VOLTA FINANCE LIMITED

ANNUAL REPORT AND ACCOUNTS 2015

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

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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 operations, 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 UK Listing Authority and the London Stock Exchange) 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. THE COMPANY SEEKS TO ACHIEVE ITS INVESTMENT OBJECTIVES BY PURSUING A DIVERSIFIED INVESTMENT STRATEGY ACROSS STRUCTURED FINANCE ASSETS.

17.4%
NAV performance per share (including dividends paid) for the twelve months to 31 July 2015

26.9%
Share price performance (dividends re-invested) for the twelve months to 31 July 2015

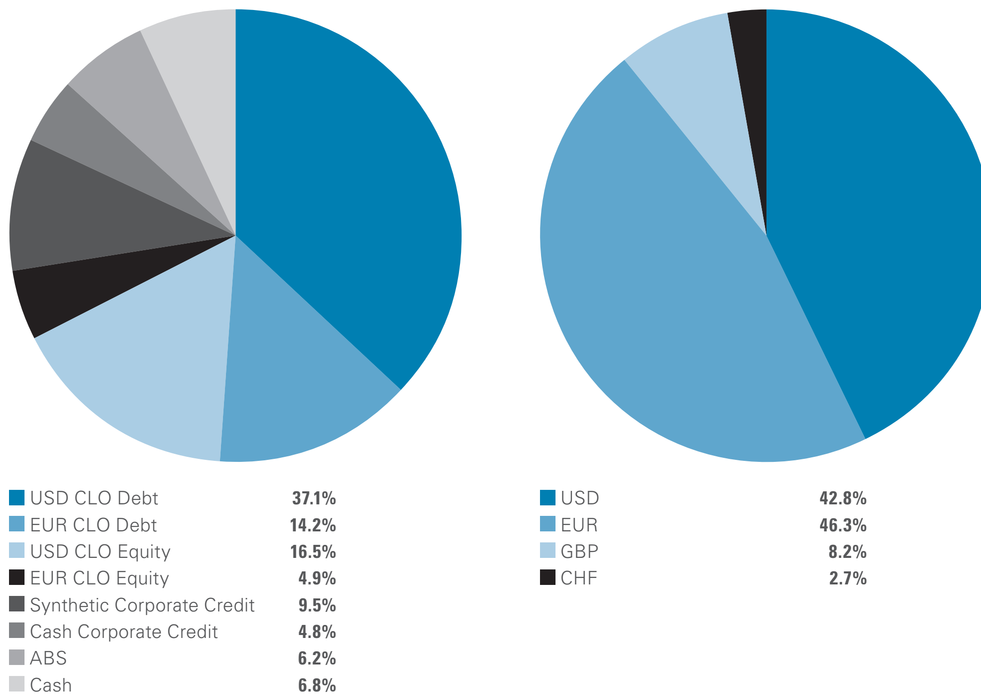
12.2%
Annualised share price performance (dividends re-invested) from inception to 31 July 2015

8.7%
Projected portfolio IRR (under standard scenarios, excluding the benefit of the Repo in Volta)

8.1%
Annualised historic dividend yield on NAV for the twelve months to 31 July 2015

10.4%
Discount between share price and NAV per share as at 31 July 2015

ASSET ALLOCATION* AND CURRENCY EXPOSURE** AS AT 31 JULY 2015



* The asset allocation is presented as a percentage of GAV and includes all assets held as at 31 July 2015, but excludes uncalled commitments to purchase assets. Cash is presented as the net cash balance available as at 31 July 2015, net of: amounts due to brokers; coupons receivable; and revaluation of derivative positions.

** The currency exposure is presented as a percentage of NAV after taking into account the effect of currency hedging.

Please see the Glossary on page 67 for an explanation of the terms used above and elsewhere within this report.

CHAIRMAN'S STATEMENT

Dear Shareholder,

I am pleased to report another period of excellent performance for our Company in the financial year to 31 July 2015.

The net asset value ("NAV") per share rose by €0.69 or 9.3% during the financial year, contributing to a total positive **performance per share for the annual period of €1.30 or 17.4%**, after taking into account the dividends paid in December 2014 and April 2015. It is gratifying that this strong investment performance continued to be accompanied by low levels of volatility during the period. **The share price performed even more strongly during the year, gaining 26.9%** (with dividends re-invested). A significant contributor to the share price performance was the narrowing of the share price discount to NAV from 16% to 10% over the year, although it is disappointing to note that the discount has subsequently widened somewhat.

As in prior years, our Company continues to invest in assets that are principally exposed to corporate credit risk and aims to provide stable dividend payments to its Shareholders. Our Company has adapted its investment strategy, in order to try to maintain strong performance in the future, through several actions:

- Our Investment Manager has arranged a repurchase agreement on our most stable assets (USD CLO Debt tranches), as announced in March 2015. This is expected to enhance the overall yield of the portfolio and the full effect of this on performance will be seen in the coming year as described in the Investment Manager's Report;
- We rebalanced our portfolio assets in favour of European assets (acknowledging that the ECB is now providing more support to its domestic economy than the Fed);
- We modestly increased investment in Bank Balance Sheet transactions; and
- We participated in two CLO Warehouse transactions during the year.

PERFORMANCE

Our performance for this annual period is above Volta's average performance since inception: from December 2006 to 31 July 2015, investment in the Company's shares has generated a total return of 12.2% per annum (with dividends re-invested).

The recent strong performance is, in part, due to the overweight position in USD assets in our investment portfolio. The significant appreciation of the US dollar versus the euro during the annual period contributed approximately 40% of the NAV performance. It has been a clear strategy of our Investment Manager, for a number of years, to have an overweight position in US-based assets compared to Europe-based assets, as our Investment Manager was more confident in the stability and prospects of the US economy relative to the eurozone. Exposure to the US dollar has been relatively stable during the year at between approximately 35% and 46% of NAV.

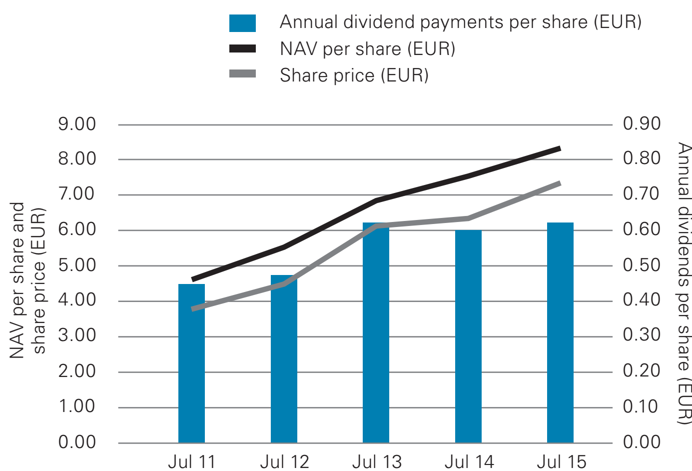
A detailed comparison of the Company's performance against key indices is provided in the Investment Manager's Report.

DIVIDEND

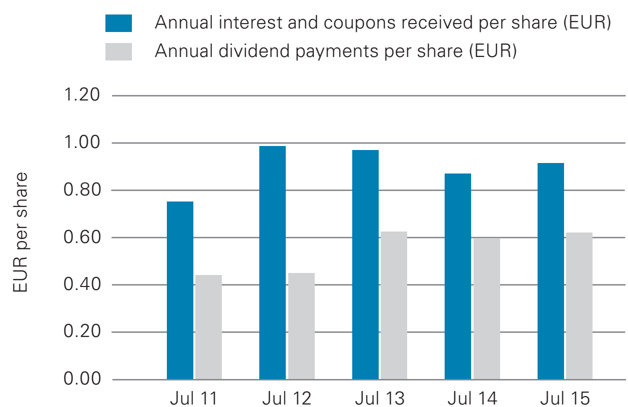
I am pleased to advise that, arising from this period's good performance, the Board of Volta has proposed a dividend of €0.31 per share, which amounts to €11.3 million, for the semi-annual period ended 31 July 2015, which will be payable to Shareholders on 11 December 2015, subject to Shareholder approval at the forthcoming AGM. Our Board has taken into consideration our Company's long-term objectives to seek to both preserve capital and to pay a stable stream of dividends to our Shareholders. This latest dividend represents a prospective annualised return of approximately 7.8% based upon the NAV as at 31 July 2015 and has been determined by taking into account all relevant factors, including the strong positive performance for the annual period ended 31 July 2015, the projected IRR of Volta's current portfolio and the projected IRR range of 8% to 11% within which our Investment Manager anticipates being able to source new investments during the foreseeable future.

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

EVOLUTION OF ANNUAL DIVIDEND PAYMENTS, NAV PER SHARE AND SHARE PRICE



EVOLUTION OF ANNUAL DIVIDEND PAYMENTS AND ANNUAL INTEREST AND COUPONS RECEIVED



As has been the case for recent dividends, the dividend payable on 11 December 2015 will be available only in cash. The Board will keep under review the possibility of offering a dividend re-investment option to Shareholders in the future, as detailed in my Chairman's Statement in the 2014 annual report. In addition, the Board is currently reviewing the timing and frequency of future dividend payments and will make an announcement in due course if any change is proposed.

REGULATION AND GOVERNANCE

Your Board remains committed to ensuring high standards of corporate governance. In this regard I would highlight the Risk Committee which was established in June 2014 and is complementing and enhancing the work of the Audit Committee by focusing on identifying and monitoring investment portfolio related risks that might impact upon the performance of the Company's NAV. The Company has, since inception, voluntarily applied the UK Code of Corporate Governance. Following the admission of the Company's Ordinary Shares to the premium segment of the Main Market of the London Stock Exchange in May 2015, the Company joined the Association of Investment Companies ("AIC") at the beginning of August 2015 and will apply the AIC's Code of Corporate Governance for Guernsey domiciled member companies henceforth. The AIC Code is specifically tailored to the requirements of listed investment companies while meeting the standards of the UK Code and hence provides the most appropriate framework for the governance of the Company.

CHAIRMAN'S STATEMENT CONTINUED

SHAREHOLDER COMMUNICATION

The Board and the Investment Manager remain committed to transparency and continue to offer a high level of information on our Company's assets and investment strategy on a regular basis. In addition, over the period, our Investment Manager met with a number of Shareholders and had regular contact with equity analysts in order to improve the coverage of our Company by the financial community and to help improve the liquidity of our shares. As always, your Board welcomes feedback from Shareholders and remains available to address Shareholders' questions at any time via the Company Secretary. A conference call will also be held after the release of this report.

LISTING ON THE LONDON STOCK EXCHANGE

On 29 May 2015 the Company's shares were successfully admitted to listing on the premium segment of the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange, in addition to the existing listing on Euronext Amsterdam. The Board believes that the London listing will, over time, assist with improving liquidity in the Company's shares and help to broaden the Shareholder base.

CHANGE OF DIRECTORS

This will be my last Chairman's Statement. As announced on 10 September 2015, I have notified the Board of my intention to step down from the Board at the Company's AGM on 23 November 2015. I have greatly enjoyed my five years as Chairman; however, as I am in my 65th year, with a daughter and a new granddaughter in Australia, I have decided to cut back on my non-executive directorship roles.

The Nomination Committee met on 8 September 2015 to review the Board's succession plans and the other Board members confirmed the view that Paul Meader, current Senior Independent Director of the Company, had the qualities, expertise and relevant experience required to take over as Chairman. Mr Meader has agreed to succeed me as Chairman and accordingly the Board will be proposing at the AGM that Mr Meader takes over as Chairman of Volta from that date and he will be putting himself forward for re-election by Shareholders. I am pleased that my Board colleagues have recognised the strong contribution and expertise demonstrated by Mr Meader since he joined the Board in May last year and I fully endorse their decision to nominate him as the new Chairman. The Board has agreed that Paul Varotsis will succeed Mr Meader in the role of Senior Independent Director.

Finally, I am delighted to welcome Graham Harrison to the Board as a new Independent Director on the recommendation of the Nomination Committee, following a thorough search process. Mr Harrison was appointed to the Board due to his experience in the Company's asset class, his strong analytical expertise and his knowledge of London-listed vehicles and Guernsey regulations. The Board anticipates that Mr Harrison's attributes will complement and enhance the existing skills, knowledge and experience of the Board.

OUTLOOK

Recent weakness exhibited by the Chinese economy, the significant decline in the prices of most of the major commodities and volatility in global equity and currency markets show that global investors are increasingly alert to the risks to economies and markets. That said, our Investment Manager does not believe that these worries present a material threat to Volta. Indeed, AXA IM believes that periods of volatility such as those observed in September 2014 or August 2015 are likely to recur in coming years and represent an opportunity, given the generally benign environment in the US and the improving picture in Europe. One outcome from these periods of volatility has been to curb the tightening of credit spreads that has been seen for years in most structured finance markets. In the medium to long term, this will be positive for Shareholder returns. For the current financial year our Investment Manager remains confident of being able to source assets in the 8% to 11% projected IRR range, in line with recent acquisitions. This target range is a few percent below what could be reasonably expected on a long-term basis. This is a 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 will of course be mark-to-market volatility but the asset quality and skill demonstrated by our Investment Manager since inception in 2006 should continue to reward our Company's Shareholders.

JAMES GILLIGAN
CHAIRMAN
20 OCTOBER 2015

INVESTMENT MANAGER'S REPORT

On the invitation of the Board, this commentary has been provided by AXA Investment Managers 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.

KEY MESSAGES FROM THE INVESTMENT MANAGER

- Projected returns on structured finance assets appear to have completed their normalisation process. For more than a year now, the projected yield of Volta's portfolio has been stable at close to 9%. This level corresponds to the average projected IRR of our recent purchases. We do not foresee any reason why asset IRRs should significantly change in the coming year.
- For a number of years we have tended to favour US assets rather than European assets, mainly because we were more confident in the growth potential and stability of low default rates of the US economy relative to the eurozone. A by-product of this structural positioning has been a significant exposure to the US dollar, which was expected to appreciate against the euro. This is what has happened during the annual period. At the time of writing this report, we believe that some factors, such as the sharp decrease in oil prices, the US dollar appreciation and the US Federal Reserve being likely to increase rates at a time when the ECB is running its quantitative easing ("QE") programme, tend to favour European risks relative to US risks. During the financial year the residual exposure to USD assets, after taking into account the effect of USD/EUR hedging, declined by approximately USD 20 million from USD 160 million to USD 140 million. However, due to the effect of the appreciation of the US dollar versus the euro, the overall exposure to USD assets, after taking into account the effect of USD/EUR hedging, remained broadly unchanged in euro terms at approximately 43% of the NAV.
- During the annual period we significantly rebalanced the portfolio from pre-crisis assets to more recent assets. This produced some extra gains as credit curves are currently very steep in the structured finance area. We expect to be able to repeat such performance in the coming year.
- In March 2015, Volta entered into a repurchase agreement ("Repo") with Société Générale ("SG") to leverage the most stable asset class in its portfolio, the USD CLO Debt assets. Volta received finance of USD 30 million under this transaction, the majority of which has been re-invested in USD CLO Debt tranches in order to widen the portfolio of assets eligible for this transaction. Volta borrowed a further USD 15 million under the Repo in September 2015, bringing the total borrowing to USD 45 million, and could borrow up to a further USD 15 million through a similar transaction. Considering the way this Repo has been structured and the cash generation of Volta's assets, we are comfortable that this transaction does not significantly increase the liquidity risk of Volta and permits the risk/return profile of Volta's portfolio to be improved. The leverage provided by the Repo is expected to increase the yield on the Company's NAV, adding approximately 0.9% to the projected yield at the current level of USD 45 million and adding a further 0.3% to the projected yield if the leverage is increased to USD 60 million.

OVERVIEW FOR THE ANNUAL PERIOD ENDED 31 JULY 2015

Regarding the management of Volta's assets, this annual period has been characterised by:

- A repurchase agreement put in place to leverage the USD CLO Debt bucket;
- Pursuit of the rotation of Volta's portfolio from pre-2008 crisis assets to recently issued deals;
- Some volatility in credit markets but without any significant consequences for Volta; and
- Maintenance of a high level of cash flows from Volta's assets.

Regarding developments in structured finance:

- US CLO issuance has remained at a historically high level (2014 was a record year), while European CLO issuance was still gaining momentum;
- European Bank Balance Sheet transactions continued to be a very active market;
- Issuance of ABS mezzanine debt and/or equity positions remained almost non-existent; and
- Default rates for corporate entities were roughly stable and below historical average figures.

As a consequence of the above, Volta continued to invest predominantly in assets with corporate credit exposures.

INVESTMENT MANAGER'S REPORT CONTINUED

OVERVIEW FOR THE ANNUAL PERIOD ENDED 31 JULY 2015 CONTINUED

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

- Per share, including the December and April dividend payments, the annual NAV performance was 17.4%;
- Volta's assets generated €33.7 million of interest or coupons over the annual period, representing 12.3% of Volta's NAV at the beginning of the period;
- Interest and coupons received represented 1.5 times the dividend payment;
- Volta had significant portfolio turnover. The equivalent of €114.4 million was invested or committed to invest and €96.9 million was sold or received as principal payments of maturing assets; and
- The average projected IRR of Volta's purchases made during the period was 9.9%, under standard assumptions made at the time of purchase.

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 or leverage 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, is 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.

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 in 2008. 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. This normalisation process was also evidenced by the relative performance of structured finance assets during the periods of moderate tension that were observed during the year in classic credit markets (in September and December 2014 and then in July/August 2015). The prices of the structured finance assets held by Volta reacted in line with their fundamental characteristics, without any particular stress.

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 bond indices. As at the end of July 2015 the performance was as follows[1] (annualised figures):

	1 year %	3 years %	5 years %	Since inception %
NAV performance (including dividends paid but not re-invested)	17.4	21.9	27.0	1.9
NAV performance (including dividends paid and re-invested at NAV)	17.8	25.4	31.7	6.0
Share performance (dividends re-invested in shares)*	**26.9**	**30.2**	**38.2**	**12.2**
S&P 500 (dividends re-invested in shares)*	11.2	17.6	16.2	6.9
MSCI European (dividends re-invested in shares)*	21.5	20.8	11.4	3.4
US High Yield Bonds (H0A0 index on Bloomberg)*	0.2	5.9	7.5	7.4
European High Yield Bonds (HE00 index on Bloomberg)*	3.4	10.1	9.1	7.8

1 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 (12.2% annualised return as at 31 July 2015 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 annual period and over the last three years, AXA IM earned Performance Fees of €5.0 million for the financial year ended 31 July 2015, as the performance was above the required performance threshold (for more details on the calculation of Performance Fees please refer to Note 20 of the financial statements).

