documents in like form each signed by one or more of the requisitionists.
- (9) If the Board does not proceed to cause a meeting to be held within 21 days from the date of the requisition being so deposited the requisitionists or a majority of them in value may themselves convene the meeting.
- (10) Any meeting convened by requisitionists shall be convened in the same manner (as nearly as possible) as that in which meetings are convened by the Board.

## 16. ~~15.~~ NOTICE OF GENERAL MEETINGS

- (1) Not less than 21 clear calendar days' notice specifying the time and place of any general meeting and specifying also in the case of any special business the general nature of the business to be transacted shall be given by notice sent by post by the Secretary or other officer of the Company or any other person appointed in that behalf by the Board (including the Transfer Agent) to such Members as are entitled to receive notices PROVIDED THAT with the consent in writing of all the Members entitled to receive notices of such meeting a meeting may be convened by a shorter notice or at no notice and in any manner they think fit. In every notice there shall appear a statement that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a Member.
- (2) Notices of general meetings will be sent to Euroclear Nederland and published in a Dutch national daily newspaper at least 15 days before the date of the meeting and in the Official Price List of Euronext Amsterdam.
- (3) The accidental omission to give notice of any meeting to or the non-receipt of such notice by any Member shall not invalidate any resolution (or any proposed resolution otherwise duly approved) passed or proceeding at any meeting.

17. ~~16.~~ **PROCEEDINGS AT GENERAL MEETINGS**

(1) The ordinary business of a general meeting shall be to receive and consider the profit and loss account and the balance sheet of the Company and the reports of the Directors and the Auditors, to elect Directors and appoint Auditors in the place of those retiring, to fix the remuneration of the Directors and Auditors, to sanction or declare dividends and to transact any other ordinary business which ought to be transacted at such meeting. All other business shall be deemed special and shall be subject to notice as hereinbefore provided.

~~(2) The quorum for a general meeting shall be one or more Members present in person or by proxy and holding five per cent or more of the voting rights available at such meeting whether or not the Company has one Member.~~

~~(3) (2) The quorum for a general meeting at which only ordinary business is to be transacted shall be 2 Members present in person or by proxy and entitled to vote. If, within 30 minutes from half an hour after the time appointed for such a meeting, a quorum is not present, the meeting, if convened by or upon a requisition, shall be dissolved. If otherwise convened, it shall stand adjourned for 7 clear days at the same time and place ~~or to such other day and at such other time and place as the Board may determine~~ and (subject to ~~paragraph (9)~~ Article 17(6)) no notice of adjournment need be given. ~~On the resumption of the adjourned meeting, those (or if that day is not a business day in the location of the meeting, to the next business day).~~ The quorum at any such adjourned meeting shall be such Member or Members present who shall attend in person or by proxy shall constitute the quorum.~~

~~(3) The quorum for a general meeting at which any business deemed special is to be transacted shall be Members present in person or by proxy holding not less than 50% of the total voting rights of the Members having the right to attend and vote at such a meeting PROVIDED THAT if any Member present in person or by proxy at the meeting holds shares registered in such Member's name as record owner thereof directly or indirectly for the account of one or more ultimate beneficial owners, whether through the Euroclear or Clearstream Luxembourg System or otherwise, such Member shall, for the purposes of this Article, be deemed only to have the power to vote in respect of shares in respect of which such Member has received binding voting instructions from such ultimate beneficial owner(s) and the chairman of the meeting, as a condition to permitting such Member to be counted in the quorum in respect of such shares, may require such written evidence from such Member of such binding instructions as shall be deemed satisfactory by the chairman in his sole and absolute discretion.~~

~~(4) If within 30 minutes from the time appointed for a general meeting at which any business deemed special is to be transacted a quorum is not present the meeting shall stand adjourned for 7 days at the same time and place or to such other day and at such other time and place as the Board may determine and (subject to paragraph (9)) no notice of adjournment need be given. On the resumption of an adjourned meeting, Members present in person or by proxy holding not less than 25% of the total voting rights of the Members having the right to attend and vote at such a meeting shall constitute the quorum PROVIDED THAT if any Member present in person or by proxy at the~~

~~meeting holds shares registered in such Member's name as record owner thereof directly or indirectly for the account of one or more ultimate beneficial owners, whether through the Euroclear or Clearstream Luxembourg System or otherwise, such Member shall, for the purposes of this Article, be deemed only to have the power to vote in respect of shares in respect of which such Member has received binding voting instructions from such ultimate beneficial owner(s) and the chairman of the meeting, as a condition to permitting such Member to be counted in the quorum in respect of such shares, may require such written evidence from such Member of such binding instructions as may be deemed satisfactory by the chairman in his sole and absolute discretion.~~

~~(5) — If within 30 minutes from the time appointed for any general meeting resumed under paragraph (4) a quorum is not present, the meeting shall stand adjourned for a further 7 days at the same time and place or to such other day and at such other time and place as the Board may determine and (subject to paragraph (9)) no notice of adjournment need be given. On the resumption of the adjourned meeting, Members present in person or by proxy holding not less than 15% of the total voting rights of the Members having the right to attend and vote at such a meeting shall constitute the quorum PROVIDED THAT if any Member present in person or by proxy at the meeting holds the shares registered in such Member's name as record owner thereof directly or indirectly for the account of one or more ultimate beneficial owners, whether through the Euroclear or Clearstream Luxembourg System or otherwise, such Member shall, for the purposes of this Article, be deemed only to have the power to vote in respect of shares in respect of which such Member has received binding voting instructions from such ultimate beneficial owner(s) and the chairman of the meeting, as a condition to permitting such Member to be counted in the quorum in respect of such shares, may require such written evidence from such Member of such binding instructions as may be deemed satisfactory by the chairman in his sole and absolute discretion.~~

~~(6) — If within 30 minutes from the time appointed for any general meeting resumed under paragraph (5) a quorum is not present, the meeting shall stand adjourned for a further 7 days at the same time and place or to such other day and at such other time and place as the Board may determine and (subject to paragraph (9)) no notice of adjournment need be given. On the resumption of the adjourned meeting, the quorum shall be 2 Members present in person or by proxy and entitled to vote. If within 30 minutes from the time appointed for such a meeting a quorum is not present, the meeting shall stand adjourned for 7 days at the same time and place or to such other day and at such other time and place as the Board may determine and (subject to paragraph (9)) no notice of adjournment need be given. On the resumption of the adjourned meeting, those Members present in person or by proxy shall constitute the quorum.~~

(4) ~~(7)~~ For the purposes of paragraphs ~~(3)~~, ~~(4)~~ and ~~(5)~~, where a Member present in person or by proxy informs the chairman of the meeting that he holds the shares registered in such Member's name for his own benefit, the chairman may require such Member to produce a certificate to that effect as a condition to permitting such Member to be counted in the quorum.

(5) ~~(8)~~ At any general meeting the Chairman of the Directors, failing whom a Deputy Chairman, failing whom any Director present and willing to act and, if more than one, chosen by the Directors present at the meeting, shall preside as

chairman. If no Director is present within 5 minutes after the time appointed for holding the meeting and willing to act as chairman, the members present and entitled to vote shall choose one of their number to be chairman of the meeting.

(6) ~~(9)~~ The chairman may with the consent of any meeting at which a quorum is present and shall if so directed by the meeting adjourn the meeting at any time and to any place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 30 days or more notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

(7) ~~(10)~~ If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special or Extraordinary Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

(8) ~~(11)~~ At any meeting, a resolution put to the vote shall be decided by a show of hands or by a poll at the option of the chairman. Nevertheless before or on the declaration of the result a poll may be demanded:

- (a) by the chairman; or
- (b) by one Member present in person or by proxy provided he represents at least one-tenth of the subscribed capital; or
- (c) by 2 Members present in person or by proxy.

The demand for a poll may be withdrawn.

(9) ~~(12)~~ Unless a poll be demanded, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded.

(10) ~~(13)~~ A poll if demanded shall be taken at the meeting at which the same is demanded or at such other time and place as the chairman shall direct and the result shall be deemed the resolution of the meeting.

(11) ~~(14)~~ If a poll is duly demanded, it shall be taken in such manner and at such place as the chairman may direct (including the use of ballot or voting papers or tickets) and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman may, in the event of a poll appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

(12) ~~(15)~~ A poll demanded on the election of a chairman and a poll demanded on a

question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place as the chairman directs not being more than 30 days from the date of the meeting or adjourned meeting at which the poll was demanded.

(13) ~~(16)~~ In case of an equality of votes on a poll the chairman shall have a second or casting vote in addition to any other vote he may have.

18. ~~17.~~ **VOTES OF MEMBERS**

(1) Subject as provided elsewhere in these Articles and to any special rights or restrictions for the time being attached to any class of share:

(a) On a show of hands, every Member present in person or by proxy shall have one vote;

(b) On a poll, every Member present in person or by proxy shall have one vote for each share held by him PROVIDED THAT, in connection with any poll (other than a poll relating to election of directors (other than the Director appointed by the Member holding the Class B Share)), ~~and provided, further, that, in connection with any poll,~~ shares with respect to which the Investment Manager or any of its Affiliates has the power to determine the vote (including, but not limited to, shares held by the record owner thereof directly or indirectly for the account of the Investment Manager or any of its Affiliates as ultimate beneficial owner, whether through the Euroclear or Clearstream Luxembourg System or otherwise) (“Investment Manager Shares”) shall have a number of votes equal to the lesser of (i) one vote for each Investment Manager Share and (ii) 15% of the number of voting shares outstanding on the record date for the relevant meeting of Members; and provided, further, that, in connection with any poll relating to election of directors (other than the Director appointed by the Member holding the Class B Share), the Investment Manager Shares shall have a number of votes equal to the lesser of (i) one vote for each Investment Manager Share and (ii) 3/17 of the number of votes validly cast by all persons other than the Investment Manager and its Affiliates (or persons acting on their instructions) in such poll. In determining the number of votes to which the Investment Manager Shares are entitled in connection with any poll, the Company may rely upon a written certificate from the Investment Manager as to the total number of votes cast directly or indirectly by the Investment Manager and its Affiliates, taken together (including, but not limited to, votes cast by the Investment Manager or any of its Affiliates, as ultimate beneficial owner, through the Euroclear or Clearstream Luxembourg System), the number of affirmative votes so cast by such persons and the number of negative votes so cast by such persons, PROVIDED THAT the Company shall also take into account any other information available to it regarding the number of votes so cast by such persons. To determine the number of votes to which the Investment Manager Shares are entitled in connection with any poll, the Company shall proceed as follows:

- (A) The Company shall calculate the number of votes cast by all persons other than the Investment Manager and its Affiliates, which shall equal the difference between (I) the total number of votes cast in connection with such poll and (II) the total number of votes cast directly or indirectly by the Investment Manager and its Affiliates, taken together, as determined by the Company;
  - (B) The Company shall calculate, as applicable, either (a) 15% of the number of voting shares outstanding on the record date for the relevant meeting of Members or (b) 3/17 of the number of votes cast by all persons other than the Investment Manager and its Affiliates;
  - (C) If the amount calculated as described in paragraph (B) is greater than or equal to the number of votes cast directly or indirectly by the Investment Manager and its Affiliates, as determined by the Company, then the Investment Manager Shares shall be entitled to one vote per share held by them in connection with the relevant poll;
  - (D) If the product referred to in paragraph (B) is less than the number of votes cast directly or indirectly by the Investment Manager and its Affiliates, as determined by the Company, then the Investment Manager Shares shall be entitled to a number of votes equal to that product, which will be divided between affirmative votes and negative votes in the same proportion as the votes actually cast by the Investment Manager and its Affiliates (as certified by the Investment Manager). The foregoing notwithstanding, the Board may, in its sole discretion, waive this limit and permit the Investment Manager Shares to cast one vote per Investment Manager Share in connection with any poll.
- (2) Where there are joint registered holders of any share such persons shall not have the right of voting individually in respect of such share but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election, the person whose name stands first on the Register shall alone be entitled to vote.
  - (3) Any Member being under any legal disability may vote by his curator or other legal guardian. Any of such persons may vote either personally or by proxy.
  - (4) On a poll votes may be given either personally or by proxy and a Member entitled to more than one vote need not use all his votes or cast all votes he uses in the same way. A Member may appoint any person (whether or not a Member) to act as his proxy at any meeting of Members (or of any class of Members) in respect of all or a particular number of the shares held by him. A Member may appoint more than one person to act as his proxy and each such person shall act as proxy for the Member for the number of shares specified in the instrument appointing the person a proxy. If a Member appoints more than one person to act as his proxy, each instrument appointing a proxy shall specify the number of shares held by the Member for which the relevant

person is appointed his proxy.

- (5) Each duly appointed proxy has the same rights as the Member by whom he was appointed to:
  - (a) speak at a meeting; and
  - (b) vote at a meeting in respect of the number of shares held by the Member for which the relevant proxy is appointed his proxy.
- (6) If a Member appoints more than one proxy (but subject to the voting instructions (if any) given by the Member), no proxy appointed by the Member need:
  - (a) use all his votes or cast all the votes he uses in the same way in respect of any resolution; and
  - (b) cast all the votes used by him in respect of any resolution in the same way as any other proxy appointed by the Member.
- (7) Unless the Board otherwise decides, no Member shall be entitled to be present or take part in any proceedings or vote either personally or by proxy at any meeting unless all calls or other amounts due from him have been paid. No Member shall be entitled to vote in respect of any shares unless he has been registered as their holder. For the purposes of determining which persons are entitled to attend or vote at a meeting and how many votes such person may cast, the Company may specify in the notice of the meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered on the Register in order to have the right to attend or vote at the meeting.
- (8) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed shall be valid for all purposes. Any objection made in due time shall be referred to the chairman whose decision shall be final and binding.
- (9) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation under its common seal or under the hand of an officer or attorney duly authorised.
- (10) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default unless the Board directs otherwise the instrument of proxy shall not be treated as valid.
- (11) The instrument appointing a proxy may be in any form which the Board may approve and may include an instruction by the appointor to the proxy either to vote for or against any resolution to be put to the meeting.

- (12) The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and shall be as valid for any adjournment as for the meeting to which it relates.
- (13) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or disability of the principal or revocation of the proxy or of the authority under which the proxy was executed PROVIDED THAT no intimation in writing of such death disability or revocation shall have been received by the Company at the Office before the commencement of the meeting or adjournment or the taking of the poll at which the proxy is used.
- (14) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members or to approve any resolution submitted in writing and the person so authorised shall be entitled to exercise on behalf of the corporation which he represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual Member. The corporation will for the purpose of these Articles be deemed to be present in person at a meeting if a representative is present.
- (15) If:
- a) at any time when the Company is not subject to the City Code or any successor regime (whether statutory or non-statutory) governing the conduct of takeovers and mergers in the UK or any similar regime which includes rules requiring mandatory takeover bids in either Guernsey or in the Netherlands;
  - (ii) any person (and/or any person(s) held by the Board in their absolute discretion to be “acting in concert” (as that term is defined in the City Code) with him) acquires Shares in the Company in circumstances where he (whether or not with any such other person(s) would (in the opinion of the Board) have been obliged under the City Code to extend a general offer (a “**Mandatory Offer**”) to the holders of any other Shares in the Company had the Code applied to the Company (such person or persons who would from time to time have been required to have made such an offer being the “**Mandatory Offeror(s)**”); and
  - (iii) the Mandatory Offeror(s) fail(s) to make such an offer to the other Members on terms and conditions as are no less favourable (in the opinion of the Board) than he/they would have been obliged to offer under the provisions of the Code had it applied (a “**Compliant Offer**”) within 21 days following the date on which the obligation would have arisen,

the Board is entitled, but not obliged, to suspend with immediate effect all voting rights attributable to the shares in the Company held directly or indirectly by the Mandatory Offeror(s) from time to time and any shares in respect of which the Mandatory Offeror(s) from time to time is able to direct the voting rights. Any such suspension may, at the absolute discretion of the Board, extend for any period during which the obligation to make a Mandatory Offer would have continued to exist under the Code unless and until a



Compliant Offer is made. The Board has no liability to the Mandatory Offeror(s) or any other Member of the Company for the manner in which they exercise or refrain from exercising any suspension powers under these Articles or for any determination which the Board makes as to the application of the provisions of these Articles to any particular circumstances.

19. ~~18.~~ **NUMBER AND APPOINTMENT OF DIRECTORS**

- (1) The first Directors of the Company shall be appointed by the subscribers to the Memorandum. Until otherwise determined by the Board, the number of Directors shall be not less than 5. One Director (only) may be an employee of the AXA Group, but such Director may not be an employee of the Investment Manager or one of its direct or indirect subsidiaries. At no time will (i) fewer than one Director be resident in Guernsey or (ii) more than one Director be resident in France. At no time will a majority of the Board be resident in the United Kingdom.
- (2) The Board shall have power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the number (if any) fixed pursuant to these Articles. Irrespective of the terms of his appointment, a Director so appointed shall hold office only until the next following annual general meeting. If not re-appointed at such annual general meeting, he shall vacate office at its conclusion.
- (3) The chairman of the Company from time to time (the “**Chairman**”) (or in his absence the eldest member of the Board present) shall preside at Board meetings. The Chairman (or in his incapacity or absence, such other person located within Guernsey as may be designated by the Board) shall have the authority to execute instruments on behalf of the Company. The first Chairman shall be appointed to the Board for an initial period of three years. The other first Directors shall be appointed to the Board for an initial period of two years. After the first two years, the terms of appointment for the Directors may be staggered, with one directorship candidate standing for re-election for a one year term, one standing for election or re-election for a two year term, and two standing for election or re-election for a three year term. The Director elected by the Member holding the Class B Share (if any) shall be elected for a three year term. Thereafter, the Chairman and each of the other Directors shall stand for election or re-election for three year terms in years in which their terms expire. The Board shall decide which individuals to nominate for election or re-election. The Chairman may not be resident in France or affiliated with the Investment Manager.
- (4) No person other than a Director retiring at a general meeting shall, unless recommended by the Directors, be eligible for election by the Company to the office of Director unless not less than 7 nor more than 42 days before the date appointed for the meeting there shall have been left at the Office notice in writing signed by a Member duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election together with notice in writing signed by that person of his willingness to be elected.
- (5) The Company at the meeting at which a Director retires in the manner

aforesaid may fill the vacated office by appointing a person thereto by ordinary resolution and in default the retiring Director shall, if willing to act, be deemed to have been re-appointed unless at such meeting it is expressly resolved not to fill the vacated office or a resolution for the re-appointment of such Director shall have been put to the meeting and lost. The Company at such meeting may also (subject to paragraph (2)) fill up any other vacancies.

- (6) Without prejudice to the powers of the Board, the Company by ordinary resolution may appoint any person to be a Director either to fill a casual vacancy or as an additional Director, but so that the total number of Directors shall not thereby exceed the maximum number (if any) fixed by or in accordance with these Articles. Any person so appointed by the Directors shall hold office only until the next annual general meeting and shall then be eligible for election.
- (7) At a general meeting a motion for the appointment of 2 or more persons as Directors of the Company by a single resolution shall not be made unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it.
- (8) The Director appointed by the holder of the Class B Share shall not be precluded from voting with respect to matters relevant to the Company's interactions with the Investment Manager.

## 20. ~~19.~~ **QUALIFICATION AND REMUNERATION OF DIRECTORS**

- (1) A Director need not be a Member. A Director who is not a Member shall nevertheless be entitled to attend and speak at shareholders' meetings.
- (2) The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine PROVIDED THAT the amount paid to each Director by way of fees shall not exceed €60,000 per annum (plus in each case an additional fee of €10,000 per meeting for each of the first four meetings of the Board attended in person in Guernsey by such Director in any calendar year), or €120,000 per annum in respect of the Chairman, or such larger amount as may be determined from time to time by ordinary resolution of the Company. Any fees payable pursuant to these Articles shall be distinct from and shall not include any salary, remuneration for any executive office or other amounts payable to a Director pursuant to any other provisions of these Articles and shall accrue from day to day.
- (3) The Directors shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors, including expenses incurred in attending meetings of the Board or any committee of the Board or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company. If by arrangement with the Board, any Director shall perform or render any special duties or services outside his ordinary duties as a Director, he may be paid such reasonable additional remuneration as the Board may determine.
- (4) The Directors shall also be entitled to be repaid all reasonable out of pocket expenses properly incurred by them in or with a view to the performance of

their duties or in attending meetings of the Board or of committees or general meetings.

- (5) If any Director having been requested by the Board shall render or perform extra or special services or shall travel or go to or reside in any country not his usual place of residence for any business or purpose of the Company he shall be entitled to receive such sum as the Board may think fit for expenses and also such remuneration as the Board may think fit either as a fixed sum or as a percentage of profits or otherwise and such remuneration may as the Board shall determine be either in addition to or in substitution for any other remuneration which he may be entitled to receive but any such salary or remuneration will be subject to prior approval by a majority of the votes cast at a General Meeting.
- (6) The Directors shall have power to pay and agree to pay gratuities, pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director or ex-Director and for the purpose of providing any such gratuities, pensions or other benefits to contribute to any scheme or fund or to pay premiums.
- (7) No more than one Director of the Company may at any time be a director, officer or employee of the Investment Manager or one of its Affiliates.

#### 21. ~~20.~~ ALTERNATE DIRECTORS

- (1) Any Director may by notice in writing under his hand served upon the Company appoint any person approved by the Board as an alternate Director to attend and vote in his place at any meeting of the Directors at which he is not personally present or to undertake and perform such duties and functions and to exercise such rights as he could personally and such appointment may be made generally or specifically or for any period or for any particular meeting and with and subject to any particular restrictions. Every such appointment shall be effective and the following provisions shall apply:
  - (2) Every alternate Director while he holds office as such shall be entitled:
    - (a) if his appointor so directs the Secretary, to notice of meetings of the Directors; and
    - (b) to attend and to exercise (subject to any restrictions) all the rights and privileges of his appointor at all such meetings at which his appointor is not personally present and generally at such meetings to perform all functions of his appointor as a Director and for the purposes of the proceedings at such meetings the provisions of these Articles shall apply as if he (instead of his appointor) were a Director.
  - (3) Every alternate Director shall *ipso facto* vacate office if and when his appointment expires by effluxion of time or his appointor vacates office as a Director or removes the alternate Director from office as such by notice in writing under his hand served upon the Company.
  - (4) No alternate Director shall be entitled as such to receive any remuneration from the Company but every alternate Director shall be entitled to be paid all

reasonable expenses incurred in the exercise of his duties.

- (5) A Director may act as alternate Director for another Director and shall be entitled to vote for such other Director as well as on his own account but no Director shall at any meeting be entitled to act as alternate Director for more than one other Director. He shall not be counted more than once for the purposes of the quorum.
- (6) The Director appointed by the Investment Manager that holds the Class B Share may appoint an alternate to serve in his or her place under unusual circumstances when this Director is unable to attend a meeting and such alternate Director may be a director, officer or employee of the Investment Manager or one of its Affiliates.
- (7) An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be indemnified to the same extent *mutatis mutandis* as if he were a Director.
- (8) An alternate Director shall be a resident of the same jurisdiction as the appointing Director but save as set out above, may not be a director, officer or employee of the Investment Manager or one of its Affiliates.

