VOLTA FINANCE LIMITED

HALF-YEARLY FINANCIAL REPORT
FOR THE PERIOD 1 AUGUST 2018 TO 31 JANUARY 2019

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Volta Finance Limited (the "Company" or "Volta") 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

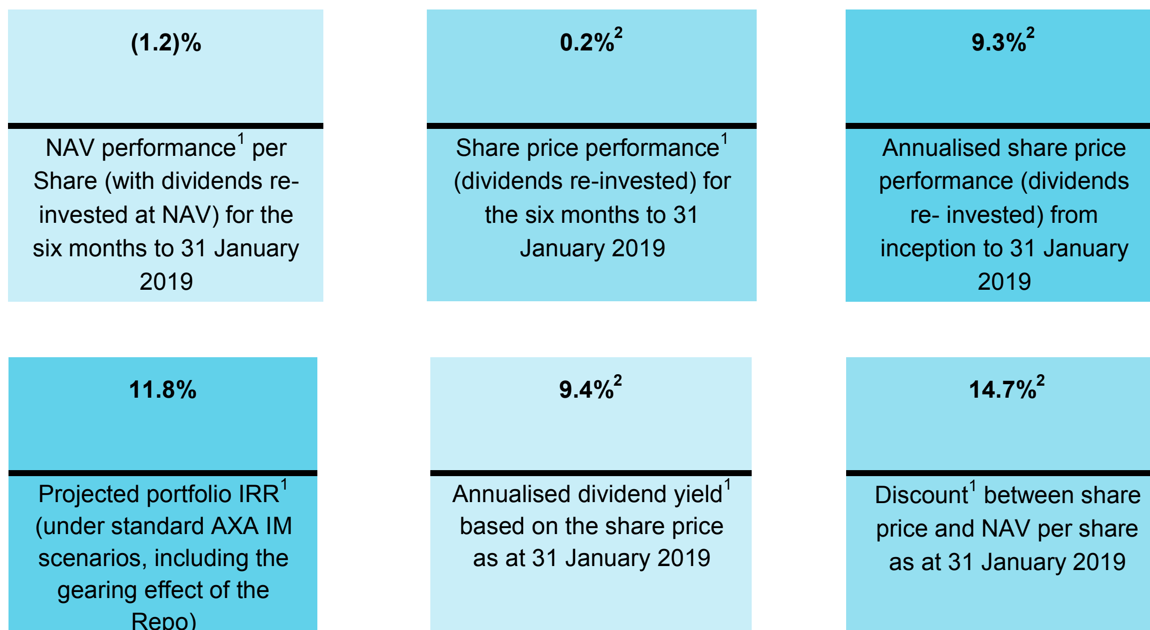
This report includes statements that are, or may be considered, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "plans", "expects", "targets", "aims", "intends", "may", "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 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 any 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. Please keep these cautionary statements in mind while reading this report.

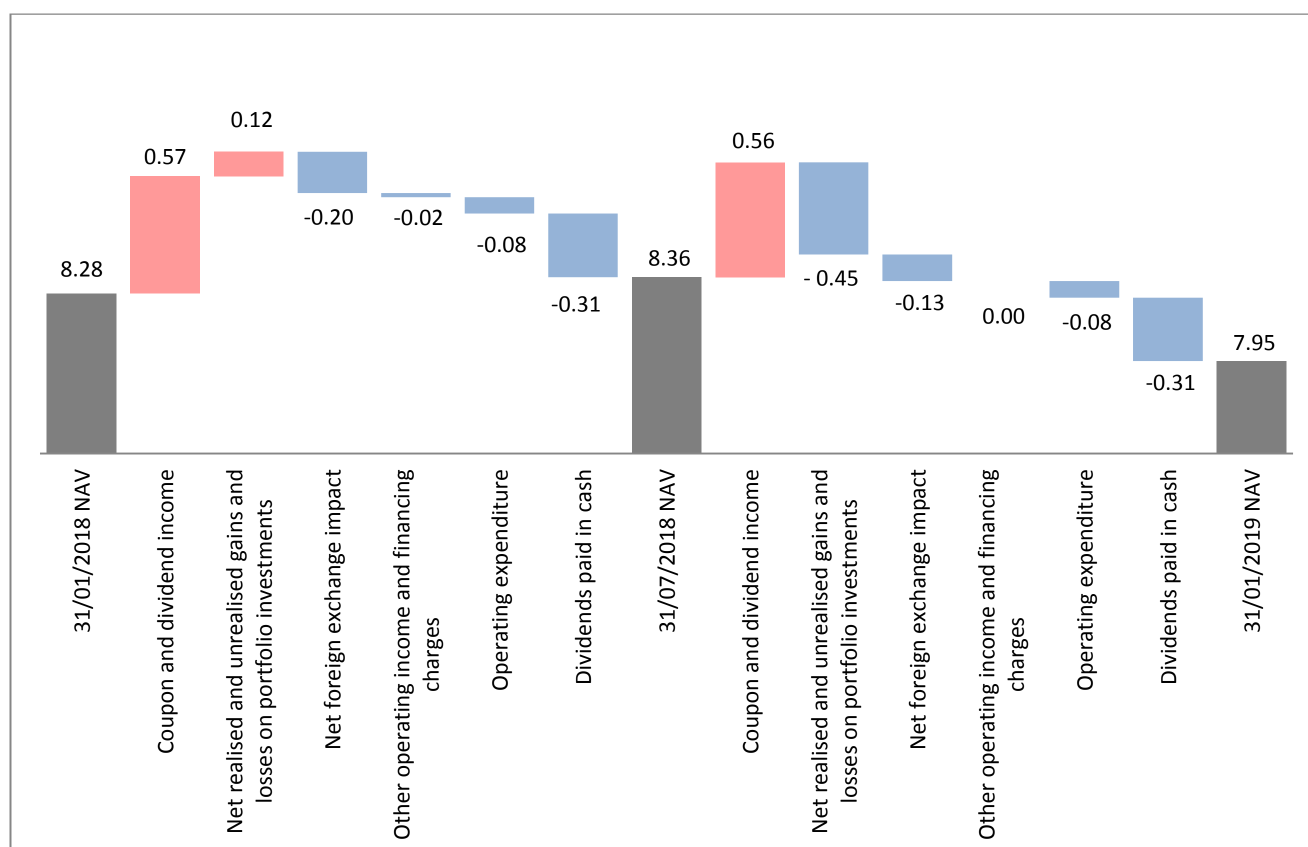
HALF-YEARLY BOARD REPORT
VOLTA AT A GLANCE

The investment objectives of Volta are to preserve its capital across the credit cycle and to provide a stable stream of income to its Shareholders through dividends that it expects to distribute on a quarterly basis. Volta seeks to achieve its investment objectives by pursuing a diversified investment strategy across structured finance assets. Volta measures and reports its performance in Euro.



[1] Please see the glossary on pages 38 to 39 for an explanation of the terms used above and elsewhere within this report.
[2] Source: Bloomberg – Euronext Amsterdam

NAV PERFORMANCE ANALYSIS FOR THE SIX MONTH PERIODS ENDED 31 JANUARY 2019 AND 31 JULY 2018 – CONTRIBUTIONS TO NAV CHANGE (EUROS PER SHARE)



HALF-YEARLY BOARD REPORT
CHAIRMAN'S STATEMENT

Dear Shareholder

The six month period to 31 January 2019 witnessed a much more turbulent economic and market environment than we had grown accustomed to. The confluence of growing geo-political unease and tangible evidence of slowing global growth was combined with further US monetary tightening to create an environment in which all major asset classes recorded sharp losses. Credit markets were no exception.

It is, therefore, no surprise that Volta generated a mark-to-market loss for the same period. The negative NAV total return was, however, modest at -1.2% which compares favourably with broad credit markets, particularly high yield bonds, and our peers.

Encouragingly, shareholder total returns were positive, albeit only marginally so, as the share price discount to NAV narrowed during the period. This narrowing was pleasing, even if the effect was relatively modest. As noted in the past, the board, corporate broker and investment manager have all been active in seeking to address this persistent share price discount by widening the appeal of the Company. During the last six months, we have seen a steady stream of research from Hardman & Co and Edison, both of whom have been retained by the board to write what we hope you find to be useful and balanced research on Volta. It has been widely disseminated throughout the UK investment management community and has been well received. For those who have not read this research, it can be found on the Volta website. Whilst it is too early to sense that we have turned the corner, I am, nonetheless, quietly encouraged that our discount narrowed at a time when those of our peers widened and we have attracted new shareholders onto the register.

As I noted earlier, the period under review witnessed considerable market volatility, which peaked in December 2018. There is widespread evidence of a global growth slowdown, especially in Europe and in some countries of Asia. It is far from clear whether this is a temporary, mid- cycle "pause that refreshes" or something more protracted. What is clear, however, is that there is no evidence yet of widespread financial stress amongst borrowers. Default rates in the US remain well below historical averages and, remarkably, are at negligible levels in Europe. This means that the cash flows that underpin our returns have proven to be extremely strong during the last six months – some €20m, representing a 13.7% annualised cash return on the January 2019 NAV. Low defaults and rising US short term interest rates have proven to be an attractive combination for our assets and, no doubt, this goes some way towards explaining the resilience of broad structured finance markets in the face of harsher conditions in the public credit markets.

However, the volatility seen, particularly in December, threw up a number of good opportunities in both CLO Debt and Equity. Having held an overweight cash position for some time, AXA IM were swift to deploy that cash during December which meant that we entered 2019 fully invested and with a higher allocation to CLO Equity than for some time. Volta's flexible and diversified mandate has once again allowed AXA IM to be nimble and opportunistic in allocating capital and we are optimistic that this should bear fruit over the remainder of 2019. As AXA IM explain in their report on pages 6 to 12, the outlook for the cash flows from our portfolio, and for CLO Equity positions in particular, remains attractive.

In turn these cash flows should help underpin our continued attractive dividend. During the last six months we have paid dividends totalling €0.31 per share. Based on the share price at the end of January, this represents an annualised yield of well over 9%.

I noted in my last financial year end statement that the board had decided to change both our administrator and depositary to BNP Paribas in Guernsey. This change was effected during this latest period and I am pleased to report that the transition to BNP Paribas was very smooth. We are already seeing the benefits of the close working relationship between BNP Paribas and AXA IM Paris and the strong service levels received.

Looking forward over the rest of the year, once again we face heightened uncertainty in the world and continued solidity of our underlying cash flows and assets. Market volatility is likely to remain elevated and this can easily introduce bumpiness into our NAV, although this could as easily translate into short term gains as losses. However, as in my previous statements, what I can draw from this is that, whatever the short term vagaries of the markets, our underlying cash flows remain robust and, unless defaults were to rise materially, this should underpin both our valuation and our dividend in the medium term. If our efforts at spreading the word about Volta remain successful, then any narrowing of our discount to NAV would further enhance shareholder returns.

I would like to take this opportunity to thank our very stable, long term shareholder base for their continued support and to welcome the shareholders who have recently joined the register. As always, I welcome the opportunity to meet with you and if this would be useful then please contact the company secretary. In the meantime, I look forward to reporting to you again in the autumn.

Paul Meader
Chairman
2 April 2019

HALF-YEARLY BOARD REPORT
EXECUTIVE SUMMARY

This Executive Summary is designed to provide information about the Company's business and results for the six month period ended 31 January 2019. It should be read in conjunction with the Chairman's Statement on page 2 and the Investment Manager's Report on pages 6 to 12 which give a detailed review of investment activities for the period and an outlook for the future.

CORPORATE SUMMARY
The Company is a closed-ended limited liability company registered in Guernsey under the Companies (Guernsey) Law 2008 (as amended) with registered number 45747. The registered office of the Company is BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey GY1 1WA, Channel Islands.