INVESTMENT PORTFOLIO

As at 31 July 2015, Volta held assets divided among four asset classes: CLOs, Synthetic Corporate Credit deals, Cash Corporate Credit deals and ABS.

The vast majority of the portfolio's assets as at 31 July 2015 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 2015 %	31 July 2014 %
CLO	USD Equity tranches	**16.5**	16.9
	EUR Equity tranches	**4.9**	4.1
	USD Debt tranches	**37.1**	27.1
	EUR Debt tranches	**14.2**	21.3
	CLO Warehouse transactions	—	2.7
Synthetic Corporate Credit	Equity tranches	—	—
	Debt tranches	—	2.0
	Bank Balance Sheet transactions	**9.5**	5.6
Cash Corporate Credit	Equity tranches	**3.6**	3.5
	Debt tranches	**1.2**	1.2
ABS	Mortgage Residual positions	**4.8**	7.4
	Debt tranches	**1.4**	1.2
Cash	(Net of amounts due to brokers)	**6.8**	7.0

* GAV of €330.2 million reported as at 31 July 2015 and GAV of €274.0 million reported as at 31 July 2014. The valuation of each asset class takes into account the valuation of the individual assets and of the derivatives hedging the asset class.

The majority of Volta's new investments during the annual period were CLO Debt tranches. Approximately 49% of Volta investments, as at 31 July 2015, were assets issued in the last four years, replacing assets issued before 2008.

A schedule of the Company's investments as at 31 July 2015 is presented in Note 23 of the financial statements.

Over the course of the annual period ended 31 July 2015, the Company purchased or committed amounts for 26 different assets for an aggregate amount of the equivalent of €126.0 million (including €15.0 million relating to purchases that were settled shortly after 31 July 2015 and €4.3 million committed during the period but not yet called as at the end of July 2015), with a projected average IRR of 9.9% using standard assumptions:

- €57.4 million was used to purchase, or was committed to purchase, 17 USD CLO Debt tranches;
- €22.6 million was invested in one EUR CLO Warehouse and €7.1 million was invested in the equity of this EUR CLO upon closing of the CLO;
- €11.6 million was used to purchase, or was committed to purchase, four USD CLO Equity tranches;
- €15.0 million was invested in a Bank Balance Sheet fund and €4.8 million was invested in a bespoke CHF Bank Balance Sheet transaction; and
- €3.2 million was invested in a European loan fund (a further €4.3 million was committed to this fund but had not yet been called as at 31 July 2015).

During the semi-annual period ended 31 July 2015, Volta received the equivalent of €96.9 million from the sale, maturity and amortisation of its assets.

On average, assets sold were yielding 4.6% at the time of the sale using the same standard assumptions used to compute the projected IRR of purchases.

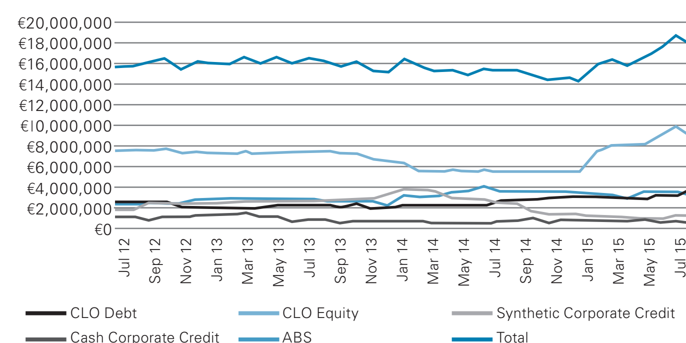
Given current market conditions, we expect that Volta will be able to continue purchasing assets with projected IRRs in the 8% to 11% range for the forthcoming periods.

GENERATION OF CASH FLOWS

Volta generated €33.7 million of interest and coupons during the annual period, compared to €31.4 million received during the financial year ended 31 July 2014.

When considering the breakdown of interest and coupons received through the main sub-asset classes, a significant reason for the increase in cash flows received from CLO Equity was a one-off payment of €1.1 million received from a USD CLO Warehouse that closed in January 2015. The most important fact is the increasing contribution of "CLO Debt". These assets, being part of the more stable assets of the Company, improve the robustness of Volta's future interest and coupon receipts.

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



On a more mid-term horizon, although the low level of prepayments in US loan markets during the annual period has prolonged the life of the USD CLO 1.0 Equity positions that Volta holds, a modest decrease in the amount of interest and coupons to be received should be expected due to the fact that most of the CLO Equity positions from 2006 and 2007 vintages in the current portfolio have ended their re-investment periods and have started to experience a decrease in their coupon payments. Some of these CLO Equity positions have been called prior to their scheduled maturity dates and others will be called in the coming annual period, increasing principal payments at the expense of future interest payments.

INVESTMENT MANAGER'S REPORT CONTINUED

PROJECTED IRR ON VOLTA'S PORTFOLIO

In order to give Shareholders an understandable and comparable perspective regarding Volta's asset valuations, projected returns on Volta's assets as of the end of July 2015 are provided below with some comments. These projected returns are based on our standard assumptions regarding default rates, recovery rates and prepayment rates of underlying asset classes.

Main asset class	Sub-asset class	% of GAV	Projected IRR (%)*	Projected WAL (years)*	Comments
CLO	USD/EUR CLO 1.0 Equity	12.4	11.9	4.1	Cash flows from these deals have started to diminish. Most of the USD deals are expected to be called in the coming one to two years.
CLO	USD/EUR CLO 2.0 Equity	10.5	8.8	5.3	The 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 1.0 Debt	25.3	6.5	2.2	The projected IRR and WAL do not take into account the fact that these tranches may be called, particularly the US ones. Depending on the timing of the call, projected IRRs could be 0.5% to 1.0% higher. The projected IRR also does not take account of the positive impact of the use of the Repo facility, the effect of which will be fully seen in the coming year.
CLO	USD/EUR CLO 2.0 Debt	24.5	8.5	6.7	The projected IRR and WAL are based upon the assumption that these tranches will be called two years after the end of the re-investment period of each CLO. The projected IRR also does not take account of the positive impact of the Repo facility.
CLO	CLO Warehouse	N/A	N/A	N/A	No warehouse investment was held as at 31 July 2015.
Synthetic Corporate Credit	Bank Balance Sheet transactions	9.5	8.1	3.9	One of the four deals in which Volta invested was called early. The pipeline is strong enough to replace maturing assets and even grow the asset class at IRRs in the 9% to 10% range.
Cash Corporate Credit	Equity	3.6	9.5	2.3	Very diversified asset class including two loan funds and one German SME deal.
Cash Corporate Credit	Debt	1.2	10.9	1.2	One emerging market credit CDO rated A/Aa3 and the next tranche to be amortised.
ABS	Mortgage Residual positions	4.8	8.0	5.0	Projected IRR is based, in our view, on relatively conservative projected cash flows.
ABS	ABS Debt	1.4	10.0	5.0	A US mortgage debt fund co-managed by AXA IM and Ellington.

* 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.

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

According to the above calculations, the overall projected IRR on Volta's assets as at 31 July 2015 was approximately 8.7%, when considering the standard assumption that the ratings, and hence weighted average rating factors ("WARF"), of a portfolio of corporate credit exposures appropriately reflect the probability of default on a medium to long-term basis. This IRR does not take into account the USD 30 million (or approximately 8% of GAV) direct leverage that Volta had in place as at the end of July 2015, which was increased to USD 45 million (or approximately 12% of GAV) in September 2015 and could be increased again to USD 60 million (or approximately 15% of GAV) under present negotiations. At the current level of USD 45 million, the leverage adds approximately 0.9% to the projected yield on the Company's NAV.

The above projected overall IRR also does not take into account the potential for approximately 30% of Volta's assets, which are currently priced below par, to be called prior to the relevant scheduled maturity dates. If such CLO Debt tranches were to be called in advance of their scheduled amortisation dates, performance would be significantly improved.

This IRR is also based on the assumption that the CLO Equity tranches will suffer from defaults at the underlying loan portfolio in line with historical averages. During the last eight years, defaults occurred in the CLOs selected for Volta by AXA IM at a pace significantly slower

than the historical average as measured by the WARF of the underlying loan portfolio. The 8.8% average IRR shown above for the CLO 2.0 Equity tranches that we have purchased during the last two years does not take into account the added value that might be expected from the CLO managers we selected, nor the opportunity that the cost of debt for the CLO could be reduced through time. Taking these considerations into account, as well as the possibility that the CLO managers might refinance assets following the re-investment period, we could expect an IRR between 9% and 12% for the CLO 2.0 Equity tranches that we have purchased so far.

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

2015 should again be a strong year for CLO issuances after a record year in 2014 (new issuance reached USD 124 billion for US deals and EUR 15 billion for European deals in 2014; year-to-date issuance in 2015 is just 10% lower than this). Consequently, the global CLO market keeps growing. As at the end of July 2015, the USD CLO market was a USD 400 billion market and the European CLO market was close to EUR 70 billion outstanding.

One of the reasons for the modest decline in CLO issuance in the US is the proposed retention regulation, announced in November 2014 and effective in December 2016. This regulation should result in some consolidation of CLO managers, reduce modestly the volume of issuances (first time managers will have some difficulty issuing CLOs) and offer some opportunities for investors like Volta, as many CLO managers are looking for capital solutions to satisfy the retention rule.

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

The CLO market can be split into two segments: 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 after 2012, 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 their re-investment period, meaning that these transactions are amortising and/or will be called earlier than their scheduled maturity dates. 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; and
- CLO 2.0 Equity tranches, on average, have less leverage than CLO 1.0 Equity tranches.

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

Please see below the past performances of USD CLO Debt tranches, according to the JPM CLO Index, which shows the total returns including price performance:

Annual returns	2013	2014	YTD 2015 (end of July)
CLO 1.0			
BBB	12.0%	4.8%	**2.6%**
BB	12.7%	9.0%	**2.5%**
CLO 2.0			
BBB	7.1%	2.7%	**4.3%**
BB	10.8%	1.9%	**5.7%**

Source: JP Morgan CLOIE monitor.

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 to move too early into CLO 2.0 Debt tranches as CLO 1.0 Debt tranches (most of our positions are originally rated BB tranches) outperformed them up to the end of 2014. We accelerated the rotation from CLO 1.0 tranches to CLO 2.0 tranches from the end of 2014 so that, at the end of July 2015, more than half of our CLO Debt tranches are from CLO 2.0 deals.

Please see below a breakdown of CLO Debt holdings as of the end of July 2015:

CLO vintage	Original rating	% GAV Euro deals	% GAV USD deals
1.0	BBB	4.0	0.3
	BB	5.2	15.8
2.0	BB	5.0	16.6
	B	—	2.9

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. We made four investments in B tranches of USD CLO 2.0 with CLO managers who have demonstrated above average capabilities in maintaining or improving debt subordination through time.

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.

INVESTMENT MANAGER'S REPORT CONTINUED

OVERVIEW OF THE MAIN ASSET CLASSES OF VOLTA CONTINUED

CLO MARKET OVERVIEW CONTINUED

At the end of 2006/beginning of 2007, Volta invested in eight USD CLO Equity tranches. Please find below a table summarising the performance of these tranches relative to the market:

	IRR Terminated deals	Cash flows Active deals
2006 vintage	12.9%	14.5%
Number of deals	34	103
2007 vintage	9.1%	15.7%
Number of deals	21	119
Volta	**20.5%**	**23.1%**
Number of deals	1	7

Source: AXA IM, Wells Fargo "CLO Equity Performance", 2 July 2015.

This table illustrates our added value when selecting CLO Equity tranches for Volta, being able to select deals that pay for a longer period (only one deal terminated, the others are still paying significant quarterly cash flows) and that pay higher cash flows than comparable vintage deals (23.1% against 14.5% to 15.7%). It is worth mentioning that the cash flows for active deals include both the average annual cash flow and the end of July 2015 valuation for these active positions (both for Volta's deals and those surveyed in Wells Fargo's research). On average, the end of July 2015 valuation for Volta's active deals was 85% of par.

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) they have been able to deliver even higher performances, as illustrated above.

CLO 2.0 Equity tranches have a cost of leverage close to or above Libor+2.0% (against circa Libor+0.5% for CLOs issued in 2006/2007). Hence, it is unlikely that the overall performance of CLO 2.0 Equity tranches could end up being significantly above that which might have been assumed at the time of purchase, even if almost all CLO 2.0 Equity tranches 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 we believe is an acceptable expected performance.

During the annual period we started investing in some equity tranches of CLO 2.0 and we expect to do so again in the forthcoming annual period. As at the end of July 2015 equity tranches of CLO 2.0 deals comprised 10.5% of the GAV, against 12.4% for equity tranches of CLO 1.0 deals.

Another way to obtain leveraged exposure to underlying corporate loans is to provide capital for CLO warehousing. Changes in regulations have reduced the appetite of banks to provide such capital, so this kind of investment solution can now be considered. Volta has already invested in two CLO Warehouse transactions, each for an average duration of approximately six months, with an annualised realised IRR above 12%. At the end of July 2015 no CLO Warehouse was in place, but a new one was executed in August 2015.

Considering the current cost of leverage for recently issued CLO equities, we see CLO Warehouses as an interesting substitute relative to CLO Equity tranches. However, CLO Warehouses are short-term investments and the risk profile is different from that of CLO Equity tranches; hence, Volta's exposure to CLO Warehouses generally will not normally exceed 10% of NAV, although this percentage could be exceeded for a few weeks or months when rotating from one warehouse to another.

CLO warehousing transactions offer the option to purchase part of the equity piece of the finalised CLO at better terms.

OVERVIEW OF 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 certain portions of their balance sheets). Such transactions permit access to sound and profitable banking activities, including, for example: corporate loans (particularly SMEs); trade finance; real estate loans; and counterparty risk.

AXA IM has invested in these kinds of transactions for more than 16 years and has a significant presence in this market. At the time of writing this statement we see more than €2.0 billion of deals in the pipeline.

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

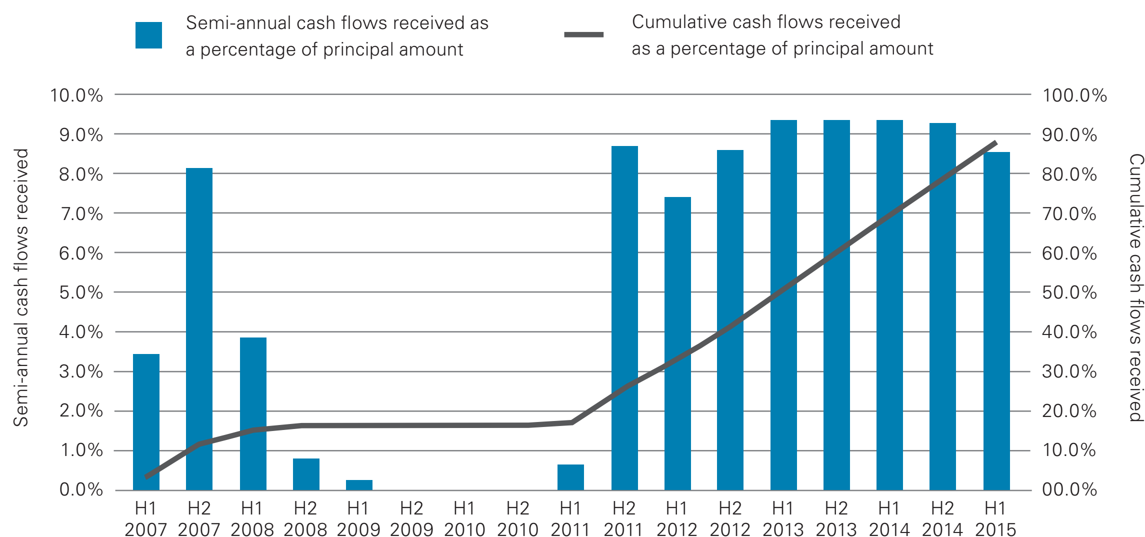
So far, Volta has directly co-invested in five deals:

- Two Swiss transactions;
- 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 sourcing these five deals, the underlying credit performance so far has been better than the assumptions we used at the outset. One of the transactions, paying a Euribor+13.0% coupon, was called in September 2014, and another one is very near being fully amortised.

These five deals were sourced with an average projected IRR close to 10.5%. Considering the pipeline that still exists for these kinds of transactions, it is expected that Volta will continue to gain exposure to this asset class which represented 9.5% of Volta's GAV at the end of July 2015, compared to 5.7% one year earlier.

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



OVERVIEW OF 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.

During the annual period Volta sold two of the five positions that it had held as at 31 July 2014 at a notable uplift to their carrying value.

Please see the chart above for a history of payments on the three remaining positions (held by Volta since 2006/2007).

At one 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 that favour keeping people in their homes instead of proceeding to foreclosures, the mortgagees have been able to repay part of their arrears and these positions resumed paying cash flows. Payments received during the annual period on the three remaining positions represented 30% of the end-of-period valuation for these positions.

As at the end of July 2015, 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 predict 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 arrears of payments/defaults (for example if the Bank of England increases its interest rates in the future).

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 2015, Volta had non-euro investments in CHF, GBP and USD.

Considering the size of the CHF investments (2.5% of the NAV) and the investments in GBP (5.3% of the NAV), Volta decided not to hedge the currency risk generated by these investments. Only the currency risk provided by USD investments is taken into consideration for hedging. The Company's policy is not to fully hedge the USD exposure but rather to maintain a stable net USD exposure relative to NAV in a corridor approved by the Board. This corridor must allow for fluctuations and is currently set at a range of 30% to 45%.

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. This liquidity risk is closely monitored by us under the supervision of the Board.

