



VOLTA FINANCE LIMITED
HALF-YEARLY FINANCIAL REPORT
FOR THE PERIOD 1 AUGUST 2019 TO 31 JANUARY 2020

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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

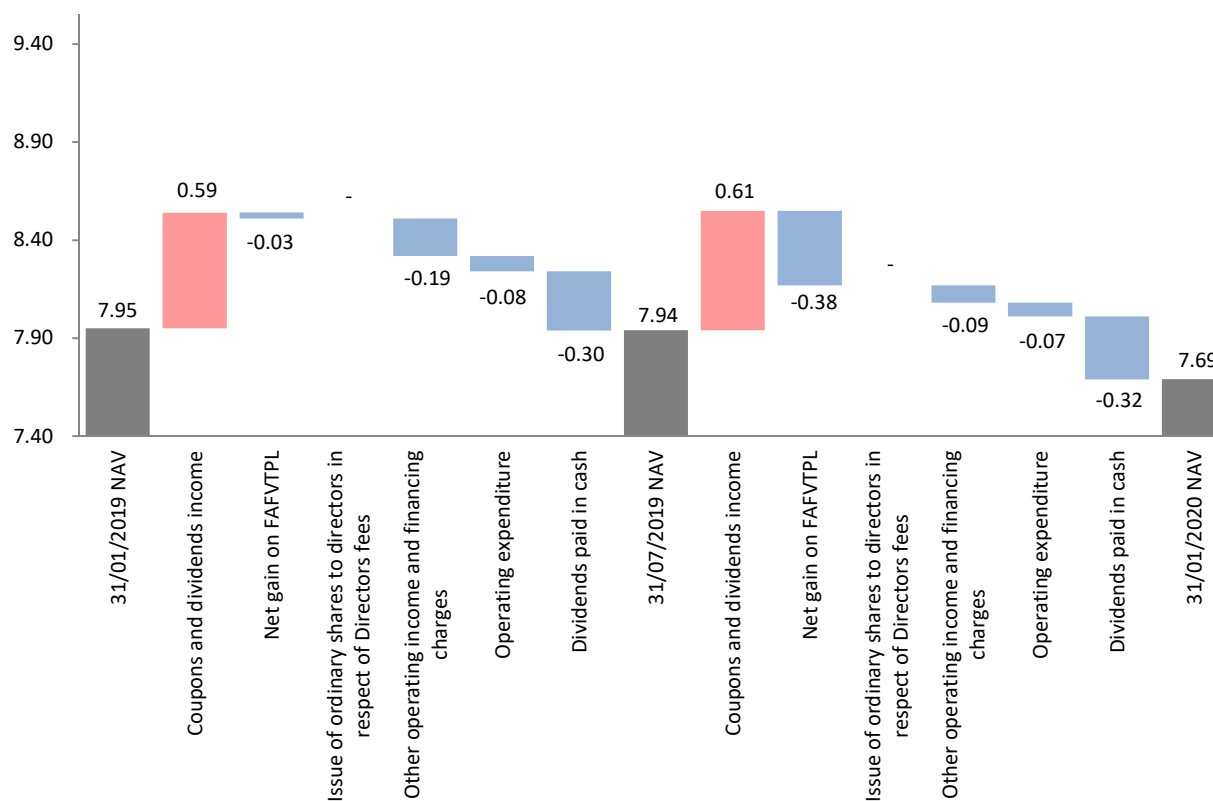
The investment objectives of Volta are to preserve its capital across the credit cycle and to provide a stable stream of income to its Shareholders through dividends that it expects to distribute on a quarterly basis. Volta seeks to achieve its investment objectives by pursuing a diversified investment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

0.9%	(1.7)%²	9.1%²
NAV Performance ¹ per Share (with dividends re-invested at NAV) for the six months to 31 January 2020	Share Price Performance ¹ (dividends re-invested) for the six months to 31 January 2020	Annualised share price performance (dividends re-invested) from inception to 31 January 2020
12.3%	9.5%²	(14.7)%²
Projected Portfolio IRR ¹ (under standard AXA IM scenarios, including the gearing effect of the Repo)	Annualised Dividend Yield ¹ based on the share price as at 31 January 2020	Discount ¹ between share price and NAV per share as at 31 January 2020

¹ Please see the glossary on pages 38 to 39 for an explanation of the terms used above and elsewhere within this Half-Yearly Financial Report.