The Company is an authorised collective investment scheme in Guernsey, pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended). The Company's 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 Netherlands Authority for the Financial Markets (the "Autoriteit Financiële Markten" or "AFM"), being the financial markets supervisor in the Netherlands.

The Company has a perpetual life.

The Company is a member of the Association of Investment Companies ("AIC").

ONGOING CHARGES
The ongoing charges ratio is calculated according to the AIC methodology using the actual costs incurred in the year which are likely to recur in the foreseeable future and which relate to the operation of the Company, divided by the average net assets during the period. The ongoing charge ratio for the year ended 31 July 2018 was 1.88% (year ended 31 July 2017: 1.88%).

SIGNIFICANT EVENTS DURING THE PERIOD ENDED 31 JANUARY 2019
On 1 August 2018, the Company appointed BNP Paribas Securities Services S.C.A., Guernsey Branch to act as the Company's Custodian and Depositary, replacing State Street Custody Services (Guernsey) Limited.

On 31 October 2018, the Company appointed BNP Paribas Securities Services S.C.A., Guernsey Branch to act as the Company's Administrator and Company Secretary, replacing Sanne Group (Guernsey) Limited ("Sanne").

On 31 October 2018, the Company changed registered office from Third Floor, La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey GY1 1WG to BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey GY1 1WA, Channel Islands.

INVESTMENT OBJECTIVES
The Company's investment objectives are to seek to preserve capital across the credit cycle and to provide a stable stream of income to its Shareholders through dividends that it expects to distribute on a quarterly basis. Subject to the risk factors that are detailed below in the "Principal risks and uncertainties" section, it seeks to attain its investment objectives predominantly through investment in a diversified portfolio of structured finance assets. The Company's 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 (the "Underlying Assets").

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 IM on a quarterly basis. The current investment strategy is to concentrate on the following asset classes: CLO (Debt/Equity/Warehouses); Synthetic Corporate Credit; Cash Corporate Credit; and ABS. There can be no assurance that the Company will achieve its investment objectives.

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.

DIRECTOR INTERESTS
The Board comprises five Directors, all of whom are independent: Graham Harrison, Stephen Le Page, Paul Meader, Atosa Moini and Paul Varotsis. All the Directors are members of the Risk Committee, Nomination Committee and Remuneration Committee. All of the Directors, with the exception of Paul Meader, are members of the Audit Committee.

Information on the Directors' remuneration is detailed in Note 6.

DIRECTOR INTERESTS (CONTINUED)
As at 31 January 2019, the Directors held the following number of Ordinary Shares in the Company:

Director	Director holdings in the Company Ordinary Shares
Graham Harrison	12,086
Stephen Le Page	27,234
Paul Meader	31,483
Atosa Moini	4,357
Paul Varotsis	185,692

No Director has any other material interest in any contract to which the Company is a party. Information on each Director is shown on pages 35 and 36.

PRINCIPAL RISKS AND UNCERTAINTIES
When considering the total return of the Company, the Directors take account of the risk which has been taken in order to achieve that return. The Directors have carried out a robust assessment of the principal risks facing the Company including those which would threaten its business model, future performance, solvency or liquidity.

The following risk factors have been identified:

Default risk
- The risk that underlying loans or financial assets within the investment portfolio default, leading to investment losses, a reduction in cash flows receivable and a fall in the Company's NAV; and
- The risk that a counterparty defaults leading to a financial loss for the Company.

Market risk
- The impact of movements in market prices, interest rates and foreign exchange rates on cash flows receivable and the Company's NAV;
- The risk of severe market disruption leading to impairment of the market value and/or liquidity of the Company's investment portfolio; and
- The market value of the collateral posted by the Company under the Repo is significantly higher than the amount of the loan due to the application of haircuts. The amount of collateral that would be required could increase significantly in the event of market disruption.

Re-investment risk
- The ability to re-invest in investments that maintain the targeted level of returns at an acceptable level of risk.

Liquidity and going concern risk
- The risk that the Company is unable to meet its payment obligations and is unable to continue as a going concern.

Operational risk
- The risk that the Company, through its service providers, fails to meet its contractual and/or legal or regulatory reporting obligations, resulting in sanctions, financial penalties and/or reputational damage; and
- The Board has noted that this risk is heightened at present due to the recent change of Depositary and the change of Company Secretary and Administrator with effect from 1 August 2018 and 31 October 2018 respectively.

Valuation of assets
- The risk that the Company's assets are incorrectly valued.

Investment Manager risks
- The risk that the Investment Manager may execute its investment strategy poorly.

Key person risk
- The risk that the Investment Manager resigns, goes out of business or exits the Company's asset classes.

Legal and regulatory risk
- The risk that changes in the legal and regulatory environment, including changes in tax rules or interpretation, might adversely affect the Company, such as changes in regulations governing asset classes that could impair the Company's ability to hold or re-invest in appropriate assets and lead to impairment in value and or performance of the Company.

Brexit
- Risks arising from the proposed departure of the United Kingdom from the European Union.

The impact, tolerance and controls on these risks and how they are managed are detailed in the Annual Financial Report for the year ended 31 July 2018. In the view of the Board these principal risks and uncertainties are as applicable to the remaining six months of the current financial year as they were in the six months under review.

HALF-YEARLY BOARD REPORT
EXECUTIVE SUMMARY

GOING CONCERN

Under the 2016 AIC Code of Corporate Governance (“AIC Code”) and applicable regulations, the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern from the date of approval of this Half-Yearly Financial Report. The Directors have considered the state of financial market conditions at the period end date and subsequently and have concluded that any reasonably foreseeable adverse future investment performance would not have a material impact on the Company’s ability to meet its liabilities as they fall due. After making appropriate enquiries, the Directors are therefore of the opinion that the Company remains a going concern and are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the Company’s condensed financial statement.

EVENTS AFTER THE REPORTING DATE

The Directors are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial periods not already disclosed in this report or the condensed financial statements.

FUTURE STRATEGY

The Board continues to believe that the investment strategy and policy adopted by the Company is appropriate and is capable of meeting the Company’s investment objectives. The overall strategy remains unchanged and it is the Directors’ assessment that the Investment Manager’s resources are appropriate to properly manage the Company’s portfolio in the current and anticipated investment environment. Please refer to the Investment Manager’s report for detail regarding performance to date of the Company’s investments and the main trends and factors likely to affect the future development, performance and position of those investments.

RELATED PARTIES

Refer to Note 20 for information on related party transactions.

INVESTMENT MANAGER'S REPORT

At 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

The six-month period to 31 January 2019 has been relatively turbulent, generating negative performances for most credit and equity markets. Volta's performance (-1.2% for the NAV total return, +0.2% total return for the share price as a result of compression of the discount to NAV) reflected this environment. However, despite volatile market conditions, the underlying fundamentals of Volta's assets were supportive:

- Interest and coupons continued to increase by roughly €1m to reach some €20m over the period representing 13.7% of Volta's end-of-period NAV.
- Default rates were very low over the last 12 months in both the US and in the European loan markets (1.4% on a last-12-months basis for the US and 0% for Europe as at the end of January 2019) and Volta suffered fewer defaults than the market on its CLO Equity positions (as recorded by Moody's).

During the 6-month period we were again able to source investment opportunities in line with our target return, with an average projected yield on purchases of around 12.7%, based on AXA IM assumptions.

As at the end of January 2019, the average price of our USD CLO Debt bucket (38% of Volta's assets) was 95% meaning that it could be reasonably expected that Volta's future performance may come from pull-to-par on a significant portion of its assets on top of the high level of cash flows that our assets are generating.

During the period we sold all our European CLO Debt positions, limiting our exposure to Europe ahead of Brexit. We continued investing in CLO Equities (both Europe and US) as we like the ability of CLO Equity to benefit from volatility in the loan markets. For the first time since Q1 2016, the average spread of the underlying loan portfolios increased during Q4 2018, paving the way to larger cash flows to be paid to our CLO Equity positions in due course.

Volta's annual NAV performance compares favorably with global equity, bond and credit markets, as well as with our peers as demonstrated below. Our ability to build a portfolio that mixes assets with differing dynamics and volatilities has enabled us to source what we consider to be attractive opportunities that should deliver a robust performance over the long term.

UNDERSTANDING THE PERFORMANCE FOR THE 6-MONTH PERIOD ENDED 31 JANUARY 2019

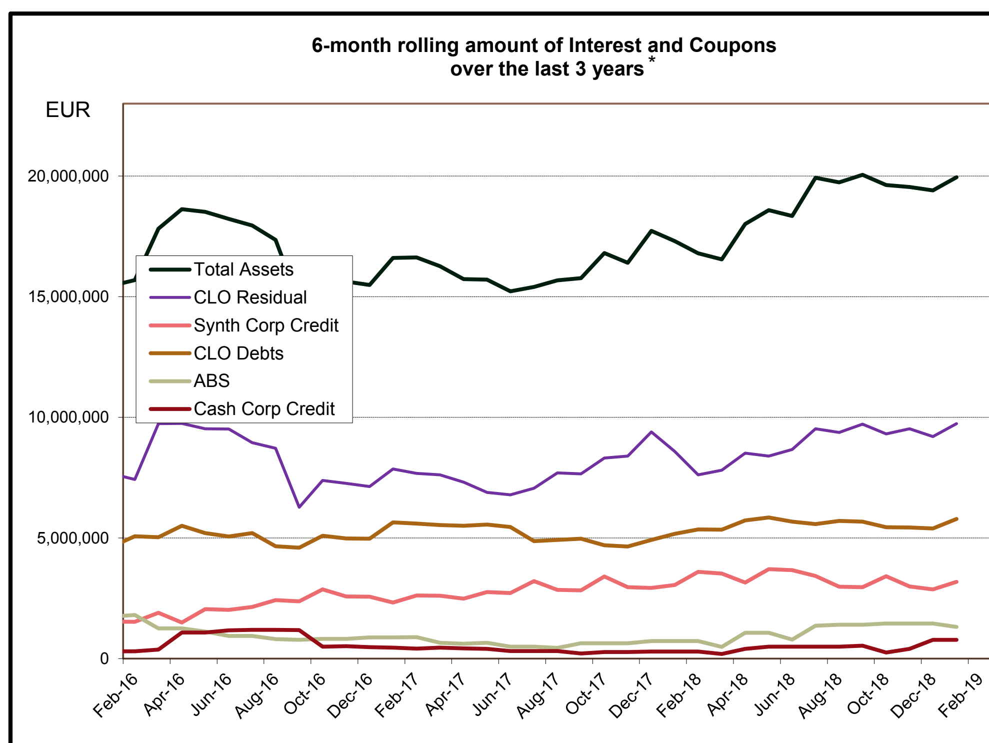
As in prior years, the primary contributor to performance was the ongoing cash flow received from our assets. The performance for the 6-month period can be attributed as follows (figures are expressed as a percentage of the NAV as at the end of July 2018):

Interest and coupons received	6.7%
Realised gains/(losses)	-0.4%
Unrealised gains/(losses)	-6.6%
Currency impact, net of effect of FX hedging	0.0%
Financing costs and other hedging costs	0.0%
Operating expenses	-0.9%
Impact of re-investment of dividends at NAV	0.0%
NAV performance	-1.2%

UNDERSTANDING THE PERFORMANCE FOR THE 6-MONTH PERIOD ENDED 31 JANUARY 2019 (CONTINUED)

In terms of achievement and fundamentals it is worth mentioning that:

- During the 6-month period Volta closed 3 CLO warehouses. These assets are relatively short-term, but it is worth mentioning that we generated 14.4%, 24.0% and 26.6% IRRs on these positions;
- Volta's CLO Equity positions still enjoyed good statistics at the end of January 2019: for example, loans rated Caa1 or lower represented only 1.5% of the underlying loan pools for European transactions and 2.6% for US deals (to be compared with 1.6% and 4.1% for the market);
- USD CLO Debt positions moved from an average price at 96.50% to 95%, Given that these assets did not suffer any significant credit deterioration during the period this should enable some future uplift from pull to par;
- Cash flow generated by the assets has grown during the period as shown below:



* - Net of the cost of the Repo

Regarding CLO warehouse facilities, we avoided involvement with facilities that purchased loans several months ago at higher prices. These facilities are now facing difficulties turning their warehouses into CLOs. We were able to price two CLOs in November and December before the loan and the CLO market spreads widened so that these CLOs benefitted from the opportunity to purchase loans at a discount. Volta's sole warehouse facility at the end of January 2019 (opened in October) was able to subsequently purchase assets at a discount. This warehouse performed well and has been converted into a CLO in March.