As at the end of July 2015 the Company's US dollar assets (net of US dollar borrowings and including cash, net of amounts due to brokers) were valued at approximately USD 176 million, US dollar forward sales represented USD 63 million and US dollar call options (financed by selling out of the money US dollar put options) represented USD 63 million. Overall, taking into account the delta on the options, Volta could be considered as having a USD 141 million (42.8% of NAV) long unhedged position to the USD. The currency exposures of the Company are expected to be relatively stable through time and are communicated in every monthly report so that investors can be aware of them.

The contracts used to apply this strategy are collateralised with the Company's counterparty. A net balance of €0.9 million had been paid to the counterparty at the end of July 2015.

OUTLOOK

At the time of writing, our view is that we will continue for some time to live under a period of moderate economic growth, but with significant involvement and control from governments and central banks in order to limit economic and financial volatility (commonly referred to as the "new normal" regime) due to the significant amount of debt that had been accumulated during the previous decade. The QE from the ECB and the termination of QE from the US Federal Reserve mean that Europe is now more active in this "new normal" regime than the US.

INVESTMENT MANAGER'S REPORT CONTINUED

OUTLOOK CONTINUED

Economic agents that accumulated significant amounts of debt are typically households, governments and local state entities. Corporate entities in the US and in Europe, despite a recent and modest increase, still have amounts of debt in line with or below the last ten to 20 years' most common measures (relative to EBITDA or enterprise value). This is the main reason why Volta has focused so much on Corporate Credit Debt when pursuing re-investment strategies during the most recent years.

In our opinion, the significant appreciation of the US dollar and the significant decline in oil prices and other commodity prices are likely to bring some uncertainties to overall economic activity. We do recognise that the decline in prices of commodities is positive for US and European consumers, but it may imply some significant rebalancing in the relative situation of some economic sectors and raise some concerns on commodity producing countries. Our view is that such a situation should not significantly damage the economic pattern for US and European economies, but that it opens the door for slightly more frequent occurrences of sudden volatility. Regarding corporate credit, it is reasonable to expect an increase in the number of defaults, especially in the US, from a below historical average pace. Taking this into account, together with the support provided by the ECB QE programme and the relative weakness of the euro, we believe that some rebalancing of Volta's portfolio in favour of Europe should continue to be considered.

We recognise a number of existing known risk factors, including excessive bank balance sheets in China, geopolitical issues in the Middle East and Eastern Europe as well as the Greek situation, 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 vintages; 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. This view materialised through the investment in a fund that we co-manage with Ellington in the US (St Bernard Opportunity Fund). We hope to see at some point a resumption of opportunities (in the primary market) in this area; and
- Bank Balance Sheet transactions will continue to be a sizeable and interesting market, especially in Europe, for investors looking for returns in the area of 10%.

For the forthcoming annual period, Volta should continue to focus on corporate credit assets even if, from time to time, some opportunities may be seized outside this asset class. In particular, it could be reasonably expected that we will:

- Continue to invest in debt tranches of CLOs;
- From time to time, being highly selective in our choice, invest in some CLO equities or in vehicles created for the purpose of satisfying the retention rule for CLOs such as Capitalised Manager Vehicles ("CMVs");
- Pursue investments in Bank Balance Sheet transactions; and
- Continue entering into CLO Warehouses.

When conducting the overall investment strategy, the Company seeks to pursue 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, warehouses, 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 to reach such objectives could be to add some fixed-rate sensitivity when interest rates rise with future increases in base rates and to purchase protection against credit spread widening if at some point in time we foresee some turbulence in credit markets.

The Company has demonstrated its ability to continue to adapt during the annual period under review, especially through an increase in the turnover of the portfolio in order to generate capital gains.

We consider that our responsibility as Volta's Investment Manager is to invest in assets that should be able to produce stable revenue (to be distributed to Shareholders) through investing and structuring investments adapted to the market situation. This has been illustrated during this twelve-month period through the investment in CLO Warehouses and the signing of a repurchase agreement. We will continue leveraging the experience of our 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 in order to meet Volta's objectives.

AXA INVESTMENT MANAGERS PARIS
20 OCTOBER 2015

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31 July 2015. In the opinion of the Directors, the annual report and audited financial statements are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

INCORPORATION

The Company is a 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, among other asset types, in the following main asset classes: CLO, Synthetic Corporate Credit, Cash Corporate Credit and ABS.

RESULTS AND DIVIDENDS

The net comprehensive income for the year, determined under International Financial Reporting Standards ("IFRS"), amounted to €47.6 million.

The Directors consider the 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 €0.31 per share to those Shareholders on the register on 4 December 2015. This is in addition to the interim dividend of €0.31 per share paid in April 2015.

ADMISSION OF THE COMPANY'S ORDINARY SHARES (THE "ORDINARY SHARES") TO TRADING ON THE LONDON STOCK EXCHANGE

The Ordinary Shares of the Company have been admitted to trading on Euronext Amsterdam since 15 December 2006. On 29 May 2015, the Company's Ordinary Shares were admitted 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 Company continues to be admitted to trading on Euronext Amsterdam. The Directors believe that a dual-admission to trading on both Euronext Amsterdam and the London Stock Exchange has been beneficial to the Company and its Shareholders for, among others, the following reasons:

- Access to market makers and increased market liquidity – Admission has brought the Company under the market making regime in place in London and therefore there will be a price for the Ordinary 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; and
- Enhanced global visibility – Admission has increased the Company's global visibility, permitting greater broker/research coverage and has increased the Company's target investor base.

Upon Admission, Shareholders were given the option to hold their Ordinary Shares in CREST, to retain the Shares in Euroclear Netherlands (to be nominally held in CREST by Euroclear Netherlands' nominee, Euroclear Nominees Limited) or to hold their Ordinary Shares in registered/certificated form.

Pursuant to the Prospectus Rules of the Financial Conduct Authority and after approval by the UKLA, a summary document (the "Summary Document") was published in connection with the application for Admission. The Summary Document does not provide an update to any previous prospectus and does not contain any operational update not already available to investors. The Summary Document was published on 27 May 2015.

The costs associated with the Admission were approximately €849,000. These costs had been initially estimated at approximately €450,000. The actual outcome exceeded estimated costs, in part due to the lengthy process (the Admission was initially scheduled for around December 2014 or January 2015).

As announced on 30 July 2015, the Company successfully applied to the UK Listing Authority for a "Block Admission" procedure to be applied to the future London Stock Exchange listing of Ordinary Shares issued as a result of future conversions of Class C Shares.

AMENDMENTS TO THE COMPANY'S MEMORANDUM AND ARTICLES OF INCORPORATION

In order to effect the dual-listing, the Company was required to make certain changes to the terms of its Articles of Incorporation. The Company also took the opportunity to review its Memorandum and Articles of Incorporation more extensively to ensure that they remained consistent with current law and practice. Accordingly, after approval by Shareholders, the following amendments were made to the Memorandum and Articles of Incorporation:

(i) The objects of the Company were amended to provide that the Company's objects are not restricted;

(ii) A number of minor changes were made to reflect changes in Guernsey law, which have simplified the quorum requirements for general meetings and have given the Directors more flexibility in the declaration and payment of dividends;

(iii) A restriction was introduced with regard to 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 Shareholder approval at each Annual General Meeting to disapply this restriction to a limited extent; and

(iv) Certain changes were made in order to enable the Company's Ordinary Shares to be settled through the CREST system, which is required for trading on the London Stock Exchange.

In addition, certain changes were made to the Company's investment policy, as approved by Shareholders on 6 May 2015. These changes removed the Board's discretion on investment limits in certain asset classes and individual assets.

REPURCHASE AGREEMENT WITH SOCIÉTÉ GÉNÉRALE

The Company has entered into a repurchase agreement ("Repo") with Société Générale ("SG") under the terms of which SG has provided the Company with finance secured against a portfolio of USD CLO Debt securities. Please refer to Note 12 to the financial statements for further details.

REPORT OF THE DIRECTORS CONTINUED

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 European Economic Area. 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 Depositary on 22 July 2014 in compliance with the 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 undertake this role, AXA IM is required to comply with various obligations prescribed under the 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.

Information on the investment strategy, geographic and sector investment focus, and principal stock exposures is included in the Investment Manager's Report and Note 19 to the financial statements. A full list of portfolio holdings is included in Note 23 to the financial statements. None of the Company's assets are subject to special arrangements arising from their illiquid nature. Note 19 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 during the period under review and no breaches of any of the risk limits set, with no breaches 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.

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, the 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 the 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.

STAFFING AND REMUNERATION DISCLOSURES REGARDING THE AIFM

REMUNERATION PAID FOR 2014 TO ALL STAFF EMPLOYED BY THE AIFM, SPLIT INTO FIXED AND VARIABLE REMUNERATION PAID

	Total
Fixed remuneration (€)	55,965,500
Variable remuneration (€)	27,800,800
Number of staff	848

AGGREGATE REMUNERATION PAID FOR 2014 TO SENIOR MANAGEMENT AND MEMBERS OF STAFF WHOSE ACTIONS HAVE A MATERIAL IMPACT ON THE RISK PROFILE OF VOLTA

	Senior management	Other members of staff with material impact	Total
Fixed remuneration (€)	2,953,000	10,980,300	13,933,300
Variable remuneration (€)	6,327,500	11,310,100	17,637,600
Number of staff	19	108	127

Notes:

The population is based on all current employees of AXA Investment Managers Paris.

Senior management includes Board members and other senior management.

"Other members of staff with material impact" includes those in control functions and other investment management functions.

Fixed remuneration is composed of base salary and any other fixed allowances paid between August 2014 and July 2015.

Variable remuneration is awarded in relation to performance year 2014 paid in March 2015.

Variable remuneration is composed of discretionary total variable pay (including immediate cash and deferred remuneration) and discretionary AXA Group long-term incentives.

All remuneration information is exclusive of social charges.

RISK RETENTION PROVISION – UNITED STATES OF AMERICA DODD-FRANK ACT OF 2010 AND PROPOSED EUROPEAN UNION RULE

The risk retention provision of the Dodd-Frank Act of 2010 requires US issuers of securities collateralised by mortgages or loans to retain 5% of the credit risk. This provision was designed to ensure the issuer has "skin in the game" and is penalised if the securitised loans go bad. The effective date of this provision is 24 December 2015 for mortgage-backed securities and 24 December 2016 for other asset-backed securities. A similar rule is already in place in the European Union. Implementation of the risk retention provision may adversely affect the CLO market and may result in a reduction in the investment universe available to the Company, thereby adversely affecting the Company's ability to carry out its investment strategy and achieve its investment objectives. Conversely, new investment opportunities may become available to the Company, depending upon how CLO managers structure future CLO issuances in order to comply with the risk retention provision.

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 Intergovernmental Agreement ("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. The Board continues to monitor developments in the rules and regulations arising from the implementation of FATCA in conjunction with its tax advisors.

COMMON REPORTING STANDARD

On 13 February 2014, the Organisation for Economic Co-operation and Development released the "Common Reporting Standard" ("CRS") designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. On 29 October 2014, 51 jurisdictions signed the multilateral competent authority agreement ("Multilateral Agreement") that activates this automatic exchange of FATCA-like information in line with the CRS. Pursuant to the Multilateral Agreement, certain disclosure requirements may be imposed in respect of certain investors in the Company who are, or are entities that are controlled by one or more, residents of any of the signatory jurisdictions. It is expected that, where applicable, information that would need to be disclosed will include certain information about investors, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. Both Guernsey and the UK have signed up to the Multilateral Agreement, but the US has not signed the Multilateral Agreement.

Early adopters who signed the Multilateral Agreement (including Guernsey) have pledged to work towards the first information exchanges taking place by September 2017. Others are expected to follow with information exchange starting in 2018. Guidance and domestic legislation regarding the implementation of the CRS and the Multilateral Agreement in Guernsey is yet to be published in finalised form. Accordingly, the full impact of the CRS and the Multilateral Agreement on the Company and the Company's reporting responsibilities pursuant to the Multilateral Agreement as it will be implemented in Guernsey is currently uncertain.

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 Company's NAV rose by a significant amount, although by a lower amount than in the prior year. The Company currently has only a limited amount of debt financing (USD 30 million as at the financial year-end date and USD 45 million as at the date of approval of this report). 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:

Christian Jimenez (resigned 3 December 2014)
Graham Harrison (appointed 20 October 2015)
James Gilligan
Joan Musselbrook
Paul Meader
Paul Varotsis
Stephen Le Page (appointed 16 October 2014)

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

	31 July 2015 Number of shares	31 July 2014 Number of shares
G Harrison	—	—
J Gilligan	**44,645**	39,461
J Musselbrook	**128,603**	124,743
P Meader	**11,941**	—
P Varotsis	**143,987**	134,127
S Le Page	**4,072**	—

RESIGNATION OF CHAIRMAN, APPOINTMENT OF NEW DIRECTOR AND ROTATION PROVISIONS

Mr Gilligan has advised the Board that he will not seek re-appointment as a Director for a further term and accordingly he will step down from his role as Chairman at the 2015 Annual General Meeting ("AGM"). Please refer to the Nomination Committee section of the Corporate Governance Report for further details regarding Mr Gilligan's replacement as Chairman, the appointment of Mr Harrison as a new Independent Non-Executive Director and the Board members' terms of office and rotation provisions.

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/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

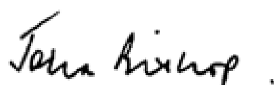
AUDITOR

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 2015 AGM.

COMPANY SECRETARY

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

By order of the Board



AUTHORISED SIGNATORY
SANNE GROUP (GUERNSEY) LIMITED, COMPANY SECRETARY
20 OCTOBER 2015

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 NAV 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 AND ITS 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 is exposed to direct leverage resulting from the repurchase transaction that it has entered into with SG.

If the Company breaches covenants under financing or investment agreements, it could be forced to sell assets or experience other disadvantages.

A decline in the value or credit profile of the Company's investments may result in margin calls being made on the Company.

Refinancing the Company's borrowings may be difficult and costly.

The Company may be required to post margin payments with respect to derivative transactions and/or financing 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.

The Company will be subject to interest rate risk. Rising interest rates may adversely affect the market value of some of the Company's investments and the Company's cost of borrowing 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 or net proceeds basis in any country, including France, the United Kingdom or the United States, including under FATCA, 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.

REGULATORY RISKS

Any regulatory changes arising from implementation of the 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 objectives. Implementation of the US and EU risk retention provisions may adversely affect the CLO market and may result in a reduction in the investment universe available to the Company, thereby adversely affecting the Company's ability to carry out its investment strategy and achieve its investment objectives.

The AIFMD applies to the Company to the extent that the Company is a managed fund of an authorised manager. The principal practical impact upon the Company arising to date from implementation of the AIFMD has been the requirement for the Company to appoint a Depositary.

CORPORATE GOVERNANCE REPORT

The Company is a Guernsey limited liability company with shares listed on Euronext Amsterdam and the Main Market of the London Stock Exchange. Volta's home member state for the purposes of the EU Transparency Directive is the Netherlands and Euronext Amsterdam is therefore classified as the Company's primary market for regulatory purposes. As such, Volta is subject to regulation and supervision by the AFM, which supervises compliance with the Financial Markets Supervision Act in the Netherlands. By virtue of its listing on the London Stock Exchange, the Company is required to apply the UK Corporate Governance Code (the "UK Code" or the "Code"), however the Company is not required to apply the Dutch Corporate Governance Code.

On 30 September 2011, the Guernsey Financial Services Commission ("GFSC") issued a Code of Corporate Governance (the "GFSC Code"), which applies to the Company. Any company, such as Volta, that complies with the UK Code is deemed to also comply with the GFSC Code. The UK Code was revised in September 2014, with such revisions applying to reporting periods commencing on or after 1 October 2014. The Company has not applied the September 2014 revisions to the UK Code in this financial report. The Company joined the Association of Investment Companies ("AIC") at the beginning of August 2015 and will apply the AIC's Code of Corporate Governance for Guernsey domiciled member companies (the "AIC Code") from that date.

The Company complied with the UK Code during the financial year ended 31 July 2015, with certain exceptions as detailed below.

A full version of the Code can be found on the Financial Reporting Council's website: www.frc.org.uk.

STATEMENT OF HOW THE PRINCIPLES OF THE UK CODE ARE APPLIED

Throughout the financial year ended 31 July 2015 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 these roles 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.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. Third-party service providers are, themselves, subject to scrutiny by the Board.

- Section C.3.5: 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 processes and procedures of the Company Secretary and other third-party service providers to provide appropriate arrangements for their staff. Those parties are themselves subject to scrutiny by the Board.

- Section C.3.6: 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, if any, who in any event would not be trained in audit matters. The Company relies on its Administrator for assistance in drawing up its accounts and reports to Shareholders.

- 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.

  Explanation: The Company has a Remuneration Committee, 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 Board which, in turn, will seek approval from the Company's Shareholders.

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

  Explanation: As a Guernsey domiciled company, the Company follows Guernsey 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.

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 Meader acts as the Senior Independent Director. Each of Mr Gilligan, Ms Musselbrook, Mr Meader, Mr Varotsis, Mr Le Page and Mr Harrison 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 on 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).

Each of Mr Meader and Mr Le Page is a director of BlueCrest AllBlue Fund Limited, an investment company whose shares are listed on the London Stock Exchange. The Board reviewed this matter at the time of Mr Le Page's appointment to the Board and subsequently and has concluded that this cross-directorship should not impair either Director's independence.

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 8 September 2015, notwithstanding the fact that Ms Musselbrook and Mr Varotsis will have been Directors of the Company for nine years on 9 November 2015.

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 from the Company Secretary upon request.

AUDIT COMMITTEE

Please see the Audit Committee's separate report on page 22 for details of its composition, responsibilities and activities.