## 22. ~~21.~~ **BORROWING POWERS OF THE BOARD**

The Board may exercise all the powers of the Company to borrow money and to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking property or assets (present or future) and uncalled capital and, subject to the provision of the ~~Laws~~[Law](#), to issue debentures, loan stock and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

## 23. ~~22.~~ **OTHER POWERS AND DUTIES OF THE BOARD**

- (1) The business of the Company shall be managed by the Board who may exercise all such powers of the Company as are not required to be exercised by the Company in general meeting subject nevertheless to these Articles and to the ~~Laws~~[Law](#) and to such regulations as may be prescribed by the Company in general meeting but no regulation so made shall invalidate any prior act of the Board. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.
- (2) The Board may arrange that any branch of the business carried on by the Company or any other business in which the Company may be interested shall be carried on by or through one or more subsidiary companies and the Board may on behalf of the Company make such arrangements as it thinks advisable for taking the profits or bearing the losses of any branch or business so carried on or for financing assisting or subsidising any such subsidiary company or guaranteeing its contracts obligations or liabilities.
- (3) The Board may establish any local boards or agencies for managing any of the affairs of the Company and may appoint any one or more of its number or any other persons to be members of such local Boards or any managers or agents

and may fix their remuneration and may delegate to any local board manager or agent any of the powers authorities and discretion vested in the Board with power to sub-delegate and may authorise the members of any local board to fill any vacancies and to act notwithstanding vacancies and any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit and the Board may remove any person so appointed and may annul or vary any such delegation but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

- (4) The Board may at any time by power of attorney given under the hand of such person or persons duly authorised in that behalf appoint any person or any fluctuating body of persons whether nominated directly or indirectly by the Board to be the attorney of the Company for such purposes and with such powers and discretion and for such periods and subject to such conditions as the Board may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any attorney as the Board may think fit and may also authorise any attorney to sub-delegate all or any of his powers and discretion.
- (5) A Director who to his knowledge is in any way directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall disclose the nature of his interest at a meeting of the Board. In the case of a proposed contract such disclosure shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or if the Director was not at the date of that meeting interested in the proposed contract or arrangement at the next meeting of the Board held after he became so interested. In a case where the Director becomes interested in a contract or arrangement after it is made, disclosure shall be made at the first meeting of the Board held after the Director becomes so interested. For the purpose of the foregoing a general notice given to the Board by a Director to the effect that he is a member of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm shall be deemed to be a sufficient disclosure of interest if either it is given at a meeting of the Board or the Director takes reasonable steps to ensure that it is raised and read at the next meeting of the Board after it is given.
- (6) A Director may not vote on or, subject to the provisions of these Articles, be counted in the quorum in respect of any resolution of the Directors or committee of the Directors concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company) but, in the absence of some other material interest than is mentioned below, this prohibition does not apply to a resolution concerning any of the following matters:
  - (a) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

- (b) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
  - (c) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
  - (d) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another company (including a subsidiary of the Company) in which he (directly or indirectly) is interested and whether as an officer, shareholder, creditor or otherwise (a "relevant company"), if he does not to his knowledge hold an interest in shares representing 1% or more of either any class of the equity share capital of or the voting rights in the relevant company;
  - (e) any contract, arrangement, transaction or proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings (including any pension fund or retirement, death or disability scheme) which does not award him any privilege or benefit not generally awarded to the employees to which such arrangement relates; and
  - (f) a contract, arrangement, transaction or proposal concerning the purchase and / or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.
- (7) For the purposes of this Article a person shall be treated as being connected with a Director if that person is:
- (a) a spouse, child (under the age of eighteen) or step child (under the age of eighteen) of the Director; or
  - (b) an associated body corporate which is a company in which the Director alone, or with connected persons, is directly or indirectly beneficially interested in 20% or more of the nominal value of the equity share capital or is entitled (alone or with connected persons) to exercise or control the exercise of more than 20% of the voting power at general meetings; or
  - (c) a trustee (acting in that capacity) of any trust, the beneficiaries of which include the Director or persons falling within paragraphs (a) or (b) above excluding trustees of an employees' share scheme or pension scheme; or
  - (d) a partner (acting in that capacity) of the Director or persons in categories (a) to (c) above.

- (8) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company, or whereat the terms of any such appointment are arranged or whereat any contract in which he is interested is considered, and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms thereof. Where proposals are under consideration concerning the appointment (including without limitation fixing or varying the terms of appointment or its termination) of 2 or more Directors to offices or places of profit with the Company or a company in which the Company is interested, such proposals shall be divided and a separate resolution considered in relation to each Director. In such case each of the Directors concerned (if not otherwise debarred from voting under these provisions) is entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.
- (9) A Director may hold any other office or place of profit with the Company (other than Auditor or Auditor of a subsidiary of the Company) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.
- (10) Any Director may act by himself or his firm in a professional capacity for the Company, other than as Auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- (11) Any Director may continue to be or become a director, managing director, manager or other officer or member of any company promoted by the Company or in which the Company may be interested, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him as a director, managing director, manager or other officer or member of any such company. The Directors may exercise the voting power conferred by the shares in any other company held or owned by the Company or exercisable by them as directors of such other company, in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, managers or other officers of such company, or voting or providing for the payment of remuneration to themselves as directors, managing directors, managers or other officers of such company) and any Director of the Company may vote in favour of the exercise of such voting rights in the manner aforesaid, notwithstanding that he may be or be about to be appointed a director, managing director, manager or other officer of such other company, and as such is or may become interested in the exercise of such voting rights in the manner aforesaid.

- (12) If a question arises at any time as to the materiality of a Director's interest or as to his entitlement to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive except in a case where the nature or extent of the interest of such Director has not been fairly disclosed.
- (13) All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed in such manner as the Board shall at any time determine.
- (14) The Board shall cause minutes to be made in books provided for the purpose:
- (a) of all appointments of officers;
  - (b) of the names of the Directors present at each meeting of the Board and of any committee;
  - (c) of all resolutions and proceedings at meetings of the Company and meetings of the Board and of committees.

Any such minutes if purporting to be signed by the chairman of the meeting at which the proceedings took place, or by the chairman of the next succeeding meeting, shall be evidence of their proceedings.

- (15) A register of Directors' interests in shares shall be kept at the Office and shall be open to the inspection of any Member or holder of debentures of the Company between the hours of 10:00 a.m. and noon for a period beginning 14 days before and ending 3 days after the annual general meeting. The said register shall also be produced at the commencement of each annual general meeting and shall remain open and accessible during the continuance of the meeting to any person attending the meeting.
- (16) The Company may by ordinary resolution suspend or relax any of the provisions set out in this Article.

#### 24. ~~23.~~ **DISQUALIFICATION AND REMOVAL OF DIRECTORS**

- (1) The office of a Director shall *ipso facto* be vacated:
- (a) if he (not being a person holding for a fixed term an executive office subject to termination if he ceases from any cause to be a Director) resigns his office by written notice signed by him sent to or deposited at the Office;
  - (b) if he shall have absented himself (such absence not being absence with leave or by arrangement with the Board on the affairs of the Company) from meetings of the Board for a consecutive period of 12 months and the Board resolves that his office shall be vacated;
  - (c) if he becomes bankrupt, insolvent, suspends payment or compounds with his creditors;



- (d) if he is requested to resign by written notice signed by all his co-Directors;
- (e) if the Company by ordinary resolution shall declare that he shall cease to be a Director;
- (f) if he becomes resident in the United Kingdom and, as a result thereof, a majority of the Directors are resident in the United Kingdom; or
- (g) if he shall become prohibited by law from acting as a Director.

PROVIDED THAT there shall be no age limit for retirement.

- (2) If the Company by ordinary resolution removes any Director before the expiration of his period of office it may by an ordinary resolution appoint another person to be a Director in his stead who shall retain his office so long only as the Director in whose stead he is appointed would have held the same if he had not been removed. Such removal shall be without prejudice to any claims such Director may have for damages for breach of any contract of service between him and the Company.

#### 25. ~~24.~~ **PROCEEDINGS OF DIRECTORS**

- (1) The Board shall meet at least four times each year. The Board may meet for the despatch of business adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman at the meeting shall have a second or casting vote. All meetings of Directors shall take place in Guernsey and any decision reached or resolution passed by the Directors at any meeting held outside of Guernsey shall be invalid and of no effect.
- (2) Under extraordinary circumstances a video link or telephone conference call or other electronic or telephonic means of communication in which a quorum of Directors participates and all participants can hear and speak to each other shall be a valid meeting.
- (3) The Board shall also determine the notice necessary for its meetings and the persons to whom such notice shall be given. Without limiting the generality of the foregoing, any one Director is entitled to convene a meeting of the Board upon at least 10 days' prior written notice to the other Directors, which notice may be waived by unanimous agreement of all the Directors.
- (4) A meeting of the Board at which a quorum is present shall be competent to exercise all powers and discretion exercisable by the Board.
- (5) The continuing Directors may act notwithstanding any vacancy but if and so long as their number is reduced below the minimum number fixed pursuant to these Articles the continuing Directors may act for the purpose of increasing the number of Directors to that number or of summoning a general meeting but for no other purpose. If there be no Directors able or willing to act then any Member may summon a general meeting for the purpose of appointing Directors.

- (6) The Board may delegate any of their powers to committees consisting of such one or more Directors as they think fit. Such Committees shall meet only outside the United Kingdom. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Board.
- (7) The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be 3 PROVIDED THAT the Directors resident in the United Kingdom may not constitute a majority in such quorum and, in the case of a meeting under extraordinary circumstances via video link or telephone conference call or other electronic or telephonic means of communication, Directors physically present in the United Kingdom (or their alternate Directors, as the case may be) may not constitute a majority in such quorum. For the purposes of this Article an alternate Director appointed by a Director shall be counted in a quorum at a meeting at which the Director appointing him is not present.
- (8) A resolution in writing signed by each Director (or his alternate) entitled to receive notice of a meeting of the Board or by all the members of a committee shall be as valid and effectual as a resolution passed at a meeting of the Board or committee. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or members of the committee and may be transmitted to the Company by facsimile.

26. ~~25.~~ **EXECUTIVE DIRECTOR**

- (1) The Board may appoint one or more of their number to hold employment or executive office with the Company for such term and on such other terms and conditions as the Board thinks fit. The Board may revoke or terminate an appointment, without prejudice to a claim for damages for breach of the contract of service between the Director and the Company or otherwise. The salary or other remuneration of a Director appointed to hold employment or executive office may be a fixed sum of money, or wholly or in part governed by business done or profits made, or as otherwise decided by the Directors, and may be in addition to or instead of a fee payable to him for his services as Director. Any such salary or other remuneration for services as an employee or executive officer will be subject to prior approval by a majority of votes cast at a general meeting.
- (2) The Board may enter into an agreement or arrangement with any Director for the provision of any services outside the scope of the ordinary duties of a Director. Any such agreement or arrangement may be made on such terms and conditions as the Board think fit and the Board may remunerate any such Director for his services as they think fit (whether by way of salary, percentage of profits or otherwise and either in addition to or in substitution for any other remuneration which he may be entitled to receive).
- (3) The Board may entrust to and confer upon a Director holding any executive office any of the powers exercisable by the Board upon such terms and conditions and with such restrictions as it thinks fit either collaterally with or to the exclusion of their own powers and may at any time revoke withdraw

alter or vary all or any of such powers.

27. ~~26.~~ **SECRETARY**

- (1) The Secretary shall be appointed (and may be removed) by the Board. Anything required or authorised to be done by or to the Secretary, may, if the office is vacant or there is for any other reason no Secretary capable of acting be done by or to any Assistant or Deputy Secretary or if there is no Assistant or Deputy Secretary capable of acting, by or to any officer of the Company authorised generally or specially in that behalf by the Directors PROVIDED THAT any provisions of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in the place of, the Secretary.
- (2) No person shall be appointed or hold office as Secretary who is:
  - (a) the sole Director of the Company, or
  - (b) a corporation the sole Director of which is the sole Director of the Company, or
  - (c) the sole Director of a corporation which is the sole Director of the Company.

28. ~~27.~~ **THE SEAL**

- (1) The Company may have a common seal (the "**Seal**") and if the Directors resolve to adopt a Seal the following provisions shall apply.
- (2) The Seal shall have the Company's name engraved on it in legible letters.
- (3) The Directors shall provide for the safe custody of the Seal, which shall only be used pursuant to a resolution passed at a meeting of the Directors, or a committee of the Directors authorised to use the Seal, and in the presence either of 2 Directors or of one Director and the Secretary or of such person or persons as the Directors may from time to time appoint, and such person or persons, as the case may be, shall sign every instrument to which the Seal is affixed.
- (4) The Company may have for use in any territory, district or place abroad an official seal which shall bear on its face the Company's name in legible characters with the addition of the name of the territory, district or place where it is to be used.

29. ~~28.~~ **AUTHENTICATION OF DOCUMENTS**

Any Director or the Secretary or any person appointed by the Board for the purpose shall have power to authenticate any documents affecting the Company (including the Memorandum and these Articles) and any resolutions passed by the Company or the Board and any books, records, documents and accounts relating to the business of the Company and to certify copies or extracts as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the Office, the local

manager or other officer of the Company having their custody shall be deemed to be a person appointed by the Board as aforesaid.

30.     ~~29.~~ **DIVIDENDS**

(1)     The Company may by ordinary resolution declare dividends but no dividend shall exceed the amount recommended by the Board.

~~(2)     No dividend shall be paid otherwise than out of the profits of the Company available for distribution.~~

(2)     ~~(3)~~ Subject to Article ~~6,7~~, unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is declared and paid, but no amount paid up on a share in advance of a call may be treated for these purposes as paid up on the share. Except as otherwise so provided, dividends will be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

(3)     ~~(4)~~ Subject to compliance with Section 304 of the Law, the Board may at any time declare and pay ~~such interim dividends as appear to be justified by the position of the Company provided that no interim dividend shall be declared or paid on shares which do not confer preferred rights with regard to dividend if, at the time of declaration, any dividend on shares which do confer a right to a preferred dividend is in arrears.~~ dividends

(4)     ~~(5)~~ Subject to the ~~Laws~~ Law, where any asset, business or property is bought by the Company as from a past date whether such date be before or after the incorporation of the Company profits and losses as from such date may at the discretion of the Board in whole or in part be carried to revenue account and treated for all purposes as profits and losses of the Company. Subject as aforesaid if any shares or securities are purchased cum dividend or interest such dividend or interest may at the discretion of the Board be treated as revenue and it shall not be obligatory to capitalise all or part of the same.

(5)     ~~(6)~~ The Board may deduct from any dividend payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

(6)     ~~(7)~~ The Board may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the liabilities or obligations in respect of which the lien exists.

(7)     ~~(8)~~ The Board may retain dividends payable upon shares in respect of which any person is entitled to become a Member until such person has become a Member.

(8)     ~~(9)~~ Any dividend or other moneys payable on or in respect of a share shall be paid to the Member or to such other person as the Member (or, in the case of joint holders of a share, all of them) may in writing direct. Such dividend or other moneys may be paid by the Company directly or through the Transfer

Agent (i) by cheque sent by post to the payee or, where there is more than one payee, to any one of them, or (ii) by inter-bank transfer to such account as the payee or payees shall in writing direct, or (iii) (if so authorised by the holder of shares in Uncertificated form) using the facilities of any relevant settlement system, or (iv) by such other method of payment as the Member (or in the case of joint holders of a share, all of them) may agree to. Every such cheque shall be sent at the risk of the person or persons entitled to the money represented thereby, and payment of a cheque by the banker upon whom it is drawn, and any transfer or payment within (ii), (iii) or (iv) above, shall be a good discharge to the Company.

(9) ~~(10)~~ No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.

(10) ~~(11)~~ All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of twelve years after having been declared or became due for payment shall be forfeited and shall revert to the Company.

(11) ~~(12)~~ Subject to the provisions of these Articles and to the rights attaching to any shares, any dividend or other moneys payable on or in respect of a share may be paid in such currency as the Directors may determine, using such exchange rate for currency conversions as the Directors may select.

(12) ~~(13)~~ The amount of any taxes withheld in respect of taxable income or gain allocated to a holder of any shares will be treated as a distribution to such holder.

(13) ~~(14)~~ The Company may cease to send any cheque, warrant or order by post for any dividend on any shares which is normally paid in that manner if in respect of at least 3 consecutive dividends payable on those shares the cheque, warrant or order has been returned undelivered or remains uncashed but, subject to the provisions of these Articles, shall recommence sending cheques, warrants or orders in respect of the dividends payable on those shares if the holder or person entitled by transmission claims the arrears of dividend and does not instruct the Company to pay future dividends in some other way.

(14) ~~(15)~~ If two or more persons are registered as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder or otherwise by operation of law, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable on or in respect of the share.

(15) ~~(16)~~ Any resolution for the declaration or payment of a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such dividend of transferors and transferees of any such shares.

(16) ~~(17)~~ The waiver in whole or in part of any dividend on any share shall be effective only if such waiver is in writing signed by the Member (or the person entitled to the share in consequence of the death or bankruptcy of the holder or otherwise by operation of law) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.

(17) ~~(18)~~ Subject to the Laws, the Board may, if authorised by an ordinary resolution, offer those Members of a particular class of shares in respect of any dividend the right to elect to receive shares by way of scrip dividend instead of cash.

### 31. ~~30.~~ RESERVES

- (1) (a) The Board may establish a non-distributable reserve to be called the “**capital reserve**” and may either carry to the credit of such reserve from time to time, or apply in providing for depreciation or contingencies, all capital profits arising on the sale, transfer, conversion, payment off or realisation of any investments or other capital assets of the Company in excess of the book value thereof, all other capital profits and all unrealised appreciation of investments or other assets representing or in the nature of accretion to capital assets. Any losses realised on the sale, transfer, conversion, payment off or realisation of any investments or other capital assets and provisions in respect of the diminution in value or depreciation in the value of capital assets may be carried to the debt of the capital reserve except in so far as the Board may in their discretion decide to make good the same out of other funds of the Company.
- (b) Subject to the ~~Laws~~ Law, where any assets, business or property is bought by the Company as from a past date whether such date be before or after the incorporation of the Company profits and losses as from such date may at the discretion of the Directors in whole or in part be carried to revenue account and treated for all purposes as profits and losses of the Company. Subject as aforesaid if any shares or securities are purchased cum dividend or interest (or, in the case of debt securities with a fixed final repayment date, at a discount to the final capital repayment amount) such dividend or interest (or, in the case of debt securities with a fixed final repayment date purchased at a premium to the final capital repayment amount, such discount amortised over the period to the final repayment date) may at the discretion of the Board be treated as revenue and will not be obligatory to capitalise all or part of the same.
- (c) The Board may determine whether any amount received by the Company is to be dealt with as income or capital or partly one and partly the other, and whether any cost, liability or expense (including any costs incurred or sums expended in connection with the management of the assets of the Company and any finance costs (including, without limitation, any interest payable by the Company in respect of its borrowings)) is to be treated as a cost, liability or expense chargeable to capital or to revenue or partly one and partly the other, and to the extent the Board determine that any such cost,

liability or expense should be apportioned to capital the Board may debit or charge the same to the capital reserve.

- (d) Any reserves or other sums arising on the reduction or cancellation of any share premium account or capital redemption reserve of the Company will not be treated as capital for the purposes of the Articles and will not be carried to the credit of the capital reserve.
  - (e) All sums carried and standing to the capital reserve may be applied for any of the purposes to which sums standing to any revenue reserve are applicable except and PROVIDED THAT no part of the capital reserve may in any event be transferred to revenue account or be regarded or treated as profits of the Company available for distribution as dividend or otherwise applied in paying dividends on any shares in the Company's capital.
  - (f) Notwithstanding any other provision of the Articles, the Company is not prohibited from redeeming or purchasing its own shares out of its capital profits or other amounts standing to the capital reserve.
- (2) The Board may, with the authority of an ordinary resolution of the Company:
- (a) resolve to capitalise any undistributed profits of the Company or any part of the amount for the time being standing to the credit of any of the Company's reserve accounts (including a capital reserve, profit and loss account or revenue reserve) or subject as hereinafter provided any such amount standing to the credit of a share premium account or capital redemption reserve fund, whether or not available for distribution;
  - (b) appropriate the sum resolved to be capitalised to the Members who, in the case of any amount capable of being distributed by way of dividend, would have been entitled thereto if so distributed or, in the case of any amount not so capable, to the Members who would have been entitled thereto on a winding-up of the Company and in either case in the same proportions and apply that sum on their behalf in or towards:
    - (i) paying up the amounts (if any) for the time being unpaid on shares held by them respectively, or
    - (ii) paying up in full unissued shares or debentures of a nominal amount equal to that sum,

And allot the shares or debentures, credited as fully paid, to the Members (Or as they may direct) in those proportions, or partly in one way and partly in the other, but the share premium account and the capital redemption reserve fund may, for the purpose of this Article, only be applied in paying up unissued shares to be allotted to Members credited as fully paid;

- (c) make any arrangements it thinks fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without

limitation, where shares or debentures become distributable in fractions the Board may deal with the fractions as it thinks fit, including issuing fractional certificates, disregarding fractions or selling shares or debentures representing the fractions to a person for the best price reasonably obtainable and distributing the net proceeds of the sale in due proportion amongst the Members (except that if the amount due to a Member is less than €5, or such other sum as the Board may decide, the sum may be retained for the benefit of the Company).

32.     ~~31.~~ **ACCOUNTS**

- (1)     The Board shall cause proper books of account to be kept with respect to all the transactions assets and liabilities of the Company in accordance with the ~~Laws~~Law.
- (2)     The books of account shall be kept at the Office or at such other place as the Board shall think fit and shall at all times be open to the inspection of the Directors but no person other than a Director or Auditor or other person whose duty requires and entitles him to do so shall be entitled to inspect the books accounts and documents of the Company except as provided by the ~~Laws~~Law or authorised by the Board or by the Company in general meeting.
- (3)     A balance sheet shall be laid before the Company at its annual general meeting and such balance sheet shall contain a general summary of the assets and liabilities of the Company. The balance sheet shall be accompanied by a report of the Directors as to the state of the Company as to the amount (if any) which they recommend to be paid by way of dividend and the amount (if any) which they have carried or propose to carry to reserve. The Auditors' report shall be attached to the balance sheet or there shall be inserted at the foot of the balance sheet a reference to the report.
- (4)     A copy of every balance sheet and of all documents annexed thereto including the reports of the Directors and the Auditors shall at least 21 days before the date of the meeting be delivered or sent by post to each of the registered holders and to the Auditors. Any holder may by written notice served on the Company waive this requirement.

33.     ~~32.~~ **AUDITORS**

- (1)     A Director shall not be capable of being appointed as an Auditor.
- (2)     A person other than a retiring Auditor shall not be capable of being appointed Auditor at an ordinary general meeting unless notice of intention to nominate that person as Auditor has been given by a Member to the Company not less than 14 days before the meeting and the Board shall send a copy of any such notice to the retiring Auditor and shall give notice to the Members not less than 7 days before the meeting PROVIDED THAT if after notice of the intention to nominate an Auditor has been so given a meeting is called for a date 14 days or less after such notice has been given the requirements of this provision as to time in respect of such notice shall be deemed to have been satisfied and the notice to be sent or given by the Company may instead of being sent or given within the time required by this Article be sent or given at the same time as the



notice of the meeting.