Once again, Volta has been able to benefit from the breadth of its investment strategy, maintaining an attractive projected yield on its assets and generating significant cash flows even though mark-to-market prices were lower at the end of the period.

LONG-TERM PERFORMANCE

For many years, the good performance in terms of NAV per share has been in line with the strong fundamentals of Volta's assets, and resulted from our ability to benefit from our flexible investment mandate and our ability to trade assets and to leverage the most stable part of our portfolio.

LONG-TERM PERFORMANCE (CONTINUED)

As a listed fund investing mainly in US dollar and Euro corporate assets, Volta's performance can be compared with both equity and high yield bond or loan indices. As at the end of January 2019 the annualised performance figures were as follows[1]:

	One year %	Three years %	Five years %	Since Volta's inception %
NAV performance[2]	3.4	9.9	9.0	6.0
Total Share performance[3]	**4.4**	**13.5**	**11.1**	**9.3**
S&P 500 (total return)	-2.3	14.0	10.9	7.5
MSCI European (total return)	-12.1	5.8	5.7	2.6
$ High Yield Bonds (H0A0 Index)	1.6	9.5	4.6	6.8
US Loans Market (S&P LSTA Index)	2.0	5.9	3.4	4.4
European High Yield Bonds (HE00 Index)	-1.9	5.1	3.9	6.4
European Loans Market (S&P ELLI Index)	1.6	3.4	3.7	4.0

[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 of the future performance of the Company or the Investment Manager.
[2] Dividends re-invested at NAV
3 Dividends re-invested in Volta Shares
Source: Bloomberg using the total return analysis ("TRA") function. Each index is measured in its local currency.

Despite the modest performance of the last annual period, the medium to long term performance of Volta has been significantly positive. Even more encouraging, the share price has outperformed all above indices over all time periods, other than the S&P 500 over 3 years which was boosted by the Trump administration's decision to cut US corporate taxes.

Overall, the annualised share performance of Volta from inception in December 2006 at 9.3% compares favorably to the performance of the large equity indices and high yield bond or loan indices referenced in the table above for the same period.

Since the financial crisis of 2008/2009, Volta's portfolio has been significantly reshaped and, for the last seven years, we have been able to perform strongly with limited volatility. The volatility of the monthly NAV performances over this period has been far below the volatility of equity indices, while delivering comparable returns.

We frequently compare Volta with other listed vehicles that operate roughly in the same investment space: Carador Income Fund ("CIFU"), Fair Oaks Income ("FAIR"), Blackstone/GSO Loan Financing ("BGLF") and TwentyFour Income Fund ("TFIF"). The performance and volatility of Volta compared to these four listed funds for the last three years (based on published NAV per share and dividend payments, from end of January 2016 to end of January 2019) was as follows:

Based on published NAV per share and dividends	**Volta (€)**	**Carador($)**	**FAIR ($)**	**BGLF(€)**	**TFIF(£)**
Annualised performance/risk free rate	10.3%	6.7%	13.5%	6.4%	6.6%
Annualised volatility	6.3%	10.8%	12.4%	6.9%	5.5%
Sharpe ratio	**1.6**	**0.6**	**1.1**	**0.9**	**1.2**

The above Sharpe ratios are illustrative and have been computed by AXA IM for information purposes only, using monthly NAV and dividends published on Bloomberg and using three-month Euribor or Libor rates as the risk-free rate. The three-year period (from end of January 2016 to end of January 2019) corresponds to the longest available given the inception dates of the funds. The funds to which Volta is compared have their own investment objectives, constraints, guidelines, horizon, liquidity and other features that may significantly differ from the ones for Volta. This fund list has been determined by AXA IM in consultation with a pool of brokers. AXA IM disclaims any responsibility or liability for the performance of such funds and does not represent that the information provided in respect of such funds is accurate, complete and relevant for assessing in relative or absolute terms the performance of Volta.

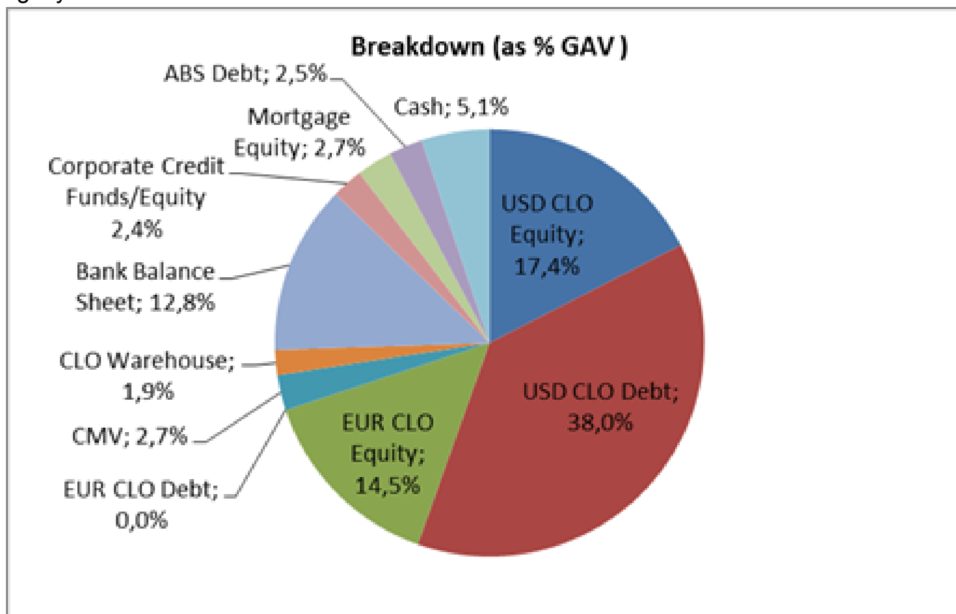
According to this table, Volta's Sharpe ratio is higher than that of its closest competitors.

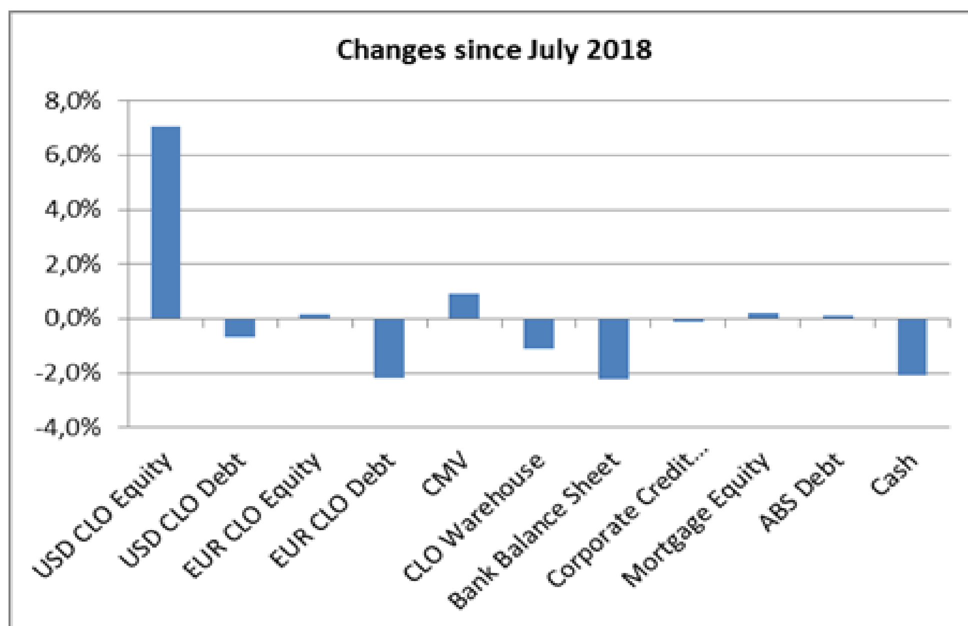
INVESTMENT MANAGER'S REPORT

VOLTA PORTFOLIO POSITIONING AS AT 31 JANUARY 2019

During the 6-month period under review we:

- Continued to increase the CLO Equity bucket, especially USD positions;
- Reduced to zero our EUR CLO Debt exposure;
- Decreased slightly the size of our Bank Balance sheet transactions.





The main strategy consisted in increasing our exposure to CLO Equity tranches. This may seem counter-intuitive; however our conviction is that we are near or at the end of the credit cycle and that at some point in time we will see both an increase in default rates and loans trading at a discount as well as primary loan issuance at significantly higher spreads. Experience has shown that CLO Equity positions that were able to reinvest at this point in the cycle benefited from the volatility and experienced outsized subsequent returns.

Many investors have asked us about the consequences of the growth of covenant-lite loans. There are three clear sets of consequences: for a given economic environment we expect fewer defaults, lower recoveries and higher loan price volatility. What is less clear, however, at this point, is whether more covenant-lite loans means higher or a lower expected losses (fewer defaults times lower recoveries) for the market. When modelling our positions we basically did not change projected defaults but decreased the recovery rate by 10% (to 65%) for senior secured loans relative to what we were doing several years ago.

This higher expected volatility for the loan market, when it occurs, might impact both our CLO Debt bucket (mainly BB rated tranches) and our CLO Equity tranches in terms of mark-to-market. Our conviction is that, starting from an average price for debt at 95% and 76% for CLO Equity and taking into account the ongoing cash flows we are receiving from these assets, if such a situation was to be reached over the next few years we will have a higher performance with CLO Equity (and a lower drawdown) than with CLO BB debt positions.

CLO Equity positions should benefit, thanks to their reinvestment capabilities, from loans trading at discount and or new loans being issued with higher spreads. CLO Debt cannot perform better than its stated coupon. CLO Equities, however, demonstrated during the global financial crisis (GFC) their ability to generate extra performance.

Below are the statistics from Wells Fargo Research regarding pre-GFC USD CLO Equity tranches and the performance that AXA IM Structured Finance has achieved on similar vintages:

USD CLO TRANCHES – Median annual IRR on US Terminated deals		
Vintage	Wells Fargo Market Data	AXA IM Investments
2001	7.6%	16.2%
2002	10.5%	20.4%
2003	3.6%	10.9%
2004	8.0%	12.2%
2005	14.2%	14.9%
2006	16.4%	18.4%
2007	17.7%	21.2%

VOLTA PORTFOLIO POSITIONING AS AT 31 JANUARY 2019 (CONTINUED)

The USD CLO Equity positions from vintages 2005/06/07 benefited from the volatility generated on US loans during and after the GFC. The longer the reinvestment period at the time the crisis occurred, the better the final performance, both on average and for our positions.

Volta has had, and continues to have, a Repurchase agreement ("Repo") that allows the Company to leverage CLO Debt positions. This Repo was initiated in 2014 with a borrowing facility of $40m, and it was subsequently increased to $50m in early 2018. We have now reduced the facility to $40m as of 14 March 2019 and plan to reduce the Repo further should more volatility materialise in CLO Debt prices. Our intention is not to replace the whole existing CLO Debt bucket by CLO Equity positions but clearly we do think that if volatility was to materialise Volta will be better off with more CLO Equity positions and less leverage on its CLO Debt.