NOMINATION COMMITTEE

The Nomination Committee currently comprises Mr Gilligan (Chairman), Ms Musselbrook, Mr Meader, Mr Varotsis and Mr Le Page. 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 of the rotation provisions set out in the Company's Memorandum and Articles of Incorporation. The Committee has considered the question of Board tenure and has concluded that there should not be a specific maximum time in position for a Director or Chairman. Instead, the Committee keeps under review the balance of skills of the Board and the knowledge, experience, length of service and performance of the Directors and focuses on maintaining the right mix of skills and a balance between bringing in new Directors with fresh ideas and preserving corporate knowledge and experience. When recommending new Directors for appointment to the Board, diversity of gender, age, ethnicity and cultural background are taken into consideration in accordance with the Company's diversity policy. The Nomination Committee met three times during the financial year.

As stated in the Report of the Directors, Mr Gilligan has advised the Board that he will not seek re-appointment as a Director for a further term and accordingly he will step down from his role as Chairman at the 2015 AGM. The Company, through its Nomination Committee, has previously engaged in succession planning and the other Board members have come to the view that Paul Meader, the current Senior Independent Director of the Company, has the qualities, expertise and relevant experience required to take over as Chairman. Mr Meader has agreed to succeed Mr Gilligan as Chairman and, accordingly, the Board will be proposing at the AGM that Paul Meader takes over as Chairman of Volta from that date and Mr Meader will be putting himself forward for re-election by Shareholders at the AGM. The Board has resolved that Paul Varotsis will succeed Mr Meader in the role of Senior Independent Director.

After a thorough selection and interview process, the Nomination Committee recommended to the Board the appointment of Graham Harrison as a new Independent Non-Executive Director of the Company in order to maintain the Board composition at five independent Directors after Mr Gilligan's departure. The selection of candidates for interview was carried out without the use of either an external search consultancy or open advertising as, in the Board's opinion, employing such methods would be unlikely to provide any higher quality candidates than those identified. Instead the Board reviewed a list of potential candidates that had been obtained from the Guernsey NED Forum (a forum for non-executive directors in Guernsey), contacted its professional advisors and leveraged the Board's knowledge of suitably experienced and qualified candidates who might be available in Guernsey. The Board duly appointed Mr Harrison at its meeting on 20 October 2015.

CORPORATE GOVERNANCE REPORT CONTINUED

COMMITTEES OF THE BOARD CONTINUED

NOMINATION COMMITTEE CONTINUED

Each of Ms Musselbrook's, Mr Varotsis' and Mr Harrison's current terms of office will expire at the 2015 Annual General Meeting ("AGM"). On the recommendation of the Board, Ms Musselbrook, Mr Varotsis and Mr Harrison will each be standing for election at the 2015 AGM. Mr Meader's and Mr Le Page's current terms of office are due to expire at the 2017 AGM. However, as stated above, Mr Meader will be putting himself forward for re-election by Shareholders at the AGM and, on the recommendation of the Board, henceforth all Directors wishing to continue in office will stand for election at each AGM, subject to the satisfactory demonstration of continuing independence and satisfactory contribution to the work of the Board. Consequently, Mr Le Page will also be standing for election at the 2015 AGM.

Mr Gilligan conducted formal performance evaluations on each existing member of the Board and the Board as a whole and Mr Meader, as Senior Independent Director, conducted a formal performance evaluation on the Chairman. These performance evaluations were reported to the Committee and it was concluded that each such Board member had demonstrated during their current terms of office that he or she: continues to demonstrate satisfactory independence; 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 each existing Director, except for the current Chairman, together with Mr Harrison for re-election to the Board at the forthcoming AGM.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises Ms Musselbrook (Chairman), Mr Gilligan, Mr Meader, Mr Varotsis and Mr Le Page. 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 8 September 2015 and it was proposed that the Directors' remuneration should be maintained at its current level. The Remuneration Committee met twice during the financial year.

RISK COMMITTEE

The Risk Committee currently comprises Mr Meader (Chairman), Mr Gilligan, Ms Musselbrook, Mr Varotsis and Mr Le Page. Only Independent Directors serve on the Risk Committee. The Committee will meet at least four times each year to review and monitor the effectiveness of the Company's risk management and internal control procedures pertaining to the investment portfolio and to report its findings to the Board. The Risk Committee met six times during the financial year. Mr Meader will cease to act as Chairman of the Committee with effect from the forthcoming AGM. The Committee has proposed and the Board resolved that Ms Musselbrook will be appointed as Chairman of the Committee as from that date.

The Risk Committee's function is to focus on identifying and overseeing investment portfolio related risks that might impact upon the performance of the Company's shares. The Risk Committee complements and enhances the work of the Audit Committee, which focuses on risks that might impact upon financial reporting and other areas that are not specifically related to the Company's investment portfolio.

COMMITTEE COMPOSITION AND TERMS OF REFERENCE

The composition of the aforementioned Committees and their terms of reference are kept under periodic review. The terms of reference of each 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 2015. The attendance record of each of the Directors was as follows:

	Number of attendances / number of meetings held during the service period of each Director
C Jimenez (resigned 3 December 2014)	2 / 2
G Harrison (appointed 20 October 2015)	– / –
J Gilligan	7 / 9
J Musselbrook	8 / 9
P Meader	9 / 9
P Varotsis	7 / 9
S Le Page (appointed 16 October 2014)	8 / 8

ATTENDANCE CONTINUED

There were six Risk Committee meetings, five Audit Committee meetings, three Nomination Committee meetings and one Remuneration Committee meeting held during the financial year ended 31 July 2015. The attendance record of each of the Committee members was as follows:

	Number of attendances / number of meetings held during the service period of each Director			
	Audit Committee	Risk Committee	Nomination Committee	Remuneration Committee
C Jimenez	2 / 2	2 / 2	2 / 2	2 / 2
G Harrison	– / –	– / –	– / –	– / –
J Gilligan	5 / 5	6 / 6	3 / 3	2 / 2
J Musselbrook	5 / 5	5 / 6	3 / 3	2 / 2
P Meader	5 / 5	6 / 6	3 / 3	2 / 2
P Varotsis	5 / 5	6 / 6	3 / 3	2 / 2
S Le Page	3 / 3	4 / 4	1 / 1	– / –

INVESTMENT MANAGEMENT AGREEMENT AND CONTINUED APPOINTMENT OF THE INVESTMENT MANAGER

Details of the fees payable to the Investment Manager are disclosed in Note 20 within the financial statements.

The Board reviews the performance of the Investment Manager on a regular basis and considers whether or not the continued appointment of the Investment Manager is in the best interests of the Company. The continued appointment of the Investment Manager was most recently reviewed and agreed by the Board on 26 May 2015 when a revised Investment Management Agreement was approved in order to comply with the rules of the UKLA. If the Company elects to terminate the appointment of the Investment Manager without cause and without giving the Investment Manager two years' advance notice, the Company may do so upon not less than 60 days' prior written notice, but will be required to pay a termination fee to the Investment Manager. The termination fee shall be to compensate the Investment Manager for the Management Fees and Incentive Fees that the Investment Manager might have earned had the appointment of the Investment Manager not been terminated prior to the end of the two-year notice period.

INVESTOR RELATIONS

Shareholders are able to contact the Company directly through the Company Secretary via its dedicated e-mail address (voltafinance@sannegroup.com) or by correspondence sent to the Company Secretary or to the Investment Manager. As a consequence, the Board receives 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 12 November 2015.

AUDIT COMMITTEE REPORT

The Audit Committee presents its report for the year ended 31 July 2015.

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 applied the UK Code, as revised in September 2012, during the financial year ended 31 July 2015, and accordingly the terms of reference of the Committee comply with the UK Code.

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 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 currently comprises Mr Le Page (Chairman), Mr Gilligan, Ms Musselbrook, Mr Meader and Mr Varotsis. Only Independent Directors serve on the Committee and members of the Committee have no links with the Company's Auditor. Mr Le Page has recent and relevant financial experience, having been a partner with PricewaterhouseCoopers in the Channel Islands from 1994 until September 2013, thereby enabling him to fulfil his role as Chairman of the Committee. The other members of the Committee have the knowledge and experience necessary to discharge their duties.

ACTIVITIES

During the financial year ended 31 July 2015 the Committee met on five occasions and met with the Auditor on each such occasion. In addition, the Chairman of the Committee has met separately with the partner responsible for the Company's audit on two more occasions. The Committee receives and reviews the Company's quarterly management accounts and the annual and interim reports and financial statements, including 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:

- Employs independent external parties with expertise in valuation to review the valuations of certain investments on a semi-annual basis and to report whether or not such valuations appear reasonable; and
- 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. In carrying out the review of the valuations included in this report, the Board and the Committee Chairman visited the Investment Manager in June and September respectively, to review and discuss, in detail, the valuation sources and process. The results of these activities were satisfactory and the Committee has concluded that the investment valuations in this report are fairly stated in accordance with the Company's accounting policies.

For the financial year ended 31 July 2015 the Committee identified the accounting treatment of the Repo as an area of focus, due to the fact that this represented a new type of transaction for the Company. The Committee has carefully reviewed the requirements of IFRS and the work of the Administrator in this area and has concluded that the Repo is properly accounted for and appropriately presented and disclosed in the Company's financial statements.

The Committee has also 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 has determined that these are in compliance with IFRS.

The Committee has reviewed the materiality levels applied by the Auditor to both the financial statements as a whole and to individual items and is satisfied that these materiality levels are appropriate.

ACTIVITIES CONTINUED

The Auditor reported that they discovered only two adjustments, neither of which were material. However, one of the adjustments, which concerned the accrual of Performance Fees, has been adjusted.

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 its third-party service providers, together with the oversight exercised by the Committee. To satisfy itself as to the existence and efficacy of material controls affecting the Company, 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 Committee has also obtained the latest ISAE 3402 Type II controls report on the Company's Administrator.

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 2015 at a meeting in June 2015. KPMG advised that it considered the valuation of investments to be a significant audit risk due to the risks inherent in this area, as in previous years.

KPMG has been the Company's Auditor since 2006, and the audit of this annual report is therefore its tenth audit of the Company. The Company benefits 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 beneficial to the Company, the Committee has noted, as reported in previous years, the developments concerning the rotation of audit firms and audit tendering promulgated by the UK's FRC and the European Union. While these developments are not directly applicable to the Company, the Committee will consider carefully whether or not to tender the Company's audit during the year ended 31 July 2016 and make the appropriate recommendation to the Board.

The Committee and KPMG work together to ensure that the independence and objectivity of the Auditor is maintained. In its formal communications with the Committee, KPMG confirms its compliance with all applicable independence and ethical requirements, including, among other things, ensuring periodic rotation of the lead audit partner, which is subject to rotation after five years of service. It is noted that a new lead audit partner has been appointed for the audit of this annual report. The Committee has formally reviewed this confirmation, which includes a summary of KPMG's controls to ensure compliance with professional and regulatory standards on independence, and has also noted the level and nature of non-audit services provided during the year. The Committee has concluded from this review, and in the light of its knowledge and experience gained through the actual performance of KPMG's work, that the Auditor remains independent and objective. Details of the fees paid to KPMG for its services are set out in Note 8 on page 40.

When the Auditor is engaged to perform non-audit work, the Committee safeguards the Auditor's objectivity and independence by ensuring that the staff members who perform such work are separate from the staff members who perform the audit. Where it is considered to be necessary, this is achieved by engaging staff from a different office to that of the audit staff. In addition, the Committee considers non-audit fees and services when assessing the independence of the Auditor.

The Committee has assessed KPMG's performance based upon the following factors, amongst others: KPMG's demonstration of knowledge of the Company and its investment portfolio; KPMG's demonstration of experience of auditing similar investment entities; the expertise and qualifications of the personnel assigned to the audit; KPMG's demonstration of independence and integrity during its conduct of the audit; and KPMG's communications to the Committee. The Committee has concluded that KPMG's performance continues to be highly satisfactory.

The Committee has reviewed the Company's financial reports as a whole to ensure that they appropriately describe the Company's activities and to ensure that all statements contained in them are consistent with the Company's financial results and expectations. Accordingly, the Committee was able to advise the Board that the annual report and audited financial statements are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

STEPHEN LE PAGE
CHAIRMAN OF THE AUDIT COMMITTEE
20 OCTOBER 2015

DIRECTORS' REMUNERATION REPORT

Each of Mr Gilligan, Ms Musselbrook, Mr Meader, Mr Varotsis, Mr Le Page and Mr Harrison 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 entitled to receive an annual fee of €120,000. Each of the other Directors is entitled to receive an annual fee of €60,000, plus 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. Such fees are payable quarterly in arrears.

As announced in the 2014 annual report, the Board of Directors decided to discontinue the temporary 10% reduction to their remuneration with effect from 3 December 2014, the date of the 2014 AGM. Until that date, the Chairman received an annual fee of €108,000 and each of the other Directors received an annual fee of €54,000 plus 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 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 of Directors' remuneration for the financial year ended 31 July 2015 are shown in the table below. Differences between the remuneration levels of individual Directors other than the Chairman may arise during any financial year due to timing differences resulting from the dates on which meeting attendance fees are earned and the difference between the Company's financial year and the calendar year.

Director	Number of Board meetings attended during the financial year for which meeting attendance fees were earned	Cash €	Shares €	Total €
C Jimenez	—	12,840	5,503	18,343
G Harrison	—	—	—	—
J Gilligan	N/A	81,147	34,777	115,924
J Musselbrook	3	61,573	26,389	87,962
P Meader	6	81,873	35,089	116,962
P Varotsis	3	61,573	26,389	87,962
S Le Page	6	74,067	31,743	105,810
Total Directors' remuneration		373,073	159,890	532,963

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. This is why the remuneration of Mr Meader and Mr Le Page appears to exceed their annual fee amount.

The share element of the Directors' remuneration, amounting to €159,890, was issued as follows:

Director	Shares issued during the period	Shares issued after the period end	Total
C Jimenez	868	—	868
G Harrison	—	—	—
J Gilligan	3,936	1,241	5,177
J Musselbrook	2,826	1,034	3,860
P Meader	4,584	621	5,205
P Varotsis	2,826	1,034	3,860
S Le Page	4,056	621	4,677
Total	19,096	4,551	23,647

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

None of the Directors is subject to a service contract under which any compensation would be payable upon loss of office.

JOAN MUSSELBROOK
CHAIRMAN OF THE REMUNERATION COMMITTEE
20 OCTOBER 2015

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:

- 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;
- 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; and
- The annual report and financial statements, taken as a whole, provides the information necessary to assess the Company's position and performance, business model and strategy and is fair, balanced and understandable.

JAMES GILLIGAN
CHAIRMAN
20 OCTOBER 2015

STEPHEN LE PAGE
CHAIRMAN OF THE AUDIT COMMITTEE

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 (the "financial statements") of Volta Finance Limited (the "Company") for the year ended 31 July 2015 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 2015 and of its total comprehensive income for the year ended 31 July 2015;
- 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 (€307,310,444 OR 103% OF NET ASSET VALUE)

Refer to the Audit Committee Report on page 22, Note 2d (Basis of preparation – Use of estimates and judgements), Note 3b (Significant accounting policies – Financial instruments), Note 4 (Determination of fair values) and Note 19 (Financial risk management).

- 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. The fair values of these investments are based on price quotes obtained by the Company's Investment Manager from arranging banks or other market participants (the "Price Quotes"), models generated by the Investment Manager (the "Internally Generated Models") or net asset values of the Company's holdings in other funds from the third-party administrators of such funds (the "NAV") (83%, 6% and 11%, respectively). Price Quotes are indicative and may not represent prices traded in an active market. Investments priced using Internally Generated Models are determined using valuation techniques such as a discounted cash flow model approach or with reference to prices of comparable instruments. For investments fair valued at Price Quotes and Internally Generated Models, the Company engages the services of independent third parties to review the reasonableness of 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 design and implementation 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. For investments fair valued using Price Quotes and Internally Generated Models, we used our own Valuation Specialist 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 model using contractual terms and market data, respectively. For investments priced using Internally Generated Models, our Valuation Specialist 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, discount rates and market interest rates were compared to market data sources. For investments fair valued using the NAV, we traced the values and holdings to the NAV statements obtained independently from the third-party administrators of such funds and reviewed the most recent audited financial statements of those underlying funds to assess any impact on the values of those investments.

  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 3b, 4 and 19) for compliance with International Financial Reporting Standards as issued by the IASB.

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 €5,940,000. This has been calculated using a benchmark of the Company's net asset value (of which it represents approximately 2%).

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 €295,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which 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 devoting 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, 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 members 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.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement on pages 18 to 21 relating to the Company's compliance with the ten provisions of the UK Corporate Governance Code specified for our review.

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 25, 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.