- (3) The first Auditors shall be appointed by the Board before the first annual general meeting and they shall hold office until the first annual general meeting unless previously removed in which case the Members at such meeting may appoint the Auditors.
- (4) The Board may fill any casual vacancy in the office of Auditor but while any such vacancy continues the surviving or continuing Auditors (if any) may act.
- (5) The remuneration of the Auditors shall be fixed by the Company in general meeting or in such manner as the Company may determine except that the remuneration of any Auditors appointed by the Directors shall be fixed by the Directors.
- (6) Every Auditor shall have a right of access at all times to the books accounts and documents of the Company and as regards books accounts and documents of which the originals are not readily available shall be entitled to rely upon copies or extracts certified by an officer of the Company and shall be entitled to require from the Board such information and explanations as may be necessary for the performance of their duties and the Auditors shall make a report to the Members on the accounts examined by them and the report shall state whether in their opinion the accounts give a true and fair view of the state of the Company's affairs and whether they have been prepared in accordance with the ~~Laws~~Law.
- (7) Any Auditor shall be eligible for re-election.

#### 34. ~~33.~~ UNTRACEABLE MEMBERS

- (1) The Company shall be entitled to sell at the best price reasonably obtainable the shares of a Member or any shares to which a person is entitled by transmission on death or bankruptcy if and PROVIDED THAT:
  - (a) for a period of 12 years no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the Member or to the person so entitled to the share at his address in the Register or otherwise the last known address given by the Member or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the Member or the person so entitled PROVIDED THAT in any such period of 12 years the Company has paid at least three dividends whether interim or final;
  - (b) the Company has at the expiration of the said period of 12 years by advertisement in a newspaper circulating in the area in which the address referred to in sub-paragraph (a) above is located given notice of its intention to sell such shares;
  - (c) the Company has not during the period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the Member or person so entitled; and

- (d) if any part of the share capital of the Company is quoted on any stock exchange the Company has given notice in writing to the quotations department of such stock exchange of its intention to sell such shares.
- (2) To give effect to any such sale the Directors may appoint any person to execute as transferor an instrument of transfer of the said shares and such instrument of transfer of the said shares shall be as effective as if it had been executed by the registered holder of, or person entitled by transmission to, such shares and the title of the purchaser or other transferee shall not be effected by any irregularity or invalidity in the proceedings relating thereto. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former Member or other person previously entitled as aforesaid for an amount equal to such proceeds and shall enter the name of such former Member or other person in the books of the Company as a creditor for such amount. No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares of the Company) as the Directors may from time to time think fit.

#### 35. ~~34.~~NOTICES

- (1) A notice may be given by the Company (either directly or indirectly through the Transfer Agent) to any Member either personally or by sending it by prepaid post addressed to such Member at his registered address or if he desires that notices shall be sent to some other address or person to the address or person nominated for such purpose. Notices to be posted to addresses outside the Channel Islands and the United Kingdom shall so far as practicable be forwarded by prepaid airmail.
- (2) The Company shall, where no other period is specified in these Articles, give all Members sufficient notice to enable them to exercise their rights or comply with the terms of the notice.
- (3) Any notice or other document, if served by post, shall be deemed to have been served 24 hours after the time when the letter containing the same is posted (or such other mandatory period as may from time to time be specified by the ~~Laws~~Law) and in proving such service it shall be sufficient to prove that the letter containing the notice or document was properly addressed and duly posted. A notice given by advertisement shall be published in at least one UK national newspaper and one daily newspaper circulated widely in each of Guernsey and Jersey and shall be deemed to have been served before noon the day on which the advertisement appears.
- (4) A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the Register in respect of the share.
- (5) Any notice or document delivered or sent by post to or left at the registered address of any Member shall notwithstanding the death, disability or insolvency of such Member and whether the Company has notice thereof be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder and such service shall for all purposes

be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in any such share.

- (6) Any document or notice which, in accordance with these Articles, may be sent by the Company (either directly or indirectly through the Transfer Agent) by electronic communication shall, if so sent, be deemed to be received at the expiration of 24 hours after the time it was sent. Proof (in accordance with the formal recommendations of best practice contained in the guidance issued by the Institute of Chartered Secretaries and Administrators) that an electronic communication was sent by the Company shall be conclusive evidence of such sending.
- (7) The accidental failure to send, or the non-receipt by any person entitled to, any notice of or other document relating to any meeting or other proceeding shall not invalidate the relevant meeting or other proceeding.
- (8) A person entitled to a share in consequence of the death or bankruptcy of a Member or otherwise by operation of law, upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also a postal address for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the said Member would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Save as aforesaid any notice or document delivered or sent to any Member in pursuance of these Articles shall, notwithstanding that such Member be then dead or bankrupt or in liquidation, and whether or not the Company has notice of his death or bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or first-named joint holder.
- (9) Where under these Articles a document requires to be signed by a Member or other person then, if in the form of an electronic communication, it must to be valid incorporate the electronic signature or personal identification details (which may be details previously allocated by the Company) of that Member or other person, in such form as the Directors may approve, or be accompanied by such other evidence as the Directors may require to satisfy themselves that the document is genuine. The Company may designate mechanisms for validating any such document, and any such document not so validated by use of such mechanisms shall be deemed not to have been received by the Company.
- (10) Any Member may notify the Company (or the Transfer Agent) of an address for the purpose of his receiving electronic communications from the Company, and having done so shall be deemed to have agreed to receive notices and other documents from the Company by electronic communication of the kind to which the address relates. In addition, if a Member notifies the Company of his e-mail address, the Company may satisfy its obligation to send him any notice or other document by:
  - (a) publishing such notice or document on a web site; and

- (b) notifying him by e-mail to that e-mail address that such notice or document has been so published, specifying the address of the web site on which it has been published, the place on the web site where it may be accessed, how it may be accessed and (if it is a notice relating to a shareholders' meeting) stating (i) that the notice concerns a notice of a company meeting served in accordance with the ~~Laws~~Law, (ii) the place, date and time of the meeting, (iii) whether the meeting is to be an annual or extraordinary general meeting and (iv) such other information as the ~~Laws~~Law may prescribe.
- (11) An electronic communication shall not be treated as received by the Company if it is rejected by computer virus protection arrangements.

36. ~~35.~~ **WINDING UP**

- (1) If the Company shall be wound up, the surplus assets remaining after payment of all creditors, including the repayment of bank borrowings, shall be divided *pari passu* among the Members *pro rata* to their holdings of those shares which are subject to the rights of any shares which may be issued with special rights or privileges.
- (2) If the Company shall be wound up the Liquidator may with the authority of a special resolution divide among the Members *in specie* the whole or any part of the assets of the Company and whether or not the assets shall consist of property of a single kind and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine the basis of those valuations and in accordance with the then existing rights of Members how such division shall be carried out as between the Members or different classes of Members. The Liquidator may with the like authority vest any part of the assets in trustees upon such trusts for the benefit of Members as the Liquidator with the like authority shall think fit and the liquidation of the Company may be closed and the Company dissolved but so that no Member shall be compelled to accept any shares or other assets in respect of which there is any outstanding liability.
- (3) Where the Company is proposed to be or is in course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company ("**the transferee**") the Liquidator may, with the sanction of an ordinary resolution, conferring either a general authority on the Liquidator or an authority in respect of any particular arrangement, receive in compensation or part compensation for the transfer or sale, shares policies or other like interests in the transferee for distribution among the Members or may enter into any other arrangement whereby the Members may, in lieu of receiving cash, shares, policies or other like interests, or in addition thereto, participate in the profits of or receive any other benefits from the transferee.

37. ~~36.~~ **INDEMNITY**

~~The~~Subject to the Law, the Directors, managers, agents, Secretary and other officers or servants for the time being of the Company and the trustees (if any) for the time being acting in relation to any of the affairs of the Company and their respective heirs and executors shall be fully indemnified out of the assets and profits of the Company from

and against all actions expenses and liabilities which they or their respective heirs or executors may incur by reason of any contract entered into or any act in or about the execution of their respective offices or trusts except such (if any) as they shall incur by or through their own ~~fraud, gross negligence or wilful misconduct~~, default, breach of duty or breach of trust respectively, and none of them shall be answerable for the acts receipts neglects or defaults of the others of them or for joining in any receipt for the sake of conformity or for any bankers or other person with whom any moneys or assets of the Company may be lodged or deposited for safe custody or for any bankers or other persons into whose hands any money or assets of the Company may come or for any defects of title of the Company to any property purchased or for insufficiency or deficiency of or defect in title of the Company to any security upon which any moneys of the Company shall be placed out or invested or for any loss misfortune or damage resulting from any such cause as aforesaid or which may happen in or about the execution of their respective offices or trusts except if the same shall happen by or through their own ~~fraud, gross negligence or wilful misconduct~~, default, breach of duty or breach of trust respectively.

### 38. ~~37.~~ **INSURANCE**

Without prejudice to any other provisions of these Articles, the Directors may exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers, employees or auditors of the Company, or of any other body (whether or not incorporated) which is or was a subsidiary undertaking of the Company or otherwise associated with the Company or any subsidiary undertaking or in which the Company or any such subsidiary undertaking has or had any interest, whether direct or indirect, or of any predecessor in business of any of the foregoing, including (without prejudice to the generality of the foregoing) insurance against any costs, charges, expenses, losses or liabilities suffered or incurred by such persons in respect of any act or omission in the actual or purported execution and / or discharge of their duties and / or the exercise or purported exercise of their powers and discretion and / or otherwise in relation to or in connection with their duties, powers or offices in relation to the Company or any such other body.

### 39. ~~38.~~ **INSPECTION OF DOCUMENTS**

The Board shall determine whether and to what extent and at what times and places and under what conditions the accounts books and documents of the Company shall be open to inspection and no Member shall have any right of inspecting any account or book or document except as conferred by the ~~Laws~~Law or authorised by the Board.

### 40. ~~39.~~ **OVERRIDING PROVISIONS**

Notwithstanding any other provision of these Articles:

- (a) The standard articles of incorporation prescribed pursuant to the ~~Laws~~Law are disappplied in respect of the Company.
- (b) Where the Board has resolved to issue different classes of shares, the Board has the authority to issue an unlimited number of shares subject to the following:
  - (i) the authority of the Board to issue shares under this Article shall expire on the fifth anniversary of the ~~incorporation~~adoption of ~~the Company~~these Articles unless the Members, by ordinary resolution, revoke that authority;

- (ii) at or before the expiry of the ~~fifth anniversary of incorporation~~period specified in (i) above, the Members may, by ordinary resolution, extend the power of the Board to issue shares under this Article for further periods, with each period of extension being for no more than five years (or such longer period as the ~~Laws~~Law may then allow).
- (c) Subject to the ~~Laws~~Law a resolution in writing shall be as effective as if the same had been duly passed at a general meeting if:
  - (i) in the case of an ordinary resolution, it is signed by or on behalf of Members representing a simple majority of the total voting rights of Members eligible to vote on the resolution on the circulation date;
  - (ii) in the case of a special resolution, it is proposed as such and signed by or on behalf of Members representing not less than seventy five per cent of the total voting rights of Members eligible to vote on the resolution on the circulation date;
  - (iii) in the case of a resolution required by the ~~Laws~~Law to be passed as a waiver resolution, it is proposed as such and signed by or on behalf of Members representing not less than ninety per cent of the total voting rights of Members eligible to vote on the resolution on the circulation date;
  - (iv) in the case of a resolution required by the ~~Laws~~Law to be passed as a unanimous resolution, it is proposed as such and signed by or on behalf of all Members eligible to vote on the resolution on the circulation date.
- (d) Any prohibition or limitation in the Articles on paying dividends otherwise than out of the profits of the Company or declaring only dividends justified by the profits of the Company shall be of no effect. The payment of a dividend out of the Company's capital, share premium account or any capital reserve shall not be treated as a capital reduction for the purposes of the Articles.
- (e) All Members are deemed to have agreed to accept communication from the Company by electronic means (including via the Company's website) unless the Members notify the Company otherwise. Notice under this paragraph (e) must be in writing and signed by the Member and delivered to the Office or such other place as the Board directs.

Names and addresses of Subscribers

Mourant Guernsey Nominees 1 Limited  
First Floor  
Dorey Court  
Admiral Park  
St Peter Port  
Guernsey GY1 6HJ

.....  
Authorised Signatory

Mourant Guernsey Nominees 2 Limited  
First Floor  
Dorey Court  
Admiral Park  
St Peter Port  
Guernsey GY1 6HJ

.....  
Authorised Signatory

Dated this     day of                                     , 2006

WITNESS to the above signatures

Name:             Pauline Symons

Address:          First Floor  
                    Dorey Court  
                    Admiral Park  
                    St Peter Port  
                    Guernsey GY1 6HJ

Occupation:     Secretary

.....

**APPENDIX C**

**ARTICLES OF INCORPORATION RELATING TO RESOLUTION 11.**

**INCORPORATED UNDER THE COMPANIES (GUERNSEY) LAW 1994 AS AMENDED  
ORGANISED UNDER THE COMPANIES (GUERNSEY) LAW 2008 AS AMENDED**

COMPANY LIMITED BY SHARES

ARTICLES OF INCORPORATION

of

**VOLTA FINANCE LIMITED**

Registered the 31st day of October 2006

Articles of Incorporation adopted by special resolution passed on ~~27 November 2008~~ [ ] 2014



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**INCORPORATED UNDER THE COMPANIES (GUERNSEY) LAW 1994 AS AMENDED**  
**ORGANISED UNDER THE COMPANIES (GUERNSEY) LAW 2008 AS AMENDED**

**COMPANY LIMITED BY SHARES**

**ARTICLES OF INCORPORATION**

of

**VOLTA FINANCE LIMITED**

**1. DEFINITIONS**

In these Articles the following words shall bear the following meanings if not inconsistent with the subject or context:

<b>Words</b>	<b>Meanings</b>
<b>Admission</b>	Admission to trading on Eurolist by Euronext of the Ordinary Shares becoming effective in accordance with the Prospectus Rules and the rules of Euronext Amsterdam N.V. respectively.
<del><b>Admitted Institution</b></del>	<del>An institution which holds interests in shares on behalf of its clients through Euroclear Nederland as an admitted institution of Euroclear Nederland.</del>
<b>Affiliate</b>	With respect to any specified person or entity, any other person or entity, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person or entity.
<b>Articles</b>	These Articles of Incorporation as now framed and at any time altered.
<b>at any time</b>	At any time or times and includes for the time being and from time to time.
<b>Auditor</b>	The auditor for the time being of the Company.
<b>AFM</b>	The Netherlands Authority for the Financial Markets ( <i>Autoriteit Financiële Markten</i> ).
<b>Board</b>	The Directors at any time or the Directors present at a duly convened meeting at which a quorum is present or, as the case may be, the Directors assembled as a committee of such Board.

<b>Business Day</b>	A weekday (other than a Saturday or Sunday) on which the majority of banks in New York and Guernsey are open for normal banking business.
<b>Clearstream Luxembourg</b>	Clearstream Banking S.A., Luxembourg, the Luxembourg clearing and settlement system.
<b>Code</b>	The United States Internal Revenue Code of 1986, as amended.

<b><u>CREST Guernsey Requirements</u></b>	<u>means Rule 8 and such other of the rules and requirements of Euroclear as may be applicable to issuers as from time to time specified in the CREST Manual.</u>
<b><u>CREST Manual</u></b>	<u>means the document entitled “CREST Reference Manual” issued by Euroclear.</u>
<b><u>CREST Rules</u></b>	<u>means the Rules from time to time issued by Euroclear governing the admission of securities to and the operation of the CREST UK System.</u>
<b><u>CREST UK System</u></b>	<u>means the facilities and procedures for time being of the relevant system of which Euroclear as been approved as Operator pursuant to the Guernsey Regulations.</u>

**dematerialised instruction** An instruction sent or received by means of the CREST UK System, the Euroclear Nederland System or Clearstream Luxembourg System.

**Director** A director of the Company for the time being.

**dividend** Includes bonus.

**Dutch Securities Act** The Dutch Act on the Supervision of the Securities Trade 1995 (*Wet toezicht effectenverkeer 1995*).

**EUI** Euroclear UK and Ireland Limited, the operator for the time being of the CREST system.

**Euroclear Nederland Requirements** The rules and requirements of Euroclear Nederland as included in the Dutch Securities Transfer Giro Act 1977 (*Wet Giraal Effectenverkeer 1977*) or otherwise as may be applicable to the Company from time to time.

**Euroclear Nederland** Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V., the Dutch depository and settlement institute, a subsidiary of Euroclear Bank S.A./N.V., the operator of the system known as “Euroclear” or the “Euroclear system”.

**Euroclear or Clearstream** The facilities and procedures for the time being of the

<b>Luxembourg System</b>	relevant system of which Euroclear Nederland or Clearstream Luxembourg has been approved as operator.
<b>Eurolist by Euronext</b>	The regulated market of Euronext Amsterdam N.V.
<b>Executor</b>	Includes administrator.
<b>Extraordinary Resolution</b>	A resolution of the Members in general meeting passed by a majority of not less than three quarters of the votes recorded, including, where there is a poll, any votes cast by proxy.
<b><u>Guernsey Regulations</u></b>	<u><a href="#">The Uncertificated Securities (Guernsey) Regulations, 2009 (as amended from time to time).</a></u>
<b>Investment Company Act</b>	The United States Investment Company Act of 1940, as amended.
<b>Investment Manager</b>	AXA Investment Managers Paris.
<b><del>Laws</del><u>Law</u></b>	<del>Every Order in Council, Act or Ordinance for the time being in force concerning companies registered in Guernsey and affecting the Company</del> <u><a href="#">the Companies (Guernsey) Law, 2008 as amended extended or replaced and any Ordinance statutory instrument or regulation made thereunder.</a></u>
<b>Liquidator</b>	Any liquidator of the Company appointed at any time under the <del>Laws</del> <u>Law</u> .
<b>Member</b>	In relation to shares means the person whose name is entered in the Register as the holder of the shares and includes any person entitled on the death, disability or insolvency of a Member.
<b>Memorandum</b>	The Memorandum of Incorporation of the Company.
<b>month</b>	Calendar month.
<b>Offer</b>	The offer of the Ordinary Shares of the Company in connection with Admission.
<b>Office</b>	The registered office at any time of the Company.
<b><u>Operator</u></b>	<u><a href="#">a person approved under the Guernsey Regulations as operator of a relevant system.</a></u>
<b>Ordinary Share</b>	A voting non-convertible ordinary share.
<b>Prospectus Rules</b>	The prospectus rules pursuant to the Dutch Securities Act.

<b>proxy</b>	Includes attorney.
<b>Register</b>	The register of Members kept pursuant to the <a href="#">Laws Law</a> .
<b>relevant system</b>	A computer-based system, and procedures, which enable title to units of a security to be evidenced and transferred without a written instrument, and which facilitate supplementary and incidental matters and includes the <del>system</del> <a href="#">systems</a> operated by <a href="#">EUI known as the "CREST UK System"</a> , by Euroclear Nederland known as the "Euroclear System" and by Clearstream Luxembourg known as the "Clearstream Luxembourg System".
<b>Secretary</b>	Includes a temporary or assistant secretary and any person appointed by the Board to perform any of the duties of secretary of the Company.
<b><u>Sponsor</u></b>	<a href="#">a company, person or firm admitted by EUI to act as Sponsor under the CREST Rules.</a>
<b>Transfer Agent</b>	Such bank, trust company or other person as shall be appointed from time to time to act as registrar and transfer agent for the shares, PROVIDED THAT if no Transfer Agent is specifically designated, the Secretary shall act in such capacity.
<b>Uncertificated</b>	In relation to a share, means a share title to which is recorded on the relevant register of securities as being held in uncertificated form, and title to which may be transferred by means of a relevant system; and " <b>Certificated</b> " means in relation to a share, a share which is not in Uncertificated form.
<b>United Kingdom</b>	The United Kingdom of Great Britain and Northern Ireland.
<b>United States</b>	The United States of America, its territories, possessions and all areas subject to its jurisdiction (including the commonwealth of Puerto Rico).

## 2. INTERPRETATION

- (1) The singular includes the plural and *vice versa*.
- (2) The masculine includes the feminine.
- (3) Words importing persons include corporations.
- (4) Expressions referring to writing include any mode of representing or reproducing words (but only to the extent that (a) the Directors so resolve, either generally or in relation to particular categories of document, and (b) the recipient (if not the Company)

has requested or agreed) including electronic communication.

- (5) References to enactments shall include references to any modifications or re-enactments thereof for the time being in force.
- (6) The word "**may**" shall be construed as permissive and the word "**shall**" shall be construed as imperative.
- (7) Subject to the above, any words defined in the ~~Laws~~ [Law](#) shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.
- (8) The headings are inserted for convenience only and shall not affect the interpretation of these Articles.
- (9) The expression "**officer**" shall include a Director, manager and the Secretary, but shall not include an auditor.
- (10) Any words or expressions defined in the Euroclear Nederland Requirements shall (if not inconsistent with the subject or context) bear the same meanings in these Articles.
- (11) The expressions "**communication**" and "**electronic communication**" shall have the same respective meanings as in the Electronic Communications Act 2000, the latter including, without limitation, e-mail, facsimile, CD-Rom, audio tape and telephone transmission and (in the case of electronic communication by the Company in accordance with Article 34(6)) publication on a web site.
- (12) The expression "**address**" shall include, in relation to electronic communication, any number or address used for the purposes of such communication.

### 3. **BUSINESS**

Any branch or kind of business which by the Memorandum or by these Articles is either expressly or impliedly authorised to be undertaken may be undertaken or suspended at any time by the Board whether commenced or not.

### 4. **SHARES**

- (1)
  - (a) The Company shall have power to issue an unlimited number of Ordinary Shares of no par value each, a single Class B convertible ordinary share of no par value and an unlimited number of Class C non-voting convertible ordinary shares of no par value each.
  - (b) The Class C non-voting convertible ordinary shares shall have the same rights as the Ordinary Shares, save that they shall confer on the holder thereof no voting rights.
  - (c) The single Class B convertible ordinary share shall have the same rights as an Ordinary Share, save that it shall confer on the holder thereof the right to elect (and remove) one member of the Board. This Article 4(1)(c) shall not be amended without the affirmative vote of the holder of the Class B Share.
  - (d) The Class C non-voting convertible ordinary shares will be convertible into Ordinary Shares (and shall rank pari passu therewith) upon certification by the

holder that, among other things, they are being sold to a party unaffiliated with the Investment Manager.