² Source: Bloomberg – Euronext Amsterdam

NAV PERFORMANCE ANALYSIS FOR THE SIX MONTH PERIODS ENDED 31 JANUARY 2020 AND 31 JULY 2019 – CONTRIBUTIONS TO NAV CHANGE (EUROS PER SHARE)



HALF-YEARLY BOARD REPORT

CHAIRMAN STATEMENT

Dear Shareholder

It would be usual for my chairman's statement to focus on the results during the reporting period. I will, of course, review the six month period to 31 January 2020 but those results are notably overshadowed by the health, societal and financial turmoils created by the COVID-19 virus that has subsequently overtaken us all.

Since the end of the financial period, prices of Volta's assets have fallen sharply. The net asset value per share has fallen from €7.69 at 31 January 2020 to €5.06 at 31 March 2020, a drop of nearly 35%. This reflects the justifiable concerns around likely downgrades and defaults as well as some severe liquidity pressures in some sections of capital markets. All assets, with some notable exceptions such as high quality sovereign bonds and gold, have fallen as the economic picture rapidly turned bleak. This evoked some remarkable measures from central banks and governments to ease the short term pressures. These monetary and fiscal measures are unprecedented. They are also necessary. But they are not sufficient. The crisis in economies and financial markets will abate only when the public health crisis abates. None of us can know what the path to that solution looks like and so seeking to predict exactly what will happen next in financial markets generally or specifically for the assets in Volta's portfolio is a fool's errand. What matters, I believe, are two things: that you remain as diversified as possible and, most importantly, that you prioritise solvency above all other factors. This crisis will pass with time, even if we do not know exactly when. By remaining solvent through the crisis, it should be possible to generate outsized returns in due course on the other side.

Therefore, solvency has been the Board's and the Investment Manager's priority over recent weeks. It may have, on occasions been an unpalatable message to deliver but we have acted quickly and decisively. The Company's borrowing facility, via the repurchase agreement with Societe Generale, is in the process of being repaid; the foreign exchange hedging from the US Dollar into Euro has been almost totally eliminated; the manager of the warehouse exposure held by Volta has been instructed to cease purchases of loans; and, most significantly, our dividend to shareholders has been cancelled. Each of these elements had the risk of acting as a drag on cash flow and liquidity in the Company at a time when we lacked certainty over the cash flows that we expect to receive from our underlying investments. Our principal liability remains our commitment to the Collateralised Manager Vehicle. However, this is not a significant quantum and is unlikely to be called in the current market environment.

The majority of the Company's cash flows from investments are received each January, April, July and October. The April cash flows did see some shortfall, though not materially so, mainly due to lower US Dollar interest rates. None of our CLO Equity positions suffered a diversion of cash flows, despite concerns that this could occur. As an aside, it should be remembered that our cash flows have been exceptionally strong in the last few years, as I note later for the period to the end of January. It is also worth noting that the Company's CLO Equity positions, which represented 52% of the portfolio, saw smaller mark to market losses than lower rated Debt tranches, validating, for now anyway, the Investment Manager's strategy over the last year to shift from a leveraged position in CLO Debt (using the repo) to CLO Equity.

As a result of these actions, the Company's cash position is comfortable. This has provided us with flexibility. It will enable us, depending on how events unfold from here, to recommence dividend payments swiftly and/or purchase assets at highly attractive prices when others are forced to sell.

Turning to the six month period to 31 January 2020, the Company generated a total net asset value ("NAV") return of +0.9%. The total return to shareholders was lower, at -1.7% as the discount of the share price to NAV widened slightly during the period. These drab returns were produced despite cash flows from underlying investments being exceptionally strong. As I mentioned earlier, in the six months to the end of January the Company received €21.2m, representing an annualised yield of over 15% based on the end of January NAV. So the problem wasn't the robustness of cash flows from the portfolio but, rather, the impact of mark to market declines on our positions, mostly our CLO positions. Whilst disappointing in the short term, this began to embed an exceptionally high forecast IRR into the portfolio. This was around 12.3% as at 31 January 2020 and the further, very marked, declines in prices since January have only heightened this situation. The Investment Manager estimates that the current embedded IRR is now around 19.0% using reasonable post COVID-19 assumptions.