STEVEN D STORMONTH
FOR AND ON BEHALF OF KPMG CHANNEL ISLANDS LIMITED
CHARTERED ACCOUNTANTS AND RECOGNISED AUDITOR
GLATEGNY COURT
GLATEGNY ESPLANADE
ST PETER PORT
GUERNSEY GY1 1WR
21 OCTOBER 2015

ADDENDUM TO THE INDEPENDENT AUDITOR'S REPORT

The maintenance and integrity of the Volta Finance Limited website is the responsibility of the Board of 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 2015

	Notes	1 August 2014 to 31 July 2015 €	1 August 2013 to 31 July 2014 €
Operating income			
Net gain on financial assets at fair value through profit or loss		**67,205,372**	49,692,810
Deposit interest income		**—**	17,136
Net foreign exchange (loss)/gain, including net (loss)/gain on foreign exchange derivatives, but excluding net foreign exchange gains on investments		**(8,176,915)**	67,496
Net gain on interest rate derivatives		**21,807**	1,144,197
		59,050,264	50,921,639
Operating expenditure			
Investment Management Fees	20	**(3,860,378)**	(3,623,670)
Investment Manager Performance Fees	20	**(4,973,769)**	(1,870,426)
Directors' remuneration and expenses	6	**(547,671)**	(418,601)
Legal fees		**(120,376)**	(65,717)
Company secretarial, administration and accountancy fees	7	**(301,790)**	(266,272)
Audit, audit related and non-audit related fees	8	**(182,772)**	(231,500)
Insurance		**(61,856)**	(57,100)
Custodian fees		**(60,842)**	(27,929)
Portfolio valuation and administration fees		**(26,042)**	(98,910)
Deposit interest expense and bank charges		**(15,491)**	—
Non-recurring costs: London listing expenses		**(849,076)**	—
Other operating expenses		**(210,662)**	(216,156)
		(11,210,725)	(6,876,281)
Operating profit for the year		**47,839,539**	44,045,358
Financing charges			
Interest expense on repurchase agreement	12	**(202,599)**	—
Total comprehensive income for the year		**47,636,940**	44,045,358
Earnings per share			
Basic and diluted	10	**€1.3053**	€1.2212

		Number of shares	Number of shares
Weighted average number of shares outstanding			
Basic and diluted	10	**36,495,380**	36,067,240

OTHER COMPREHENSIVE INCOME

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

The Notes on pages 33 to 61 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2015

	Notes	**31 July 2015 €**	31 July 2014 €
ASSETS			
Financial assets at fair value through profit or loss	11	**307,310,444**	256,293,502
Trade and other receivables		**387,689**	33,813
Cash and cash equivalents		**38,133,120**	19,465,204
TOTAL ASSETS		**345,831,253**	275,792,519
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	**—**	—
Share premium	16	**33,840,763**	33,676,690
Warrants	17	**1,410,000**	1,410,000
Other distributable reserves	18	**168,894,228**	191,155,819
Accumulated gain	18	**95,043,127**	47,406,187
TOTAL SHAREHOLDERS' EQUITY		**299,188,118**	273,648,696
LIABILITIES			
Current liabilities			
Loan financing received under repurchase agreement	12	**27,312,000**	—
Interest payable on loan financing	12	**66,428**	—
Derivatives	13	**253,577**	170,327
Trade and other payables	14	**19,011,130**	1,973,496
TOTAL LIABILITIES		**46,643,135**	2,143,823
TOTAL EQUITY AND LIABILITIES		**345,831,253**	275,792,519
NAV per share outstanding			
Basic and diluted		**€8.1956**	€7.5011

These financial statements on pages 29 to 61 were approved by the Board of Directors on 20 October 2015 and were signed on its behalf by:

JAMES GILLIGAN
CHAIRMAN

STEPHEN LE PAGE
CHAIRMAN OF THE AUDIT COMMITTEE

The Notes on pages 33 to 61 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 JULY 2015

	Notes	Share premium €	Warrants €	Other distributable reserves €	Accumulated gain €	Total €
Balance at 31 July 2013		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	15, 16	113,400	—	—	—	113,400
Scrip dividends paid	15, 16, 18	4,910,016	—	(4,910,016)	—	—
Dividends paid in cash	9, 18	—	—	(17,021,222)	—	(17,021,222)
Sale of Treasury Shares	15, 16	215,938	—	—	—	215,938
Balance at 31 July 2014		33,676,690	1,410,000	191,155,819	47,406,187	273,648,696
Total comprehensive income for the year		—	—	—	47,636,940	47,636,940
Issue of Ordinary Shares to Directors	15, 16	164,073	—	—	—	164,073
Dividends paid in cash	9, 18	—	—	(22,261,591)	—	(22,261,591)
Balance at 31 July 2015		**33,840,763**	**1,410,000**	**168,894,228**	**95,043,127**	**299,188,118**

The Notes on pages 33 to 61 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2015

	Notes	1 August 2014 to 31 July 2015 €	1 August 2013 to 31 July 2014 €
Cash flows used in operating activities			
Total comprehensive income for the year		**47,636,940**	44,045,358
Adjustments for:			
Net gain on financial assets at fair value through profit or loss		**(67,205,372)**	(49,692,810)
Net movement in unrealised loss on revaluation of derivatives		**83,250**	1,793,664
Interest expense on repurchase agreement		**202,599**	—
(Increase)/Decrease in trade and other receivables		**(29,933)**	15,560
Increase/(Decrease) in trade and other payables		**2,008,512**	(1,843,700)
Directors' fees paid in the form of shares		**164,073**	113,400
Net cash used in operating activities		**(17,139,931)**	(5,568,528)
Cash flows from investing activities			
Coupons and dividends received	5	**33,341,505**	31,369,150
Purchase of investments	5	**(99,332,202)**	(71,458,863)
Proceeds from sales and redemptions of investments	5	**96,884,306**	72,190,888
Net cash from investing activities		**30,893,609**	32,101,175
Cash flows from/(used in) financing activities			
Dividends paid in cash		**(22,261,591)**	(17,021,222)
Proceeds from loan financing under repurchase agreement		**27,312,000**	—
Interest paid on repurchase agreement		**(136,171)**	—
Sale of Treasury Shares	15	**—**	215,938
Net cash from/(used in) financing activities		**4,914,238**	(16,805,284)
Net increase in cash and cash equivalents		**18,667,916**	9,727,363
Cash and cash equivalents at the beginning of the year		**19,465,204**	9,737,841
Cash and cash equivalents at the end of the year		**38,133,120**	19,465,204

NET CASH USED IN OPERATING ACTIVITIES

Net cash used in operating activities for the year of €17,139,931 (2014: €5,568,528) includes the following interest payments/receipts:

	1 August 2014 to 31 July 2015 €	1 August 2013 to 31 July 2014 €
Deposit interest (expense and bank charges)/income	**(15,491)**	17,136

The Notes on pages 33 to 61 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2015

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 is an authorised collective investment scheme in Guernsey and its Ordinary Shares are listed on Euronext Amsterdam and the premium segment of the London Stock Exchange's Main Market for listed securities. Volta's home member state for the purposes of the EU Transparency Directive is the Netherlands. As such, Volta is subject to regulation and supervision by the AFM, being the financial markets supervisor in the Netherlands. The registered office of the Company is Third Floor, La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey GY1 1WG, Channel Islands.

The principal activity of the Company is 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 16 and 17 and Note 19), 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 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 each of the three-month periods ending 30 October and 30 April in each financial year, 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") issued 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 IAS 32 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.

Offsetting financial assets and financial liabilities (amendments to IAS 32) – effective date 1 January 2014

The IAS 32 amendments relating to offsetting financial assets and financial liabilities clarify the offsetting criteria in IAS 32 by explaining the meaning of "currently has a legally enforceable right to set-off" and by explaining the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems), which apply gross settlement mechanisms that are not simultaneous.

Adoption of this New Accounting Requirement had no material effect on the reported performance, financial position or disclosures of the Company as it simply clarified the existing accounting treatment adopted by the Company.

Non-mandatory New Accounting Requirements not yet adopted

The Company has not early adopted any New Accounting Requirements that are not mandatory except for IFRS 9, as disclosed in the financial statements for the year ended 31 July 2014. All other 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2015

2. BASIS OF PREPARATION CONTINUED

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:

- Note 4 – Determination of fair values; and
- Note 19 – 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 foreign exchange (loss)/gain, including net (loss)/gain on foreign exchange derivatives, but excluding net foreign exchange gains on investments".

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

While 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 Estimated NAV and 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.

Loan financing received under repurchase agreement

The Company entered into a repurchase agreement ("Repo") with Société Générale ("SG") during the financial year under the terms of which SG provided the Company with finance secured against a portfolio of USD CLO Debt securities. The scheduled repayment date is 18 March 2020. However, the Repo may be terminated by either party with repayment becoming due within one year. The finance proceeds received are classified as a financial liability at amortised cost and presented within current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

B) FINANCIAL INSTRUMENTS CONTINUED

Collateral delivered under repurchase agreement

The Company delivered a portfolio of USD CLO Debt securities to SG as collateral under the Repo. As the Company is obliged to repurchase these securities in the future at a predetermined price that was set when the Company entered into the Repo, such securities continue to be classified as financial assets at fair value through profit or loss held by the Company and are presented in the Statement of Financial Position in the same way as all other investments held by the Company. In addition, as collateral securities may be substituted at any time, such securities continue to be valued in the same way that they would be if they were to be held outright by the Company, with no adjustment for the fact that they are held as collateral under the Repo.

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 10.

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 £1,200 per annum). No other taxes are incurred in Guernsey.

G) DIVIDENDS PAYABLE

Dividends payable on the Company's shares are recognised in the Statement of Changes in Shareholders' Equity when declared by the Directors or, where applicable, when approved by the Shareholders. The Directors consider payment 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 to the 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2015

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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 equity.

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 (and 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 EPS.

4. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair values for financial assets which 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.

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.

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 Investment Manager's 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. Their 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, the model assumptions will be adjusted accordingly. The discount rate used by the Investment Manager when reviewing the fair value of the Company's portfolio is subject to similar review and adjustment in the light of actual experience.

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 been engaged by the Board to review the valuations and/or valuation assumptions for certain investments as at 31 July 2015 and have concluded that they were fair and reasonable.

4. DETERMINATION OF FAIR VALUES CONTINUED

In accordance with Volta's valuation policy, the Company's GAV and NAV as at 31 July 2015 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 2015	% of NAV as at 31 July 2014	Valuation methodology
Promise Mobility	**0.6%**	0.7%	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 45% (2014: 55.0%).
Tennenbaum Opportunities Fund V	**2.3%**	2.8%	This is a fund that is valued using the NAV as provided by the underlying fund manager.
Bank Capital Opportunity Fund	**1.8%**	2.0%	This is a fund that is valued using the NAV as provided by the underlying fund manager.
Bank Deleveraging Opportunity Fund	**5.0%**	—	This is a fund that is valued using the NAV as provided by the underlying fund manager.
St Bernard Opportunity Fund	**1.5%**	1.2%	This is a fund that is valued using the NAV as provided by the underlying fund manager.
UK non-conforming mortgages ABS Residual positions	**5.3%**	7.5%	Discounted projected cash flow model-based valuation using a discount rate of 8.0% (2014: 10.0%) for Alba 2006-1, Alba 2006-2 and Alba 2007-1. Eurosail and Newgate were sold during the year and were previously valued using a discount rate of 12.0%.
Recently purchased assets	**5.0%**	1.5%	Being purchased within less than one month as at the relevant reporting date, these assets were therefore valued at cost.
Total as a percentage of NAV	**21.5%**	15.7%	

5. OPERATING SEGMENTS

As stated in Note 3(i), 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 additional financial information is presented below to supplement the information presented above in order to provide Shareholders with additional useful information.

The key measures used by the Board to assess the Company's performance and to allocate resources are the Estimated NAV and the GAV, which are prepared on a monthly basis by Sanne Group (Guernsey) Limited ("Sanne"). The Estimated NAV 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 Royal Bank of Scotland International ("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; a deduction for the liability due under the Repo, including accrued interest thereon; 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. The GAV reported by Sanne includes all of the foregoing except for the deduction for the liability due under the Repo and also excludes any accrued interest thereon. The Estimated NAV and the GAV are published monthly by the Company. The table below shows a reconciliation between the Estimated NAV used by the Board and published as at 31 July 2015 and that contained in the financial statements.

	31 July 2015 €
Published Estimated NAV as at 31 July 2015	**299,872,613**
Adjustments:	
– Cash balances held at RBSI	**277,569**
– Prepayments of operating expenses	**63,746**
– Accruals for expenses not taken into account in the published Estimated NAV	**(556,812)**
– Adjustment to the Performance Fee accrual included in the published Estimated NAV	**(467,516)**
– Adjustment to the income accruals included in the published Estimated NAV	**(1,482)**
NAV per Statement of Financial Position at 31 July 2015	**299,188,118**

The published Estimated NAV does not include cash held at RBSI, as this cash is primarily held to cover operating expenses payable.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2015

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 area in which the Company is invested are presented in the table below:

	31 July 2015		31 July 2014	
	Assets held* %	Coupons and dividends received and receivable €	Assets held* %	Coupons and dividends received and receivable €
UK	**4.58**	**6,364,188**	7.40	6,799,569
USA	**54.55**	**18,560,886**	53.09	14,887,049
Europe (excluding UK)	**28.57**	**8,691,830**	31.21	9,634,249
Emerging markets	**1.18**	**48,544**	1.24	48,283
Total	**88.88**	**33,665,448**	92.94	31,369,150

* Assets held are shown as a percentage of Estimated NAV.

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.

Volta's coupons and dividends received and receivable 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 2014 to 31 July 2015 €	1 August 2013 to 31 July 2014 €
USD CLO Equity	**11,827,028**	9,250,157
EUR CLO Equity	**2,266,923**	3,020,894
USD CLO Debt	**4,867,768**	2,889,437
EUR CLO Debt	**2,095,488**	2,331,588
CLO Warehouse transactions	**2,323,224**	—
CLO total	**23,380,431**	17,492,076
Synthetic Corporate Credit Equity	**18,969**	2,574,881
Synthetic Corporate Credit Debt	**4,488**	69,143
Synthetic Corporate Credit – Bank Balance Sheet transactions	**2,380,446**	2,789,849
Synthetic Corporate Credit total	**2,403,903**	5,433,873
Cash Corporate Credit Equity	**1,385,664**	1,520,825
Cash Corporate Credit Debt	**48,544**	48,283
Cash Corporate Credit total	**1,434,208**	1,569,108
ABS – Mortgage Residual positions	**6,364,188**	6,794,335
ABS Debt	**82,718**	79,758
ABS total	**6,446,906**	6,874,093
Total coupons and dividends received and receivable	**33,665,448**	31,369,150

5. OPERATING SEGMENTS CONTINUED

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

	31 July 2015 **€**	31 July 2014 €
USD CLO Equity	**54,486,690**	46,539,036
EUR CLO Equity	**16,263,932**	11,293,146
USD CLO Debt	**122,354,690**	74,598,413
EUR CLO Debt	**46,717,399**	58,642,006
CLO Warehouse transactions	**—**	7,376,838
CLO total	**239,822,711**	198,449,439
Synthetic Corporate Credit Equity	**—**	968
Synthetic Corporate Credit Debt	**—**	5,438,007
Synthetic Corporate Credit – Bank Balance Sheet transactions	**31,231,444**	15,579,515
Synthetic Corporate Credit total	**31,231,444**	21,018,490
Cash Corporate Credit Equity	**11,878,842**	9,617,282
Cash Corporate Credit Debt	**4,076,771**	3,420,476
Cash Corporate Credit total	**15,955,613**	13,037,758
ABS – Mortgage Residual positions	**15,822,312**	20,401,709
ABS Debt	**4,478,364**	3,386,106
ABS total	**20,300,676**	23,787,815
Total investments	**307,310,444**	256,293,502

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

	1 August 2014 to 31 July 2015 **€**	1 August 2013 to 31 July 2014 €
USD CLO Equity	**8,345,868**	12,909,692
EUR CLO Equity	**7,068,000**	7,597,086
USD CLO Debt	**45,666,541**	27,418,623
EUR CLO Debt	**—**	16,156,624
CLO Warehouse transactions	**30,156,981**	7,376,838
CLO total	**91,237,390**	71,458,863
Synthetic Corporate Credit – Bank Balance Sheet transactions	**19,818,312**	—
Synthetic Corporate Credit total	**19,818,312**	—
Cash Corporate Credit Equity	**3,305,622**	—
Cash Corporate Credit total	**3,305,622**	—
Total purchases	**114,361,324**	71,458,863

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2015

5. OPERATING SEGMENTS CONTINUED

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

	1 August 2014 to 31 July 2015 €	1 August 2013 to 31 July 2014 €
USD CLO Equity	**3,584,131**	1,226,679
EUR CLO Equity	**550,514**	590,998
USD CLO Debt	**16,426,667**	9,761,938
EUR CLO Debt	**13,450,822**	17,251,015
CLO Warehouse transactions	**40,081,890**	—
CLO total	**74,094,024**	28,830,630
Synthetic Corporate Credit Equity	—	19,912,060
Synthetic Corporate Credit Debt	**5,601,965**	16,998,582
Synthetic Corporate Credit – Bank Balance Sheet transactions	**3,033,617**	1,978,466
Synthetic Corporate Credit total	**8,635,582**	38,889,108
Cash Corporate Credit Equity	**1,886,158**	—
Cash Corporate Credit total	**1,886,158**	—
ABS – Mortgage Residual positions	**12,268,542**	284,931
ABS Debt	—	4,186,219
ABS total	**12,268,542**	4,471,150
Total sales and redemption proceeds	**96,884,306**	72,190,888

6. DIRECTORS' REMUNERATION AND EXPENSES

	1 August 2014 to 31 July 2015 €	1 August 2013 to 31 July 2014 €
Directors' fees (cash element)	**373,073**	256,862
Directors' fees (equity element, settled during the year)	**126,890**	113,400
Directors' fees (equity element, settled after the year-end)	**33,000**	37,184
Directors' expenses	**14,708**	11,155
	547,671	418,601

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

7. COMPANY SECRETARIAL, ADMINISTRATION, ACCOUNTANCY AND PORTFOLIO ADMINISTRATION FEES

Sanne acts as Company Secretary, Administrator and Portfolio Administrator. Sanne also acted as the Company's Registrar until May 2015 when Computershare Investor Services (Guernsey) Limited was appointed as the Company's Registrar. 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 2015, with respect to the activities and responsibilities as set out in the Administration, Secretarial and Portfolio Administration Agreement. The amount charged to the Company under the terms of this agreement reached the cap in both the current and prior years and, in addition, Sanne charged GBP 4,500 for additional work performed outside the scope of this agreement in relation to the London listing.

8. AUDIT, AUDIT RELATED AND NON-AUDIT RELATED FEES

The audit fee for the financial year ended 31 July 2015 was €128,007 (2014: €180,000). Other than the interim review completed at a fee of €50,344, professional tax services provided at a fee of €4,421 and reporting accountant fees of €55,973 (payable with respect to the London listing and included under the heading London listing expenses in the Statement of Comprehensive Income), no other non-audit services have been provided to the Company by the Auditor or its affiliates during the year.

9. DIVIDENDS

The following dividends have been proposed and/or paid during the year ended 31 July 2015 and during the prior year:

	Dividend per share €
Dividend for the semi-annual period ended 31 July 2015 (proposed)	**0.31**
Dividend for the semi-annual period ended 31 January 2015 (paid 7 April 2015)	0.31
Dividend for the semi-annual period ended 31 July 2014 (paid 9 December 2014)	0.30
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

10. EARNINGS PER SHARE ("EPS")

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

	1 August 2014 to 31 July 2015 €	1 August 2013 to 31 July 2014 €
Profit for the purposes of basic EPS being net profit attributable to equity holders	**47,636,940**	44,045,358

	Number	Number
Weighted average number of Ordinary Shares for the purposes of basic EPS	**36,495,380**	36,067,240
Dilutive effect of Ordinary Shares subject to warrants (exercisable at €10 per share)	—	—
Weighted average number of Ordinary Shares for the purposes of diluted earnings per share	**36,495,380**	36,067,240

The average market price, based on closing prices quoted on Euronext Amsterdam, for one Ordinary Share during the year ended 31 July 2015 was €6.72 (2014: €6.36).