- (e) The Company shall maintain or cause to be maintained a separate register for the Class C Shares, and the person named in such register as the holder of any Class C Share shall be treated by the Company as the owner thereof for all purposes; and no transfer of any Class C Share shall be registered except upon certification (i) by the transferor and the proposed transferee as to whether the proposed transferee is or is not an Affiliate of AXA S.A. and (ii) by the proposed transferee in the form approved by the Directors to the effect that the transferee is or is not an affiliate and that the transferee has certified that it is not a "US person" and that it is purchasing in an "offshore transaction" (as those terms are defined in Regulation S under the U.S. Securities Act of 1933, as amended) complying with the provisions of Rule 903 or Rule 904 of Regulation S; provided that, if both the transferor and the proposed transferee certify that the proposed transferee is not an Affiliate of AXA S.A., then any Class C Shares involved in such transfer shall upon completion of transfer automatically be converted into Ordinary Shares, and the Company shall take or cause to be taken such steps as may be necessary or appropriate to effect a corresponding increase in the number of Ordinary Shares represented by any global share certificate representing Ordinary Shares.
  - (f) At such time as the holding of AXA S.A., together with those of any party controlling, controlled by or under common control with AXA S.A., declines to less than 5% per cent of the Company's equity capitalisation (with the Class B convertible ordinary share and the other issued and outstanding shares taken together), the Class B convertible ordinary share shall automatically be converted into an Ordinary Share and shall rank *pari passu* therewith.
  - (g) Prior to permitting the Board member designated by the holder of the Class B Share to vote at any meeting of the Board, the Company shall obtain a certificate of the holder of the Class B Share to the effect that (i) such holder is an Affiliate of AXA S.A. and (ii) as of the date of such meeting, the total number of Ordinary Shares, Class B Shares and Class C Shares held by AXA Group investors equals or exceeds 5 per cent. of the Company's equity capitalization; and such Board member shall not be permitted to vote at such meeting if such certificate is not provided prior to commencement of such meeting.
  - (h) At such time as the Class B convertible ordinary share is no longer held by AXA S.A. or one of its Affiliates, the Class B convertible ordinary share shall automatically be converted into an Ordinary Share and shall rank *pari passu* therewith.
- (2) Where subscription monies are not an exact multiple of the subscription price a fraction of a share shall be allotted to the subscriber who shall be registered as the holder of such fraction PROVIDED THAT any holding of shares is a multiple of 1/1,000 part of a share.
- (3) Any preference shares may, with the sanction either of the Board or an ordinary resolution, be issued on terms that they are to be redeemed or, at the option of either the Company or the holder, are liable to be redeemed in each case on such terms and in such manner as the Company before the issue may by ordinary resolution and subject to and in default of such determination as the Board may decide.

- (4) The Company may from time to time, subject to the provisions of the [LawsLaw](#), purchase its own shares (including any redeemable shares), or agree to purchase in the future, in any manner authorised by the [LawsLaw](#) and may make payments in respect of any such purpose otherwise than out of its distributable profits or the proceeds of a fresh issue of shares.
- (5) If at any time the share capital of the Company is divided into shares of different classes, all or any of the rights for the time being attached to any share or class of shares (and notwithstanding that the Company may or may be about to be in liquidation) may (unless otherwise expressly provided by the terms of issue of the shares of that class) be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters of the capital committed or agreed to be committed in respect of the issued shares of the class or with the sanction of an Extraordinary Resolution passed at a separate general meeting of the holders of shares of the class duly convened and held as provided in these Articles.
- (6) The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not (unless otherwise expressly provided by the terms of issue of the shares of that class) be deemed to be varied by (a) the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or all respects *pari passu* therewith but in no respect in priority thereto or (b) the purchase or redemption by the Company of any of its own shares.
- (7) The special rights conferred upon the holders of any shares or class of shares issued with preferred, deferred or other special rights shall not be deemed to be varied by the exercise of any powers under Article ~~6~~[7](#).
- (8) For the avoidance of doubt, it is hereby declared that a resolution to increase the authorised share capital of the Company shall not be regarded or deemed as varying, modifying or abrogating the special rights conferred upon the holders of any shares issued with preferred, deferred or other special rights.
- (9) Subject to the provisions of these Articles the unissued shares shall be at the disposal of the Board which may allot, grant options over (including, without limitation, by way of granting phantom stock, stock appreciation rights or other similar rights) or otherwise dispose of them to such persons on such terms and conditions and at such times as the Board determines but so that the amount payable on application on each share shall be fixed by the Board.
- (10) The Company may pay commission in money or shares to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares in the Company or procuring or agreeing to procure subscriptions whether absolute or conditional for any shares in the Company PROVIDED THAT the rate or amount of commission shall be fixed by the Board and disclosed in accordance with the [LawsLaw](#). The Company may also pay brokerages.
- (11) The Directors may at any time after the allotment of any share but before any person has been entered in the Register as the holder:
  - (a) recognise a renunciation thereof by the allottee in favour of some other person and accord to any allottee of a share a right to effect such renunciation; and / or



- (b) allow the rights represented thereby to be one or more participating securities, in each case upon and subject to such terms and conditions as the Directors may think fit to impose.
- (12) Any person who acquires shares in the capital of the Company in any private purchase/placement of the Ordinary Shares of the Company in the Offer and related transactions and their transferees is deemed to have agreed that none of those arrangements constitutes a breach of any duty that may be owed to them under these Articles or any duty stated or implied by law or equity.
- (13) The minimum aggregate subscription pursuant to which shares in the Company may first be allotted is 2 shares.

## 5. PRE-EMPTION ON ALLOTMENT AND ISSUE OF SHARES

### (1) In this Article 5:

#### (a) "equity securities" means:

(i) ordinary shares in the Company, or

(ii) rights to subscribe for, or to convert securities into, ordinary shares in the Company;

(b) "ordinary shares" means shares other than shares that as respects dividends and capital carry a right to participate only up to a specified amount in a distribution and includes Ordinary Shares; and

#### (c) references to the allotment and issue of equity securities include:

(i) the grant of a right to subscribe for, or to convert any securities into, ordinary shares in the Company (but do not include the allotment and issue of ordinary shares pursuant to such a right); and

(ii) the sale of ordinary shares in the Company that immediately before the sale are held by the Company in treasury.

### (2) The Company shall not allot and issue equity securities for cash to a person on any terms unless:

(a) it has first made an offer to each person who holds ordinary shares in the Company to allot and issue to him on the same or more favourable terms a proportion of those equity securities the aggregate value of which is as nearly as practicable equal to the proportion of the total number of ordinary shares in issue represented by the ordinary shares held by such holder; and

(b) the period during which any such offer may be accepted has expired or the Company has received notice of the acceptance or refusal of every offer so made,

provided that the Directors may impose such exclusions and/or make such other arrangements as they deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical problems arising under the laws of any overseas territory, or the requirements of any regulatory body or stock exchange in any territory or otherwise howsoever. The holders of ordinary shares affected as a result of such exclusions or arrangements shall not be, or be deemed to be, a separate class of Members for any purpose whatsoever.

(3) Securities that the Company has offered to allot and issue to a holder of ordinary shares may be allotted and issued to him, or anyone in whose favour he has renounced his right to their allotment and issue, without contravening Article 5(2)(a).

(4) Ordinary shares held by the Company in treasury shall be disregarded for the purposes of this Article 5, so that the Company is not treated as a person who holds ordinary shares; and the ordinary shares held in treasury are not treated as forming part of the ordinary share capital of the Company.

(5) Any offer required to be made by the Company pursuant to Article 5(2) should be made by a notice (given in accordance with Article 35) and such offer must state a period during which such offer may be accepted and such offer shall not be withdrawn before the end of that period. Such period must be a period of at least 14 days beginning on the date on which such offer is deemed to be delivered or received (as the case may be) pursuant to Article 35.

(6) Article 5(2) shall not apply in relation to the allotment and issue of:

(a) up to ten per cent. of the number of shares in issue at the date of adoption of these Articles for cash provided that this authority will, unless renewed, varied, or revoked by the Company in general meeting, expire on the date which is 5 years from the date of adoption of these Articles;

(b) bonus shares, shares allotted and issued in accordance with Article 30 nor to a particular allotment and issue of equity securities if these are, or are to be, wholly or partly paid otherwise than in cash; and

(c) equity securities in connection with a rights issue, open offer or other offer of securities in favour of holders of ordinary shares at such record date as the Directors may determine where the securities attributable to the interests of the holders of ordinary shares are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on such record date, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or any other matter whatsoever.

~~1.~~

(7) The Company may by Special Resolution resolve that Article 5(2) shall be excluded or that such Article shall apply with such modifications as may be specified in the resolution:

(a) generally in relation to the allotment and issue by the Company of equity securities;

(b) in relation to allotments and issues of a particular description; or

(c) in relation to a specified allotment and issue of equity securities,

and any such resolution must:

(a) state the maximum number (which may be expressed as a percentage) of equity securities in respect of which Article 5(2) is excluded or modified; and

(b) specify the date on which such exclusion or modifications will expire, which must be not more than five years from the date on which the resolution is passed.

(8) Any resolution passed pursuant to Article 5(7) may:

~~2.~~

(a) be renewed or further renewed by a further Special Resolution for a further period not exceeding five years; and

(b) be revoked or varied at any time by a further Special Resolution.

(9) Notwithstanding that any such resolution referred to in Article 5(7) or 5(8) has expired, the Directors may allot and issue equity securities in pursuance of an offer or agreement previously made by the Company if the resolution enabled the Company to make an offer or agreement that would or might require equity securities to be allotted and issued after it expired.

~~3.~~

(10) In this Article 5, in relation to an offer to allot and issue equity securities a reference (however expressed) to the holder of ordinary shares of any description is to whoever was the holder of ordinary shares of that description at the close of business on a date to be specified in the offer and the specified date must fall within the period of 28 days immediately before the date of the offer.

~~4.~~

#### 6. ~~5.~~ **COMPANY NOT OBLIGED TO RECOGNISE ANY TRUST**

~~Except~~ Without prejudice to Part XXIX of the Law, ~~except~~ as ordered by a court of competent jurisdiction or as required by law the Company shall not be affected or bound by or be compelled in any way to recognise (even when having notice) any equitable contingent future or partial interest in any share or fraction or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety in the registered holder and whether or not such share shall be entered in the Register as held in trust nor shall the Company be bound to see to the execution of any trust to which any share may be subject.

#### 7. ~~6.~~ **POWER TO REQUIRE DISCLOSURE OF BENEFICIAL INTEREST**

(1) The Directors shall have power by notice in writing to require any Member to disclose to the Company:

(i) the identity of any person other than the Member (an "**interested party**") who has any interest in the shares held by the Member;

- (ii) the nature of such interest; and
  - (iii) any other relevant information that the Directors may reasonably request.
- (2) Any such notice shall require any information in response to such notice to be given in writing within such reasonable time as the Directors shall determine.
- (3) The Company shall maintain a register of interested parties to which the provisions of Sections ~~{55}~~ and ~~{58}~~ 123 of the ~~Companies~~ Law shall apply *mutatis mutandis* as if the register of interested parties was the Register of Members and whenever in pursuance of a requirement imposed on a Member as aforesaid, the Company is informed of an interested party, the identity of the interested party and the nature of the interest shall be promptly inscribed therein together with the date of the request.
- (4) The Directors shall exercise their powers under paragraph (1) above on the requisition of Members holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up capital of the Company as carries at that date the right of voting at general meetings of the Company.
- (5) A requisition under paragraph (4) must:
  - (a) state that the requisitionists are requiring the Company to exercise its powers under this Article;
  - (b) specify the manner in which they require those powers to be exercised;
  - (c) give reasonable grounds for requiring the Company to exercise those powers in the manner specified; and
  - (d) be signed by the requisitionists and deposited at the Office.
- (6) A requisition may consist of several documents in like form each signed by one or more requisitionists.
- (7) On the deposit of a requisition complying with paragraph (5), it is the Directors' duty to exercise their powers under paragraph (1) in the manner specified in the requisition.
- (8) If any Member has been duly served with a notice given by the Directors in accordance with paragraph (1) and is in default for more than 14 days after service of the notice in supplying to the Company the information thereby required, then the Directors may in their absolute discretion at any time thereafter serve a notice (a "**direction notice**") upon such Member.
- (9) A direction notice may direct that, in respect of:
  - (a) any shares in relation to which the default occurred (all or the relevant number as appropriate of such shares being the "**default shares**"); and
  - (b) any other shares held by the Member;

the Member shall not be entitled to vote at a general meeting or meeting of the holders of any class of shares of the Company either personally or by proxy to exercise any other right conferred by membership in relation to meetings of the Company or of the

holders of any class of shares of the Company.

- (10) The direction notice may additionally direct that in respect of the default shares:
- (a) any dividend or part thereof which would otherwise be payable on such shares shall be retained by the Company without any liability to pay interest thereon when such money is finally paid to the Member and the Member shall not be entitled to elect to receive shares instead of a dividend;
  - (b) no transfer other than an approved transfer (as set out in paragraph (13)(c)) of the default shares held by such Member shall be registered unless:
    - (i) the Member is not himself in default as regards supplying the information requested; and
    - (ii) when presented for registration the transfer is accompanied by a certificate by the Member in a form satisfactory to the Directors to the effect that after due and careful enquiry the Member is satisfied that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer.

The Company shall send to each other person appearing to be interested in the shares the subject of any direction notice a copy of the notice, but failure or omission by the Company to do so shall not invalidate such notice.

- (11) If shares are issued to a Member as a result of that Member holding other shares in the Company and if the shares in respect of which the new shares are issued are default shares in respect of which the Member is for the time being subject to particular restrictions, the new shares shall on issue become subject to the same restrictions whilst held by that Member as such default shares. For this purpose, shares which the Company procures to be offered to Members *pro rata* (or *pro rata* ignoring fractional entitlements and shares not offered to certain Members by reason of legal or practical problems associated with offering shares outside the Netherlands or Guernsey) shall be treated as shares issued as a result of a Member holding other shares in the Company.
- (12) Any direction notice shall have effect in accordance with its terms for as long as the default, in respect of which the direction notice was issued, continues but shall cease to have effect in relation to any shares which are transferred by such Member by means of an approved transfer as set out in paragraph (13)(c). As soon as practical after the direction notice has ceased to have effect (and in any event within 7 days thereafter) the Directors shall procure that the restrictions imposed by paragraphs (9) and (10) above shall be removed and that dividends withheld pursuant to paragraph (10)(a) above are paid to the relevant Member.
- (13) For the purpose of this Article:
- (a) a person shall be treated as appearing to be interested in any shares if the Member holding such shares has given to the Company a notification which either (a) names such person as being so interested or (b) fails to establish the identities of those interested in the shares and (after taking into account the said notification and any other relevant notification) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the shares;

- (b) the prescribed period in respect of any particular Member is 14 days from the date of service of the said notice in accordance with paragraph (1);
- (c) a transfer of shares is an approved transfer if but only if:
  - (i) it is a transfer of shares to an offeror by way or in pursuance of acceptance of a public offer made to acquire all the issued shares in the capital of the Company not already owned by the offeror or connected person of the offeror in respect of the Company; or
  - (ii) the Directors are satisfied that the transfer is made pursuant to a sale of the whole of the beneficial ownership of the shares to a party unconnected with the Member and with other persons appearing to be interested in such shares; or
  - (iii) the transfer results from a sale made through Eurolist by Euronext or any stock exchange outside the Netherlands on which the Company's shares are listed or normally traded.

For the purposes of this sub paragraph any person referred to in Article 22(7) in relation to Directors shall, *mutatis mutandis*, be included amongst the persons who are connected with the Member or any person appearing to be interested in such shares.

- (14) Any Member who has given notice of an interested party in accordance with paragraph (1) who subsequently ceases to have any party interested in his shares or has any other person interested in his shares shall notify the Company in writing of the cessation or change in such interest and the Directors shall promptly amend the register of interested parties accordingly.

## 8. ~~7.~~ CERTIFICATES AND REGISTER OF MEMBERS

- (1) Subject to the Laws, the Board may issue shares as Certificated shares or as Uncertificated shares in its absolute discretion. Temporary documents of title will not be issued.
- (2) Subject to paragraph (1), the Company may issue:
  - (a) without payment one certificate to each person for all his shares of each class and when part only of the shares comprised in a certificate is sold or transferred a balance certificate; or
  - (b) upon payment of such sum as the Board may determine several certificates each for one or more shares of any class.
- (3) Any certificate issued shall specify the shares to which it relates and the amount paid up and the distinguishing numbers (if any).
- (4) All forms of certificate for shares or debentures or representing any other form of security (other than letters of allotment scrip certificates and other like documents) may if determined by the Board be issued under the common signature of the Company and countersigned by the Transfer Agent and may be signed mechanically and PROVIDED

THAT if the shares or debentures are issued in global form, the certificates shall be valid upon receipt of a certificate from the Transfer Agent certifying the shares or debentures have been duly registered.

- (5) If a share certificate is issued and is defaced lost or destroyed it may be replaced or renewed without charge (other than exceptional out of pocket expenses) on such terms (if any) as to evidence and indemnity as the Board thinks fit.
- (6) Shares of any class may be traded through an electronic settlement system and held in Uncertificated form in accordance with such arrangements as may from time to time be permitted by any statute, regulation, order, instrument or rule in force affecting the Company, [including the Guernsey Regulations](#). Amendments to these Articles which may be necessary or expedient for this purpose may be made by special resolution but will not be deemed to vary the rights of any class of shares.
- (7) The Company shall keep (or shall cause the Transfer Agent to keep) the Register at the Office in accordance with the [LawsLaw](#). Subject to such restrictions (if any) as may be imposed by the Euroclear Nederland Requirements, the registration of transfers may be suspended at such times and for such periods as the Board may decide and either generally or in respect of a particular class of share (not exceeding in all 30 days in any one year).
- (8) The Company shall not be bound to register more than 4 persons as the joint holders of any share or shares. In the case of a share held jointly by several persons in Certificated form the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of the joint holders shall be sufficient delivery to all.
- (9) Furthermore, the Company shall keep (or shall cause the Transfer Agent to keep) a register in which the names and addresses of any depository receipt shareholders are to be recorded. This register may be part of the Register and paragraphs 7 and 8 of this Article shall *mutatis mutandis* apply.

## 9. ~~8.~~ LIEN

- (1) The Company shall have a first and paramount lien (extending to all dividends payable) on all shares (not being fully paid) for all moneys whether presently payable or not called or payable at a fixed time in respect of those shares and for all the debts and liabilities of the holder to the Company and that whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person (other than such holder) and whether the time for payment or discharge shall have arrived or not and notwithstanding that the same are joint debts or liabilities of such holder and any other person (whether a Member or not).
- (2) For the purpose of enforcing such lien, the Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable, nor until the expiration of 14 days after a notice in writing, stating and demanding payment of the sum presently payable, and giving notice of intention to sell in default, shall have been served on the holder for the time being of the shares or the person entitled by reason of his death or bankruptcy to the shares. For the purpose of giving effect to any such sale the Directors may authorise any person to transfer to the purchaser thereof the shares so sold.

- (3) The net proceeds of such sale, after payment of the costs of such sale, shall be applied in or towards payment or satisfaction of the debt or liability in respect whereof the lien exists, so far as the same is presently payable and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the time of the sale. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in relation to the sale.

## 10. ~~9.~~ CALLS ON SHARES

- (1) The Board may at any time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value or by way of premium and not by the conditions of allotment made payable at fixed times) and each Member shall pay to the Company at the time and place appointed the amount called. A call may be revoked or postponed.
- (2) Joint holders shall be jointly and severally liable to pay calls.
- (3) If a sum called in respect of a share is not paid before or on the day appointed the person from whom the sum is due shall pay interest from the day appointed to the time of actual payment at such rate (not exceeding 15% per annum) as the Board may determine but the Directors shall be at liberty in any case or cases to waive payment of such interest wholly or in part.
- (4) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable and in the case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
- (5) Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the money uncalled and unpaid upon the shares held by him beyond the sums actually called up thereon as payment in advance of calls, and such payment in advance of calls shall extinguish, so far as the same shall extend, the liability upon the shares in respect of which it is advanced, and upon the money so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which it has been received, the Company may (until the same would, but for such advance, become presently payable) pay interest at such rate as the Member paying such sum and the Directors agree upon PROVIDED THAT any amount paid up in advance of calls shall not entitle the holder of the shares upon which such amount is paid to participate in respect thereof in any dividend until the same would but for such advance become presently payable.
- (6) The Board may on an issue of shares differentiate between holders as to amount of calls and times of payment.

## 11. ~~10.~~ FORFEITURE AND SURRENDER OF SHARES

- (1) If a Member fails to pay any call or instalment on the day appointed, the Board may at any time during such period as any part remains unpaid serve notice requiring payment of so much of the call or instalment as is unpaid together with any interest which may



have accrued and any expenses which may have been incurred by the Company by reason of non-payment.

- (2) The notice shall state a further day on or before which the payment required by the notice is to be made and the place where the payment is to be made and that in the event of non-payment the shares in respect of which the call was made or instalment is payable will be liable to be forfeited. If the requirements of any such notice are not complied with any share in respect of which the notice has been given may at any time before payment has been made be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before the forfeiture.
- (3) Notice of forfeiture shall forthwith be given to the former holder and an entry of such notice and forfeiture shall forthwith be made and dated in the Register opposite the entry of the share; but no forfeiture shall be in any manner invalidated by any omission or neglect to give notice or to make entry.
- (4) A forfeited share shall be deemed to be the property of the Company and may be sold re-allotted or otherwise disposed of on such terms as the Board shall think fit with or without all or any part of the amount previously paid on the share being credited as paid and at any time before a sale or disposition the forfeiture may be cancelled.
- (5) A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall notwithstanding the forfeiture remain liable to pay to the Company all monies which at the date of forfeiture were presently payable by him to the Company in respect of the shares with interest thereon from the date of forfeiture until payment at such rate (not exceeding 15% per annum) as the Directors may determine and the Directors may enforce payment without any allowance for the value of the shares at the time of forfeiture.
- (6) The Board may accept from any Member on such terms as shall be agreed a surrender of any shares in respect of which there is a liability for calls. Any surrendered share may be disposed of in the same manner as a forfeited share.
- (7) A declaration in writing by a Director or the Secretary that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on the date stated in the declaration shall be conclusive evidence of the facts therein as against all persons claiming to be entitled to the shares.
- (8) The Company may receive the consideration given for any share on any sale or disposition and may execute a transfer of the share in favour of the person to whom the same is sold or disposed of and he shall thereupon be registered as the holder and shall not be bound to see to the application of the purchase money nor shall his title be affected by any irregularity or invalidity in forfeiture sale re-allotment or disposal.

## 12. ~~11.~~ TRANSFER AND TRANSMISSION OF SHARES

- (1) The Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of shares to be admitted to settlement by means of any ~~settlement system, including the Euroclear Nederland System and/or the Clearstream Luxembourg System~~ relevant system. Where they do so, ~~paragraphs Articles 12(2) and 12(3)~~ paragraphs Articles 12(2) and 12(3) shall commence to have effect immediately prior to the time at which ~~Euroclear Nederland or Clearstream Luxembourg~~ an Operator admits the class to

settlement by means of ~~such a~~ relevant system.