PROJECTED IRR ON VOLTA'S PORTFOLIO

As at the end of January 2019, based upon reasonable and standard assumptions, Volta's assets had a projected yield in the area of 11.8%.

Asset Class	%GAV	Proj. IRR	Proj. WAL*
USD CLO Equity	17.4%	14.3%	3.3
EUR CLO Equity	14.5%	18.2%	2.7
USD CLO Debt	38.0%	9.8%	3.9
CMV/CLO Warehouses	4.6%	15%	3.0
Bank Balance Sheet Trans.	12.8%	11.1%	3.4
Cash Corp. Credit	2.4%	8%	2
ABS	5.2%	10.5%	3.5
Total	95% (5% Cash)	11.8%	3.4

* - Weighted Average Life

Volta continues to leverage a portion of its CLO Debt bucket and this leverage should improve the projected yield of the whole portfolio by roughly 0.8% to 12.5%.

INVESTMENT MANAGER'S REPORT

This projected yield is based on the assumption that the CLO Equity tranches will suffer from defaults at the underlying loan portfolio in line with market standard assumptions (a fixed default rate of 2% per annum). During the last ten years, defaults in the CLOs selected for Volta by AXA IM occurred at a pace significantly below historical average default rates. Further optionalities exist with CLO Equity positions: the possibility to refinance/reset the transactions in order to benefit from a better arbitrage or the possibility to benefit from lower loan price/higher loan spread. In aggregate, we anticipate that the overall performance of Volta's portfolio could be 1% to 2% in excess of the above projected yield.

The asset class with the highest projected IRR as of the end of January 2019 was the CLO Equity bucket. Over the annual period, equity positions delivered cash flows in line with expectation but saw market prices fall as risk premiums rose in the US credit market and globally in December. The end of January valuation opened the door for some gains in 2019 as we see no evidence that the credit cycle is at the point of an immediate deterioration. An indication of the quality of leveraged debt is given by the upgrade/downgrade ratio: in 2018, on all sub-investment grade credit, there were almost two upgrades for one downgrade (Moody's).

For information on all the CLO positions that we are managing (a total of approximately €12bn) we had in 2018, 7 upgrades and not a single downgrade.

In terms of credit performance, it is notable that Volta's underlying credit portfolio did not suffer particularly during the annual period. As expected, some modest defaults occurred in the underlying credit portfolios but at a pace well below the standard projected default rate that we use when modelling our assets and they did not significantly affect the projected return of our assets.

Indeed, cash flows from our assets have increased and we do not foresee, at the time of writing, any significant change in the expected cash flows of Volta's portfolio except for a further modest increase due to the increasing portion of CLO Equity tranches.

CURRENCY EXPOSURE

During the period, there were no significant shifts in the currency hedging of Volta's US dollar assets back into Euro. Very simplistically, and almost mechanically, we increased the amount of the hedge when the US dollar appreciated and reduced it when the US dollar depreciated somewhat. During the period, Volta's US dollar exposure went from 31.9% at the end of July 2018 (1.17 USD/EUR) to 31.1% at the end of January 2019 (1.14 USD/EUR). Because of the liquidity risk from margin calls associated with seeking to fully hedge US dollar exposures, we have maintained a residual US dollar exposure for many years. Our intention is not to manage this position actively. Considering the magnitude of the US dollar exposure of Volta and the historical mean-reverting behaviour of USD/EUR cross rates, we do not expect the currency exposure of Volta to be a material driver, through the whole cycle, of Volta's performance. Indeed, the overall contribution of currency risk to Volta's performance has been modest since Volta's inception more than twelve years ago.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

AXA IM is a signatory of the United Nations Principles for Responsible Investment ("UN PRI"). Therefore, AXA IM is active in seeking to integrate ESG considerations into its investment processes. The integration of these processes is more complex in structured finance assets than other, more vanilla, asset classes. However, certain ESG considerations are now being integrated into the CLO manager selection process for Volta and some issuers and some businesses are being systematically excluded, or exclusions are being requested where a sub-manager is involved. Despite the complexities involved, AXA IM is at the forefront of the promotion of ESG considerations into structured finance and is actively supporting the transition. In 2018, AXA IM started producing ESG scoring on the vast majority of the European loans we purchased in the primary market.

OUTLOOK

For the next six-month period, we are optimistic that performance should be at or above our target returns. Based on the current prices of Volta's positions, we can reasonably expect some price appreciation on top of the ongoing cash flows generated by our assets.

Like every prudent investor, we are alert for signs of imbalances that could cause volatility. We identify the US administration, the continuous increase in corporate debt and, the difficulty in reaching a deal regarding Brexit as potential sources of risk for our markets. Volta has a limited exposure to the UK (6% of underlying credits are from UK based companies as of 31 January 2019) so that we do not expect Volta to suffer materially from direct losses that could be generated due to a disorderly Brexit.

We have been impacted in terms of mark-to-market from the risk-off attitude that developed in Q4 2018 in most markets. Although we believe we are near or at the end of both the credit and the economic cycles we are still pretty constructive for 2019, not foreseeing any significant deterioration in the coming quarters. Despite uncertainties, we do not see, at the time of writing, anything that is expected to be of significant impact to Volta's portfolio.

OUTLOOK (CONTINUED)

Our strong belief is that success in this kind of environment is likely to come from:

- the effectiveness of portfolio diversification (Volta is exposed to more than 700 underlying corporate credit issuers);
- the high level of cash flows from our assets, which is key to be able to re-invest at discounted prices in the event of market volatility, as we did in December 2018; and
- the maintenance of a bifurcated portfolio, mixing long-term assets that are able to go through a full credit cycle (CLO Equity with a long re-investment period) with more short-term and liquid positions (e.g. some of the CLO Debt positions).

Strategically, we expect to continue to increase the CLO Equity bucket (favouring controlling positions with over 50% of an individual CLO Equity position) and to correspondingly decrease the CLO Debt bucket during the next semi-annual period. At some point in time, with the expected decrease of the CLO Debt bucket, we are likely to further reduce the leverage that is in place on CLO Debt tranches.

In aggregate, we will tend to decrease the number of positions, although maintaining a high level of diversification, in order to increase the value that can be added from deals "restructuring" (refinancing/resetting/calls/repackaging). CLO warehousing transactions are also part of this strategy.

All of this is in line with the global sentiment that we are approaching the end of the credit cycle: having fewer positions in order to increase our level of control and preferring CLO Equity tranches (that might benefit from credit volatility) instead of leveraging CLO Debt positions.

We consider that our mandate as Volta's Investment Manager is to invest in assets that should be able to produce stable revenue which can support attractive distributions to Shareholders through investing in assets and structuring investments that are adapted to the prevailing market circumstances. We will continue to draw upon 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
29 March 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors confirm that to the best of their knowledge:

- the condensed financial statements contained within the Half-Yearly Financial Report have been prepared in accordance with IAS 34 - *Interim Financial Reporting* as required by the Financial Conduct Authority ("FCA") through the Disclosure Guidance and Transparency Rule ("DTR") 4.2.4R;

- the combination of the Chairman's Statement, Investment Manager's Report, the Executive Summary and notes to the condensed financial statements includes a fair review of the information required by:

  (a) Section 5:25d of the Financial Supervision Act of the Netherlands;

  (b) DTR 4.2.7R of the DTR, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

  (c) DTR 4.2.8R of the DTR, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the Company during that period; and any changes in the related party transactions described in the last annual report that could do so.

This Statement of Directors' Responsibilities was approved by the Board of Directors on 2 April 2019 and was signed on its behalf by:

Paul Meader
Chairman
5 April 2019

Stephen Le Page
Chairman of the Audit Committee

Footnote:
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the preparation and dissemination of the Company's condensed and annual financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT REVIEW REPORT TO VOLTA FINANCE LIMITED

Conclusion
We have been engaged by Volta Finance Limited (the "Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2019 of the Company which comprises the Condensed Statement of Financial Position as at 31 January 2019, the Condensed Statement of Comprehensive Income, the Condensed Statement of Financial Position, the Condensed Statement of Changes in Shareholders' Equity, and the Condensed Statement of Cash Flows for the period of six months then ended and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2019 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*, Section 5:25d of the Financial Supervision Act of the Netherlands and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority (the "UK FCA").

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with Section 5:25d of the Financial Supervision Act of the Netherlands and the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"). The Directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities
This report is made solely to the Company in accordance with the terms of our engagement letter to assist the Company in meeting the requirements of the DTR of Section 5:25d of the Financial Supervision Act of the Netherlands and the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Steven Stormonth
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants, Guernsey
5 April 2019

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 JANUARY 2019

	Notes	**1 August 2018 to 31 January 2019 (Unaudited) €**	**1 August 2017 to 31 January 2018 (Unaudited) €**
Operating income and financing charges			
Net gain on financial assets at fair value through profit or loss	5	3,858,403	7,244,393
Net foreign exchange (loss)/gain, including net (loss)/gain on foreign exchange derivatives, but excluding net foreign exchange (loss)/gain on financial assets at fair value through profit or loss		(4,942,715)	5,475,177
Net gain/(loss) on interest rate derivatives		959,149	(797,568)
Interest expense on repurchase agreement	12	(854,275)	(595,094)
Net bank interest income/(expense)		92,803	(76,788)
		(886,635)	**11,250,120**
Operating expenditure			
Investment management fees	20	(2,133,542)	(2,125,948)
Investment Manager performance fees	20	-	-
Directors' remuneration and expenses	6	(258,665)	(254,669)
Legal fees		(22,794)	(57,059)
Administration fees	7	(175,388)	(159,978)
Audit fees		(59,711)	(37,457)
Non-audit fees – interim review services		(40,110)	(26,356)
Insurance		(53,964)	(19,177)
Depositary fees		(29,670)	(75,023)
Portfolio valuation and administration fees		(6,000)	(6,000)
Other operating expenses		(132,817)	(134,684)
		(2,912,661)	**(2,896,351)**
(Loss)/profit and total comprehensive (loss)/income for the period		**(3,799,296)**	**8,353,769**
Basic and diluted (losses)/earnings per Ordinary share	9	**€(0.1039)**	**€0.2285**

Other comprehensive (loss)/income
There were no items of other comprehensive (loss)/income in either the current period or prior period.

The Notes on pages 19 to 34 form part of these condensed financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2019

	Notes	**31 January 2019 (Unaudited) €**	**31 July 2018 (Audited) €**
ASSETS			
Financial assets at fair value through profit or loss	11	321,400,025	325,703,159
Derivatives	13	882,798	1,302,287
Trade and other receivables	14	1,543,841	12,921,688
Cash and cash equivalents		17,316,049	20,470,791
TOTAL ASSETS		**341,142,713**	**360,397,925**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	-	-
Share premium	17	35,770,519	35,695,308
Other distributable reserves	18	89,592,793	100,928,524
Accumulated gain	18	165,275,396	169,074,692
TOTAL SHAREHOLDERS' EQUITY		**290,638,708**	**305,698,524**
LIABILITIES			
Loan financing received under repurchase agreement	12	43,668,122	42,715,000
Interest payable on loan financing	12	248,963	213,901
Derivatives	13	-	66,064
Trade and other payables	15	6,586,920	11,704,436
TOTAL LIABILITIES		**50,504,005**	**54,699,401**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**341,142,713**	**360,397,925**
NAV per Ordinary Share	10	**€7.9462**	**€8.3600**

These condensed financial statements on pages 15 to 34 were approved by the Board of Directors on 2 April 2019 and were signed on 5 April 2019 on its behalf by:

Paul Meader
Chairman
5 April 2019

Stephen Le Page
Chairman of the Audit Committee

The Notes on pages 19 to 34 form part of these condensed financial statements.

CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 31 JANUARY 2019

	Notes	Share premium €	Other distributable reserves €	Accumulated gain €	Total €
Balance at 31 July 2018 (Audited)		**35,695,308**	**100,928,524**	**169,074,692**	**305,698,524**
Total comprehensive loss for the period		-	-	(3,799,296)	(3,799,296)
Issue of Ordinary Shares to Directors	17	75,211	-	-	75,211
Dividends paid in cash	8, 18	-	(11,335,731)	-	(11,335,731)
Balance at 31 January 2019 (Unaudited)		**35,770,519**	**89,592,793**	**165,275,396**	**290,638,708**

	Note	Share premium €	Other distributable reserves €	Accumulated gain €	Total €
Balance at 31 July 2017 (Audited)		**35,544,715**	**123,596,736**	**146,363,127**	**305,504,578**
Total comprehensive income for the period		-	-	8,353,769	8,353,769
Issue of Ordinary Shares to Directors		75,368	-	-	75,368
Dividends paid in cash	8	-	(11,331,722)	-	(11,331,722)
Balance at 31 January 2018 (Unaudited)		**35,620,083**	**112,265,014**	**154,716,896**	**302,601,993**

The Notes on pages 19 to 34 form part of these condensed financial statements.

CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JANUARY 2019

	1 August 2018 to 31 January 2019 (Unaudited) €	1 August 2017 to 31 January 2018 (Unaudited) €
Cash flows used in operating activities		
(Loss)/profit and total comprehensive (loss)/income for the period	(3,799,296)	8,353,769
Adjustments for:		
Net gain on financial assets at fair value through profit or loss	(3,858,403)	(7,244,393)
Net movement in unrealised loss on revaluation of derivatives	353,425	166,021
Interest expense on repurchase agreement	854,275	595,094
Foreign exchange loss/(gain) on retranslation of repurchase agreement	953,122	(2,081,181)
Decrease/(increase) in trade and other receivables, excluding amounts due from brokers and interest receivable	8,123	(1,555,508)
Increase/(decrease) in trade and other payables, excluding amounts due to brokers	2,117,882	(1,640,386)
Directors' fees paid in the form of shares	75,211	75,368
Net cash used in operating activities	**(3,295,661)**	**(3,331,216)**
Cash flows generated from investing activities		
Coupons and dividends received	19,606,066	17,657,133
Purchases of financial assets at fair value through profit or loss	(85,145,115)	(64,717,980)
Proceeds from sales and redemptions of financial assets at fair value through profit or loss	77,834,912	64,310,580
Net cash generated from investing activities	**12,295,863**	**17,249,733**
Cash flows used in financing activities		
Dividends paid	(11,335,731)	(11,331,722)
Proceeds from loan financing under repurchase agreement	-	4,249,681
Interest paid on repurchase agreement	(819,213)	(581,400)
Net cash used in financing activities	**(12,154,944)**	**(7,663,441)**
Net (decrease)/increase in cash and cash equivalents	(3,154,742)	6,255,076
Cash and cash equivalents at the beginning of the period	20,470,791	37,087,141
Cash and cash equivalents at the end of the period	**17,316,049**	**43,342,217**

The Notes on pages 19 to 34 form part of these condensed financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2019

1. GENERAL INFORMATION
Information regarding the Company and its activities is provided in the Corporate Summary section on page 4.

2. ACCOUNTING POLICIES
2.1 Basis of preparation
The Half-Yearly Financial Report has been prepared in accordance with Section 5.25d of the Financial Supervision Act of the Netherlands, the Disclosure Guidance and Transparency Rules ("DTR") of the Financial Conduct Authority ("FCA") and IAS 34 – *Interim Financial Reporting*. The Half-Yearly Financial Report has also been prepared using the same accounting policies applied for the Annual Financial Report for the year ended 31 July 2018, which was prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and interpretations issued by the IFRS Interpretations Committee and applicable law. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Directors have considered the state of financial market conditions at the period-end date and subsequently have concluded that any reasonably foreseeable adverse future investment performance would not have a material impact on the Company's ability to meet its liabilities as they fall due. After making appropriate enquiries, the Directors are therefore of the opinion that the Company remains a going concern and are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the Company's condensed financial statement.

There have been no changes in accounting policies during the period.

2.2 New standards, amendments and interpretations issued and effective for the financial year beginning 1 August 2018
The Company applied for the first time IFRS 15 – *Revenue from Contracts with Customers* ("IFRS 15") which became effective on 1 January 2018. The nature and effect of this standard is disclosed below:

(i) IFRS 15 replaces IAS 11 – Construction Contracts, IAS 18 – Revenue and related Interpretations
IFRS 15 requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Directors believe that the application of IFRS 15 is not applicable as the Company does not have any revenue that should be accounted for under IFRS 15.

IFRS 9 – *Financial Instruments* ("IFRS 9") also became effective on 1 January 2018, however, the Company early adopted this standard in the year ended 31 July 2014. IFRS 9 has continued to be applied in subsequent financial reporting periods.

A number of amendments and interpretations to existing standards have been issued during the period ended 31 January 2019 that are not relevant to the Company's operations and therefore have no impact on the Company's condensed financial statements.

2.3 New standards, amendments and interpretations issued but not effective for the financial year beginning 1 August 2018 and not early adopted
Standards that become effective in future accounting periods and have not been adopted by the Company:

International Financial Reporting Standards	Effective for periods beginning on or after
• IFRS 16 – *Leases*	1 January 2019
• IFRS 17 – *Insurance Contracts*	1 January 2021

As the Company does not participate in material leasing arrangements or insurance contracts in the normal course of its business, the Directors believe that the application of these standards will have no material impact on the Company's condensed financial statements.

There are no standards, amendments and interpretations which have been issued but are not yet effective and not early adopted, that will affect the Company's condensed financial statements.

3. SEGMENTAL REPORTING
The Directors view the operations of the Company as one operating segment, being investment in a diversified portfolio of structured finance assets. All significant operating decisions are based upon analysis of the Company's investments as one segment. The financial results from this segment are equivalent to the financial results of the Company as a whole, which are evaluated regularly by the chief operating decision-maker (the Board with insight from the Investment Manager).

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 Note 11.

Where securities have been purchased less than one month prior to the relevant reporting date and up-to-date market prices are otherwise unavailable, such securities will be valued at cost plus accrued interest, if applicable. The valuation methodologies applied to the Company's financial assets other than recently purchased securities for which up-to-date market prices are unavailable are as follows:

- CLO Equity securities are valued using non-binding quoted market prices from a third party such as the arranging bank or other market participants.
- CLO Debt securities are valued using prices obtained from an independent pricing source, PricingDirect. The prices obtained from PricingDirect are derived from observed traded prices where these are available, but may be based upon non-binding quoted prices received by PricingDirect from arranging banks or other market participants, or a combination thereof, where observed traded prices are unavailable.
- Fund investments and the Capitalised Manager Vehicle ("CMV") are valued using the valuation statements provided by the underlying fund administrator.
- Warehouse transactions are valued upon the assumptions that assets purchased through the warehouse will be transferred at purchase price into the expected CLO to be priced (assets carried at purchase price plus accrued income net of financing costs), other than when there is a reasonable basis to assume that the warehouse might not convert into a CLO (based on the remaining margin that exists to price the CLO with a gain for the arranging bank) in which case the warehouse will be valued at a lower amount based on the mark-to-market value of the relevant proportion of the underlying portfolio.
- All other investments are valued on a mark-to-model basis using discounted projected cash flow valuation.

Regarding non-binding quoted prices, it is likely that 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 the 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. The Investment Manager's 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 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.

An independent third party has been engaged by the Board to review the valuations and/or valuation assumptions for CLO Debt and CLO Equity tranches, which in aggregate represent a majority of the Company's investment portfolio as at 31 January 2019 (81.5% of the Company's NAV) (31 July 2018: 75.2% of the Company's NAV)), and has concluded that they were fair and reasonable.

Volta's policy is to publish its NAV on a timely basis in order to provide Shareholders with appropriately up-to-date NAV information. However, the underlying NAVs as at the relevant month-end date for the fund investments and the CMV held by Volta are normally available only after Volta's NAV has already been published. Consequently, such investments are valued using the most recently available NAV.

4. DETERMINATION OF FAIR VALUES (CONTINUED)

As at the date of publication of the Company's NAV as at 31 January 2019, approximately 12.3% (31 July 2018: 13.6%) of Volta's NAV comprised investments for which the relevant NAVs as at the month-end date were not yet available.

In accordance with Volta's valuation policy, the Company's NAV as at 31 January 2019 was calculated using prices received from Pricing Direct or from arranging banks or other market participants for all assets except for those positions noted below:

Asset classes	% of NAV as at 31 January 2019 (Unaudited)	% of NAV as at 31 July 2018 (Audited)	Valuation methodology
Synthetic Corporate Credit Bank Balance Sheet ("SCC BBS")	11.5%	12.3%	Discounted projected cash flow model-based valuation using discount rates within a range of 8% to 12% (31 July 2018: 8.0% to 12.0%), constant default rates within a range of 0.31% to 3.60% (31 July 2018: 0.2% to 2.4%), prepayment rates within a range of 0.0% to 25.0% (31 July 2018: 0.0% to 15.0%) and recovery rates within a range of 40.0% to 70.0% (31 July 2018: 50.0% to 60.0%).
Investments in funds (includes ABS Debt, Cash Corporate Credit Equity ("CCC Equity") and SCC BBS positons)	9.1%	10.7%	Valued using the most recent valuation statements, or capital account statement where applicable, provided by the respective underlying fund administrators.
ABS Residual	3.2%	2.9%	Discounted projected cash flow model-based valuation using a discount rate of 10.85% (31 July 2018: 10.9%) for SANCF and 9.0% (31 July 2018: 9.0%) for Fintake European Leasing DAC.
CLO - CMV	3.1%	2.0%	Valued using the valuation statements as at 30 September 2018 provided by the underlying administrator (as such statements are produced only quarterly), as adjusted for any cash flows received/paid between that date and 31 January 2019 in respect of distributions/ calls respectively.
CLO Warehouse	2.2%	3.5%	Warehouse transactions are valued at the lower of: (i) the principal amount invested plus accrued income net of financing costs; and (ii) the mark-to-market value of the relevant proportion of the underlying portfolio, taking into account the buffer provided by the gross arranger fee compared to the net arranger fee commonly paid in the market, plus accrued income net of financing costs.
Recently purchased assets	0.0%	3.7%	Being purchased within less than one month of the relevant reporting date, these assets were valued at cost.
Total as a percentage of NAV	**29.1%**	**35.1%**	

5. PUBLISHED NAV RECONCILIATION AND NAV PERFORMANCE ANALYSIS

The table below shows reconciliation between the NAV published as at 31 January 2019 and that contained in these condensed financial statements.

	31 January 2019 € (Unaudited)	31 July 2018 € (Audited)
Published NAV	**290,685,700**	**305,517,745**
Adjustments:		
– Cash balances held at Royal Bank of Scotland International and other cash adjustment	-	174,816
– Prepayments of operating expenses	-	34,022
– Accrued income adjustment	-	77,651
– Accruals for expenses not taken into account in the published NAV	(46,992)	(279,896)
– Amendments to valuations used in the published NAV	-	32,298
– Adjustments to valuations of fund investments (adjusted for up-to-date underlying NAV information as at period end).	-	141,888
NAV per Condensed Statement of Financial Position	**290,638,708**	**305,698,524**

During the period ended 31 January 2019, cash accounts held with Royal Bank of Scotland International were closed.