11. 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 2014 to 31 July 2015 €	1 August 2013 to 31 July 2014 €
Fair value brought forward	**256,293,502**	238,701,867
Purchases	**114,361,324**	71,458,863
Sale and redemption proceeds received	**(96,884,306)**	(72,190,888)
Realised and unrealised movement in fair value, including accrued income and dividends receivable that are included in the investment fair values	**33,539,924**	18,323,660
Fair value carried forward	**307,310,444**	256,293,502

Investments subject to restrictions due to being pledged as security under the repurchase agreement, as further detailed in Note 12 below.

	31 July 2015 €	31 July 2014 €
Pledged assets	**47,408,091**	—
Unpledged assets	**259,902,353**	256,293,502
Fair value carried forward	**307,310,444**	256,293,502

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2015

12. LOAN FINANCING RECEIVED UNDER REPURCHASE AGREEMENT

	31 July 2015 €	31 July 2014 €
Loan financing received under repurchase agreement ("Repo")	**27,312,000**	—

The Company entered into a Repo on 16 March 2015 under the terms of which the counterparty (SG) provided the Company with finance of USD 30 million, secured against a portfolio of USD CLO Debt securities. Interest was payable on amounts drawn under the Repo at the relevant three-month USD Libor rate plus a margin of 1.75%. The proceeds from the Repo were principally used to purchase further USD CLO Debt securities. As at the financial year-end date, the collateral comprised USD CLO Debt securities with an aggregate nominal amount of USD 53.9 million and a market value of USD 52.1 million (EUR 47.4 million).

On 18 September 2015, the Company entered into a further Repo with SG under the terms of which the Company has borrowed a further USD 15 million, secured against an additional portfolio of USD CLO Debt securities. The Company took the opportunity to consolidate the terms of the new Repo with the existing Repo, such that interest is now payable on the entire borrowing under the Repo of USD 45 million at the relevant three-month USD Libor rate plus 1.70%. As at the date of this report, the collateral comprised USD CLO Debt securities with an aggregate nominal amount of USD 73.7 million and a market value of USD 66.4 million (EUR 60.2 million).

The final repurchase date is 18 March 2020. However, on any business day, either the Company or SG may give notice to terminate the Repo. In such event, the collateral shall be repurchased in the following tranches: one third after six calendar months; one third after nine calendar months; and the final third after twelve calendar months. The Company may, at any time, submit a request to SG to substitute any pledged securities with other securities, provided that (i) such proposed securities are acceptable by SG in its sole discretion and (ii) the parties agree on the relevant base individual haircut applicable to such proposed securities.

Interest paid under the Repo during the financial year totalled USD 154,878 (EUR 136,171) and accrued unpaid interest under the Repo as at 31 July 2015 was USD 72,966 (EUR 66,428).

13. DERIVATIVES

Foreign exchange swaps and options are held to hedge some of the currency exposure generated by US dollar assets held by the Company (see Note 19). 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.

	31 July 2015 €	31 July 2014 €
Revaluation of foreign exchange forward and option positions	**(1,173,577)**	(422,848)
Net margin amount paid as at the year-end	**920,000**	240,000
Net carrying value of the foreign exchange derivative positions	**(253,577)**	(182,848)
Revaluation of US Treasury Note option positions	—	12,521
Net margin amount paid as at the year-end	—	—
Net carrying value of the US Treasury Note derivative positions	—	12,521
Net carrying value of derivative positions	**(253,577)**	(170,327)

14. TRADE AND OTHER PAYABLES

	31 July 2015 €	31 July 2014 €
Investment Management Fees	**1,830,659**	1,901,438
Investment Manager Performance Fees	**1,594,538**	(412,465)
Directors' fees (cash payable)	**77,000**	86,762
Directors' fees (shares payable)	**33,000**	37,184
Amounts due to broker	**15,029,121**	—
Accrued expenses and other payables	**446,812**	360,577
	19,011,130	1,973,496

15. SHARE CAPITAL

AUTHORISED

	31 July 2015 Number of shares	31 July 2014 Number of shares
Ordinary shares of no par value each	**Unlimited**	Unlimited
Class B convertible Ordinary Share of no par value	**1**	1
Class C non-voting convertible Ordinary Shares of no par value each	**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, while 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.

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 Shares in issue	Number of Class C Shares in issue	Total number of shares in issue	Warrants: potential number of shares
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	—
Balance at 31 July 2014	35,287,514	1	1,193,732	36,481,247	3,000,000
Issued to Directors during the year	24,813	—	—	24,813	—
Conversion of Class C Shares to Ordinary Shares	548,435	—	(548,435)	—	—
Balance at 31 July 2015	**35,860,762**	**1**	**645,297**	**36,506,060**	**3,000,000**

The IPO of Ordinary Shares on 20 December 2006 was priced at €10 per share. The following Ordinary Shares had subsequently been issued as at 31 July 2015: an aggregate amount of 1,193,732 Class C Shares had been issued to the Investment Manager in settlement of 50% of the Investment Manager's Performance Fees payable; an aggregate amount of 443,745 Ordinary Shares had been issued to the Directors on a quarterly basis in respect of 30% of their fees, of which 24,813 were issued during the period; an aggregate amount of 2,240,302 Ordinary Shares had been issued in respect of scrip dividends; and a private placement of 2,628,280 Ordinary Shares had been issued in May 2013. During the year, 24,813 Ordinary Shares were issued to the Directors in respect of their fees at the following prices per share: €6.59, €6.34, €6.34 and €6.99, and 548,435 Class C Shares were converted into Ordinary Shares by the Investment Manager upon sale to an independent third party.

As at 31 July 2015 and at 31 July 2014, the Company held nil treasury shares.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2015

16. SHARE PREMIUM ACCOUNT

	Ordinary Shares €	Class B Share €	Class C Shares €	Total €
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
Balance at 31 July 2014	27,703,701	—	5,972,989	33,676,690
Issued to Directors during the year	164,073	—	—	164,073
Conversion of Class C Shares to Ordinary Shares	2,744,164	—	(2,744,164)	—
Balance at 31 July 2015	**30,611,938**	**—**	**3,228,825**	**33,840,763**

The share premium account represents the issue proceeds received from, or value attributed to, 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.

17. WARRANTS

	31 July 2015	31 July 2014
Number of warrants issued at IPO (1:1 exercisable for C shares)	**3,000,000**	3,000,000
Value of warrants at IPO	**€1,410,000**	€1,410,000
Exercise price	**€10**	€10
Exercise period – start date	**1 December 2008**	1 December 2008
Exercise period – end date	**31 December 2016**	31 December 2016
Closing price of Ordinary Shares at year-end	**€7.34**	€6.33
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.

18. RESERVES

	Accumulated gain €	Other distributable reserves €
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)
As at 31 July 2014	47,406,187	191,155,819
Total comprehensive income for the year	47,636,940	—
Scrip dividends paid	—	—
Dividends paid in cash	—	(22,261,591)
As at 31 July 2015	**95,043,127**	**168,894,228**

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

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 Incorporation. 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.

19. 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 the 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2015

19. 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 2015 and 31 July 2014:

	31 July 2015			
	Level 1 €	**Level 2 €**	**Level 3 €**	**Total €**
Financial assets at fair value through profit or loss:				
– securities	—	—	**307,310,444**	**307,310,444**
Financial liabilities at fair value through profit or loss:				
– derivatives	—	**(253,577)**	—	**(253,577)**
	—	**(253,577)**	**307,310,444**	**307,056,867**

	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

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 prices from market participants supported by valuation models developed by the Investment Manager (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 2015 by asset class:

	Fair value as at 1 August 2014 €	Purchases €	Sale and redemption proceeds €	Gains on sales €	Unrealised movement in fair value €	**Fair value as at 31 July 2015 €**
CLO – USD Equity	46,539,036	8,345,868	(3,584,131)	2,624,059	561,858	**54,486,690**
CLO – EUR Equity	11,293,146	7,068,000	(550,514)	(360,031)	(1,186,669)	**16,263,932**
CLO – USD Debt	74,598,413	45,666,541	(16,426,667)	2,089,405	16,426,998	**122,354,690**
CLO – EUR Debt	58,642,006	—	(13,450,822)	321,770	1,204,445	**46,717,399**
CLO Warehouse	7,376,838	30,156,981	(40,081,890)	2,548,071	—	—
SCC Equity	968	—	—	—	(968)	—
SCC Debt	5,438,007	—	(5,601,965)	163,958	—	—
SCC BBS	15,579,515	19,818,312	(3,033,617)	(107,690)	(1,025,076)	**31,231,444**
CCC Equity	9,617,282	3,305,622	(1,886,158)	230,693	611,403	**11,878,842**
CCC Debt	3,420,476	—	—	—	656,295	**4,076,771**
ABS Residual	20,401,709	—	(12,268,542)	5,065,102	2,624,043	**15,822,312**
ABS Debt	3,386,106	—	—	—	1,092,258	**4,478,364**
	256,293,502	114,361,324	(96,884,306)	12,575,337	20,964,587	**307,310,444**

19. FINANCIAL RISK MANAGEMENT CONTINUED

FAIR VALUE ESTIMATION CONTINUED

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	12,909,692	(1,226,679)	—	(1,210,588)	46,539,036
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
CLO Warehouse	—	7,376,838	—	—	—	7,376,838
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 2015 and 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 2015 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 sources as these are not made available to the Company, as explained in Note 4.

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. While 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 16 and 17.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2015

19. FINANCIAL RISK MANAGEMENT CONTINUED

SENSITIVITY ANALYSIS CONTINUED

CLO tranches continued

		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	
Asset class	% of GAV	Price impact	Impact on GAV	Price impact	Impact on GAV	Price impact	Impact on GAV
USD/EUR CLO 1.0 Equity	12.0%	(3.3%)	(0.4%)	(6.4%)	(0.8%)	2.4%	0.3%
USD/EUR CLO 2.0 Equity	9.0%	(10.4%)	(0.9%)	(21.1%)	(1.9%)	3.6%	0.3%
USD/EUR CLO 1.0 Debt	25.3%	0.0%	0.0%	0.0%	0.0%	(0.2%)	0.0%
USD/EUR CLO 2.0 Debt	25.9%	0.0%	0.0%	(0.1%)	0.0%	0.0%	0.0%
All CLO tranches	72.2%		(1.3%)		(2.7%)		0.6%

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 Bank Balance Sheet transactions

The investments within this asset class (representing 9.5% 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 0.9% decrease in the average prices of these assets, thereby leading to a 0.1% decrease in the GAV. An equal and opposite decrease in defaults as referred to above would be likely to lead to a 1.2% increase in the average prices of these assets, thereby leading to a 0.1% increase in the GAV.

ABS Mortgage Residual positions

As at 31 July 2015, the main risk associated with the UK non-conforming positions held by the Company (representing 4.8% 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 10.1% and would decrease the GAV by 0.5%. 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 12.0% and would increase the GAV by 0.6%.

Cash Corporate Credit Equity transactions

As at 31 July 2015, the Company held three investments in this asset class (Tennenbaum Opportunities Fund V, Crescent European Specialty Lending Fund and Promise Mobility, representing 2.1%, 1.0% and 0.5% of the GAV respectively). These assets have exposures to diversified portfolios of investment grade and sub-investment grade corporate credits. The main risks associated with these assets are the occurrence of defaults in the underlying portfolio and/or the severity of any such defaults. The Directors have tested the sensitivity of these assets to a reasonably possible change in the occurrence of defaults or the severity of any such 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 3.7% and decrease the GAV by 0.1%. Such a decrease in the level of defaults would be likely to increase the price by 3.7% and increase the GAV by 0.1%.

Crescent European Specialty Lending Fund is not yet fully drawn down and is consequently not yet fully invested, with just four investments held as at 31 July 2015. Consequently, the Directors do not believe that it is feasible to test the sensitivity of the value of this investment.

As at 31 July 2015, the only remaining assets held by Promise Mobility were defaulted assets. Consequently, the valuation of Promise Mobility is sensitive only to the severity of the eventual losses incurred on such assets. Therefore, the test has been calibrated as an increase/decrease of 25% in the loss severity rate. Such an increase in the loss severity rate would be likely to decrease the price by 35.5% and decrease the GAV by 0.2%. Such a decrease in the level of defaults would be likely to increase the price by 35.5% and increase the GAV by 0.2%.

Cash Corporate Credit Debt transactions

As at 31 July 2015, the Company had one investment in this asset class (ICE 1). This investment (representing 1.2% 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.

ABS Debt positions

As at 31 July 2015, the Company held only one investment in this asset class, St Bernard Opportunity 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.

19. FINANCIAL RISK MANAGEMENT CONTINUED

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 their maturity or early redemption.

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 the 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 some or all of the participants in the relevant market were to experience significant business difficulties or were to suspend their market activities. This could affect both the timing and the process for 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 were 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 held by the Company would be negatively impacted even by a modest increase in the USD Libor or 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 were 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 to and monitored by the Board through the quarterly business report.

The following tables 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 does not present an effective interest figure for its investments held and therefore does not calculate the effective interest rates applicable to its investments. For further details of the projected IRR, as estimated using standard historical assumptions, please see the "Projected IRR on Volta's portfolio" section in the Investment Manager's Report. In the Directors' opinion, a reasonably possible increase in market interest rates would lead to both a modest increase in cash flows received and a modest increase in defaults in its underlying assets on a look-through basis. Correspondingly, in the Directors' opinion, a reasonably possible decrease in market interest rates would lead to both a modest decrease in cash flows received and a modest decrease in defaults in its underlying assets on a look-through basis. Consequently, 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 given earlier.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2015

19. FINANCIAL RISK MANAGEMENT CONTINUED

INTEREST RATE RISK CONTINUED

Interest rate profile as at 31 July 2015

	Interest charging basis	Calculation basis %	**Amount €**
Financial assets			
Cash and cash equivalents:			
EUR deposit accounts	Floating	Eonia – 25bp	**19,216,083**
USD deposit accounts	Floating	Overnight USD Libor – 25bp	**9,661,609**
GBP deposit accounts	Floating	SONIA – 40bp	**8,805,226**
CHF deposit accounts	Floating	Overnight CHF Libor – 25bp	**450,202**
			38,133,120
Financial assets at fair value through profit or loss			
USD CLO Equity	Floating	N/A – Subordinated securities	**54,486,690**
EUR CLO Equity	Floating	N/A – Subordinated securities	**16,263,932**
USD CLO Debt	USD Libor plus margin	4.9%	**122,354,690**
EUR CLO Debt	Euribor plus margin	4.0%	**46,717,399**
CLO Warehouse	Floating	N/A – Subordinated securities	—
SCC Equity	Floating	N/A – Subordinated securities	—
SCC Debt	USD Libor/Euribor plus margin	N/A	—
SCC BBS	Floating	N/A – Subordinated securities	**31,231,444**
CCC Equity	Floating	N/A – Subordinated securities	**11,878,842**
CCC Debt	USD Libor plus margin	1.3%	**4,076,771**
ABS – Mortgage Residual positions	Floating	N/A – Subordinated securities	**15,822,312**
ABS Debt	USD Libor/Euribor plus margin	2.1%	**4,478,364**
			307,310,444
Liabilities			
Loan financing received under repurchase agreement	Floating	3 month USD Libor + 175bp	**(27,312,000)**

Interest rate profile as at 31 July 2014

	Interest charging basis	Calculation basis %	Amount €
Financial assets			
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
			19,465,204
Financial assets at fair value through profit or loss			
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
			256,293,502
Liabilities			
Loan financing received under repurchase agreement	N/A	N/A	—

19. FINANCIAL RISK MANAGEMENT CONTINUED

CURRENCY RISK

The Company's accounts are presented in euro, the Company's functional and reporting currency, while investments are made and realised in both 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 currently expected to be the US dollar, British pound sterling and Swiss francs, 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 2015 the Investment Manager had 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 exposures associated with the British pound sterling denominated residuals of ABS and the Swiss franc denominated Synthetic Corporate Credit Bank Balance Sheet transactions are unhedged as at the end of July 2015 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 to and monitored by the Board through the quarterly business report.

Currency risk profile as at 31 July 2015

	Denominated in EUR €	**Denominated in USD €**	**Denominated in GBP €**	**Denominated in CHF €**	**Total €**
Financial assets at fair value through profit or loss	**91,185,335**	**192,709,806**	**15,822,312**	**7,592,991**	**307,310,444**
Cash and cash equivalents	**19,216,083**	**9,661,609**	**8,805,226**	**450,202**	**38,133,120**
Trade and other receivables	**31,225**	**323,943**	**32,521**	**—**	**387,689**
Loan financing received under repurchase agreement	**—**	**(27,312,000)**	**—**	**—**	**(27,312,000)**
Interest payable on loan financing	**—**	**(66,428)**	**—**	**—**	**(66,428)**
Trade and other payables	**(3,729,413)**	**(15,060,690)**	**(221,027)**	**—**	**(19,011,130)**
Derivative contracts	**(253,577)**	**—**	**—**	**—**	**(253,577)**
	106,449,653	**160,256,240**	**24,439,032**	**8,043,193**	**299,188,118**

The following foreign exchange swaps and options were unsettled as at 31 July 2015:

Description of open positions	**Nominal amount USD**	**Average strike price $/€**
Forward foreign exchange contracts (USD sold forward vs. EUR)	**63,000,000**	**1.14**
Long position – USD calls vs. EUR	**60,000,000**	**0.97**
Short position – USD puts vs. EUR	**60,000,000**	**1.22**
Long position – USD puts vs. EUR	**22,500,000**	**1.47**

	Unrealised loss €
Aggregate revaluation loss	**(1,173,577)**
Margin accounts balance – amounts paid	**920,000**
Unsettled amount payable	**(253,577)**

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)
	92,004,387	157,983,868	20,907,506	2,752,935	273,648,696

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2015

19. FINANCIAL RISK MANAGEMENT CONTINUED

CURRENCY RISK CONTINUED

Currency risk profile as at 31 July 2014 continued

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 loss €
Aggregate revaluation loss	(422,848)
Margin accounts balance – amounts paid	240,000
Unsettled amount payable	(182,848)

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 22.1% of the fair value of this asset class; and three residual income positions backed by UK non-conforming residential loans, representing 77.9% of the fair value of this asset class. During the financial year, no particular events affected St Bernard Opportunity Fund. At the year-end, the valuation of the three 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 six 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 nine US dollar and euro transactions that continue to be held since early/mid 2007 the effective cash flows available for the owner of the residual positions increased significantly throughout the financial crisis as a result of the significant increase of the weighted average spread of the underlying portfolios. This is also the case for the USD CLO Equity tranche (Galaxy VII) that had been held since early/mid 2007, but which was called in June 2015.