Whether such an IRR is achieved, of course, is dependent primarily upon future defaults experience. Defaults seem certain to rise over the coming one to two years but they are coming from an exceptionally low base and it remains to be seen whether they will exceed the assumptions embedded into the IRR calculations. Those assumptions, broadly, encompass the ratings agencies' central case forecasts for defaults over the coming years. Volta is very diversified across the credit spectrum, now containing exposure to well over 1,200 different credit issuers. However, credit markets become highly correlated in times of distress and we cannot assume that diversification by credit issuer alone, or even by sector, is sufficient to protect the portfolio from any sustained wave of defaults. That said, the Company does not have high exposures to the now more vulnerable sectors of the global economy such as energy, leisure or retail. Furthermore, with short term interest rates having fallen markedly, the rates that most corporates are being required to pay to borrow are generally low and well below levels that have historically triggered material distress. In addition, central bank and government measures should help to cushion and backstop any distress in corporates from the liquidity pressures of the current economic shock. COVID-19 may cause an economic shock that interest rates and fiscal policy alone cannot mitigate, but the fact that most loans that underlie CLOs today have few or no maintenance covenants (are "cov-lite") means that in a short, sharp shock corporates will have a little more breathing space. Ironically, despite the concerns around cov-lite loans, these reduced covenants may well avoid a credit crisis that would otherwise have been triggered. This may well account for why loan prices have remained resilient relative to other credit assets in the recent market turmoil. As the Investment Manager notes in their report, however, a relatively cautious approach is sensible until greater clarity is achieved.

HALF-YEARLY BOARD REPORT CHAIRMAN STATEMENT (CONTINUED)

Aside from recent events and volatility, another trend has been emerging in financial markets – that of “sustainable” investing by having regard to environmental, social and governance (“ESG”) factors. The theme here has evolved rapidly over the last year or so and is now embedded as a relatively mainstream approach to investing in public equity markets. Its adoption has been slower in the credit markets because the ability to exercise ESG rights is tempered somewhat as, generally, creditors don’t have voting rights with companies. This is further complicated in the loan markets where relevant information is usually harder to come by. Nonetheless, I am pleased to report that our Investment Manager, AXA IM Paris, is at the forefront of ESG analysis in loans and CLOs. AXA IM has now, for over a year, screened all newly invested European and US loans for ESG factors. For Volta’s portfolio they are pro-actively engaging with CLO managers and are seeking exclusions for coal and controversial weapons. Recently, Europe’s first “ESG compliant” CLO was issued. This agenda is, rightly, moving fast and becoming important. It is pleasing that AXA IM has embraced it so wholeheartedly and I will continue to report to you on progress over the coming months and years, along with its relevance to Volta.

More than ever, at this difficult time, I would like to thank you for your continued support of the Company. I hope that you are, and remain, physically and mentally fit at this trying time. The rest of the Board and I are always pleased to meet with shareholders, albeit virtually at the present time, and so if you have any queries or observations please feel free to contact me via the Company Secretary. In the meantime, I look forward to reporting to you again with the Annual Financial Report in the autumn by which time I hope that the outlook for economies, markets and for public health is more optimistic.

Paul Meader
Chairman
30 April 2020

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 2020. It should be read in conjunction with the Chairman's Statement on page 2 and the Investment Manager's Report on pages 7 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 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, being the financial markets supervisor in the Netherlands.

The Company has a perpetual life.

The Company is a member of the 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 2019 was 1.93% (year ended 31 July 2018: 1.88%).

SIGNIFICANT EVENTS DURING THE SIX MONTH PERIOD ENDED 31 JANUARY 2020

On 13 December 2019, the Company reduced loan financing under Repo from \$40 million to \$35 million.