The following table represents an analysis of NAV performance for the following periods:

		1 August 2018 to 31 January 2019 € (Unaudited)		1 August 2017 to 31 July 2018 € (Audited)
NAV as at the beginning of the period		305,698,524		305,504,578
Coupon and dividend income	20,427,885		38,485,667	
Realised loss on sales and redemptions on financial assets at fair value through profit or loss	(890,905)		(29,130)	
Unrealised loss on financial assets at fair value through profit or loss	(15,678,577)		(5,725,739)	
Net gain on financial assets at fair value through profit or loss		3,858,403		32,730,798
Other operating income and financing charges		(4,745,038)		(4,281,625)
Operating expenditure		(2,912,661)		(5,737,608)
(Loss)/profit and total comprehensive (loss)/income		(3,799,296)		22,711,565
Issue of Ordinary Shares to Directors in respect of Directors' fees		75,211		150,593
Dividends paid in cash		(11,335,731)		(22,668,212)
NAV as at the end of the period		**290,638,708**		**305,698,524**

5. PUBLISHED NAV RECONCILIATION AND NAV PERFORMANCE ANALYSIS (CONTINUED)

The following table represents the net gain on financial assets at fair value through profit or loss by asset class for the period from 1 August 2018 to 31 January 2019:

	Realised loss on sales and redemptions on financial assets at fair value through profit or loss	Unrealised loss on financial assets at fair value through profit or loss	Coupon and dividend income	Net gain on financial assets at fair value through profit or loss
	€	€	€	€
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
CLO – USD Equity	(1,121,021)	(3,360,670)	3,006,829	(1,474,862)
CLO – EUR Equity	(65,661)	(6,507,774)	4,072,807	(2,500,628)
CLO – USD Debt	333,800	(3,915,466)	6,328,963	2,747,297
CLO – EUR Debt	(344,730)	154,850	138,921	(50,959)
CLO – CMV	2	5,774	389,550	395,326
CLO Warehouse	107,663	(195,570)	1,620,861	1,532,954
SCC BBS	199,042	(595,994)	3,383,139	2,986,187
CCC Equity	-	(653,363)	220,105	(433,258)
ABS Residual	-	(782,503)	1,224,188	441,685
ABS Debt	-	172,139	42,522	214,661
	(890,905)	**(15,678,577)**	**20,427,885**	**3,858,403**

The following table represents the net gain on financial assets at fair value through profit or loss by asset class for the period from 1 August 2017 to 31 January 2018:

	Realised profit on sales and redemptions on financial assets at fair value through profit or loss	Unrealised loss on financial assets at fair value through profit or loss	Coupon and dividend income	Net gain on financial assets at fair value through profit or loss
	€	€	€	€
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
CLO – USD Equity	(233,666)	(3,845,304)	3,658,183	(420,787)
CLO – EUR Equity	-	(1,921,775)	4,161,267	2,239,492
CLO – USD Debt	700,563	(2,521,746)	4,773,966	2,952,783
CLO – EUR Debt	(37,422)	29,050	282,201	273,829
CLO – CMV	-	(264,957)	220,727	(44,230)
CLO Warehouse	(9,000)	-	847,749	838,749
SCC BBS	(180,326)	(1,929,607)	2,826,009	716,076
CCC Equity	(20,709)	2,677	230,569	212,537
ABS Residual	-	(204,615)	687,770	483,155
ABS Debt	-	(125,677)	118,466	(7,211)
	219,440	**(10,781,954)**	**17,806,907**	**7,244,393**

6. DIRECTORS' REMUNERATION AND EXPENSES

	1 August 2018 to 31 January 2019 € (Unaudited)	1 August 2017 to 31 January 2018 € (Unaudited)
Directors' fees (cash element)	175,525	175,525
Directors' fees (equity element, settled during the period)	37,613	37,613
Directors' fees (equity element, settled after the period end)	37,613	37,613
Directors' expenses	7,914	3,918
	258,665	**254,669**

7. ADMINISTRATION FEES

Sanne acted as Company Secretary, Administrator and Portfolio Administrator for the Company up to 30 October 2018. Sanne company secretarial, administration, accountancy and portfolio administration services were 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 (2018: GBP 220,000) with respect to the activities and responsibilities as set out in the Administration, Secretarial and Portfolio Administration Agreement. Additional Sanne administration fees totalling €50,536 (six months ended 31 January 2018: €35,160) were incurred with respect to matters outside the scope of the Administration, Secretarial and Portfolio Administration Agreement during the period 1 August 2018 to 30 October 2018.

On 31 October 2018, the Company signed an agreement with BNP Paribas Securities Services S.C.A., Guernsey Branch (the "Administrator") to provide administrative, compliance oversight and company secretarial services to the Company. Under the administration agreement, the Administrator will be entitled to a minimum annual fixed fee for fund administration services and company secretarial and compliance services. These fees are paid monthly in arrears. Ad hoc other administration services are chargeable on a time cost basis. In addition, the Company will reimburse the Administrator for any out of pocket expenses.

During the six months ended 31 January 2019, Administration fees incurred were €175,388 (six months ended 31 January 2018: €159,978).

8. DIVIDENDS

The following dividends have been declared and paid during the six month period ended 31 January 2019 and during the prior year ended 31 July 2018:

Period in respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per Ordinary Share €
1 July 2018 to 30 September 2018	25/10/2018	29/11/2018	20/12/2018	0.16
1 April 2018 to 30 June 2018	30/08/2018	27/09/2018	27/09/2018	0.15
1 January 2018 to 31 March 2018	17/05/2018	28/06/2018	28/06/2018	0.16
1 October 2017 to 31 December 2017	22/02/2018	29/03/2018	29/03/2018	0.15
1 July 2017 to 30 September 2017	18/10/2017	21/12/2017	21/12/2017	0.16
1 April 2017 to 30 June 2017	25/08/2017	28/09/2017	28/09/2017	0.15

The Directors consider recommendation of a dividend 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). Subject to compliance with Section 304 of that law, the Board may at any time declare and pay dividends.

9. EARNINGS PER ORDINARY SHARE ("EPS")

	1 August 2018 to 31 January 2019 € (Unaudited)	1 August 2017 to 31 January 2018 € (Unaudited)
Total comprehensive (loss)/income for the period	(3,799,296)	8,353,769
Basic and diluted (losses)/earnings per Ordinary Share	(0.1039)	0.2285

	Number	Number
Weighted average number of Ordinary Shares during the period	36,572,762	36,555,199

10. NAV PER ORDINARY SHARE

	31 January 2019 € (Unaudited)	31 July 2018 € (Audited)
Net asset value	290,638,708	305,698,524
Net asset value per Ordinary share	7.9462	8.3600

	Number	Number
Number of Ordinary Shares at period end	36,575,704	36,566,637

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognised in the Condensed Statement of Comprehensive Income.

	31 January 2019 € (Unaudited)	31 July 2018 € (Audited)
Fair value brought forward	**325,703,159**	**321,283,914**
Purchases	77,909,716	136,609,671
Sale and redemption proceeds	(65,643,368)	(126,435,557)
Net loss on financial assets at fair value through profit or loss (excluding coupon and dividend income)	(16,569,482)	(5,754,869)
Fair value carried forward	**321,400,025**	**325,703,159**

	31 January 2019 € (Unaudited)	31 July 2018 € (Audited)
Realised gain on sales and redemptions on financial assets at fair value through profit or loss	707,923	1,410,265
Realised loss on sales and redemptions on financial assets at fair value through profit or loss	(1,598,828)	(1,439,395)
Unrealised gain on financial assets at fair value through profit or loss	2,172,770	6,662,635
Unrealised loss on financial assets at fair value through profit or loss	(17,851,347)	(12,388,374)
Net loss on financial assets at fair value through profit or loss (excluding coupon and dividend income)	**(16,569,482)**	**(5,754,869)**

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

	31 January 2018 € (Unaudited)	31 July 2018 € (Audited)
Pledged assets	78,858,927	75,619,586
Unpledged assets	242,541,098	250,083,573
Fair value carried forward	**321,400,025**	**325,703,159**

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Fair value hierarchy

IFRS 13 - *Fair Value Measurement* requires an analysis of investments valued at fair value based on the reliability and significance of information used to measure their fair value.

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 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.

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 January 2019 and 31 July 2018:

	31 January 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	€	**€**	**€**	**€**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Financial assets at fair value through profit or loss: – Securities	-	-	321,400,025	321,400,025
Financial assets at fair value through profit or loss: – Derivatives	769,592	113,206	-	882,798
	769,592	**113,206**	**321,400,025**	**322,282,823**

	31 July 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
	€	**€**	**€**	**€**
	(Audited)	**(Audited)**	**(Audited)**	**(Audited)**
Financial assets at fair value through profit or loss: – Securities	-	-	325,703,159	325,703,159
Financial assets at fair value through profit or loss: – Derivatives	1,302,287	-	-	1,302,287
Financial liabilities at fair value through profit or loss: – Derivatives	-	(66,064)	-	(66,064)
	1,302,287	**(66,064)**	**325,703,159**	**326,939,382**

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Fair value hierarchy (continued)

All of the Company's investments are classified within Level 3 as they have significant unobservable inputs and they may trade infrequently. The Company has determined the fair values of its investments as described in Note 4. The sources of these fair values are not considered to be publicly available information. The Company's foreign exchange derivatives held as at the reporting date (open foreign exchange swaps and options positions) are classified within Level 2 as their prices are not publicly available but are derived from information that is publicly available. The Company's interest rate derivatives held as at the reporting date (open futures and options positions) are classified within Level 1 as their prices are publicly available.

Financial assets at fair value through profit or loss reconciliation

The following table represents the movement in Level 3 instruments for the period ended 31 January 2019:

	€ (Unaudited)
Fair value at 1 August 2018	**325,703,159**
Purchases	77,909,716
Sale and redemption proceeds	(65,643,368)
Realised loss on sales and redemptions on financial assets at fair value through profit or loss	(890,905)
Unrealised loss on financial assets at fair value through profit or loss	(15,678,577)
Fair value at 31 January 2019	**321,400,025**

The following table represents the movement in Level 3 instruments for the year ended 31 July 2018:

	€ (Audited)
Fair value at 1 August 2017	**321,283,914**
Purchases	136,609,671
Sale and redemption proceeds	(126,435,557)
Realised loss on sales and redemptions on financial assets at fair value through profit or loss	(29,130)
Unrealised loss on financial assets at fair value through profit or loss	(5,725,739)
Fair value at 31 July 2018	**325,703,159**

The appropriate fair value classification level is reviewed for each of the Company's investments at each period end. Any transfers into or out of a particular fair value classification level are 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 period or during the prior year.

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 January 2019 that is reasonable considering the current market environment and the nature of the main risks underlying the Company's assets. 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 prices received from arranging banks or other market participants, or on a NAV provided by the underlying fund administrator, 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 is not the most relevant in the current environment. For example, the sensitivity to interest rates is interdependent 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.