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. 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 2015, the Company held 45 positions in debt tranches of CLOs accounting for 48.9% 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.

Four of these positions (Adagio III, Centurion, Apidos and Black Diamond) 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.

19. FINANCIAL RISK MANAGEMENT CONTINUED

CREDIT RISK AND COUNTERPARTY RISK CONTINUED

The Synthetic Corporate Credit bucket comprises first-loss positions in credit portfolios, representing 9.0% 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 average remaining principal amounts of the positions held by Volta are shown in the table below. This table 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 the end-of-period cross rate.

	End-of-period principal amounts (€ million)					
	January 2013	July 2013	January 2014	July 2014	January 2015	July 2015
CLO Equity	44.2	45.2	55.1	65.2	77.0	70.6
CLO Debt	111.6	123.8	132.6	133.2	139.1	179.8
Synthetic Corporate Credit Equity	21.4	18.9	8.3	—	—	—
Synthetic Corporate Credit Debt	22.9	23.2	6.8	5.4	—	—
Bank Balance Sheet transactions	10.7	17.7	16.3	15.6	20.0	32.5
Cash Corporate Credit equity	16.6	14.0	14.0	9.6	11.1	12.4
Cash Corporate Credit debt	3.7	3.8	3.7	3.4	4.0	4.6
ABS	9.9	18.4	25.8	23.8	25.8	20.3
Cash and derivative positions	6.5	11.4	24.4	19.5	24.8	22.9
Total (including cash)	247.5	276.4	287.0	275.7	301.8	343.1
Total debt	—	—	—	—	—	(27.3)
Total principal net of debt (including cash)	247.5	276.4	287.0	275.7	301.8	315.8
Change before currency conversion impact	11.7	25.8	12.9	(7.4)	6.8	7.4
Effect of conversion into euro at end of period	(13.4)	3.1	(2.3)	(3.9)	19.3	6.6
Principal amount per share, net of debt (euro)	**7.69**	**7.83**	**7.91**	**7.81**	**8.27**	**8.65**

The Company is subject to credit risk with respect to its investments. The Company and its Investment Manager seek 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 forward foreign currency transactions, foreign currency options, total return swaps, credit default swaps and other derivatives with various financial institution counterparties for purposes of hedging or 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, including the requirement for cash margin payments or receipts for foreign currency derivative transactions on a weekly basis, or more frequently during periods of high volatility. As at the financial year-end, the Company's sole derivative counterparty was Citibank N.A., London Branch. Substantially all of the cash held by the Company is held at State Street Bank. Bankruptcy or insolvency by State Street Bank may cause the Company's rights with respect to the cash held there to be delayed or limited. The Company has entered into a repurchase agreement with Société Générale, which is over-collateralised as disclosed in Note 12. Bankruptcy or insolvency by Société Générale may cause the Company's rights with respect to the assets subject to the repurchase agreement to be delayed or limited. The Company monitors its risk by monitoring the credit ratings of Citigroup Inc., State Street Bank and Société Générale as reported by Standard & Poor's, Moody's or Fitch, and analyses any information that could imply deterioration in the financial position of its counterparties. The current long-term issuer credit ratings assigned to Citigroup Inc., State Street Bank and Société Générale by each of Moody's, Standard & Poor's and Fitch respectively are as follows: Citigroup Inc.: Baa1 (stable), A- (negative outlook) and A (stable); State Street Bank: A2 (stable), A+ (negative outlook) and AA- (stable); and Société Générale: A2 (stable), A (negative outlook) and A (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 certain investment exposures and synthetic arrangements entered into by the Company that 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2015

19. FINANCIAL RISK MANAGEMENT CONTINUED

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.

CONCENTRATION RISK

The Company may be exposed at any given time to any one corporate credit, counterparty, industry, region, country or 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 2015 % (based on GAV)**	As at 31 July 2014 % (based on GAV)
CLO	USD CLO Equity	**16.5**	16.9
	EUR CLO Equity	**4.9**	4.1
	USD CLO Debt	**37.1**	27.1
	EUR CLO Debt	**14.2**	21.3
	CLO Warehouse	**—**	2.7
Synthetic Corporate Credit	Synthetic Corporate Credit Equity	**—**	—
	Synthetic Corporate Credit Debt	**—**	2.0
	Bank Balance Sheet transactions	**9.5**	5.6
Cash Corporate Credit	Cash Corporate Credit Equity	**3.6**	3.5
	Cash Corporate Credit Debt	**1.2**	1.2
ABS	Mortgage Residual positions	**4.8**	7.4
	ABS Debt	**1.4**	1.2
Cash	(Net of amounts due to brokers)	**6.8**	7.0

The table above shows exposures to asset type based on mark-to-market prices (based on originally reported GAV). As at 31 July 2015, reported GAV amounted to €330.2 million (31 July 2014: €274.0 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 23.

19. FINANCIAL RISK MANAGEMENT CONTINUED

CONCENTRATION RISK CONTINUED

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 well 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 2015 were:

Issuer name	Industry group	Average exposure of CLO Equity tranches %
First Data Corporation	Software	2.22
Liberty Global PLC	Telecommunications	1.79
Huntsman International LLC	Chemicals	1.23
Valeant Pharmaceuticals International Inc.	Pharmaceuticals	1.07
Aramark Services Inc.	Food	1.04
Altice S.A.	Telecommunications	1.04
The Hertz Corp	Commercial services	0.80
Ineos Group Limited	Chemicals	0.79
Univision Communications Inc.	Media	0.76
Avaya Inc.	Telecommunications	0.76
NRG Energy, Inc.	Electric power generation	0.76
Axalta Coating Systems US Holdings Inc.	Chemicals	0.74
Ocean Rig UDW Inc.	Oil services	0.72
American Airlines Group Inc.	Airlines	0.70
H.C. Starck GMBH	Materials	0.67
Reynolds Group Holdings Limited	Packaging	0.64
Newasurion Corporation	Insurance	0.61
Nielsen N.V.	Data	0.60
Community Health Systems Inc.	Healthcare services	0.59
Infor Software Parent, Inc.	Software	0.56

Based on the current weighting of CLO Equity positions (20.5% of GAV), the default of one underlying loan representing 1% of all the CLO Equity underlying portfolios would cause a decline of approximately 0.6% of current GAV, which would occur upon liquidation of the relevant CLO Equity tranches (assuming a standard recovery rate of 70% 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.

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 addition, the Company has entered into a Repo transaction under which a significant proportion of its most liquid assets have been provided as collateral to the Repo counterparty, as further disclosed in Note 12. Consequently, the Company would be unlikely to be able to sell these assets at short notice. 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 to and monitored by the Board through the quarterly business report.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2015

19. FINANCIAL RISK MANAGEMENT CONTINUED

MATURITY PROFILE

The following tables show the legal maturity of the securities:

Maturity profile as at 31 July 2015

	Within one year €	One to five years €	Over five years €
Financial assets			
Cash and cash equivalents	**38,133,120**	—	—
Financial assets at fair value through profit and loss	**31,113,093**	**63,152,792**	**213,044,559**
Trade and other receivables	**387,689**	—	—
	69,633,902	**63,152,792**	**213,044,559**
Financial liabilities			
Loan financing received under repurchase agreement	—	—	**(27,312,000)**
Derivative contracts	**(253,577)**	—	—
Interest payable on loan financing	**(66,428)**	—	—
Trade and other payables	**(19,011,130)**	—	—
	(19,331,135)	—	**(27,312,000)**

Maturity profile as at 31 July 2014

	Within one year €	One to five years €	Over five years €
Financial assets			
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	—	—
	68,314,286	72,448,376	135,029,857
Financial liabilities			
Derivative contracts	(170,327)	—	—
Trade and other payables	(1,973,496)	—	—
	(2,143,823)	—	—

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 the Company may also participate in direct leverage transactions with recourse and consequent increased liquidity needs such as the USD 45 million borrowing under the Repo, as detailed in Note 12.

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 gain 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.

20. RELATED PARTY DISCLOSURE

TRANSACTIONS WITH DIRECTORS AND THE INVESTMENT MANAGER

For disclosure of Directors' remuneration, please see Note 6. As at the year-end, Directors' fees to be paid in cash of €77,000 (31 July 2014: €86,762) had been accrued but not paid. Directors' fees to be paid in shares of €33,000 (31 July 2014: €37,184) had been accrued but not paid and Directors' expenses of €161 (31 July 2014: €1,035) had been accrued but not paid.

As at 31 July 2015, the Directors of the Company controlled 0.93% (31 July 2014: 1.16%) 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 earned were €3,860,378 (year ended 31 July 2014: €3,623,670). Investment Management Fees accrued but unpaid as at 31 July 2015 were €1,830,659 (31 July 2014: €412,465).

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"). The formula is set out below.

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 (ACT/ACT basis).

*** 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.

During the year the Performance Fees earned were €4,973,769 (year ended 31 July 2014: €1,870,426). Performance Fees accrued but unpaid as at 31 July 2015 were €1,594,538 (31 July 2014: €412,465 prepaid due to overpayment of the Performance Fee for the semi-annual period ended 31 January 2014, as disclosed in the 2014 annual report).

As stated in the Investment Manager's Report, the Investment Manager also acts as Investment Manager for the following of the Company's investments held as at the year-end: Bank Deleveraging Opportunity Fund; Adagio III CLO PLC Class E Notes; Bank Capital Opportunity Fund; St Bernard Opportunity Fund (Series 3 and 4); Adagio III CLO PLC Class D Notes; Adagio II CLO PLC Class D Notes; Opera Structured Credit; and Prelude Credit Alpha PLC.

The Investment Manager earns 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 Bank Deleveraging Opportunity Fund, Bank Capital Opportunity Fund and St Bernard Opportunity Fund, 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 Bank Deleveraging Opportunity Fund, Bank Capital Opportunities Fund and St Bernard Opportunity Fund, 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 were an independent third party.

As at 31 July 2015, AXA Group Investors and AXA Assurances Vie Mutuelle together held 24.9% (31 July 2014: 25.0%) of the voting shares in the Company and funds managed by AXA IM for third-party investors owned 5.5% (31 July 2014: 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 2015. Until 31 July 2013, Performance Fees were payable to the Investment Manager 50% in cash and 50% in the form of Class C Shares, which were required to be held for a minimum period of two years. As at 31 July 2015, the Investment Manager held 504,717 Class C Shares, all of which had been held for a period of two years. Subsequent to the year-end date, AXA IM sold 72,409 Class C Shares in the market, such shares being automatically converted into Ordinary Shares. AXA IM currently holds 432,308 Class C Shares as at the date of approval of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2015

21. COMMITMENTS

As at 31 July 2015, the Company had entered into the following uncalled commitment: to subscribe a further €4.3 million to the Crescent European Loan Fund.

22. SUBSEQUENT EVENTS

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

- As further detailed in Note 12, on 18 September 2015, the Company entered into a further Repo with SG under the terms of which the Company has borrowed a further USD 15 million, bringing the total borrowing to USD 45 million;
- Since the end of July 2015, Volta's reported Estimated NAV has declined from €8.21 per share to €8.02 per share at the end of September 2015; and
- Since the end of July 2015, the Company has entered into the following investment transactions:
  - €15.5 million invested in a new euro CLO Warehouse;
  - €7.4 million invested in two USD CLO Debt tranches;
  - €2.5 million invested in one USD CLO Equity tranche; and
  - €2.7 million invested in one Bank Balance Sheet transaction.

23. 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
Bank Deleveraging Opportunity Fund	FR0011525724	AXA IM Paris	Synthetic Corporate Credit	Bank Balance Sheet	EUR	15,008,805	4.88%
Wasatch CLO 2006-1 Subordinated Notes	USG94608AB57	Invesco	CLO	Equity	USD	10,336,226	3.36%
Black Diamond 2013-1 Subordinated Notes	USG11476AB76	Black Diamond Capital Management LLC	CLO	Equity	USD	9,246,842	3.01%
ACAS CLO 2014-1 Class E Notes – BB debt	USG00673AA48	ACAM	CLO	Debt	USD	8,928,839	2.91%
CIFC 2007-3 Class D Notes – BB debt	USG2189NAA93	CIFC	CLO	Debt	USD	7,515,306	2.45%
Black Diamond 2006-1 Class E Notes – BB debt	XS0282504280	Black Diamond Capital Management LLC	CLO	Debt	USD	7,497,171	2.44%
ALBA 2006-2 PLC residual income securities	XS0271780651	Oakwood	ABS	Residual	GBP	7,428,929	2.42%
Oak Hill ECP III Subordinated Notes	XS1227790844	Oak Hill	CLO	Equity	EUR	7,440,000	2.42%
Batallion CLO 2007-1 Class E Notes – BB debt	USG08889AF79	Brigade Capital Management	CLO	Debt	USD	6,982,222	2.27%
Northwoods Capital 2007-8 Subordinated Notes	USG6666RAB18	Angelo Gordon	CLO	Equity	USD	6,935,063	2.26%
Tennenbaum Opportunities Fund V	TOF5	Tennenbaum Capital Partners LLC	Cash Corporate Credit	Equity (fund)	USD	6,936,364	2.26%
Adagio III CLO Class E Notes – BB debt	XS0262683971	AXA IM Paris	CLO	Debt	EUR	6,866,219	2.23%
ALBA 2007-1 PLC residual income securities	XS0301709621	Oakwood	ABS	Residual	GBP	6,856,597	2.23%
ACAS CLO 2013-1 Class E Notes – BB debt	USG0067AAA81	ACAM	CLO	Debt	USD	6,675,781	2.17%
Richmond Park CLO Class D Notes – BB debt	XS1000874302	GSO Blackstone	CLO	Debt	EUR	6,582,190	2.14%

23. INVESTMENT PORTFOLIO CONTINUED

Issuer	ISIN	Investment manager	Main classification	Sub-classification	Currency	Value in EUR	Percentage of investment portfolio
CIFC 2007-2 Class D Notes – BB debt	USG21899AA00	CIFC	CLO	Debt	USD	6,184,802	2.01%
CIFC 2006-2 B2L – BB debt	XS0279835614	CIMC	CLO	Debt	USD	5,892,917	1.92%
Black Diamond 2013-1 Class D Notes – BB debt	USG11476AA93	Black Diamond Capital Management LLC	CLO	Debt	USD	5,680,568	1.85%
Bank Capital Opportunity Fund	LU0648070216	AXA IM Paris	Synthetic Corporate Credit	Bank Balance Sheet	EUR	5,357,000	1.74%
Carlyle HY Part IX Subordinated Notes	KYG1908R1048	Carlyle	CLO	Equity	USD	5,300,804	1.72%
ACAS CLO 2014-2 E – BB debt	USG00677AA51	ACAM	CLO	Debt	USD	5,247,728	1.71%
KKR CLO 12 Class E Notes	USG5277UAA90	KKR Financial Advisors II, LLC	CLO	Debt	USD	5,174,247	1.68%
ICG 2014-2 Class E	USG47075AA76	ICG Capital	CLO	Debt	USD	4,806,366	1.56%
Elvetia Finance 2015-1	XS1249420396	Major European Bank	Synthetic Corporate Credit	Bank Balance Sheet	CHF	4,751,448	1.55%
Golden Tree Loan Opp. 2007-4 Subordinated Notes	USG39607AC37	Golden Tree Asset Management LP	CLO	Equity	USD	4,552,000	1.48%
St Bernard Opportunity Fund	QS0011132394	AXA IM Paris	ABS	Debt (fund)	USD	4,478,364	1.46%
Oak Hill ECP 2007-2	XS0300349379	Oak Hill	CLO	Debt	EUR	4,353,218	1.42%
Limerock 1 Class D Notes – BB debt	USG55001AH71	Invesco	CLO	Debt	USD	4,190,571	1.36%
Batallion CLO 2007-1 Subordinated Notes	USG08887AA27	Brigade Capital Management	CLO	Equity	USD	4,142,320	1.35%
ICG 2014-3 D	USG47071AA62	ICG Capital	CLO	Debt	USD	4,162,349	1.35%
ICE 1 Emerging CLO – A3 – AA Debt	USG4746PAD09	ICE Canyon LLC	Cash Corporate Credit	Debt	USD	4,076,771	1.33%
Sands Point 2006-1 Subordinated Notes	USG7800DAA93	Guggenheim	CLO	Equity	USD	4,042,176	1.32%
Mountain View CLO X Class E Notes	USG63005AA37	Seix Investment Advisors LLC	CLO	Debt	USD	3,995,290	1.30%
Jubilee 1 Class D Notes – BBB Debt	XS0292633533	Alcentra	CLO	Debt	EUR	3,793,950	1.23%
Arese 2013-6 Class E Notes – BB debt	XS0951555530	Arese Europe	CLO	Debt	EUR	3,716,000	1.21%
Euro Galaxy 2013-3 Class E Notes – BB debt	XS0996455472	PineBridge	CLO	Debt	EUR	3,616,875	1.18%
ACAS CLO 2015-1 Class E Notes – BB debt	USG0067UAA46	ACAM	CLO	Debt	USD	3,338,619	1.09%
ACAS CLO 2015-2 Subordinated Notes	USG0068AAB55	ACAM	CLO	Equity	USD	3,277,440	1.07%
Black Diamond 2014-1 Class D Notes – BB debt	USG11496AA73	Black Diamond Capital Management LLC	CLO	Debt	USD	3,289,093	1.07%
Crescent European Specialty Lending Fund LP	USG47075AA76	Crescent Capital Group	Cash Corporate Credit	Equity (fund)	EUR	3,246,360	1.06%
Arese 2013-6 Subordinated Notes	XS0951556850	Arese Europe	CLO	Equity	EUR	3,240,000	1.05%
Dorchester Park 2015-1 F – B debt	USG28175AB66	GSO Blackstone	CLO	Debt	USD	3,230,099	1.05%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2015