- (2) In relation to any class of shares which, for the time being, ~~Euroclear Nederland or Clearstream Luxembourg~~ an Operator has admitted to settlement by means of ~~the Euroclear Nederland System or Clearstream Luxembourg System~~ a relevant system, and for so long as such class remains so admitted, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with:
- (a) the holding of shares of that class in Uncertificated form;
  - (b) the transfer of title to shares of that class by means of ~~the Euroclear Nederland System or Clearstream Luxembourg System~~; that relevant system; or
  - (c) the Euroclear Nederland Requirements or the CREST Guernsey Requirements.
- (3) Without prejudice to the generality of ~~paragraph Article 12~~ (2) and notwithstanding anything contained in these Articles where any class of shares is, for the time being, admitted to settlement by means of ~~the Euroclear Nederland System or Clearstream Luxembourg System~~ a relevant system:
- (a) ~~such~~ Such securities will be issued to Euroclear Nederland in registered form for safekeeping on behalf of and for the benefit of those persons entitled to the shares. Individual ~~shares~~ shares certificates will not be issued; in such circumstances.
  - (b) such securities may be issued in Uncertificated form in accordance with and subject as provided in the Euroclear Nederland Requirements and/or the CREST Guernsey Requirements;
  - (c) unless the Directors otherwise determine, such securities held by the same holder or joint holder in ~~Certificated~~ certificated form and Uncertificated form shall be treated as separate holdings;
  - (d) such securities may be changed from Uncertificated to ~~Certificated~~ certificated form, and from ~~Certificated~~ certificated to Uncertificated form, in accordance with and subject as provided in the Euroclear Nederland Requirements and/or the CREST Guernsey Requirements;
  - (e) title to such of the shares as are recorded on the ~~Register~~ register as being held in Uncertificated form may be transferred only by means of the ~~Euroclear Nederland System or Clearstream Luxembourg System~~ relevant system and as provided in the ~~relevant rules and regulations of such settlement system~~ Euroclear Nederland Requirements and/or the CREST Guernsey Requirements and accordingly (and in particular) no provision of these Articles shall apply in respect of such shares to the extent that those Articles require or contemplate the effecting of a transfer by an instrument in writing and the production of a certificate for the security to be transferred;
  - (f) the Company shall comply in all respects with the Euroclear Nederland Requirements and CREST Guernsey Requirements including, without limitation, CREST Rule 7 (in each case, in relation to securities settled through that relevant system);
  - (g) no provision of these Articles shall apply so as to require the Company to issue

a certificate to any person holding such shares in Uncertificated form;

(h) the permitted number of joint holders of a share shall be four;

(i) ~~(f)~~ every transfer of shares from a Euroclear Nederland account of a Euroclear Nederland member to a Euroclear Nederland account of another Euroclear Nederland member ~~will~~shall vest in the transferee a beneficial interest in the shares transferred, notwithstanding any agreements or arrangements to the contrary however and whenever arising and however expressed. Accordingly, each Euroclear Nederland ~~or Clearstream Luxembourg~~ member who is for the time being registered as the holder of any shares in the capital of the Company shall hold such shares upon trust for himself and for those persons (if any) whose Euroclear Nederland ~~or Clearstream Luxembourg~~ accounts are duly credited with any such shares or in favour of whom shares are to be withdrawn from ~~the Euroclear Nederland System or Clearstream Luxembourg System~~ pursuant to a settled stock withdrawal instruction; and the member and all such persons, to the extent respectively of the shares duly credited to their respective Euroclear Nederland ~~or Clearstream Luxembourg~~ accounts or the subject of a settled stock withdrawal instruction, shall accordingly have beneficial interests therein;

(j) ~~(g)~~ where a dematerialised instruction is expressed to have been sent on behalf of a person by ~~Euroclear Nederland or Clearstream Luxembourg~~an Operator or by a Sponsor:

(i) ~~(i)~~ — the person on whose behalf the instruction is expressed to have been sent shall not be able to deny to the addressee:

1. ~~(1)~~ — that the instruction was sent with his authority; or

2. ~~(2)~~ — that the information contained in it is correct; and

(ii) ~~(ii)~~ — ~~Euroclear Nederland or Clearstream Luxembourg~~the Operator or the Sponsor, as the case may be, shall not be able to deny to the addressee:

1. ~~(1)~~ — that he has authority to send the dematerialised instruction; or

2. ~~(2)~~ — that he has sent the dematerialised instruction;

(k) ~~(h)~~ where a dematerialised instruction is expressed to have been sent by a person, and it is not expressed to have been sent on behalf of another person, the first person shall not be allowed to deny to the addressee:

(i) ~~(i)~~ — that the information contained in the instruction is correct; or

(ii) ~~(ii)~~ — that he has sent it;

(l) ~~(i)~~ an addressee who receives a dematerialised instruction (whether directly, or by means of the facilities of a ~~sponsor~~Sponsor acting on his behalf) may (subject to ~~paragraphs (j) Articles 12(3)(l) and 12(k3)(m)~~ accept that at the time when it was sent or at any time thereafter:

- ~~(i)~~ ~~(i)~~ — the information contained in the instruction was correct;
  - ~~(ii)~~ ~~(ii)~~ — the user or authorised operator identified in the instruction as having sent the instruction did send it; and
  - ~~(iii)~~ ~~(iii)~~ — if the instruction was expressed to have been sent on behalf of a person, it was sent with the authority of that person~~;~~.
- ~~(m)~~ ~~(j)~~ subject to Article 12(3)(n), an addressee shall not be allowed to accept any of the matters specified in ~~paragraph (i)12(3)(k)~~ where, at the time when he received the dematerialised instruction, he was a person who was not either the Company or a Sponsor receiving (in either case) dematerialised instructions on behalf of the Company, and he had actual notice:
- ~~(i)~~ ~~(i)~~ — that any information contained in it was incorrect;
  - ~~(ii)~~ ~~(ii)~~ — that the user or ~~Euroclear Nederland or Clearstream Luxembourg who was the Operator~~ expressed to have sent the instruction did not send it; or
  - ~~(iii)~~ ~~(iii)~~ — if the instruction was expressed to have been sent on behalf of a person, that the person had not given to ~~Euroclear Nederland or Clearstream Luxembourg the Operator or the Sponsor identified in the instruction as having sent it~~ his authority to send the instruction on his behalf~~;~~.
- ~~(n)~~ ~~(k)~~ subject to 12(3)(n), an addressee shall not be allowed to accept any of the matters specified in ~~paragraph (i)Article 12(3)(k)~~ where, at the time when he received the dematerialised instruction, he was either the Company or a Sponsor receiving dematerialised instructions on behalf of the Company~~;~~ and:
- ~~(i)~~ ~~(i)~~ — he had actual notice from ~~Euroclear Nederland or Clearstream Luxembourg the Operator~~ of any of the matters specified in ~~paragraph (j)Article 12(3)(l)~~; and
  - ~~(ii)~~ ~~(ii)~~ — the instruction was an instruction from ~~Euroclear Nederland or Clearstream Luxembourg EUI~~ requiring the registration of title in the circumstances specified in any of sub-paragraphs 8.1.1, 8.1.2, 8.1.3 and 8.1.4 of the ~~Euroclear Nederland~~CREST Guernsey Requirements~~;~~.
- ~~(o)~~ ~~(l)~~ — however, where an addressee has received actual notice of a kind to which this Article refers in respect of a properly authenticated dematerialised instruction, he may accept the matters specified in ~~paragraph (i)Article 12(3)(k)~~ if at the time when he received the actual notice it was not practicable for him to halt his processing of the instruction~~;~~.
- ~~(p)~~ ~~(m)~~ a person who is permitted by ~~paragraph (i)Articles 12(3)(k)~~ or ~~12(4)(n)~~ to accept any matter shall not be liable in damages or otherwise to any person by reason of his having relied on the matter that he was permitted to accept~~;~~.
- ~~(q)~~ ~~(n)~~ except as provided in ~~paragraph (m)Article 12(3)(o)~~, this ~~Articles~~Article 12(3) does not affect any liability of a person for causing or permitting a dematerialised instruction:

- ~~(i)~~ ~~(i)~~ —to be sent without authority;
  - ~~(ii)~~ ~~(ii)~~ —to contain information that is incorrect; or
  - ~~(iii)~~ ~~(iii)~~ —to be expressed to have been sent by a person who did not send it; ~~and~~.
- ~~(r)~~ ~~(e)~~ paragraphs ~~(g)~~ Articles 12(3) ~~to~~ ~~(n)~~ shall to 12(3)(p) are to be construed ~~generally~~ in accordance with the Euroclear Nederland Requirements; or the CREST Manual, as the case may be.
- ~~(p)~~ ~~the Company shall comply in all respects with the Euroclear Nederland Requirements;~~
- ~~(s)~~ ~~(e)~~ uncertificated shares of a class are not to be regarded as forming a separate class from certificated shares of that class; and
- ~~(t)~~ ~~(e)~~ if a class of shares is no longer admitted to settlement by means of ~~the Euroclear Nederland System or Clearstream Luxembourg System~~ a relevant system, the Company may give notice to a Member requiring the Member to change Uncertificated shares to Certificated shares by the time stated in the notice. The notice may also state that the Member may not change Certificated shares to Uncertificated shares. If the Member does not comply with the notice, the Board may authorise a person to change the Uncertificated ~~shares to Certificated shares in the name and on behalf of the Member.~~
- ~~(u)~~ words and expressions not specifically defined in Article 12(3) shall bear the same meaning as those words and expressions defined in the Euroclear Nederland Requirements or the CREST Manual, as the case may be.
- (4) Subject to such of the restrictions of these Articles as may be applicable:
- (a) any Member may transfer all or any of his Uncertificated shares by means of a relevant system authorised by the Board in such manner provided for, and subject as provided, in any regulations issued for this purpose under the ~~Laws~~ Law or such as may otherwise from time to time be adopted by the Board on behalf of the Company and the rules of any relevant system and accordingly no provision of these Articles shall apply in respect of an Uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the shares to be transferred;
  - (b) any Member may transfer all or any of his ~~Certificated~~ certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve; and
  - (c) an instrument of transfer of a ~~Certificated~~ certificated share shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer of a ~~Certificated~~ certificated share need not be under seal.
- ~~(5)~~ All transfers of shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Board or by any other manner as the Board may accept and permitted by the Law and the rules of each stock exchange on which the

relevant shares may be listed. Any instrument of transfer shall be signed by or on behalf of the transferor who shall be deemed to remain the holder until the name of the transferee is entered in the Register.

- (6) ~~(5)~~ Every instrument of transfer ~~of a Certificated share~~ shall be left at the Office or such other place as the Board may prescribe with the certificate (if applicable) of every share to be transferred and such other evidence as the Board may reasonably require to prove the title of the transferor or his right to transfer the shares; and the transfer and certificate ~~(if any)~~ shall remain in the custody of the Board but shall be at all reasonable times produced at the request and expense of the transferor or transferee or their respective representatives. ~~—A new certificate shall be delivered free of charge to the transferee after the transfer is completed and registered on his application and when necessary a balance certificate shall be delivered if required by him in writing.~~
- (7) ~~(6)~~ The Board may, in its absolute discretion and without giving a reason, refuse to register a transfer of any share in ~~Certificated~~certificated form or Uncertificated form ~~(subject to paragraph (7) below)~~ which is not fully paid or on which the Company has a lien, provided, in the case of a listed or publicly traded share that this would not prevent dealings in the share from taking place on an open and proper basis ~~on Eurolist by Euronext.~~ In addition, ~~subject to paragraph (7) below, the Directors may refuse to register a transfer of shares which is prohibited by Article 6 and may also~~ the directors may refuse to register a transfer of shares unless:
- (a) it is in respect of only one class of shares;
  - (b) it is in favour of a single transferee or not more than four joint transferees; and
  - (c) it is delivered for registration to the Office or such other place as the Board may decide, accompanied by the certificate(s) for the shares to which it relates and such other evidence as the Board may reasonably require to prove title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so.
- (8) ~~(7)~~ The Board may only decline to register a transfer of an Uncertificated share in the circumstances set out in regulations issued for this purpose under the ~~Laws or such as may otherwise from time to time be adopted by the Board on behalf of the Company and of the listing rules made by the AFM, the rules of Euronext Amsterdam N.V. and the rules and regulations of any relevant settlement system~~ Law, and where, in the case of a transfer, to joint holders, the number of joint holders to whom the Uncertificated share is to be transferred exceeds four.
- (9) ~~(8)~~ If the Board ~~refuses~~ refuse to register the transfer of a share ~~it~~ they shall, within two months after the date on which the transfer was lodged with the Company, send notice of the refusal to the transferee.
- (10) ~~(9)~~ Subject to the provisions of the CREST Guernsey Requirements the registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in any one year) as the Board may decide and either generally or in respect of a particular class of share ~~except that, in respect of any shares which are participating securities, the Register shall not be closed without the consent of the relevant operator of the settlement system. Any such suspension shall be communicated to shareholders, giving reasonable notice of such suspension, by means of a recognised regulatory news~~

service.

- (11) ~~(10)~~—No fee shall be payable to the Company in respect of the registration of any transfer, probate, letters of administration, certificate ~~of~~ marriage or death, power of attorney, instruction or other document relating to or affecting the title to any shares.
- (12) The Company shall keep the Register in accordance with Sections 123 to 128 of the Law and the CREST Guernsey Requirements. The Register may be closed during such periods as the Board thinks fit not exceeding in all thirty days in any year.
- (13) ~~(11)~~—On the death of a Member, the survivors where the deceased was a joint holder and the ~~executor or administrator~~ executors of the deceased where he was a sole holder shall be the only persons recognised by the Company as having any title to or interest in his shares; but nothing herein shall release the estate of a deceased joint holder from any liability in respect of any share jointly held.
- (14) ~~(12)~~—A person so becoming entitled to a share in consequence of the death, bankruptcy or incapacity of a Member ~~or otherwise by operation of law (subject as hereinafter provided), upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share,~~ shall have the right to receive and may give a discharge for all dividends and other money payable or other advantages due on or in respect of the share, but he shall not be entitled to receive notice of or to attend or vote at meetings of the Company, or save as aforesaid, to any of the rights or privileges of a Member unless and until he shall be registered as a Member in respect of the share PROVIDED ALWAYS that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within 90ninty days the Board may thereafter withhold all dividends or other monies payable or other advantages due in respect of the share until the requirements of the notice have been complied with.
- ~~(13) — (A) — No person that is an “employee benefit plan” subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”), a plan subject to Section 4975 of the Code, a person or entity whose assets include the assets of any such “employee benefit plan” or “plan” by reason of 29 C.F.R. 2510.3-101 (as modified by Section 3(42) of ERISA) or otherwise, or any other employee benefit plan subject to any federal, state, local or non-US law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code (a “Similar Law”) (each, an “ERISA Person”) may acquire or hold the shares and any person acquiring the shares will be deemed to have represented and warranted by its acquisition that it is not an ERISA Person and that no portion of the assets used by such person constitute assets of any plan subject to part 4 of subtitle B of Title I of ERISA, Section 4975 of the Code or any Similar Laws (any such person using assets of such a plan shall also be an “ERISA Person”). Any purported acquisition of shares by a person in contravention of this provision shall be deemed to be held in trust (the “Trust”) for the benefit of a charitable beneficiary designated by the Company following discovery of the Trust, and such ERISA Person will acquire no rights in such shares except as deemed trustee (the “Trustee”) for the benefit of such Trust (the “Shares-in-Trust”). The ERISA Persons purportedly owning such Shares in Trust shall submit such shares for registration in the name of the Trust. Such designation of shares as Shares in Trust shall be effective as of the date on which the ERISA Person had purportedly acquired such shares.~~

~~During the period prior to the Board's discovery of the existence of the Trust, any transfer of shares by an ERISA Person to a non-ERISA Person shall reduce the number of Shares in Trust on a one for one basis, and to that extent such shares shall cease to be designated as Shares in Trust. After the discovery of the existence of the Trust, but prior to the redemption or other transfer of all discovered Shares in Trust and/or the submission of all discovered Shares in Trust for registration in the name of the Trust, any transfer of shares by an ERISA Person to a non-ERISA Person shall reduce the number of Shares in Trust on a one for one basis, and to that extent such shares shall cease to be designated as Shares in Trust.~~

~~Prior to the Board's discovery of the Trust, the shares that are deemed Shares in Trust shall be considered to be issued and outstanding shares of the Company. The prohibited owner shall have no rights in the shares deemed to be held by the Trustee. The prohibited owner shall not benefit economically from ownership of any shares held in Trust by the Trustee, shall have no rights to any distributions and shall not possess any rights to vote or other rights attributable to the shares deemed to be held in the Trust. The Trustee shall have all rights and privileges attaching to the shares and rights to distributions with respect to shares held in the Trust, which rights shall be exercised for the exclusive benefit of the charitable beneficiary. Any distribution paid prior to the discovery by the Board of the Trust shall be paid by the recipient of such distribution to the Trustee upon demand and any distribution authorised but unpaid shall be paid when due to the Trustee. Any distribution so paid to the Trustee shall be held in trust for the charitable beneficiary.~~

~~If it shall come to the notice of the Board that shares are held in Trust pursuant to this paragraph 13(A) or are otherwise purported to be held by any ERISA Person, the Company will have the right, but not the obligation, to repurchase the Shares in Trust or to otherwise transfer the Shares in Trust to an Eligible Transferee as provided in (B) and (C) below. Upon a redemption or transfer of such Shares in Trust, the interest of the charitable beneficiary designated by the Company in the Shares in Trust shall terminate and the Trustee shall distribute the net proceeds of the sale to the prohibited owner and to the charitable beneficiary as provided herein. The prohibited owner shall receive the lesser of (1) the price paid by the prohibited owner for the shares or, if the prohibited owner did not give value for the shares in connection with the event causing the shares to be held in Trust (e.g., in the case of a gift, devise or other such transaction), the fair market value of the shares on the day of the event causing the shares to be deemed to be held in the Trust and (2) the fair market value per share on the date of the discovery by the Company of the purported ownership of the shares by an ERISA Person. Any net sale proceeds in excess of the amount payable to the prohibited owner shall be immediately paid to the charitable beneficiary.~~

~~By written notice to the Trustee, the Board shall designate one or more non-profit organisations to be the charitable beneficiary of the interest in the Trust such that (1) the shares held in the Trust would not violate the restrictions set forth herein in the hands of such charitable beneficiary and (2) each such organisation must be described in Section 501(c)(3) of the United States Internal Revenue Code of 1986, as amended (the "Code") and contributions to each such organisation must be eligible for deduction under each of Sections~~



~~170(b)(1)(A), 2055 and 2522 of the Code.~~

~~— If it shall come to the notice of the Board that shares are purported to be held by any ERISA Person and the foregoing provisions with respect to the Trust are unenforceable for any reason, the Company shall have the right to repurchase the shares, to otherwise transfer the shares to an Eligible Transferee or to direct the holder to transfer such shares to an Eligible Transferee. The prohibited owner shall receive the lesser of (1) the price paid by the prohibited owner for the shares or, if the prohibited owner did not give value for the shares, the fair market value of the shares on the day of the purported acquisition and (2) the fair market value per share on the date of the transfer to another holder in accordance with this paragraph.~~

~~(B) — If it shall come to the notice of the Board that any shares:~~

~~a) — are or may be owned or held directly or beneficially by any person in breach of any law or requirement of any country or by virtue of which such person is not qualified to own those shares and, in the sole and conclusive determination of the Board, such ownership or holding or continued ownership or holding of those shares (whether on its own or in conjunction with any other circumstance appearing to the Board to be relevant) would in the reasonable opinion of the Board, cause a pecuniary or tax disadvantage to the Company or any other holder of shares or other securities of the Company which it or they might not otherwise have suffered or incurred or are held in Trust pursuant to paragraph 13(A) or are otherwise purported to be held by any ERISA Person; or~~

(15) Nothing in these Articles shall preclude the Board from recognising the renunciation of the allotment of any share by the allottee in favour of some other person.

~~b) — are or may be owned or held directly or beneficially by any person to whom a transfer of shares or whose ownership or holding of any shares might in the sole and conclusive determination of the Board require registration of the Company as an investment company under the Investment Company Act of 1940;~~

(16) For the avoidance of doubt, nothing in these Articles shall require the shares to be transferred by written instrument if the Law provides otherwise and the Board shall be empowered to implement such arrangements as they consider fit in accordance with and subject to the Law and the rules of the UK Listing Authority to evidence and regulate the transfer of title to shares in the Company and for the approval or disapproval as the case may be by the Directors or the operator of any relevant system of the registration of those shares.