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 plausible changes to the base case scenarios, which have been derived from historically observed default rates and prepayment rates:

I. *The rate of occurrence of defaults at the underlying loan portfolio level.*
   The base case scenario is to project defaults at circa 2.0% per year (base case scenario as at 31 July 2018: 2.0% per year). A reasonably plausible change in the default rate is considered to be an increase to 1.5 times the base case default rate (a decrease to 0.5 times the base case default rate would have approximately an equal and opposite impact, so this is not presented). The projected impact of a change in the default rate to 1.5 times and 2.0 times the base case default rate is presented in the table on the following page.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)
Sensitivity analysis (continued)
CLO tranches (continued)

II. *The rate of occurrence of prepayments is measured by the constant prepayment rate ("CPR") at the underlying loan portfolio level.*
The base case scenario is to project a CPR at circa 30% per year for the US and circa 25% for Europe. The Directors consider that reasonably plausible 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 approximately linear, so the impact of an opposite test would be likely to result in an equal and opposite impact. The projected impact of a decrease in CPR from 30% to 15% for the US and from 25% to 10% in Europe is detailed below:

As at 31 January 2019

		Impact of an increase in default rate to 1.5x base case scenario		Impact of an increase in default rate to 2.0x base case scenario		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 CLO Equity	17.3%	(11.0%)	(1.9%)	(22.8%)	(3.9%)	(5.4%)	(0.9%)
EUR CLO Equity	14.2%	(7.3%)	(1.0%)	(16.3%)	(2.3%)	(8.7%)	(1.2%)
USD CLO Debt	37.6%	0.0%	0.0%	0.0%	0.0%	(0.2%)	(0.1%)
EUR CLO Debt	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All CLO tranches	**69.1%**		**(2.9%)**		**(6.3%)**		**(2.3%)**

As at 31 July 2018

		Impact of an increase in default rate to 1.5x base case scenario		Impact of an increase in default rate to 2.0x base case scenario		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 CLO Equity	10.4%	(6.8%)	(0.7%)	(21.7%)	(2.3%)	(2.0%)	(0.2%)
EUR CLO Equity	14.3%	(10.9%)	(1.6%)	(25.9%)	(3.7%)	(3.2%)	(0.5%)
USD CLO Debt	38.7%	0.0%	0.0%	(0.2%)	(0.1%)	0.0%	0.0%
EUR CLO Debt	2.2%	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%
All CLO tranches	**65.6%**		**(2.3%)**		**(6.1%)**		**(0.7%)**

As presented above, a reasonably plausible increase in the default rate in the underlying loan portfolios would be likely to have negligible 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 (as principal payment will occur later) and would positively impact equity tranches as shown above (in such an event excess cash flows to the equity tranches would last longer).

As the CMV is ramping CLO Equities in US and Europe, sensitivity of the CMV position should be inferred from US and European CLO Equity sensitivity analysis.

Synthetic Corporate Credit Bank Balance Sheet transactions
The investments within this asset class (representing 12.8% (31 July 2018: 15.0%) of the GAV) are first-loss exposures to diversified portfolios of investment grade and sub-investment grade corporate credits. The Directors consider a reasonably plausible change in the default rate to be an 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 13.4% decrease (31 July 2018: 10.0% decrease) in the average prices of these assets, thereby leading to a 1.7% decease (31 July 2018: 1.5% decrease) in the GAV. An equal and opposite decrease in defaults as referred to above would be likely to lead to a 13.4% increase (31 July 2018: 10.0% increase) in the average prices of these assets, thereby leading to a 1.7% increase (31 July 2018: 1.5% increase in the GAV).

As at 31 January 2019

		Impact of an increase in default rate to 1.5x historical average		Impact of a decrease in default rate to 0.5x historical average	
Asset class	**% of GAV**	**Price impact**	**Impact on GAV**	**Price impact**	**Impact on GAV**
SCC – BBS	**12.8%**	**(13.4%)**	**(1.7%)**	**13.4%**	**1.7%**

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)
Sensitivity analysis (continued)
Synthetic Corporate Credit Bank Balance Sheet transactions (continued)

As at 31 July 2018

		Impact of an increase in default rate to 1.5x historical average		Impact of a decrease in default rate to 0.5x historical average	
Asset class	**% of GAV**	**Price impact**	**Impact on GAV**	**Price impact**	**Impact on GAV**
SCC – BBS	**15.0%**	**(10.0%)**	**(1.5%)**	**10.0%**	**1.5%**

Cash Corporate Credit Equity transactions
As at 31 January 2019, the Company held two investments in this asset class (Tennenbaum Opportunities Fund V and Crescent European Specialty Lending Fund, representing 1.2% and 1.5% of the NAV, respectively) (31 July 2018: Tennenbaum Opportunities Fund V and Crescent European Specialty Lending Fund, representing 1.4% and 1.4% of the NAV, respectively). These assets have exposures to diversified portfolios of investment grade and sub-investment grade corporate credits. The Directors consider that the main risks associated with these assets are the occurrence of defaults in the underlying portfolio and/or the severity of any such defaults.

Tennenbaum Opportunities Fund V has a short remaining life, given that the fund is due to mature during October 2020. More than 50% of its current portfolio comprises unlisted equities while the remainder comprises corporate debt positions. A sensitivity analysis is difficult to model as most of the value may be derived from the exit price the Investment Manager may be able to achieve for the assets. As such, the value of this investment is dependent on default rates and discount rates applied to the corporate debt assets and revenue and EBITDA multiples applied to the equity assets. An increase in default or discount rates may decrease the value of the investment while an increase in revenue and EBITDA multiples may increase the value of the investment.

Crescent European Specialty Lending Fund is not yet fully drawn down and is consequently not yet fully invested as at 31 January 2019. Consequently, the Directors do not believe that it is feasible to test the sensitivity of the value of this investment.

ABS Residual positions
As at 31 January 2018, the Company held two investments in this asset class (Fintake European Leasing DAC and SANCF 2014-1 Class E, representing 2.1% and 1.0% of the NAV, respectively) (31 July 2018: Fintake European Leasing DAC and SANCF 2014-1 Class E, representing 1.8% and 1.0% of the NAV, respectively).

For Fintake European Leasing DAC, the main risk associated with this position is considered to be the level of credit losses in the underlying French leases collateral. No useful sensitivity can be derived yet as this position is still in the ramp-up phase (i.e. it is not yet fully invested).

For SANCF 2014-1 Class E, the main risk associated with this position is considered to be the rate of occurrence of prepayments in the underlying Spanish auto loans collateral. The Directors consider that an increase in the CPR at the underlying portfolio level from 10% to 20% is reasonably plausible and would be likely to decrease the price by 1.5% and decrease the NAV by an insignificant amount.

ABS Debt positions
As at 31 January 2019, the Company held one investment in this asset class (St Bernard Opportunity Fund) (31 July 2018: one, i.e. St Bernard Opportunity Fund) representing 3.0% of the NAV (31 July 2018: 2.8%).

St Bernard Opportunity Fund I is a complex fund and it has not been feasible for the Company to determine a simple stress test that could be implemented. Nevertheless, for the period from the inception of this fund to 31 January 2019, the average annual volatility has been 1.6% (31 July 2018: 4.9%) for an annualised performance of 4.5% (31 July 2018: 11.3%) (the respective figures over the last twelve months were volatility of 4.8% (31 July 2018: 0.8%) for an annual performance of 10.8% (31 July 2018: 8.2%)). The Investment Manager believes that this gives a reasonable indication of the risk profile of this investment.

12. LOAN FINANCING RECEIVED UNDER REPURCHASE AGREEMENT

	31 January 2019 € (Unaudited)	31 July 2018 € (Audited)
Loan financing received under repurchase agreement, opening	**42,715,000**	**38,101,500**
Proceeds received from additional loan financing	-	4,249,681
Foreign exchange movement	953,122	363,819
Loan financing received under repurchase agreement, ending	**43,668,122**	**42,715,000**

The Company has entered into a repurchase agreement ("Repo") under the terms of which the counterparty Société Générale S.A. ("SG") provided the Company with finance through the purchase of a portfolio of USD CLO Debt securities which are subject to repurchase each quarter. Interest is payable on amounts drawn under the Repo at the relevant three-month USD Libor rate plus a margin of 1.50%. The Company initially drew down $30.0 million on 16 March 2015, then subsequently drew down a further $15.0 million on 18 September 2015 and a further $5.0 million on 15 December 2017.

As at 31 January 2019, the collateral provided by the Company under the Repo comprised USD CLO Debt securities with an aggregate market value of €78.9 million ($90.3 million). As at 31 July 2018, the collateral comprised USD CLO Debt securities with an aggregate market value of €75.6 million ($88.5 million).

The scheduled final repurchase date is 15 December 2022. 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 incurred under the Repo during the financial period totalled €854,275 (31 January 2018: €595,094) and accrued unpaid interest under the Repo as at 31 January 2019 was €248,963 (31 July 2018: €213,901).

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. The hedge has been structured 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 Citibank and Crédit Agricole, with a margin requirement being applicable upon revaluation of such transactions. The balance on the margin account is included within the total value of the foreign exchange derivative transactions open as at the period-end as presented in the Condensed Statement of Financial Position. Interest rate derivatives are entered into with Goldman Sachs.

13. DERIVATIVES (CONTINUED)

As at 31 January 2019, there were five (31 July 2018: four) forward foreign exchange positions, sixteen (31 July 2018: sixteen) foreign exchange option positions, and two (31 July 2018: two) interest rate derivative positions open.

	31 January 2019 € (Unaudited)	31 July 2018 € (Audited)
Unrealised gain/(loss) of foreign exchange forward and option positions:		
– Citibank	12,346	-
– Crédit Agricole	(4,299,140)	(3,566,064)
Net margin amount as at the period end:		
– Crédit Agricole	4,400,000	3,500,000
Net carrying value of foreign exchange derivative positions	**113,206**	**(66,064)**
Unrealised gain/(loss) on interest rate derivative positions:		
– Goldman Sachs	494,378	(248,280)
Net margin amount as at the period end:		
– Goldman Sachs	275,214	1,550,567
Net carrying value of interest rate derivative positions	**769,592**	**1,302,287**
Net carrying value of derivative positions	**882,798**	**1,236,223**

14. TRADE AND OTHER RECEIVABLES

	31 January 2019 € (Unaudited)	31 July 2018 € (Audited)
Prepayments and other receivables	25,899	34,022
Interest receivable	1,517,942	696,123
Amounts due from brokers	-	12,191,543
	1,543,841	**12,921,688**

15. TRADE AND OTHER PAYABLES

	31 January 2019 € (Unaudited)	31 July 2018 € (Audited)
Investment management fees	4,205,695	2,072,153
Investment Manager performance fees	-	-
Directors' fees (cash payable)	87,763	87,763
Directors' fees (shares payable)	37,612	37,618
Amounts due to brokers	2,000,000	9,235,399
Accrued expenses and other payables	255,850	271,509
	6,586,920	**11,704,436**

16. SHARE CAPITAL

Authorised

	31 January 2019 Number of Shares (Unaudited)	31 July 2018 Number of Shares (Audited)
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. Each class of share ranks pari passu with each other with respect to participation in the profits and losses of the Company.

The Class B share is identical in all respects to the Company's Ordinary Shares, except that it entitles 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.

There are no Class C shares currently in issue and there is currently no mechanism by which any Class C shares can be issued in the future (31 July 2018: Nil Class C shares held).

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 2017 (Audited)	**36,548,466**	**1**	**-**	**36,548,467**	**-**
Issued to Directors during the year	18,170	-	-	18,170	-
Balance at 31 July 2018 (Audited)	**36,566,636**	**1**	**-**	**36,566,637**	**-**
Issued to Directors during the period	9,067	-	-	9,067	-
Balance at 31 January 2019 (Unaudited)	**36,575,703**	**1**	**-**	**36,575,704**	**-**

A total of 9,067 (31 July 2018: 18,170) Ordinary Shares were issued to Directors during the period/year, which includes 9,067 (31 July 2018: 17,722) shares issued to the current directors and nil (31 July 2018: 448) shares issued to a former director who resigned during the previous financial year ended 31 July 2017. 4,525 and 4,542 Ordinary Shares were issued to the Directors in respect of their fees during the period at a NAV of €8.31 and €8.28 per share respectively.

As at 31 January 2019 and 31 July 2018, the Company held no treasury shares.

Please refer to page 5 for information on Director holdings in the Company's Ordinary Shares.

17. SHARE PREMIUM

	Ordinary Shares €	Class B share €	Class C shares €	Total €
Balance at 31 July 2017 (Audited)	**35,544,715**	**-**	**-**	**35,544,715**
Issued to Directors during the year	150,593	-		150,593
Balance at 31 July 2018 (Audited)	**35,695,308**	**-**	**-**	**35,695,308**
Issued to Directors during the period	75,211	-	-	75,211
Balance at 31 January 2019 (Unaudited)	**35,770,519**	-	-	**35,770,519**

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 (see Note 18).