INVESTMENT OBJECTIVES AND STRATEGY

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 in the "Principal risks and uncertainties" section and in note 19, the Company 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 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 AIFM in accordance with the EU AIFMD on 22 July 2014.

HALF-YEARLY BOARD REPORT

EXECUTIVE SUMMARY (CONTINUED)

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, Management Engagement 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.

As at 31 January 2020, the Directors held the following number of Ordinary Shares in the Company:

Director	Director holdings in the Company Ordinary Shares
Graham Harrison	15,705
Stephen Le Page	31,296
Paul Meader	36,103*
Atosa Moini	7,745
Paul Varotsis	204,011

* 10,200 and 25,903 Ordinary Shares are held by persons closely associated to Paul Meader.

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
- Although 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 for the next twelve months.

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

Valuation of assets

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

Investment Manager risk

- 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.

HALF-YEARLY BOARD REPORT EXECUTIVE SUMMARY (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Brexit

- Risks arising from the 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 Report and financial statements for the year ended 31 July 2019. 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.

The following emerging risk factor has been identified during the six months ended 31 January 2020:

COVID-19

- Financial losses on the Company portfolio arising from the spread of COVID-19 virus and its negative impact on the global economic activity, supply chain disruptions, restrictions and consequential restraints on issuer liquidity and the availability of market financing.

To mitigate this emerging risk, the Investment Manager is performing ongoing reviews on the Company's portfolio on an issuer by issuer basis to identify emerging impacts as circumstances develop.

GOING CONCERN

Under the Listing Rules, the 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 and to identify any material uncertainties to the Company's ability to continue as a going concern for at least 12 months from the date of approving the condensed financial statements.

The Directors have considered the state of financial market conditions at the period end date and subsequently. The developing situation with respect to the economic consequences of the COVID-19 pandemic has resulted in considerable falls in financial markets generally, and has impacted the market value of the Company's underlying investments. These falls have also impacted the price of the Company's own shares as the discount to NAV has widened. However, the impact on cash inflows to the Company has not been as large. The Investment Manager has taken appropriate steps to minimise cash out flows through calls and other commitments, and the Board has suspended the payment of dividends.

Whilst it is of course not possible to accurately predict future cash inflows – the incidence and impact of defaults in the underlying assets is impossible to predict – the Directors have concluded that any reasonably foreseeable fall in cash inflows would not have a material impact on the Company's ability to meet its liabilities as they fall due. The Directors' do not intend to recommence the payment of dividends until they are satisfied that doing so will not prejudice this position. Therefore, after making appropriate enquiries, the Directors are 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 statements.

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 attached condensed financial statements under note 23.

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

At the time of writing this commentary we are in the middle of the development of the COVID-19 crisis. As the crisis began to develop, our first goal was to secure Volta's solvency and sustainability by reducing liquidity risk. The next step is to manage the portfolio in order to improve Volta's ability to recover.

At the time of writing, the Repurchase agreement (Repo) that has been in place for several years and has been reduced to \$9m and enough cash is held to close it fully, which will be executed in the near future. We also reduced the amount of currency hedging that we had in place to significantly reduce the magnitude of margin calls that could occur from this.

As a result, alongside the decision not to pay the end of April dividend that was initially announced, Volta does not face any imminent liquidity risk so that we can now concentrate our efforts on portfolio optimisation.

Before entering into more technical considerations regarding our assets it makes sense to give shareholders an overview of the market situation regarding Volta's main asset classes:

- Loan prices are down by nearly 12% since end of February reflecting both some selling pressure (loan funds/hedge funds facing redemptions, leveraged investors looking for cash) and the expectation that downgrades will continue and that more defaults will materialise. CLO Debt and CLO Equity tranches are reacting to this situation with prices adjusting from -5% for CLO AAA tranches to -35/45% for BB rated Debt and CLO Equity positions. Bid-ask spreads are fairly wide (from a few points to several points) and liquidity for BB/Equity tranches is significantly reduced, though on the contrary, volumes traded for AAA CLO tranches are above normal.
- There is almost no trading in Volta's second largest asset class exposure, Bank Balance Sheet transactions, as the vast majority of these assets are bilateral transactions.
- The rest of the portfolio comprises ABS/Loan funds that are mostly illiquid (the funds).