~~the Board may serve written notice (hereinafter called a “**Transfer Notice**”) upon the person (or any one of such persons where shares are registered in joint names) appearing in the register as the holder (the “**Vendor**”) of any of the shares concerned (the “**Relevant Shares**”) requiring the Vendor within 3 days (or such extended time as in all the circumstances the Board consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person who, in the sole and conclusive determination of the Board, would not fall within sub paragraphs (i) or (ii) above (such a person being hereinafter called an “**Eligible Transferee**”) (such Eligible Transferee to include for this purpose the Company). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Share to which it relates pursuant to the provisions referred to in this paragraph (B) or paragraph~~

~~(C) below, any rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.~~

~~(C) — If within 3 days after the giving of a Transfer Notice (or such extended time as in all the circumstances the Board consider reasonable) the Transfer Notice has not been complied with to the satisfaction of the Board, the Company may sell the Relevant Shares on behalf of the holder thereof by instructing an Admitted Institution to sell them at the best price reasonably obtainable at the time of sale to any one or more Eligible Transferees. To give effect to a sale, the Board may authorise in writing any officer or employee of the Company or any officer or employee of the secretary of the Company to transfer the Relevant Shares on behalf of the holder thereof (or any person who is automatically entitled to the shares by transmission or by law) or to cause the transfer of the Relevant Shares to the Eligible Transferee and in relation to an uncertificated share may require Euroclear Nederland to convert the share into certificated form and an instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. An Eligible Transferee is not bound to see to the application of the purchase money and the title of the Eligible Transferee is not affected by any irregularity in or invalidity of the proceedings connected to the sale. The net proceeds of the sale of the Relevant Shares, after payment of the Company's costs of the sale, shall be received by the Company, whose receipt shall be a good discharge for the purchase moneys, and shall belong to the Company and, upon their receipt, the Company shall become indebted to the former holder of the Relevant Shares, or the person who is automatically entitled to the Relevant Shares by transmission or by law, for an amount equal to the net proceeds of transfer, in the case of certificated shares, upon surrender by him or them of the certificate for the Relevant Shares which the Vendor shall forthwith be obliged to deliver to the Company. The Company is deemed to be a debtor and not a trustee in respect of that amount for the member or other person. No interest is payable on that amount and the Company is not required to account for money earned on it. The amount may be employed in the business of the Company or as it thinks fit. The Company may register or cause the registration of the Eligible Transferee as holder of the Relevant Shares and thereupon the Eligible Transferee shall become absolutely entitled thereto.~~

~~(D) — A person who becomes aware that his holding, directly or beneficially of shares will or is likely to fall within any of sub paragraphs (A) or (B) of this Article, shall forthwith, unless he has already received a Transfer Notice pursuant to the provisions referred to in paragraph (B) above either transfer the shares to one or more Eligible Transferees or give a request in writing to the Directors for the issue of a Transfer Notice in accordance with the provisions referred to in paragraph (B) above. Every such request shall, in the case of certificated shares, be accompanied by the certificate(s) for the shares to which it relates.~~

~~(E) — Subject to the provisions of the Articles, the Board will, unless any Director has reason to believe otherwise, be entitled to assume without enquiry that none of the shares are held in such a way as to entitle the Board to serve a Transfer Notice in respect thereof. The Board may, however, at any time and from time to time call upon any holder (or any one of joint holders or a person~~

~~who is automatically entitled to the shares by transmission or by law) of shares by notice in writing to provide such information and evidence as it shall require upon any matter connected with or in relation to such holder of shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than 3 days after service of the notice requiring the same) as may be specified by the Board in the said notice, the Board may, in its absolute discretion, treat any share held by such a holder or joint holder or person who is automatically entitled to the shares by transmission or by law as being held in such a way as to entitle them to serve a Transfer Notice in respect thereof.~~

~~(F) — The Board will not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this Article. The exercise of the powers conferred by the provisions referred to paragraphs (A) and/or (B) and/or (C) and/or (E) above may not be questioned or invalidated in any case on the ground that there was insufficient evidence of direct or beneficial ownership or holding of shares by any person or that the true direct or beneficial owner or holder of any shares was otherwise than as appeared to the Board at the relevant date provided that the said powers have been exercised in good faith.~~

### 13. ~~12.~~ **SUSPENSION OF CALCULATION OF NET ASSET VALUE**

- (1) The Directors may at any time temporarily suspend the calculation of the Company's net asset value during:
  - (a) any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Directors, disposal or valuation of a substantial part of the investments of the Company is not reasonably practicable without this being seriously detrimental to the interests of the Members or if in the opinion of the Directors of the Company the net asset value of the Company cannot be fairly calculated;
  - (b) any breakdown in the means of communication normally employed in determining the value of the investments of the Company or when for any reason the current prices of the investments of the Company cannot be promptly and accurately ascertained;
  - (c) any period in which the Directors determine that doing so is necessary or advisable for the protection of the Company.
- (2) Any such suspension shall be publicised by the Directors in such manner as they may deem appropriate to the persons likely to be affected thereby and to any stock exchange on which the shares are listed if required by the rules of that exchange and shall take effect at such time as the Directors shall declare but not later than the close of business on the Business Day next following the declaration and thereafter there shall be no determination of the net asset value until the Directors shall declare the suspension at an end except that the suspension shall terminate in any event on the first Business Day on which:
  - (a) the condition giving rise to the suspension shall have ceased to exist; and
  - (b) no other condition under which suspension is authorised under paragraph (1)

shall exist.

- (3) Each declaration by the Directors pursuant to paragraph (1) shall be consistent with such official rules and regulations (if any) relating to the subject matter thereof as shall have been promulgated by any authority having jurisdiction over the Company as shall be in effect at the time to the extent not inconsistent with such official rules and regulations, the determination of the Directors shall be conclusive.

#### 14. ~~13.~~ ALTERATION OF CAPITAL

- (1) The Company at any time may by ordinary resolution increase the share capital by such sum to be divided into shares of such amount as the resolution shall prescribe.
- (2) Subject to the rights attached to the existing Ordinary Shares and these Articles, new shares shall be of such class and amount and have such preferred, deferred or other rights or restrictions as regards dividends or in the distribution of assets or as to voting or otherwise as the Company may by ordinary resolution decide, or if no such resolution is passed or so far as any pertinent resolution does not make specific provision, as the Board may decide.

~~(3) Subject to the terms and rights attaching to the Ordinary Shares and these Articles, the Company before the issue of any new shares may by ordinary resolution resolve that all or some of them shall be offered to the Members in proportion to their existing shares at such price as the Company or the Board may fix and such offer shall be made by notice specifying the number of shares to which the Member is entitled and limiting a time within which the offer if not accepted will be deemed to be declined; and after the expiration of such period or on the receipt of an intimation from the Member that he declines, the Board may offer the same on similar terms to such of the other Members as they may select including the Directors or dispose of them in such manner as they think fit. For the purpose of giving effect to this Article, the Board shall be entitled to disregard fractions. In the absence of any determination to the contrary, new shares may be dealt with as if they formed part of the original capital and shall be subject to these Articles.~~

(3) ~~(4)~~ Subject as provided elsewhere in these Articles, the Company may by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) subdivide all or any of its shares into shares of smaller amount than is fixed by the Memorandum (if any) so however that in subdivision the proportion between the amount paid and the amount if any unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that the resolution whereby any share is subdivided may determine that as between the holders of the shares resulting from subdivision one or more of the shares may have such preferred deferred or other rights over the others as the Company has power to attach to unissued or new shares;
- (c) cancel any shares which at the date of the resolution have not been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of the shares so cancelled;

- (d) convert all or any of its fully paid shares into stock and reconvert that stock into paid-up shares of any denomination; and
  - (e) convert all or any of its fully paid shares the nominal amount of which is expressed in a particular currency into fully paid shares of a nominal amount of a different currency, the conversion being effected at the rate of exchange (calculated to not less than 3 significant figures) current on the date of the resolution or on such other date as may be specified therein.
- (4) ~~(5)~~ The Board on any consolidation of shares may deal with fractions of shares in any manner.
- (5) ~~(6)~~ The Company may by special resolution reduce its share capital any capital redemption reserve fund or any share premium account in any manner and with and subject to any incident authorised and consent required by the ~~Laws~~Law.

## 15. ~~14.~~ GENERAL MEETINGS

- (1) The first general meeting (being an annual general meeting) of the Company shall be held within such time as may be required by the ~~Laws~~Law and thereafter general meetings (which are annual general meetings) shall be held once at least in each subsequent calendar year. All general meetings (other than annual general meetings) shall be called extraordinary general meetings. General meetings shall be held in Guernsey or such other place as may be determined by the Directors from time to time.
- (2) A Member shall not be entitled in respect of any share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company unless all calls due from him in respect of that share have been paid.
- (3) A Member shall not, if the Directors so determine, be entitled in respect of any share held by him to attend or vote (either personally or by representative or by proxy) at any general meeting or separate class meeting of the Company or to exercise any other right conferred by membership in relation to any such meeting if he or any other person appearing to be interested in such shares has failed to comply with a notice requiring the disclosure of Members' interests and given under the Articles within 14 days from the date of such notice. The restrictions will continue until the information required by the notice is supplied to the Company or until the shares in question are transferred or sold in circumstances specified for this purpose in the Articles.
- (4) A Member participating by video link or telephone conference call or other electronic or telephonic means of communication in a meeting shall be treated as forming part of the quorum of that meeting PROVIDED THAT the Members present at the meeting can hear and speak to the participating Member.
- (5) A video link or telephone conference call or other electronic or telephonic means of communication in which a quorum of Members participates and all participants can hear and speak to each other shall be a valid meeting which shall be deemed to take place where the chairman is present unless the Members resolve otherwise.
- (6) Any general meeting convened by the Board, unless its time shall have been fixed by the Company in general meeting or unless convened in pursuance of a requisition, may be postponed by the Board by notice in writing and the meeting shall, subject to any

further postponement or adjournment, be held at the postponed date for the purpose of transacting the business covered by the original notice.

- (7) The Board may whenever it thinks fit and shall on the requisition in writing of one or more holders representing not less than one-tenth of the issued share capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an extraordinary general meeting.
- (8) The requisition shall be dated and shall state the object of the meeting and shall be signed by the requisitionists and deposited at the Office and may consist of several documents in like form each signed by one or more of the requisitionists.
- (9) If the Board does not proceed to cause a meeting to be held within 21 days from the date of the requisition being so deposited the requisitionists or a majority of them in value may themselves convene the meeting.
- (10) Any meeting convened by requisitionists shall be convened in the same manner (as nearly as possible) as that in which meetings are convened by the Board.

#### 16. ~~15.~~ NOTICE OF GENERAL MEETINGS

- (1) Not less than 21 clear calendar days' notice specifying the time and place of any general meeting and specifying also in the case of any special business the general nature of the business to be transacted shall be given by notice sent by post by the Secretary or other officer of the Company or any other person appointed in that behalf by the Board (including the Transfer Agent) to such Members as are entitled to receive notices PROVIDED THAT with the consent in writing of all the Members entitled to receive notices of such meeting a meeting may be convened by a shorter notice or at no notice and in any manner they think fit. In every notice there shall appear a statement that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a Member.
- (2) Notices of general meetings will be sent to Euroclear Nederland and published in a Dutch national daily newspaper at least 15 days before the date of the meeting and in the Official Price List of Euronext Amsterdam.
- (3) The accidental omission to give notice of any meeting to or the non-receipt of such notice by any Member shall not invalidate any resolution (or any proposed resolution otherwise duly approved) passed or proceeding at any meeting.

#### 17. ~~16.~~ PROCEEDINGS AT GENERAL MEETINGS

- (1) The ordinary business of a general meeting shall be to receive and consider the profit and loss account and the balance sheet of the Company and the reports of the Directors and the Auditors, to elect Directors and appoint Auditors in the place of those retiring, to fix the remuneration of the Directors and Auditors, to sanction or declare dividends and to transact any other ordinary business which ought to be transacted at such meeting. All other business shall be deemed special and shall be subject to notice as hereinbefore provided.
- (2) The quorum for a general meeting ~~at which only ordinary business is to be transacted shall be 2~~ shall be one or more Members present in person or by proxy and entitled to vote. ~~If within 30 minutes from the time appointed for such a meeting a quorum is not~~

~~present, the meeting *if convened by or upon a requisition* shall be dissolved. If otherwise convened it shall stand adjourned for 7 days at the same time and place or to such other day and at such other time and place as the Board may determine and (subject to paragraph (9)) no notice of adjournment need be given. On the resumption of the adjourned meeting, those Members present in person or by proxy shall constitute the quorum holding five per cent or more of the voting rights available at such meeting whether or not the Company has one Member.~~

- (3) ~~The quorum for a general meeting at which any business deemed special is to be transacted shall be Members present in person or by proxy holding not less than 50% of the total voting rights of the Members having the right to attend and vote at such a meeting PROVIDED THAT if any Member present in person or by proxy at the meeting holds shares registered in such Member's name as record owner thereof directly or indirectly for the account of one or more ultimate beneficial owners, whether through the Euroclear or Clearstream Luxembourg System or otherwise, such Member shall, for the purposes of this Article, be deemed only to have the power to vote in respect of shares in respect of which such Member has received binding voting instructions from such ultimate beneficial owner(s) and the chairman of the meeting, as a condition to permitting such Member to be counted in the quorum in respect of such shares, may require such written evidence from such Member of such binding instructions as shall be deemed satisfactory by the chairman in his sole and absolute discretion. If, within half an hour after the time appointed for the meeting, a quorum is not present, the meeting, *if convened by or upon a requisition*, shall be dissolved. If otherwise convened, it shall stand adjourned for 7 clear days at the same time and place and (subject to Article 17(6)) no notice of adjournment need be given (or if that day is not a business day in the location of the meeting, to the next business day). The quorum at any such adjourned meeting shall be such Member or Members who shall attend in person or by proxy.~~
- ~~(4) If within 30 minutes from the time appointed for a general meeting at which any business deemed special is to be transacted a quorum is not present the meeting shall stand adjourned for 7 days at the same time and place or to such other day and at such other time and place as the Board may determine and (subject to paragraph (9)) no notice of adjournment need be given. On the resumption of an adjourned meeting, Members present in person or by proxy holding not less than 25% of the total voting rights of the Members having the right to attend and vote at such a meeting shall constitute the quorum PROVIDED THAT if any Member present in person or by proxy at the meeting holds shares registered in such Member's name as record owner thereof directly or indirectly for the account of one or more ultimate beneficial owners, whether through the Euroclear or Clearstream Luxembourg System or otherwise, such Member shall, for the purposes of this Article, be deemed only to have the power to vote in respect of shares in respect of which such Member has received binding voting instructions from such ultimate beneficial owner(s) and the chairman of the meeting, as a condition to permitting such Member to be counted in the quorum in respect of such shares, may require such written evidence from such Member of such binding instructions as may be deemed satisfactory by the chairman in his sole and absolute discretion.~~
- ~~(5) If within 30 minutes from the time appointed for any general meeting resumed under paragraph (4) a quorum is not present, the meeting shall stand adjourned for a further 7 days at the same time and place or to such other day and at such other time and place as the Board may determine and (subject to paragraph (9)) no notice of adjournment need be given. On the resumption of the adjourned meeting, Members present in person or~~

~~by proxy holding not less than 15% of the total voting rights of the Members having the right to attend and vote at such a meeting shall constitute the quorum PROVIDED THAT if any Member present in person or by proxy at the meeting holds the shares registered in such Member's name as record owner thereof directly or indirectly for the account of one or more ultimate beneficial owners, whether through the Euroclear or Clearstream Luxembourg System or otherwise, such Member shall, for the purposes of this Article, be deemed only to have the power to vote in respect of shares in respect of which such Member has received binding voting instructions from such ultimate beneficial owner(s) and the chairman of the meeting, as a condition to permitting such Member to be counted in the quorum in respect of such shares, may require such written evidence from such Member of such binding instructions as may be deemed satisfactory by the chairman in his sole and absolute discretion.~~

~~(6) If within 30 minutes from the time appointed for any general meeting resumed under paragraph (5) a quorum is not present, the meeting shall stand adjourned for a further 7 days at the same time and place or to such other day and at such other time and place as the Board may determine and (subject to paragraph (9)) no notice of adjournment need be given. On the resumption of the adjourned meeting, the quorum shall be 2 Members present in person or by proxy and entitled to vote. If within 30 minutes from the time appointed for such a meeting a quorum is not present, the meeting shall stand adjourned for 7 days at the same time and place or to such other day and at such other time and place as the Board may determine and (subject to paragraph (9)) no notice of adjournment need be given. On the resumption of the adjourned meeting, those Members present in person or by proxy shall constitute the quorum.~~

(4) ~~(7)~~ For the purposes of paragraphs ~~(3)~~, ~~(4)~~ and ~~(5)~~, where a Member present in person or by proxy informs the chairman of the meeting that he holds the shares registered in such Member's name for his own benefit, the chairman may require such Member to produce a certificate to that effect as a condition to permitting such Member to be counted in the quorum.

(5) ~~(8)~~ At any general meeting the Chairman of the Directors, failing whom a Deputy Chairman, failing whom any Director present and willing to act and, if more than one, chosen by the Directors present at the meeting, shall preside as chairman. If no Director is present within 5 minutes after the time appointed for holding the meeting and willing to act as chairman, the members present and entitled to vote shall choose one of their number to be chairman of the meeting.

(6) ~~(9)~~ The chairman may with the consent of any meeting at which a quorum is present and shall if so directed by the meeting adjourn the meeting at any time and to any place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 30 days or more notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

(7) ~~(10)~~ If an amendment shall be proposed to any resolution under consideration but shall in good faith be ruled out of order by the chairman of the meeting the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special or Extraordinary Resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.



(8) ~~(11)~~ At any meeting, a resolution put to the vote shall be decided by a show of hands or by a poll at the option of the chairman. Nevertheless before or on the declaration of the result a poll may be demanded:

- (a) by the chairman; or
- (b) by one Member present in person or by proxy provided he represents at least one-tenth of the subscribed capital; or
- (c) by 2 Members present in person or by proxy.

The demand for a poll may be withdrawn.

(9) ~~(12)~~ Unless a poll be demanded, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously or by a particular majority or lost and an entry to that effect in the minute book shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded.

(10) ~~(13)~~ A poll if demanded shall be taken at the meeting at which the same is demanded or at such other time and place as the chairman shall direct and the result shall be deemed the resolution of the meeting.

(11) ~~(14)~~ If a poll is duly demanded, it shall be taken in such manner and at such place as the chairman may direct (including the use of ballot or voting papers or tickets) and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman may, in the event of a poll appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.

(12) ~~(15)~~ A poll demanded on the election of a chairman and a poll demanded on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and place as the chairman directs not being more than 30 days from the date of the meeting or adjourned meeting at which the poll was demanded.

(13) ~~(16)~~ In case of an equality of votes on a poll the chairman shall have a second or casting vote in addition to any other vote he may have.

## 18. ~~17.~~ VOTES OF MEMBERS

(1) Subject as provided elsewhere in these Articles and to any special rights or restrictions for the time being attached to any class of share:

- (a) On a show of hands, every Member present in person or by proxy shall have one vote;
- (b) On a poll, every Member present in person or by proxy shall have one vote for each share held by him PROVIDED THAT, in connection with any poll (other than a poll relating to election of directors (other than the Director appointed by the Member holding the Class B Share)), ~~and provided, further, that, in connection with any poll,~~ shares with respect to which the Investment Manager or any of its Affiliates has the power to determine the vote (including, but not limited to, shares held by the record owner thereof directly or indirectly for the account of the Investment Manager or any of its Affiliates as ultimate

beneficial owner, whether through ~~the Euroclear or Clearstream Luxembourg System~~any relevant system or otherwise) (“Investment Manager Shares”) shall have a number of votes equal to the lesser of (i) one vote for each Investment Manager Share and (ii) 15% of the number of voting shares outstanding on the record date for the relevant meeting of Members; and provided, further, that, in connection with any poll relating to election of directors (other than the Director appointed by the Member holding the Class B Share), the Investment Manager Shares shall have a number of votes equal to the lesser of (i) one vote for each Investment Manager Share and (ii) 3/17 of the number of votes validly cast by all persons other than the Investment Manager and its Affiliates (or persons acting on their instructions) in such poll. In determining the number of votes to which the Investment Manager Shares are entitled in connection with any poll, the Company may rely upon a written certificate from the Investment Manager as to the total number of votes cast directly or indirectly by the Investment Manager and its Affiliates, taken together (including, but not limited to, votes cast by the Investment Manager or any of its Affiliates, as ultimate beneficial owner, through the ~~Euroclear or Clearstream Luxembourg System~~any relevant system), the number of affirmative votes so cast by such persons and the number of negative votes so cast by such persons, PROVIDED THAT the Company shall also take into account any other information available to it regarding the number of votes so cast by such persons. To determine the number of votes to which the Investment Manager Shares are entitled in connection with any poll, the Company shall proceed as follows:

- (A) The Company shall calculate the number of votes cast by all persons other than the Investment Manager and its Affiliates, which shall equal the difference between (I) the total number of votes cast in connection with such poll and (II) the total number of votes cast directly or indirectly by the Investment Manager and its Affiliates, taken together, as determined by the Company;
- (B) The Company shall calculate, as applicable, either (a) 15% of the number of voting shares outstanding on the record date for the relevant meeting of Members or (b) 3/17 of the number of votes cast by all persons other than the Investment Manager and its Affiliates;
- (C) If the amount calculated as described in paragraph (B) is greater than or equal to the number of votes cast directly or indirectly by the Investment Manager and its Affiliates, as determined by the Company, then the Investment Manager Shares shall be entitled to one vote per share held by them in connection with the relevant poll;
- (D) If the product referred to in paragraph (B) is less than the number of votes cast directly or indirectly by the Investment Manager and its Affiliates, as determined by the Company, then the Investment Manager Shares shall be entitled to a number of votes equal to that product, which will be divided between affirmative votes and negative votes in the same proportion as the votes actually cast by the Investment Manager and its Affiliates (as certified by the Investment Manager). The foregoing notwithstanding, the Board may, in its sole discretion, waive this limit and permit the Investment Manager Shares to cast one vote per Investment Manager Share in connection with any poll.

- (2) Where there are joint registered holders of any share such persons shall not have the right of voting individually in respect of such share but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election, the person whose name stands first on the Register shall alone be entitled to vote.
- (3) Any Member being under any legal disability may vote by his curator or other legal guardian. Any of such persons may vote either personally or by proxy.
- (4) On a poll votes may be given either personally or by proxy and a Member entitled to more than one vote need not use all his votes or cast all votes he uses in the same way. A Member may appoint any person (whether or not a Member) to act as his proxy at any meeting of Members (or of any class of Members) in respect of all or a particular number of the shares held by him. A Member may appoint more than one person to act as his proxy and each such person shall act as proxy for the Member for the number of shares specified in the instrument appointing the person a proxy. If a Member appoints more than one person to act as his proxy, each instrument appointing a proxy shall specify the number of shares held by the Member for which the relevant person is appointed his proxy.
- (5) Each duly appointed proxy has the same rights as the Member by whom he was appointed to:
  - (a) speak at a meeting; and
  - (b) vote at a meeting in respect of the number of shares held by the Member for which the relevant proxy is appointed his proxy.
- (6) If a Member appoints more than one proxy (but subject to the voting instructions (if any) given by the Member), no proxy appointed by the Member need:
  - (a) use all his votes or cast all the votes he uses in the same way in respect of any resolution; and
  - (b) cast all the votes used by him in respect of any resolution in the same way as any other proxy appointed by the Member.
- (7) Unless the Board otherwise decides, no Member shall be entitled to be present or take part in any proceedings or vote either personally or by proxy at any meeting unless all calls or other amounts due from him have been paid. No Member shall be entitled to vote in respect of any shares unless he has been registered as their holder. For the purposes of determining which persons are entitled to attend or vote at a meeting and how many votes such person may cast, the Company may specify in the notice of the meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered on the Register in order to have the right to attend or vote at the meeting.
- (8) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed shall be valid for all purposes. Any objection made in due time shall be referred to the chairman whose decision shall be final and binding.

- (9) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation under its common seal or under the hand of an officer or attorney duly authorised.
- (10) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default unless the Board directs otherwise the instrument of proxy shall not be treated as valid.
- (11) The instrument appointing a proxy may be in any form which the Board may approve and may include an instruction by the appointor to the proxy either to vote for or against any resolution to be put to the meeting.
- (12) The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll and shall be as valid for any adjournment as for the meeting to which it relates.
- (13) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or disability of the principal or revocation of the proxy or of the authority under which the proxy was executed PROVIDED THAT no intimation in writing of such death disability or revocation shall have been received by the Company at the Office before the commencement of the meeting or adjournment or the taking of the poll at which the proxy is used.
- (14) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Members or to approve any resolution submitted in writing and the person so authorised shall be entitled to exercise on behalf of the corporation which he represents the same powers (other than to appoint a proxy) as that corporation could exercise if it were an individual Member. The corporation will for the purpose of these Articles be deemed to be present in person at a meeting if a representative is present.
- (15) If:
  - a) at any time when the Company is not subject to the City Code or any successor regime (whether statutory or non-statutory) governing the conduct of takeovers and mergers in the UK or any similar regime which includes rules requiring mandatory takeover bids in either Guernsey or in the Netherlands;
  - (ii) any person (and/or any person(s) held by the Board in their absolute discretion to be “acting in concert” (as that term is defined in the City Code) with him) acquires Shares in the Company in circumstances where he (whether or not with any such other person(s) would (in the opinion of the Board) have been obliged under the City Code to extend a general offer (a “**Mandatory Offer**”) to the holders of any other Shares in the Company had the Code applied to the Company (such person or persons who would from time to time have been required to have made such an offer being the “**Mandatory Offeror(s)**”); and
  - (iii) the Mandatory Offeror(s) fail(s) to make such an offer to the other Members on

terms and conditions as are no less favourable (in the opinion of the Board) than he/they would have been obliged to offer under the provisions of the Code had it applied (a “**Compliant Offer**”) within 21 days following the date on which the obligation would have arisen,

the Board is entitled, but not obliged, to suspend with immediate effect all voting rights attributable to the shares in the Company held directly or indirectly by the Mandatory Offeror(s) from time to time and any shares in respect of which the Mandatory Offeror(s) from time to time is able to direct the voting rights. Any such suspension may, at the absolute discretion of the Board, extend for any period during which the obligation to make a Mandatory Offer would have continued to exist under the Code unless and until a Compliant Offer is made. The Board has no liability to the Mandatory Offeror(s) or any other Member of the Company for the manner in which they exercise or refrain from exercising any suspension powers under these Articles or for any determination which the Board makes as to the application of the provisions of these Articles to any particular circumstances.