23. INVESTMENT PORTFOLIO CONTINUED

Issuer	ISIN	Investment manager	Main classification	Sub-classification	Currency	Value in EUR	Percentage of investment portfolio
Centurion 2005-10 Class E Notes – BB debt	USG2066PAA24	River Source Investments LLC	CLO	Debt	USD	3,182,576	1.04%
Venture 2007-9 Class E Notes – BB debt	USG93352AA33	MJX	CLO	Debt	USD	3,208,386	1.04%
Dorchester Park 2015-1 Sub	USG28175AC40	GSO Blackstone	CLO	Equity	USD	3,095,360	1.01%
Sierra 2006-2 B2L – BB debt	XS0276546065	Apidos Capital Management	CLO	Debt	USD	3,080,293	1.00%
Black Diamond 2012-1 Class D Notes – BB debt	USG1146TAA00	Black Diamond Capital Management LLC	CLO	Debt	USD	3,050,168	0.99%
FlatIron CLO 2015-1 Class F Notes – B debt	USG3554YAB86	NYL Investors LLC	CLO	Debt	USD	3,050,204	0.99%
Cordatus 2007-1 Class E Notes – BB debt	XS0304113235	CVC	CLO	Debt	EUR	2,911,500	0.95%
Caravela 3	XS0945192762	European Bank	Synthetic Corporate Credit	Bank Balance Sheet	EUR	2,895,720	0.94%
CELF 2005-2 Class D Notes – BBB debt	XS0233121234	Carlyle Europe	CLO	Debt	EUR	2,837,100	0.92%
Clock Finance 2013	XS0908245037	Major European Bank	Synthetic Corporate Credit	Bank Balance Sheet	CHF	2,841,543	0.92%
ACAS 2012-1 Class E Notes – BB debt	USG00669AA28	ACAM	CLO	Debt	USD	2,729,288	0.89%
ACAS CLO 2015-2 Class E Notes – BB debt	USG0068AAA72	ACAM	CLO	Debt	USD	2,582,143	0.84%
Adagio III Class D Notes – BBB debt	XS0262683203	AXA IM Paris	CLO	Debt	EUR	2,549,885	0.83%
Carlyle GMSE 2013-1 Class E Notes – BB debt	XS0941552407	Carlyle	CLO	Debt	EUR	2,514,000	0.82%
Laurelin 2 Class D Notes – BBB debt	XS0305010711	Golden Tree Asset Management LP	CLO	Debt	EUR	2,506,475	0.82%
Euro Galaxy 2006-1 Class E Notes – BB debt	XS0264792234	PineBridge	CLO	Debt	EUR	2,452,000	0.80%
Oak Hill ECP 2007-2 Subordinated Notes	XS0300349700	Oak Hill	CLO	Equity	EUR	1,950,000	0.63%
Duane Street 2006-3 Class E Notes – BB debt	USG29281AA33	Citi Capital Advisor	CLO	Debt	USD	1,781,289	0.58%
Cordatus 2014-III Subordinated Notes	XS1052142608	CVC	CLO	Equity	EUR	1,760,000	0.57%
FlatIron CLO 2015-1 Subordinated Notes	USG3554YAC69	NYL Investors LLC	CLO	Equity	USD	1,729,760	0.56%
Promise Mobility 2006-1	DE000A0LDYP7	IKB	Cash Corporate Credit	Equity	EUR	1,696,120	0.55%
ACAS CLO 2013-1 Class F Notes – B debt	USG0067AAB64	ACAM	CLO	Debt	USD	1,615,050	0.53%
ACAS CLO 2015-1 Class F Notes – B debt	USG0067UAB29	ACAM	CLO	Debt	USD	1,615,232	0.53%
ALBA 2006-1 PLC residual income securities	XS0255043050	Oakwood	ABS	Residual	GBP	1,536,786	0.50%
Adagio II Class D Notes – BBB debt	XS0237058424	AXA IM Paris	CLO	Debt	EUR	1,403,550	0.46%

23. INVESTMENT PORTFOLIO CONTINUED

Issuer	ISIN	Investment manager	Main classification	Sub-classification	Currency	Value in EUR	Percentage of investment portfolio
Apidos 2006-Q Class E Notes – BB debt	USG04879AA34	Apidos Capital Management	CLO	Debt	USD	1,367,512	0.44%
Lightpoint Pan-European CLO Subordinated Notes	XS0282169803	Neuberger Berman	CLO	Equity	EUR	1,200,000	0.39%
Lightpoint CLO V Subordinated Notes	USG5487GAG31	Neuberger Berman	CLO	Equity	USD	1,138,000	0.37%
Century 2007-14 Class C Notes – BBB debt	USG20669AA83	Lightpoint	CLO	Debt	USD	1,077,358	0.35%
Octagon 2007 Class D Notes – BB debt	USG67245AF09	Octagon Investment Partners	CLO	Debt	USD	674,743	0.22%
Opera Structured Credit	XS0244258272	AXA IM Paris	CLO	Equity	EUR	673,932	0.22%
Prelude	XS0205131013	AXA IM Paris	CLO	Equity	USD	636,348	0.21%
Leopard IV Class E Notes – BB debt	XS0251752472	M&G Investment Management Ltd	CLO	Debt	EUR	614,438	0.20%
Black Diamond 2005-2 Class E Notes – BB debt	XS0232465202	Black Diamond Capital Management LLC	CLO	Debt	USD	548,480	0.18%
Aquarius	XS0870021366	Major European Bank	Synthetic Corporate Credit	Bank Balance Sheet	USD	376,928	0.12%
Denali Capital 2005-V Subordinated Notes	USG62553AA35	Denali Capital LLC	CLO	Equity	USD	53,987	0.02%
Galaxy 2006-VII Subordinated Notes	USG25796AB20	AIG	CLO	Equity	USD	364	0.00%

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 collective investment scheme in Guernsey and its Ordinary Shares are listed on Euronext Amsterdam and, in addition, on the premium segment of the Official List of the UK Listing Authority and are admitted to trading on the Main Market of the London Stock Exchange ("LSE"). Volta's home member state for the purposes of the EU Transparency Directive is the Netherlands. As such, Volta is subject to regulation and supervision by the AFM, being the financial markets supervisor in the Netherlands.

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 the Principal Risk Factors section and in Note 19, it seeks to attain its investment objectives predominantly through diversified 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. 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 leveraged 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

AXA IM is a multi-expert asset management company within the AXA Group, a global leader in financial protection and wealth management, which has a team of experts concentrating on the structured finance markets. AXA IM 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 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. AXA IM has a team of experts concentrating on the structured finance markets.

ASSET VALUES

At 31 July 2015, the Company's NAV was €299.2 million, with the NAV per share amounting to €8.21. The Company publishes its NAV on a semi-annual basis and publishes its GAV and Estimated NAV 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 2015 can be seen in the Statement of Financial Position on page 30 ("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 is used as the reference against which the Company's investment restrictions are measured. Estimated NAV is an expression of the Company's value that takes into account the fair value of the Company's assets less both the amount of any debt finance owed by the Company and the estimated amount of accrued fees payable to the Investment Manager. Estimated NAV, which is published by the Company on a more frequent basis than NAV, may be a useful point of reference as the Company's NAV is published only semi-annually.

DURATION
The Company has a perpetual life.

WEBSITE
The Company's website address is www.voltafinance.com.

LISTING INFORMATION
The Company's Ordinary Shares are listed on the Euronext Amsterdam Stock Exchange ("Euronext Amsterdam") (website: www.euronext.com) and the premium segment of the London Stock Exchange's Main Market for listed securities (website: www.londonstockexchange.com). The ISIN number of the Company's listed shares is GG00B1GHHH78 and the ticker for both markets is VTA.

As at 31 July 2015, the closing prices of the Company's listed shares were as follows:

Euronext Amsterdam – €7.34 per share; and

London Stock Exchange – €7.40 per share.

The Company's primary central securities depositary is CREST. Shares are eligible for settlement through the CREST and Euroclear Netherlands settlement systems.

As at 31 July 2015, so far as the Directors are aware, no person other than those listed below and those parties disclosed in Note 20 to the financial statements was interested, directly or indirectly, in 5% or more of the issued share capital in the Company:

Registered Shareholder	Number of Ordinary Shares held	Percentage of Ordinary Shares held
Euroclear Nominees Limited	23,177,868	64.4%
The Bank of New York (Nominees) Limited	5,918,488	16.4%
Securities Services Nominees Limited	3,270,839	9.1%

Pursuant to regulatory filings with the AFM: BNP Paribas S.A. held 3,875,000 Ordinary Shares amounting to 12.9% of the voting shares in the Company as at 20 December 2007; and City Financial Investment Company held 1,089,772 Ordinary Shares amounting to 3.0% of the voting shares in the Company as at 3 March 2015. As the Company cannot be certain of the registered name under which these Shareholders hold their interests in Volta, the Company cannot currently verify whether or not such interests are represented in the above list of Shareholders holding 5% or more of the Company's issued share capital.

None of the above Shareholders have Shareholder rights that are different from those of other holders of the Company's Ordinary Shares.

PROVISIONAL FINANCIAL CALENDAR

23 October 2015	Announcement of results for the financial year ended 31 July 2015 and publication of the 2015 annual report
12 November 2015	Investor conference call (at 10:30 CEST or 09:30 BST)
23 November 2015	Annual General Meeting
3 December 2015	Ex-dividend date
4 December 2015	Dividend record date
11 December 2015	Dividend payment date

BOARD OF DIRECTORS

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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 GRAHAM HARRISON

INDEPENDENT DIRECTOR

Mr Harrison is co-founder and Group Managing Director of ARC Group Limited, a specialist investment advisory and research company. ARC was established in 2002 and provides investment advice to ultra-high net worth families, complex trust structures, charities and similar institutions. Mr Harrison has fund board experience spanning a wide range of asset classes including hedge funds, commodities, property, structured finance, equities, bonds and money market funds. Prior to setting up ARC, he worked for HSBC in its corporate finance division, specialising in financial engineering. Mr Harrison is a Chartered Wealth Manager and a Chartered Fellow of the Chartered Institute of Securities and Investment. He holds a BA in Economics from Exeter University and an MSc in Economics from the London School of Economics.

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 VAROTSIS

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

SENIOR 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 nearly 30 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)

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CORPORATE BROKER
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INDEPENDENT AUDITOR
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Glategny Court
Glategny Esplanade
St Peter Port
Guernsey GY1 1WR
Channel Islands

LISTING AGENT (EURONEXT AMSTERDAM)
ING BANK N.V.
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1102 MG Amsterdam
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REGISTRAR
COMPUTERSHARE INVESTOR SERVICES (GUERNSEY) LIMITED
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St Helier
Jersey JE1 1ES
Channel Islands

GLOSSARY

Definitions and explanations of methodologies used:

"ABS"	asset-backed securities.
"AGM"	Annual General Meeting.
"AIC Code"	the AIC Code of Corporate Governance.
"AIC"	the Association of Investment Companies, of which the Company is a member.
"AIFM"	Alternative Investment Fund Manager, appointed in accordance with the AIFMD.
"AIFMD"	the Alternative Investment Fund Managers Directive.
"Annual return since inception to 31 July 2015"	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.
"Board"	the Board of Directors of the Company.
"Business Day"	any day on which banks are open for business in the Cayman Islands, the United Kingdom and/or Guernsey and/or such other place or places as the Directors may from time to time determine.
"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 2014.
"ECB"	European Central Bank.
"Fed"	US Federal Reserve.
"Financial year"	the period from 1 August 2014 to 31 July 2015.
"GAV"	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 is used as the reference against which the Company's investment restrictions are measured.
"GFSC Code"	the Guernsey Financial Services Commission Financial Sector Code of Corporate Governance.
"IASB"	International Accounting Standards Board.
"IFRS"	International Financial Reporting Standards, as issued by the IASB.
"IRR"	internal rate of return.
"Law"	the Companies (Guernsey) Law, 2008 (as amended).
"Mortgage Residual positions"	residual income positions backed by UK non-conforming residential loans, which are a sub-classification of 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 2014.
"Projected portfolio IRR"	calculated as the projected future return on Volta's investment portfolio as at 31 July 2015 under standard historical assumptions, before taking into account the effect of direct leverage in Volta on the overall returns to the Company.
"Repo"	repurchase agreement entered into with Société Générale ("SG").
"Shares"	all classes of the shares of the Company in issue.
"Share price performance"	the percentage increase in the share price on Euronext Amsterdam 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.
"WAL"	weighted average life.

NOTICE OF MEETING

FOR THE YEAR ENDED 31 JULY 2015

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 as an alternative investment fund notified under the designated states regime pursuant to Section 2:66 of the Dutch Financial Markets Supervision Act (the "Company").

NOTICE OF THE NINTH ANNUAL GENERAL MEETING OF THE COMPANY

In accordance with the Company's Articles of Incorporation, notice is hereby given that the ninth 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 23 November 2015.

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

- James Gilligan, who currently acts as the Company's Chairman, has notified the Company of his intention not to seek re-election as a Director and he will therefore resign as a Director on 23 November 2015.
- The Board has decided that all Directors will submit themselves for re-election on an annual basis.

AGENDA

ORDINARY BUSINESS

1. To adopt the audited financial statements of the Company for the year ended 31 July 2015, including the reports of the Directors and the Auditor (the "Accounts").
2. To re-appoint KPMG Channel Islands Limited of Glategny Court, Glategny 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 2016.
4. To elect Graham Harrison as an Independent Director of the Company. Mr Harrison was appointed to the Board on 20 October 2015. For further information on Mr Harrison, please refer to page 65 of the annual report.
5. To re-elect Joan Musselbrook as an Independent Director of the Company. Ms Musselbrook has served on the Board for nine years. For further information on Ms Musselbrook, please refer to page 65 of the annual report.
6. To re-elect Paul Meader as an Independent Director of the Company, with Mr Meader to be appointed as the Company's Chairman if re-elected. Mr Meader has served on the Board since May 2014. For further information on Mr Meader, please refer to page 65 of the annual report.
7. To re-elect Paul Varotsis as an Independent Director of the Company, with Mr Varotsis to be appointed as the Company's Senior Independent Director if re-elected. Mr Varotsis has served on the Board for nine years. For further information on Mr Varotsis, please refer to page 65 of the annual report.
8. To re-elect Stephen Le Page as an Independent Director of the Company. Mr Le Page has served on the Board since October 2014. For further information on Mr Le Page, please refer to page 65 of the annual report.
9. To approve a final dividend for the year ended 31 July 2015 in respect of the Company's Ordinary Shares, Class B Share and Class C Shares of €0.31 per share, with an ex-dividend date of 3 December 2015, a record date of 4 December 2015 and a payment date of 11 December 2015.
10. 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 authorised to be purchased is 5,408,000 (being not more than 14.99% of the number of Ordinary Shares in issue as at the date of this notice) or such other number being not more than 14.99% of the Ordinary Shares in issue at the date of the AGM;
    (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.

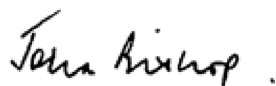
SPECIAL RESOLUTION

11. To permit the Board to issue up to a maximum number of 3,605,000 Ordinary Shares (being not more than 10% of the number of Ordinary Shares in issue as at the date of this notice) or such other number being not more than 10% of the Ordinary Shares in issue at the date of the AGM, whether in respect of the sale of shares held as treasury shares, the issue of newly created shares or the grant of rights to subscribe for, or convert securities into, shares which, in accordance with the Listing Rules, could only be issued at or above net asset value per share (unless offered pro rata to existing Shareholders or pursuant to further authorisation by Shareholders). The authority will remain valid until the conclusion of the next AGM unless previously renewed, varied or revoked by the Company at a general meeting. For further information, please see Note 9 below.

NOTES

1. The Company's 2015 annual report and accounts were published on 23 October 2015.
2. Copies of the Company's Memorandum and Articles of Incorporation and its 2015 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 1WG, Channel Islands (e-mail: voltafinance@sannegroup.com) and from the Euronext Amsterdam Listing Agent, ING Bank N.V., Bijlmerplein 888, 1102 MG Amsterdam, The Netherlands, or from the Company's website (www.voltafinance.com).
3. Only those investors holding Ordinary Shares as at 10:00am (London time) on 19 November 2015 shall be entitled to attend and/or exercise their voting rights attached to such shares at the AGM.
4. Investors holding Ordinary Shares via a broker/nominee who wish to attend or to exercise the voting rights attached to the shares at the AGM should contact their broker/nominee as soon as possible.
5. 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.
6. All Shareholders maintain the right to elect a proxy to vote on their behalf at the AGM.
7. 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).
8. In accordance with Guernsey law and the Company's Articles of Incorporation, the notice period for an AGM of the Company is 21 calendar days.
9. Article 5 of the Articles of Incorporation requires that where Ordinary Shares are issued, or rights to subscribe for, or convert any securities into, Ordinary Shares are granted, wholly for cash, or where Ordinary Shares are sold out of treasury wholly for cash, either Shareholder approval must be sought to make a non-pre-emptive offer or a pre-emptive offer must be made to all existing Shareholders.

By order of the Board



AUTHORISED SIGNATORY
SANNE GROUP (GUERNSEY) LIMITED, COMPANY SECRETARY
20 OCTOBER 2015

consultancy, design and production by
designportfolio
design-portfolio.co.uk @WeAre_DP
Design Portfolio is committed to planting trees for every corporate communications project, in association with Trees for Cities.

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