After a few weeks during which rotating the portfolio was too costly to be a real option, improvements in trading liquidity are now significant and we are more and more into an environment that permits rotating assets and seizing opportunities.

As Volta's predominant asset classes are CLO BB Debt and Equity tranches we thought that it would make sense to review the fundamentals/technicals of these investments as it is too early to provide yet a clear picture of what might be the eventual consequences of the crisis:

- One of the reasons for our preference for CLO tranches, for so many years, is that loans are issued by a wide range of companies that are representative of the overall economy. When the risk exists that we might suffer some losses (due to loan defaults or a very large number of downgrades), governments and central banks mitigate this risk because of the macro impact associated with that risk. It is clearly not an insurance that losses will always be avoided but it is a strong mitigant regarding the risk associated with our investments.
- CLOs are managed assets with reinvestment periods that, at least at inception, exceed the average maturity of underlying assets. This means that, to a material extent, part of the losses can be compensated by purchasing loans at a discount and with wider spreads. At this point it is useful to remember that even in 2009, the worst year, in terms of default, for the last 15 years, close to 15% of the loans were prepaid at par generating strong reinvestment opportunities. The best ever vintage for CLO Equity positions is the 2007 vintage: these CLOs suffered the sudden increase in defaults and downgrades in 2008/2009 but benefited for many years afterwards from the ability to purchase loans at discounts or with higher spreads so that, in the end, the overall performance of the 2007 vintage of CLO Equity was higher than initially expected.

Regarding what happened and might happen, for loans and CLOs, in the coming quarters/years:

- Depending on rating agency, more or less, 20% of the US Loans have been downgraded or put on Negative Watch, circa 15% in Europe. Our view is that this trend should continue further, but that we might be almost two thirds of the way through this downgrade cycle.
- We are going to see more loans defaulting. Most rating agencies are forecasting (base case scenario) 5%-6% default rates for 2020 and 7%-8% for 2021 for the US; for Europe the forecasts are generally 2% lower. Our view is that these figures, although probably a bit pessimistic, are not un-reasonable.
- CCC buckets in CLOs, on average, increased by circa 5% for US CLOs and 3.5% for European CLOs. On average these levels are not high enough to cause any significant diversion of cash flows due to CLO Equity holders (except the very worst deals in the market) but we expect the CCC buckets to continue increasing and we can't exclude seeing some diversion of cash-flows starting in July (for Volta's portfolio). At the April payment date, none of Volta's CLO Equity positions suffered a diversion of payments.

INVESTMENT MANAGER'S REPORT (CONTINUED)

KEY MESSAGES FROM THE INVESTMENT MANAGER (CONTINUED)

- Rating agencies put on Negative Watch or Outlook most of the CLO BB and a significant portion of the CLO BBB tranches (although there is a wide disparity between rating agencies). Our view is that, we are just at the beginning of those rating actions: we expect further downgrades but we think it will create a case for good investment opportunities in due course.

Obviously the magnitude of downgrades/defaults is very uncertain as it mainly depends on government and central bank actions to limit the impact.

For many years, loans have been issued without maintenance covenants (cov-lite loans) and generally, investors have considered that a weakness. We always claimed that it had at least one benefit: giving more time to companies to go through a temporary trough in activity. The current situation is one such where being "cov-lite" might help.

The second consequence of the cov-lite nature of loans is that the situation with loans trading at discounts and new loans being issued with higher spreads might last for years and this could be good news for Volta. This should provide opportunities to active CLO managers to recoup losses and build portfolios with higher yields, as was the case for a number of years after the Global Financial Crisis.

Technically speaking, both downgrades and defaults might impact the performance of CLO Debt and CLO Equity positions. For the vast majority of CLOs, in the overcollateralisation tests that protect CLO Debt holders, loans rated CCC+ or below, when exceeding 7.5% are accounted as if they were in default. On average, the cushion that we had before the COVID crises on the reinvestment test and on the OC test of the lowest rated debt tranches is close to 3.5% and 4.5% respectively. Considering that the average CCC bucket is 2.5%, it means that, on average, we can sustain an increase of 13% and 15%, respectively of the CCC bucket before such tests are breached (considering that loan are taken at 50% recovery value when being considered in default) and hence before the payments due to our CLO Equity positions start being impacted. Considering, again, as a very simple assumption, an average recovery of 50%, we can sustain respectively 7% and 9% instantaneous defaults before reaching the same situation.