## 19. ~~18.~~ NUMBER AND APPOINTMENT OF DIRECTORS

- (1) The first Directors of the Company shall be appointed by the subscribers to the Memorandum. Until otherwise determined by the Board, the number of Directors shall be not less than 5. One Director (only) may be an employee of the AXA Group, but such Director may not be an employee of the Investment Manager or one of its direct or indirect subsidiaries. At no time will (i) fewer than one Director be resident in Guernsey or (ii) more than one Director be resident in France. At no time will a majority of the Board be resident in the United Kingdom.
- (2) The Board shall have power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not at any time exceed the number (if any) fixed pursuant to these Articles. Irrespective of the terms of his appointment, a Director so appointed shall hold office only until the next following annual general meeting. If not re-appointed at such annual general meeting, he shall vacate office at its conclusion.
- (3) The chairman of the Company from time to time (the “**Chairman**”) (or in his absence the ~~eldest~~longest serving member of the Board present) shall preside at Board meetings. The Chairman (or in his incapacity or absence, such other person located within Guernsey as may be designated by the Board) shall have the authority to execute instruments on behalf of the Company. The first Chairman shall be appointed to the Board for an initial period of three years. The other first Directors shall be appointed to the Board for an initial period of two years. After the first two years, the terms of appointment for the Directors may be staggered, with one directorship candidate standing for re-election for a one year term, one standing for election or re-election for a two year term, and two standing for election or re-election for a three year term. The Director elected by the Member holding the Class B Share (if any) shall be elected for a three year term. Thereafter, the Chairman and each of the other Directors shall stand for election or re-election for three year terms in years in which their terms expire. The Board shall decide which individuals to nominate for election or re-election. The Chairman may not be resident in France or affiliated with the Investment Manager.
- (4) No person other than a Director retiring at a general meeting shall, unless recommended by the Directors, be eligible for election by the Company to the office of Director unless not less than 7 nor more than 42 days before the date appointed for the

meeting there shall have been left at the Office notice in writing signed by a Member duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election together with notice in writing signed by that person of his willingness to be elected.

- (5) The Company at the meeting at which a Director retires in the manner aforesaid may fill the vacated office by appointing a person thereto by ordinary resolution and in default the retiring Director shall, if willing to act, be deemed to have been re-appointed unless at such meeting it is expressly resolved not to fill the vacated office or a resolution for the re-appointment of such Director shall have been put to the meeting and lost. The Company at such meeting may also (subject to paragraph (2)) fill up any other vacancies.
- (6) Without prejudice to the powers of the Board, the Company by ordinary resolution may appoint any person to be a Director either to fill a casual vacancy or as an additional Director, but so that the total number of Directors shall not thereby exceed the maximum number (if any) fixed by or in accordance with these Articles. Any person so appointed by the Directors shall hold office only until the next annual general meeting and shall then be eligible for election.
- (7) At a general meeting a motion for the appointment of 2 or more persons as Directors of the Company by a single resolution shall not be made unless a resolution that it shall be so made has been first agreed to by the meeting without any vote being given against it.
- (8) The Director appointed by the holder of the Class B Share shall not be precluded from voting with respect to matters relevant to the Company's interactions with the Investment Manager.

## 20. ~~19.~~ **QUALIFICATION AND REMUNERATION OF DIRECTORS**

- (1) A Director need not be a Member. A Director who is not a Member shall nevertheless be entitled to attend and speak at shareholders' meetings.
- (2) The Directors (other than alternate Directors) shall be entitled to receive by way of fees for their services as Directors such sum as the Board may from time to time determine PROVIDED THAT the amount paid to each Director by way of fees shall not exceed €60,000 per annum (plus in each case an additional fee of €10,000 per meeting for each of the first four meetings of the Board attended in person in Guernsey by such Director in any calendar year), or €120,000 per annum in respect of the Chairman, or such larger amount as may be determined from time to time by ordinary resolution of the Company. Any fees payable pursuant to these Articles shall be distinct from and shall not include any salary, remuneration for any executive office or other amounts payable to a Director pursuant to any other provisions of these Articles and shall accrue from day to day.
- (3) The Directors shall be entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors, including expenses incurred in attending meetings of the Board or any committee of the Board or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company. If by arrangement with the Board, any Director shall perform or render any special duties or services outside his ordinary duties as a Director, he may be paid such reasonable additional remuneration as the Board may determine.

- (4) The Directors shall also be entitled to be repaid all reasonable out of pocket expenses properly incurred by them in or with a view to the performance of their duties or in attending meetings of the Board or of committees or general meetings.
- (5) If any Director having been requested by the Board shall render or perform extra or special services or shall travel or go to or reside in any country not his usual place of residence for any business or purpose of the Company he shall be entitled to receive such sum as the Board may think fit for expenses and also such remuneration as the Board may think fit either as a fixed sum or as a percentage of profits or otherwise and such remuneration may as the Board shall determine be either in addition to or in substitution for any other remuneration which he may be entitled to receive but any such salary or remuneration will be subject to prior approval by a majority of the votes cast at a General Meeting.
- (6) The Directors shall have power to pay and agree to pay gratuities, pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director or ex-Director and for the purpose of providing any such gratuities, pensions or other benefits to contribute to any scheme or fund or to pay premiums.
- (7) No more than one Director of the Company may at any time be a director, officer or employee of the Investment Manager or one of its Affiliates.

21. ~~20.~~ **ALTERNATE DIRECTORS**

- (1) Any Director may by notice in writing under his hand served upon the Company appoint any person approved by the Board as an alternate Director to attend and vote in his place at any meeting of the Directors at which he is not personally present or to undertake and perform such duties and functions and to exercise such rights as he could personally and such appointment may be made generally or specifically or for any period or for any particular meeting and with and subject to any particular restrictions. Every such appointment shall be effective and the following provisions shall apply:
  - (a) if his appointor so directs the Secretary, to notice of meetings of the Directors; and
  - (b) to attend and to exercise (subject to any restrictions) all the rights and privileges of his appointor at all such meetings at which his appointor is not personally present and generally at such meetings to perform all functions of his appointor as a Director and for the purposes of the proceedings at such meetings the provisions of these Articles shall apply as if he (instead of his appointor) were a Director.
- (2) Every alternate Director while he holds office as such shall be entitled:
  - (a) if his appointor so directs the Secretary, to notice of meetings of the Directors; and
  - (b) to attend and to exercise (subject to any restrictions) all the rights and privileges of his appointor at all such meetings at which his appointor is not personally present and generally at such meetings to perform all functions of his appointor as a Director and for the purposes of the proceedings at such meetings the provisions of these Articles shall apply as if he (instead of his appointor) were a Director.
- (3) Every alternate Director shall *ipso facto* vacate office if and when his appointment expires by effluxion of time or his appointor vacates office as a Director or removes the alternate Director from office as such by notice in writing under his hand served upon the Company.
- (4) No alternate Director shall be entitled as such to receive any remuneration from the Company but every alternate Director shall be entitled to be paid all reasonable expenses incurred in the exercise of his duties.

- (5) A Director may act as alternate Director for another Director and shall be entitled to vote for such other Director as well as on his own account but no Director shall at any meeting be entitled to act as alternate Director for more than one other Director. He shall not be counted more than once for the purposes of the quorum.
- (6) The Director appointed by the Investment Manager that holds the Class B Share may appoint an alternate to serve in his or her place under unusual circumstances when this Director is unable to attend a meeting and such alternate Director may be a director, officer or employee of the Investment Manager or one of its Affiliates.
- (7) An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be indemnified to the same extent *mutatis mutandis* as if he were a Director.
- (8) An alternate Director shall be a resident of the same jurisdiction as the appointing Director but save as set out above, may not be a director, officer or employee of the Investment Manager or one of its Affiliates.

## 22. ~~21.~~ **BORROWING POWERS OF THE BOARD**

The Board may exercise all the powers of the Company to borrow money and to give guarantees, mortgage, hypothecate, pledge or charge all or part of its undertaking property or assets (present or future) and uncalled capital and, subject to the provision of the ~~Laws~~Law, to issue debentures, loan stock and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

## 23. ~~22.~~ **OTHER POWERS AND DUTIES OF THE BOARD**

- (1) The business of the Company shall be managed by the Board who may exercise all such powers of the Company as are not required to be exercised by the Company in general meeting subject nevertheless to these Articles and to the ~~Laws~~Law and to such regulations as may be prescribed by the Company in general meeting but no regulation so made shall invalidate any prior act of the Board. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board by any other Article.
- (2) The Board may arrange that any branch of the business carried on by the Company or any other business in which the Company may be interested shall be carried on by or through one or more subsidiary companies and the Board may on behalf of the Company make such arrangements as it thinks advisable for taking the profits or bearing the losses of any branch or business so carried on or for financing assisting or subsidising any such subsidiary company or guaranteeing its contracts obligations or liabilities.
- (3) The Board may establish any local boards or agencies for managing any of the affairs of the Company and may appoint any one or more of its number or any other persons to be members of such local Boards or any managers or agents and may fix their remuneration and may delegate to any local board manager or agent any of the powers authorities and discretion vested in the Board with power to sub-delegate and may authorise the members of any local board to fill any vacancies and to act notwithstanding vacancies and any such appointment or delegation may be made upon such terms and subject to such conditions as the Board may think fit and the Board may



remove any person so appointed and may annul or vary any such delegation but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

- (4) The Board may at any time by power of attorney given under the hand of such person or persons duly authorised in that behalf appoint any person or any fluctuating body of persons whether nominated directly or indirectly by the Board to be the attorney of the Company for such purposes and with such powers and discretion and for such periods and subject to such conditions as the Board may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any attorney as the Board may think fit and may also authorise any attorney to sub-delegate all or any of his powers and discretion.
- (5) A Director who to his knowledge is in any way directly or indirectly interested in a contract or arrangement or proposed contract or arrangement with the Company shall disclose the nature of his interest at a meeting of the Board. In the case of a proposed contract such disclosure shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or if the Director was not at the date of that meeting interested in the proposed contract or arrangement at the next meeting of the Board held after he became so interested. In a case where the Director becomes interested in a contract or arrangement after it is made, disclosure shall be made at the first meeting of the Board held after the Director becomes so interested. For the purpose of the foregoing a general notice given to the Board by a Director to the effect that he is a member of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm shall be deemed to be a sufficient disclosure of interest if either it is given at a meeting of the Board or the Director takes reasonable steps to ensure that it is raised and read at the next meeting of the Board after it is given.
- (6) A Director may not vote on or, subject to the provisions of these Articles, be counted in the quorum in respect of any resolution of the Directors or committee of the Directors concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company) but, in the absence of some other material interest than is mentioned below, this prohibition does not apply to a resolution concerning any of the following matters:
  - (a) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;
  - (b) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;
  - (c) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or

sub-underwriting of which he is to participate;

- (d) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another company (including a subsidiary of the Company) in which he (directly or indirectly) is interested and whether as an officer, shareholder, creditor or otherwise (a “relevant company”), if he does not to his knowledge hold an interest in shares representing 1% or more of either any class of the equity share capital of or the voting rights in the relevant company;
  - (e) any contract, arrangement, transaction or proposal relating to an arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings (including any pension fund or retirement, death or disability scheme) which does not award him any privilege or benefit not generally awarded to the employees to which such arrangement relates; and
  - (f) a contract, arrangement, transaction or proposal concerning the purchase and / or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.
- (7) For the purposes of this Article a person shall be treated as being connected with a Director if that person is:
- (a) a spouse, child (under the age of eighteen) or step child (under the age of eighteen) of the Director; or
  - (b) an associated body corporate which is a company in which the Director alone, or with connected persons, is directly or indirectly beneficially interested in 20% or more of the nominal value of the equity share capital or is entitled (alone or with connected persons) to exercise or control the exercise of more than 20% of the voting power at general meetings; or
  - (c) a trustee (acting in that capacity) of any trust, the beneficiaries of which include the Director or persons falling within paragraphs (a) or (b) above excluding trustees of an employees’ share scheme or pension scheme; or
  - (d) a partner (acting in that capacity) of the Director or persons in categories (a) to (c) above.
- (8) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company, or whereat the terms of any such appointment are arranged or whereat any contract in which he is interested is considered, and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms thereof. Where proposals are under consideration concerning the appointment (including without limitation fixing or varying the terms of appointment or its termination) of 2 or more Directors to offices or places of profit with the Company or a company in which the Company is interested, such proposals shall be divided and a separate resolution considered in relation to each Director. In such case each of the Directors concerned (if not otherwise debarred from voting under these provisions) is entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

- (9) A Director may hold any other office or place of profit with the Company (other than Auditor or Auditor of a subsidiary of the Company) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be liable to be avoided nor shall any Director so contracting or being so interested be liable to account to the Company for any profits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.
- (10) Any Director may act by himself or his firm in a professional capacity for the Company, other than as Auditor, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- (11) Any Director may continue to be or become a director, managing director, manager or other officer or member of any company promoted by the Company or in which the Company may be interested, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him as a director, managing director, manager or other officer or member of any such company. The Directors may exercise the voting power conferred by the shares in any other company held or owned by the Company or exercisable by them as directors of such other company, in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them directors, managing directors, managers or other officers of such company, or voting or providing for the payment of remuneration to themselves as directors, managing directors, managers or other officers of such company) and any Director of the Company may vote in favour of the exercise of such voting rights in the manner aforesaid, notwithstanding that he may be or be about to be appointed a director, managing director, manager or other officer of such other company, and as such is or may become interested in the exercise of such voting rights in the manner aforesaid.
- (12) If a question arises at any time as to the materiality of a Director's interest or as to his entitlement to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting and his ruling in relation to any Director other than himself shall be final and conclusive except in a case where the nature or extent of the interest of such Director has not been fairly disclosed.
- (13) All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed in such manner as the Board shall at any time determine.
- (14) The Board shall cause minutes to be made in books provided for the purpose:
- (a) of all appointments of officers;
  - (b) of the names of the Directors present at each meeting of the Board and of any committee;
  - (c) of all resolutions and proceedings at meetings of the Company and meetings of

the Board and of committees.

Any such minutes if purporting to be signed by the chairman of the meeting at which the proceedings took place, or by the chairman of the next succeeding meeting, shall be evidence of their proceedings.

- (15) A register of Directors' interests in shares shall be kept at the Office and shall be open to the inspection of any Member or holder of debentures of the Company between the hours of 10:00 a.m. and noon for a period beginning 14 days before and ending 3 days after the annual general meeting. The said register shall also be produced at the commencement of each annual general meeting and shall remain open and accessible during the continuance of the meeting to any person attending the meeting.
- (16) The Company may by ordinary resolution suspend or relax any of the provisions set out in this Article.

#### 24. ~~23.~~ **DISQUALIFICATION AND REMOVAL OF DIRECTORS**

- (1) The office of a Director shall *ipso facto* be vacated:
  - (a) if he (not being a person holding for a fixed term an executive office subject to termination if he ceases from any cause to be a Director) resigns his office by written notice signed by him sent to or deposited at the Office;
  - (b) if he shall have absented himself (such absence not being absence with leave or by arrangement with the Board on the affairs of the Company) from meetings of the Board for a consecutive period of 12 months and the Board resolves that his office shall be vacated;
  - (c) if he becomes bankrupt, insolvent, suspends payment or compounds with his creditors;
  - (d) if he is requested to resign by written notice signed by all his co-Directors;
  - (e) if the Company by ordinary resolution shall declare that he shall cease to be a Director;
  - (f) if he becomes resident in the United Kingdom and, as a result thereof, a majority of the Directors are resident in the United Kingdom; or
  - (g) if he shall become prohibited by law from acting as a Director.

PROVIDED THAT there shall be no age limit for retirement.

- (2) If the Company by ordinary resolution removes any Director before the expiration of his period of office it may by an ordinary resolution appoint another person to be a Director in his stead who shall retain his office so long only as the Director in whose stead he is appointed would have held the same if he had not been removed. Such removal shall be without prejudice to any claims such Director may have for damages for breach of any contract of service between him and the Company.

- (1) The Board shall meet at least four times each year. The Board may meet for the despatch of business adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman at the meeting shall have a second or casting vote. All meetings of Directors shall take place in Guernsey and any decision reached or resolution passed by the Directors at any meeting held outside of Guernsey shall be invalid and of no effect.
- (2) Under extraordinary circumstances a video link or telephone conference call or other electronic or telephonic means of communication in which a quorum of Directors participates and all participants can hear and speak to each other shall be a valid meeting.
- (3) The Board shall also determine the notice necessary for its meetings and the persons to whom such notice shall be given. Without limiting the generality of the foregoing, any one Director is entitled to convene a meeting of the Board upon at least 10 days' prior written notice to the other Directors, which notice may be waived by unanimous agreement of all the Directors.
- (4) A meeting of the Board at which a quorum is present shall be competent to exercise all powers and discretion exercisable by the Board.
- (5) The continuing Directors may act notwithstanding any vacancy but if and so long as their number is reduced below the minimum number fixed pursuant to these Articles the continuing Directors may act for the purpose of increasing the number of Directors to that number or of summoning a general meeting but for no other purpose. If there be no Directors able or willing to act then any Member may summon a general meeting for the purpose of appointing Directors.
- (6) The Board may delegate any of their powers to committees consisting of such one or more Directors as they think fit. Such Committees shall meet only outside the United Kingdom. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Board.
- (7) The quorum necessary for the transaction of the business of the Board may be fixed by the Board and unless so fixed shall be 3 PROVIDED THAT the Directors resident in the United Kingdom may not constitute a majority in such quorum and, in the case of a meeting under extraordinary circumstances via video link or telephone conference call or other electronic or telephonic means of communication, Directors physically present in the United Kingdom (or their alternate Directors, as the case may be) may not constitute a majority in such quorum. For the purposes of this Article an alternate Director appointed by a Director shall be counted in a quorum at a meeting at which the Director appointing him is not present.
- (8) A resolution in writing signed by each Director (or his alternate) entitled to receive notice of a meeting of the Board or by all the members of a committee shall be as valid and effectual as a resolution passed at a meeting of the Board or committee. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or members of the committee and may be transmitted to the Company by facsimile.

26. ~~25.~~ **EXECUTIVE DIRECTOR**

- (1) The Board may appoint one or more of their number to hold employment or executive office with the Company for such term and on such other terms and conditions as the Board thinks fit. The Board may revoke or terminate an appointment, without prejudice to a claim for damages for breach of the contract of service between the Director and the Company or otherwise. The salary or other remuneration of a Director appointed to hold employment or executive office may be a fixed sum of money, or wholly or in part governed by business done or profits made, or as otherwise decided by the Directors, and may be in addition to or instead of a fee payable to him for his services as Director. Any such salary or other remuneration for services as an employee or executive officer will be subject to prior approval by a majority of votes cast at a general meeting.
- (2) The Board may enter into an agreement or arrangement with any Director for the provision of any services outside the scope of the ordinary duties of a Director. Any such agreement or arrangement may be made on such terms and conditions as the Board think fit and the Board may remunerate any such Director for his services as they think fit (whether by way of salary, percentage of profits or otherwise and either in addition to or in substitution for any other remuneration which he may be entitled to receive).
- (3) The Board may entrust to and confer upon a Director holding any executive office any of the powers exercisable by the Board upon such terms and conditions and with such restrictions as it thinks fit either collaterally with or to the exclusion of their own powers and may at any time revoke withdraw alter or vary all or any of such powers.

27. ~~26.~~ **SECRETARY**

- (1) The Secretary shall be appointed (and may be removed) by the Board. Anything required or authorised to be done by or to the Secretary, may, if the office is vacant or there is for any other reason no Secretary capable of acting be done by or to any Assistant or Deputy Secretary or if there is no Assistant or Deputy Secretary capable of acting, by or to any officer of the Company authorised generally or specially in that behalf by the Directors PROVIDED THAT any provisions of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in the place of, the Secretary.
- (2) No person shall be appointed or hold office as Secretary who is:
  - (a) the sole Director of the Company, or
  - (b) a corporation the sole Director of which is the sole Director of the Company, or
  - (c) the sole Director of a corporation which is the sole Director of the Company.

28. ~~27.~~ **THE SEAL**

- (1) The Company may have a common seal (the "**Seal**") and if the Directors resolve to adopt a Seal the following provisions shall apply.
- (2) The Seal shall have the Company's name engraved on it in legible letters.

- (3) The Directors shall provide for the safe custody of the Seal, which shall only be used pursuant to a resolution passed at a meeting of the Directors, or a committee of the Directors authorised to use the Seal, and in the presence either of 2 Directors or of one Director and the Secretary or of such person or persons as the Directors may from time to time appoint, and such person or persons, as the case may be, shall sign every instrument to which the Seal is affixed.
- (4) The Company may have for use in any territory, district or place abroad an official seal which shall bear on its face the Company's name in legible characters with the addition of the name of the territory, district or place where it is to be used.

29. ~~28.~~ **AUTHENTICATION OF DOCUMENTS**

Any Director or the Secretary or any person appointed by the Board for the purpose shall have power to authenticate any documents affecting the Company (including the Memorandum and these Articles) and any resolutions passed by the Company or the Board and any books, records, documents and accounts relating to the business of the Company and to certify copies or extracts as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the Office, the local manager or other officer of the Company having their custody shall be deemed to be a person appointed by the Board as aforesaid.