18. RESERVES

	Other distributable reserves €	Accumulated gain €
At 31 July 2017 (Audited)	**123,596,736**	**146,363,127**
Total comprehensive income for the year	-	22,711,565
Dividends paid in cash	(22,668,212)	-
At 31 July 2018 (Audited)	**100,928,524**	**169,074,692**
Total comprehensive loss for the period	-	(3,799,296)
Dividends paid in cash	(11,335,731)	-
At 31 January 2019 (Unaudited)	**89,592,793**	**165,275,396**

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 the law prevailing at that time and the Company's Articles. 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 test as prescribed under the law and the Directors make the appropriate solvency declaration.

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

19. FINANCIAL RISK MANAGEMENT

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. 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.

The Company's other financial risk management objectives and policies are consistent with those disclosed in the Company's Audited Annual Financial Statements for the year ended 31 July 2018.

20. RELATED PARTIES DISCLOSURE

Transactions with Directors

For disclosure of Directors' remuneration, please see Note 6. As at the period ended 31 January 2019, Directors' fees to be paid in cash of €87,763 (31 July 2018: €87,763) had been accrued but not paid. Directors' fees to be paid in shares of €37,612 (31 July 2018: €37,618) had been accrued but not paid and Directors' expenses of €nil (31 July 2018: €nil) had been accrued but not paid.

As at 31 January 2019, the Directors of the Company owned 0.73% (31 July 2018: 0.69%) of the voting shares of the Company.

Transactions with the Investment Manager

As announced on 2 October 2017, the Company agreed a revised Management Fee and Performance Fee basis with its Investment Manager, under an amended and restated Investment Management Agreement ("IMA") which is effective from 1 August 2017.

Under the revised fee basis, AXA IM is entitled to receive from the Company an investment manager fee equal to the aggregate of:

a. an amount equal to 1.5% of the lower of NAV and €300 million; and
b. if the NAV is greater than €300 million, an amount equal to 1.0% of the amount by which the NAV of the Company exceeds €300 million.

The investment management fee is calculated for each six-month period ending on 31 July and 31 January of each year on the basis of the Company's NAV as of the end of the preceding period and payable semi-annually in arrears. The investment management fee payable to AXA IM is subject to reduction for investments in AXA IM Managed Products as set out in the Company's Investment Guidelines. During the semi-annual period, the investment management fees earned were €2,133,542 (six month period ended 31 January 2018: €2,125,948). Investment management fees accrued but unpaid as at 31 January 2019 were €4,205,695 (31 July 2018: €2,072,153).

Under the amended and restated IMA, the Investment Manager is also entitled to receive a performance fee of 20% of any NAV outperformance over an 8% hurdle on an annualised basis, subject to a high-water mark and adjustments for dividends paid, share issuances, redemptions and buybacks. The performance fee will be calculated and paid annually in respect of each twelve-month month period ending on 31 July (each an "Incentive Period"). Notwithstanding the foregoing, performance fees payable to AXA IM in respect of any Incentive Period shall not exceed 4.99% of the NAV at the end of such Incentive Period.

20. RELATED PARTIES DISCLOSURE (CONTINUED)

Transactions with the Investment Manager (continued)

There were no performance fees accrued for the period ended 31 January 2019 (six month period ended 31 January 2018: €nil).

The Investment Manager also acts as investment manager for the following of the Company's investments held as at the period end which together represented 9.5% of NAV as at 31 January 2019: Adagio V CLO DAC Subordinated Notes; Adagio VI CLO DAC Subordinated Notes; Adagio VII CLO DAC Subordinated Notes; Bank Capital Opportunity Fund; Bank Deleveraging Opportunity Fund and St Bernard Opportunity Fund (Series 6). (31 July 2018: 11.8% of NAV: Adagio V CLO DAC Subordinated Notes; Adagio VI CLO DAC Subordinated Notes; Adagio VII CLO DAC Subordinated Notes; Allegro CLO III Class E Notes; Allegro CLO IV Class E Notes; Bank Capital Opportunity Fund; Bank Deleveraging Opportunity Fund; Prelude Credit Alpha PLC; and St Bernard Opportunity Fund (Series 6)).

Each of these investments is classified as AXA IM Managed Product except for Adagio V CLO DAC Subordinated Notes, Adagio VI CLO DAC Subordinated Notes and Adagio VII CLO DAC Subordinated Notes, which are classified as Restricted AXA IM Managed Products.

The Investment Manager earns investment management fees, including incentive fees where applicable, 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 such that AXA IM earns investment management fees only at the level of the Company.

Due to the fact that the Company's investments in Adagio V CLO DAC Subordinated Notes, Adagio VI CLO DAC Subordinated Notes and Adagio VII CLO DAC Subordinated Notes are classified as Restricted AXA IM Managed Products, AXA IM earns investment management fees at the level of the Restricted AXA IM Managed Product rather than at the Company level. Therefore, it is possible for AXA IM to earn incentive fees at the level of both the Restricted AXA IM Managed Product and the Company.

Except for the Company's Restricted AXA IM Managed Products and AXA IM Managed Products, (as detailed above), 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.

AXA group held 30.24% of the voting shares in the Company as at 31 January 2019 and 30.23% as at the date of approval of this report (31 July 2018: 30.30%).

21. COMMITMENTS

As at 31 January 2019, the Company had the following uncalled commitments outstanding:

a. CMV – $9,278,707 (31 July 2018: $12,558,419) remaining commitment from an original commitment of $20,000,000;

b. Crescent European Specialty Lending Fund (a Cash Corporate Credit Equity transaction exposed to sub-investment grade corporate credits) – €2,830,735 (31 July 2018: €3,284,796) remaining commitment from an original commitment of €7,500,000; and

c. Fintake European Leasing DAC (an ABS Residual transaction exposed to French leases) – €2,140,000 (31 July 2018: €3,852,000) remaining commitment from an original commitment of €10,700,000.

d. US CLO Warehouse transaction 2018-4 – $7,800,000 remaining commitment from an original commitment of $15,000,000. No position was held in prior year.

22. SUBSEQUENT EVENTS

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

On 28 February 2019, the Company declared a quarterly interim dividend of €0.15 per share, which was paid on the 28 March 2019, amounting to €5.5 million.

On the 8 March 2019, the Company redeemed its holding in US CLO Warehouse transaction 2018-4.

On the 14 March 2019, the Company reduced loan financing under the Repo from $50,000,000 to $40,000,000.

BOARD OF DIRECTORS

BOARD OF DIRECTORS

01. 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 1995 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 the University of Exeter and an MSc in Economics from the London School of Economics.

02. 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.

03. Paul Meader
Chairman and 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 over 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.

04. Atosa Moini
Independent Director
Ms Moini retired from Goldman Sachs International in September 2016 where she was Head of Origination and Distribution of Asset-backed Products and Loans in EMEA and previous to that she was Co-Head of EMEA Credit Sales. Ms Moini was also a member of the Securities Division Client and Business Standards Committee. Ms Moini has extensive product origination and distribution experience across a wide range of asset classes including corporate and leverage loans, corporate bonds, CLOs and asset-backed products in the real estate, transportation and renewable energies sectors. Ms Moini has an MBA from the London Business School and a BA Honours Degree in Industrial Engineering from the University of Surrey.

05. Paul Varotsis
Senior 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.

Company Information

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(Guernsey, Channel Islands)

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[1] From 31 October 2018, the Company appointed BNP Paribas Securities Services S.C.A., Guernsey Branch to act as the Company's Administrator and Company Secretary, replacing Sanne Group (Guernsey) Limited.
[2] BNP Paribas Securities Services S.C.A. Guernsey Branch is regulated by the Guernsey Financial Services Commission
[3] From 1 August 2018, the Company appointed BNP Paribas Securities Services S.C.A., Guernsey Branch to act as the Company's Custodian and Depositary, replacing State Street Custody Services (Guernsey) Limited.

GLOSSARY

Definitions and explanations of methodologies used:

“ABS”	asset-backed securities.
“ABS Residual positions”	residual income positions, which are a sub-classification of ABS, being backed by any of the following: residential mortgage loans; commercial mortgage loans; automobile loans; student loans; credit card receivables; or leases.
“AIC”	the 2016 Association of Investment Companies, of which the Company is a member.
“AIC Code”	the AIC Code of Corporate Governance for Guernsey Companies.
“AFM”	the Netherlands Authority for the Financial Markets (the “Autoriteit Financiële Markten” or “AFM”), being the financial markets supervisor in the Netherlands.
“AIFM”	Alternative Investment Fund Manager, appointed in accordance with the AIFMD.
“AIFMD”	the Alternative Investment Fund Managers Directive.
"Articles"	the Articles of Incorporation of the Company.
“AXA IM” or “Investment Manager”	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.
“Cash Corporate Credit”	deals structured credit positions predominantly exposed to corporate credit risks by direct investments in cash instruments (loans and/or bonds).
“Cenkos” or “Corporate Broker”	Cenkos Securities plc.
“CLOs” or “CLO”	Collateralised Loan Obligations.
“Capitalised Manager Vehicle” or “CMV”	a CMV is a long-term closed-ended structure which is established to act as a CLO manager and to also provide capital in order to meet risk retention obligations when issuing a CLO and also to provide warehousing capabilities.
“Discount”	calculated as the NAV per share as at 31 January 2019 less Volta’s closing share price on Euronext Amsterdam as at that date, divided by the NAV per share as at that date.
“Dividend yield”	calculated as total dividends paid during the financial period divided by the share price as at 31 January 2019 (based on the Euronext Amsterdam).
“Euronext Amsterdam”	Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V.
“Financial period”	the period from 1 August 2018 to 31 January 2019.
“Financial year”	the period from 1 August 2017 to 31 July 2018.
“GAV”	gross asset value
“GFC”	Global Financial Crisis 2008
“IRR”	internal rate of return.
“Memorandum”	the Memorandum of Incorporation of the Company.
“NAV”	net asset value.

GLOSSARY

"NAV performance"	calculated as the increase in the NAV per share plus the total dividends paid per share during the financial period / financial year, with such dividends paid being re-invested at NAV, as a percentage of the NAV per share as at 31 January 2019.
"Projected portfolio IRR"	calculated as the projected future return on Volta's investment portfolio as at 31 January 2019 under standard AXA IM assumptions, after taking into account the effect of direct leverage from the Repo on the overall investment portfolio returns.
"Repo"	repurchase agreement entered into with Société Générale.
"semi-annual periods"	the period from 1 August 2018 to 31 January 2019 and/or the period from 1 February 2018 to 31July 2018.
"Share" or "Shares"	all classes of the shares of the Company in issue.
"SG"	Société Générale S.A
"Share price performance"	the percentage increase or decrease in the share price on Euronext Amsterdam plus the total dividends paid per share during the financial period / financial year, with such dividends re-invested in the shares. Obtained from Bloomberg using the TRA function.
"Sharpe Ratio"	The Sharpe Ratio is a measure of risk-adjusted return and is calculated as the average return earned, based on the published monthly NAVs as adjusted for dividends paid, in excess of three-month Euribor, as an assumed risk-free rate, per unit of volatility or total risk (measured as the standard deviation of the adjusted monthly NAVs).
"Synthetic Corporate Credit" deals	structured credit positions predominantly exposed to corporate credit risks by sythentic contracts.
"Underlying Assets"	the underlying assets principally targeted for direct and indirect investment (collectively, the "Underlying Assets") consist of corporate credits (investment grade, sub-investment grade and unrated); sovereign and quasi-sovereign debt; residential mortgage loans; commercial mortgage loans; automobile loans; student loans; credit card receivables; and leases.
"Warehouse"	a Warehouse is a short-term structure put in place before a CLO happens in order to accumulate assets in order to facilitate the issue of the CLO. A Warehouse is leveraged and can be marked to market.
"WAL"	weighted average life.