30. ~~29.~~ **DIVIDENDS**

- (1) The Company may by ordinary resolution declare dividends but no dividend shall exceed the amount recommended by the Board.
- ~~(2) — No dividend shall be paid otherwise than out of the profits of the Company available for distribution.~~
- ~~(2)~~ ~~(3)~~ Subject to Article ~~6,7~~, unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is declared and paid, but no amount paid up on a share in advance of a call may be treated for these purposes as paid up on the share. Except as otherwise so provided, dividends will be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
- ~~(3)~~ ~~(4)~~ ~~The~~ Subject to compliance with Section 304 of the Law, the Board may at any time declare and pay ~~such interim dividends as appear to be justified by the position of the Company provided that no interim dividend shall be declared or paid on shares which do not confer preferred rights with regard to dividend if, at the time of declaration, any dividend on shares which do confer a right to a preferred dividend is in arrears.~~ dividends
- ~~(4)~~ ~~(5)~~ Subject to the ~~Laws~~ Law, where any asset, business or property is bought by the Company as from a past date whether such date be before or after the incorporation of the Company profits and losses as from such date may at the discretion of the Board in whole or in part be carried to revenue account and treated for all purposes as profits and losses of the Company. Subject as aforesaid if any shares or securities are purchased cum dividend or interest such dividend or interest may at the discretion of the Board be treated as revenue and it shall not be obligatory to capitalise all or part of the same.
- ~~(5)~~ ~~(6)~~ The Board may deduct from any dividend payable to any Member on or in respect of

a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

- (6) ~~(7)~~-The Board may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien and may apply the same in or towards satisfaction of the liabilities or obligations in respect of which the lien exists.
- (7) ~~(8)~~-The Board may retain dividends payable upon shares in respect of which any person is entitled to become a Member until such person has become a Member.
- (8) ~~(9)~~-Any dividend or other moneys payable on or in respect of a share shall be paid to the Member or to such other person as the Member (or, in the case of joint holders of a share, all of them) may in writing direct. Such dividend or other moneys may be paid by the Company directly or through the Transfer Agent (i) by cheque sent by post to the payee or, where there is more than one payee, to any one of them, or (ii) by inter-bank transfer to such account as the payee or payees shall in writing direct, or (iii) (if so authorised by the holder of shares in Uncertificated form) using the facilities of any relevant settlement system, or (iv) by such other method of payment as the Member (or in the case of joint holders of a share, all of them) may agree to. Every such cheque shall be sent at the risk of the person or persons entitled to the money represented thereby, and payment of a cheque by the banker upon whom it is drawn, and any transfer or payment within (ii), (iii) or (iv) above, shall be a good discharge to the Company.
- (9) ~~(10)~~-No dividend or other moneys payable on or in respect of a share shall bear interest against the Company.
- (10) ~~(11)~~-All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of twelve years after having been declared or became due for payment shall be forfeited and shall revert to the Company.
- (11) ~~(12)~~-Subject to the provisions of these Articles and to the rights attaching to any shares, any dividend or other moneys payable on or in respect of a share may be paid in such currency as the Directors may determine, using such exchange rate for currency conversions as the Directors may select.
- (12) ~~(13)~~-The amount of any taxes withheld in respect of taxable income or gain allocated to a holder of any shares will be treated as a distribution to such holder.
- (13) ~~(14)~~-The Company may cease to send any cheque, warrant or order by post for any dividend on any shares which is normally paid in that manner if in respect of at least 3 consecutive dividends payable on those shares the cheque, warrant or order has been returned undelivered or remains uncashed but, subject to the provisions of these Articles, shall recommence sending cheques, warrants or orders in respect of the dividends payable on those shares if the holder or person entitled by transmission claims the arrears of dividend and does not instruct the Company to pay future dividends in some other way.
- (14) ~~(15)~~-If two or more persons are registered as joint holders of any share, or are entitled jointly to a share in consequence of the death or bankruptcy of the holder or otherwise by operation of law, any one of them may give effectual receipts for any dividend or



other moneys payable or property distributable on or in respect of the share.

- (15) ~~(16)~~ Any resolution for the declaration or payment of a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such dividend of transferors and transferees of any such shares.
- (16) ~~(17)~~ The waiver in whole or in part of any dividend on any share shall be effective only if such waiver is in writing signed by the Member (or the person entitled to the share in consequence of the death or bankruptcy of the holder or otherwise by operation of law) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Company.
- (17) ~~(18)~~ Subject to the Laws, the Board may, if authorised by an ordinary resolution, offer those Members of a particular class of shares in respect of any dividend the right to elect to receive shares by way of scrip dividend instead of cash.

### 31. ~~30.~~ RESERVES

- (1) (a) The Board may establish a non-distributable reserve to be called the “**capital reserve**” and may either carry to the credit of such reserve from time to time, or apply in providing for depreciation or contingencies, all capital profits arising on the sale, transfer, conversion, payment off or realisation of any investments or other capital assets of the Company in excess of the book value thereof, all other capital profits and all unrealised appreciation of investments or other assets representing or in the nature of accretion to capital assets. Any losses realised on the sale, transfer, conversion, payment off or realisation of any investments or other capital assets and provisions in respect of the diminution in value or depreciation in the value of capital assets may be carried to the debt of the capital reserve except in so far as the Board may in their discretion decide to make good the same out of other funds of the Company.
- (b) Subject to the ~~Laws~~Law, where any assets, business or property is bought by the Company as from a past date whether such date be before or after the incorporation of the Company profits and losses as from such date may at the discretion of the Directors in whole or in part be carried to revenue account and treated for all purposes as profits and losses of the Company. Subject as aforesaid if any shares or securities are purchased cum dividend or interest (or, in the case of debt securities with a fixed final repayment date, at a discount to the final capital repayment amount) such dividend or interest (or, in the case of debt securities with a fixed final repayment date purchased at a premium to the final capital repayment amount, such discount amortised over the period to the final repayment date) may at the discretion of the Board be treated as revenue and will not be obligatory to capitalise all or part of the same.
- (c) The Board may determine whether any amount received by the Company is to be dealt with as income or capital or partly one and partly the other, and whether any cost, liability or expense (including any costs incurred or sums expended in connection with the management of the assets of the Company and

any finance costs (including, without limitation, any interest payable by the Company in respect of its borrowings)) is to be treated as a cost, liability or expense chargeable to capital or to revenue or partly one and partly the other, and to the extent the Board determine that any such cost, liability or expense should be apportioned to capital the Board may debit or charge the same to the capital reserve.

- (d) Any reserves or other sums arising on the reduction or cancellation of any share premium account or capital redemption reserve of the Company will not be treated as capital for the purposes of the Articles and will not be carried to the credit of the capital reserve.
  - (e) All sums carried and standing to the capital reserve may be applied for any of the purposes to which sums standing to any revenue reserve are applicable except and PROVIDED THAT no part of the capital reserve may in any event be transferred to revenue account or be regarded or treated as profits of the Company available for distribution as dividend or otherwise applied in paying dividends on any shares in the Company's capital.
  - (f) Notwithstanding any other provision of the Articles, the Company is not prohibited from redeeming or purchasing its own shares out of its capital profits or other amounts standing to the capital reserve.
- (2) The Board may, with the authority of an ordinary resolution of the Company:
- (a) resolve to capitalise any undistributed profits of the Company or any part of the amount for the time being standing to the credit of any of the Company's reserve accounts (including a capital reserve, profit and loss account or revenue reserve) or subject as hereinafter provided any such amount standing to the credit of a share premium account or capital redemption reserve fund, whether or not available for distribution;
  - (b) appropriate the sum resolved to be capitalised to the Members who, in the case of any amount capable of being distributed by way of dividend, would have been entitled thereto if so distributed or, in the case of any amount not so capable, to the Members who would have been entitled thereto on a winding-up of the Company and in either case in the same proportions and apply that sum on their behalf in or towards:
    - (i) paying up the amounts (if any) for the time being unpaid on shares held by them respectively, or
    - (ii) paying up in full unissued shares or debentures of a nominal amount equal to that sum,And allot the shares or debentures, credited as fully paid, to the Members (Or as they may direct) in those proportions, or partly in one way and partly in the other, but the share premium account and the capital redemption reserve fund may, for the purpose of this Article, only be applied in paying up unissued shares to be allotted to Members credited as fully paid;
  - (c) make any arrangements it thinks fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where

shares or debentures become distributable in fractions the Board may deal with the fractions as it thinks fit, including issuing fractional certificates, disregarding fractions or selling shares or debentures representing the fractions to a person for the best price reasonably obtainable and distributing the net proceeds of the sale in due proportion amongst the Members (except that if the amount due to a Member is less than €5, or such other sum as the Board may decide, the sum may be retained for the benefit of the Company).

### 32. ~~31.~~ ACCOUNTS

- (1) The Board shall cause proper books of account to be kept with respect to all the transactions assets and liabilities of the Company in accordance with the ~~Laws~~Law.
- (2) The books of account shall be kept at the Office or at such other place as the Board shall think fit and shall at all times be open to the inspection of the Directors but no person other than a Director or Auditor or other person whose duty requires and entitles him to do so shall be entitled to inspect the books accounts and documents of the Company except as provided by the ~~Laws~~Law or authorised by the Board or by the Company in general meeting.
- (3) A balance sheet shall be laid before the Company at its annual general meeting and such balance sheet shall contain a general summary of the assets and liabilities of the Company. The balance sheet shall be accompanied by a report of the Directors as to the state of the Company as to the amount (if any) which they recommend to be paid by way of dividend and the amount (if any) which they have carried or propose to carry to reserve. The Auditors' report shall be attached to the balance sheet or there shall be inserted at the foot of the balance sheet a reference to the report.
- (4) A copy of every balance sheet and of all documents annexed thereto including the reports of the Directors and the Auditors shall at least 21 days before the date of the meeting be delivered or sent by post to each of the registered holders and to the Auditors. Any holder may by written notice served on the Company waive this requirement.

### 33. ~~32.~~ AUDITORS

- (1) A Director shall not be capable of being appointed as an Auditor.
- (2) A person other than a retiring Auditor shall not be capable of being appointed Auditor at an ordinary general meeting unless notice of intention to nominate that person as Auditor has been given by a Member to the Company not less than 14 days before the meeting and the Board shall send a copy of any such notice to the retiring Auditor and shall give notice to the Members not less than 7 days before the meeting PROVIDED THAT if after notice of the intention to nominate an Auditor has been so given a meeting is called for a date 14 days or less after such notice has been given the requirements of this provision as to time in respect of such notice shall be deemed to have been satisfied and the notice to be sent or given by the Company may instead of being sent or given within the time required by this Article be sent or given at the same time as the notice of the meeting.
- (3) The first Auditors shall be appointed by the Board before the first annual general meeting and they shall hold office until the first annual general meeting unless previously removed in which case the Members at such meeting may appoint the

Auditors.

- (4) The Board may fill any casual vacancy in the office of Auditor but while any such vacancy continues the surviving or continuing Auditors (if any) may act.
- (5) The remuneration of the Auditors shall be fixed by the Company in general meeting or in such manner as the Company may determine except that the remuneration of any Auditors appointed by the Directors shall be fixed by the Directors.
- (6) Every Auditor shall have a right of access at all times to the books accounts and documents of the Company and as regards books accounts and documents of which the originals are not readily available shall be entitled to rely upon copies or extracts certified by an officer of the Company and shall be entitled to require from the Board such information and explanations as may be necessary for the performance of their duties and the Auditors shall make a report to the Members on the accounts examined by them and the report shall state whether in their opinion the accounts give a true and fair view of the state of the Company's affairs and whether they have been prepared in accordance with the ~~Laws~~[Law](#).
- (7) Any Auditor shall be eligible for re-election.

#### 34. ~~33.~~ UNTRACEABLE MEMBERS

- (1) The Company shall be entitled to sell at the best price reasonably obtainable the shares of a Member or any shares to which a person is entitled by transmission on death or bankruptcy if and PROVIDED THAT:
  - (a) for a period of 12 years no cheque or warrant sent by the Company through the post in a pre-paid letter addressed to the Member or to the person so entitled to the share at his address in the Register or otherwise the last known address given by the Member or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the Member or the person so entitled PROVIDED THAT in any such period of 12 years the Company has paid at least three dividends whether interim or final;
  - (b) the Company has at the expiration of the said period of 12 years by advertisement in a newspaper circulating in the area in which the address referred to in sub-paragraph (a) above is located given notice of its intention to sell such shares;
  - (c) the Company has not during the period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the Member or person so entitled; and
  - (d) if any part of the share capital of the Company is quoted on any stock exchange the Company has given notice in writing to the quotations department of such stock exchange of its intention to sell such shares.
- (2) To give effect to any such sale the Directors may appoint any person to execute as transferor an instrument of transfer of the said shares and such instrument of transfer of the said shares shall be as effective as if it had been executed by the registered holder of, or person entitled by transmission to, such shares and the title of the purchaser or

other transferee shall not be effected by any irregularity or invalidity in the proceedings relating thereto. The net proceeds of sale shall belong to the Company which shall be obliged to account to the former Member or other person previously entitled as aforesaid for an amount equal to such proceeds and shall enter the name of such former Member or other person in the books of the Company as a creditor for such amount. No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares of the Company) as the Directors may from time to time think fit.

### 35. ~~34.~~ NOTICES

- (1) A notice may be given by the Company (either directly or indirectly through the Transfer Agent) to any Member either personally or by sending it by prepaid post addressed to such Member at his registered address or if he desires that notices shall be sent to some other address or person to the address or person nominated for such purpose. Notices to be posted to addresses outside the Channel Islands and the United Kingdom shall so far as practicable be forwarded by prepaid airmail.
- (2) The Company shall, where no other period is specified in these Articles, give all Members sufficient notice to enable them to exercise their rights or comply with the terms of the notice.
- (3) Any notice or other document, if served by post, shall be deemed to have been served 24 hours after the time when the letter containing the same is posted (or such other mandatory period as may from time to time be specified by the ~~Laws~~Law) and in proving such service it shall be sufficient to prove that the letter containing the notice or document was properly addressed and duly posted. A notice given by advertisement shall be published in at least one UK national newspaper and one daily newspaper circulated widely in each of Guernsey and Jersey and shall be deemed to have been served before noon the day on which the advertisement appears.
- (4) A notice may be given by the Company to the joint holders of a share by giving the notice to the joint holder first named in the Register in respect of the share.
- (5) Any notice or document delivered or sent by post to or left at the registered address of any Member shall notwithstanding the death, disability or insolvency of such Member and whether the Company has notice thereof be deemed to have been duly served in respect of any share registered in the name of such Member as sole or joint holder and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in any such share.
- (6) Any document or notice which, in accordance with these Articles, may be sent by the Company (either directly or indirectly through the Transfer Agent) by electronic communication shall, if so sent, be deemed to be received at the expiration of 24 hours after the time it was sent. Proof (in accordance with the formal recommendations of best practice contained in the guidance issued by the Institute of Chartered Secretaries and Administrators) that an electronic communication was sent by the Company shall be conclusive evidence of such sending.
- (7) The accidental failure to send, or the non-receipt by any person entitled to, any notice

of or other document relating to any meeting or other proceeding shall not invalidate the relevant meeting or other proceeding.

- (8) A person entitled to a share in consequence of the death or bankruptcy of a Member or otherwise by operation of law, upon supplying to the Company such evidence as the Directors may reasonably require to show his title to the share, and upon supplying also a postal address for the service of notices, shall be entitled to have served upon or delivered to him at such address any notice or document to which the said Member would have been entitled, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Save as aforesaid any notice or document delivered or sent to any Member in pursuance of these Articles shall, notwithstanding that such Member be then dead or bankrupt or in liquidation, and whether or not the Company has notice of his death or bankruptcy or liquidation, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or first-named joint holder.
- (9) Where under these Articles a document requires to be signed by a Member or other person then, if in the form of an electronic communication, it must to be valid incorporate the electronic signature or personal identification details (which may be details previously allocated by the Company) of that Member or other person, in such form as the Directors may approve, or be accompanied by such other evidence as the Directors may require to satisfy themselves that the document is genuine. The Company may designate mechanisms for validating any such document, and any such document not so validated by use of such mechanisms shall be deemed not to have been received by the Company.
- (10) Any Member may notify the Company (or the Transfer Agent) of an address for the purpose of his receiving electronic communications from the Company, and having done so shall be deemed to have agreed to receive notices and other documents from the Company by electronic communication of the kind to which the address relates. In addition, if a Member notifies the Company of his e-mail address, the Company may satisfy its obligation to send him any notice or other document by:
- (a) publishing such notice or document on a web site; and
  - (b) notifying him by e-mail to that e-mail address that such notice or document has been so published, specifying the address of the web site on which it has been published, the place on the web site where it may be accessed, how it may be accessed and (if it is a notice relating to a shareholders' meeting) stating (i) that the notice concerns a notice of a company meeting served in accordance with the [LawsLaw](#), (ii) the place, date and time of the meeting, (iii) whether the meeting is to be an annual or extraordinary general meeting and (iv) such other information as the [LawsLaw](#) may prescribe.
- (11) An electronic communication shall not be treated as received by the Company if it is rejected by computer virus protection arrangements.

## 36. ~~35.~~ WINDING UP

- (1) If the Company shall be wound up, the surplus assets remaining after payment of all creditors, including the repayment of bank borrowings, shall be divided *pari passu* among the Members *pro rata* to their holdings of those shares which are subject to the

rights of any shares which may be issued with special rights or privileges.

- (2) If the Company shall be wound up the Liquidator may with the authority of a special resolution divide among the Members *in specie* the whole or any part of the assets of the Company and whether or not the assets shall consist of property of a single kind and may for such purposes set such value as he deems fair upon any one or more class or classes of property, and may determine the basis of those valuations and in accordance with the then existing rights of Members how such division shall be carried out as between the Members or different classes of Members. The Liquidator may with the like authority vest any part of the assets in trustees upon such trusts for the benefit of Members as the Liquidator with the like authority shall think fit and the liquidation of the Company may be closed and the Company dissolved but so that no Member shall be compelled to accept any shares or other assets in respect of which there is any outstanding liability.
- (3) Where the Company is proposed to be or is in course of being wound up and the whole or part of its business or property is proposed to be transferred or sold to another company ("**the transferee**") the Liquidator may, with the sanction of an ordinary resolution, conferring either a general authority on the Liquidator or an authority in respect of any particular arrangement, receive in compensation or part compensation for the transfer or sale, shares policies or other like interests in the transferee for distribution among the Members or may enter into any other arrangement whereby the Members may, in lieu of receiving cash, shares, policies or other like interests, or in addition thereto, participate in the profits of or receive any other benefits from the transferee.

### 37. ~~36.~~ INDEMNITY

~~The~~Subject to the Law, the Directors, managers, agents, Secretary and other officers or servants for the time being of the Company and the trustees (if any) for the time being acting in relation to any of the affairs of the Company and their respective heirs and executors shall be fully indemnified out of the assets and profits of the Company from and against all actions expenses and liabilities which they or their respective heirs or executors may incur by reason of any contract entered into or any act in or about the execution of their respective offices or trusts except such (if any) as they shall incur by or through their own ~~fraud, gross negligence or wilful misconduct, default, breach of duty or breach of trust~~ respectively, and none of them shall be answerable for the acts receipts neglects or defaults of the others of them or for joining in any receipt for the sake of conformity or for any bankers or other person with whom any moneys or assets of the Company may be lodged or deposited for safe custody or for any bankers or other persons into whose hands any money or assets of the Company may come or for any defects of title of the Company to any property purchased or for insufficiency or deficiency of or defect in title of the Company to any security upon which any moneys of the Company shall be placed out or invested or for any loss misfortune or damage resulting from any such cause as aforesaid or which may happen in or about the execution of their respective offices or trusts except if the same shall happen by or through their own ~~fraud, gross negligence or wilful misconduct, default, breach of duty or breach of trust~~ respectively.

### 38. ~~37.~~ INSURANCE

Without prejudice to any other provisions of these Articles, the Directors may exercise all the powers of the Company to purchase and maintain insurance for or for the benefit of any persons who are or were at any time Directors, officers, employees or auditors of the Company, or of any other body (whether or not incorporated) which is or was a subsidiary undertaking of the

Company or otherwise associated with the Company or any subsidiary undertaking or in which the Company or any such subsidiary undertaking has or had any interest, whether direct or indirect, or of any predecessor in business of any of the foregoing, including (without prejudice to the generality of the foregoing) insurance against any costs, charges, expenses, losses or liabilities suffered or incurred by such persons in respect of any act or omission in the actual or purported execution and / or discharge of their duties and / or the exercise or purported exercise of their powers and discretion and / or otherwise in relation to or in connection with their duties, powers or offices in relation to the Company or any such other body.

39. ~~38.~~ **INSPECTION OF DOCUMENTS**

The Board shall determine whether and to what extent and at what times and places and under what conditions the accounts books and documents of the Company shall be open to inspection and no Member shall have any right of inspecting any account or book or document except as conferred by the ~~Laws~~Law or authorised by the Board.

40. ~~39.~~ **OVERRIDING PROVISIONS**

Notwithstanding any other provision of these Articles:

- (a) The standard articles of incorporation prescribed pursuant to the ~~Laws~~Law are disappplied in respect of the Company.
- (b) Where the Board has resolved to issue different classes of shares, the Board has the authority to issue an unlimited number of shares subject to the following:
  - (i) the authority of the Board to issue shares under this Article shall expire on the fifth anniversary of the ~~incorporation~~adoption of ~~the Company~~these Articles unless the Members, by ordinary resolution, revoke that authority;
  - (ii) at or before the expiry of the ~~fifth anniversary of incorporation~~period specified in (i) above, the Members may, by ordinary resolution, extend the power of the Board to issue shares under this Article for further periods, with each period of extension being for no more than five years (or such longer period as the ~~Laws~~Law may then allow).
- (c) Subject to the ~~Laws~~Law a resolution in writing shall be as effective as if the same had been duly passed at a general meeting if:
  - (i) in the case of an ordinary resolution, it is signed by or on behalf of Members representing a simple majority of the total voting rights of Members eligible to vote on the resolution on the circulation date;
  - (ii) in the case of a special resolution, it is proposed as such and signed by or on behalf of Members representing not less than seventy five per cent of the total voting rights of Members eligible to vote on the resolution on the circulation date;
  - (iii) in the case of a resolution required by the ~~Laws~~Law to be passed as a waiver resolution, it is proposed as such and signed by or on behalf of Members representing not less than ninety per cent of the total voting rights of Members eligible to vote on the resolution on the circulation date;
  - (iv) in the case of a resolution required by the ~~Laws~~Law to be passed as a unanimous resolution, it is proposed as such and signed by or on behalf of all Members eligible to



vote on the resolution on the circulation date.

- (d) Any prohibition or limitation in the Articles on paying dividends otherwise than out of the profits of the Company or declaring only dividends justified by the profits of the Company shall be of no effect. The payment of a dividend out of the Company's capital, share premium account or any capital reserve shall not be treated as a capital reduction for the purposes of the Articles.
- (e) All Members are deemed to have agreed to accept communication from the Company by electronic means (including via the Company's website) unless the Members notify the Company otherwise. Notice under this paragraph (e) must be in writing and signed by the Member and delivered to the Office or such other place as the Board directs.

Names and addresses of Subscribers

Mourant Guernsey Nominees 1 Limited  
First Floor  
Dorey Court  
Admiral Park  
St Peter Port  
Guernsey GY1 6HJ

.....  
Authorised Signatory

Mourant Guernsey Nominees 2 Limited  
First Floor  
Dorey Court  
Admiral Park  
St Peter Port  
Guernsey GY1 6HJ

.....  
Authorised Signatory

Dated this     day of                     , 2006

WITNESS to the above signatures

Name:            Pauline Symons

Address:         First Floor  
                  Dorey Court  
                  Admiral Park  
                  St Peter Port  
                  Guernsey GY1 6HJ

Occupation:     Secretary  
                  .....

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