In real life, however, defaults do not materialise immediately and the more they are spread through time, the more CLOs are able to sustain the higher default rate because, in the meantime, CLO managers are benefiting from reinvestment at discount and can rotate portfolios to avoid part of the damage.

Given the unlimited number of scenarios that can be considered it seems to us that the most reasonable approach consists in reviewing a few simple scenarios.

We propose to illustrate the sensitivity of our CLO positions to 2 scenarios regarding defaults: what happens to Volta's CLO positions if we suffer an instantaneous shock of 5% or 10% default (with the simple and conservative assumption that recovery is at 50%) in addition to the usual basic assumption of a 2% annual default. In real life defaults are spread through time and will be preceded by downgrades but such a sudden shock is a simple way of incorporating the bad consequences of the COVID-19 crisis. We have then to consider the positive side: CLO managers would have the opportunity to purchase loans at discounts and loan spreads are going to widen, probably for years. Again, instead of playing with complex scenarios, where assumptions can distort outcomes, we tested very simple scenarios: loan spreads are for the remaining life of the CLOs 25, 50, 100bp higher. As context, in 2007 average underlying loan CLO portfolio spreads were in the area of 225/250bp; after the global financial crisis, spreads widened 100bp to 200bp for years and the tightest loan portfolio spread was in the area of 325bp early in 2018.

The results of these simple scenarios are below (using end of January prices):

	% GAV	Proj Yield Base Case	+5% Default spread 25bp higher	+5% Default spread 50bp higher	+5% Default spread 100bp higher
USD CLO Equity	25.2%	14.5%	9.4%	11.2%	14.6%
EUR CLO Equity	24.6%	12.8%	5.5%	7.1%	10.1%
USD CLO Debt	20.8%	10.0%	9.4%	9.4%	9.4%

	% GAV	Proj Yield Base Case	+10% Default spread 25bp higher	+10% Default spread 50bp higher	+10% Default spread 100bp higher
USD CLO Equity	25.2%	14.5%	(2.2)%	(0.3)%	3.1%
EUR CLO Equity	24.6%	12.8%	(6.0)%	(4.4)%	(1.3)%
USD CLO Debt	20.8%	10.0%	9.4%	9.4%	9.4%

With an addition of 5% instantaneous defaults to the classic 2% annual default rate scenario, some CLO Equity positions suffer some partial diversion of cash flows and CLO Debt has no particular issue. When adding 10% instantaneous defaults to the classic 2% default rate, all CLO Equities are suffering diversion of cash flows for a few quarters but CLO Debt are suffering some minor and sporadic delays in coupon payments that it has no visible impact on the aggregated projected IRR.

INVESTMENT MANAGER'S REPORT (CONTINUED)

KEY MESSAGES FROM THE INVESTMENT MANAGER (CONTINUED)

The above figures are for illustration and are simple scenarios that help to understand how our positions might be impacted depending on the severity of the crisis. The second scenario above is more severe than rating agencies are currently forecasting as their base case scenarios.

We ran simple scenarios in line with rating agencies scenarios from end of March mark to market and we obtained the following projected yield:

	Nominal (Local Ccy)	Avg Price	Proj. IRR
EUR Equity	101.3m	31.8%	32.3%
USD Equity	132.5m	46.0%	20.6%
USD Debt	75.6m	52.9%	21.6%

The assumptions are the following: for Euro deals: 4% default for the next 12 months (50% recovery), then 5% default for 12 months (50% recovery) then 2% default for remaining life (65% recovery); 4% add-on to the end of March CCC bucket; 15% prepayment rate for the next 24 months, then 20%; Reinvestment spread at 425bp for 24 months then 375bp; Reinvestment price at 95% for 12 months, then 97% for 12 months and then 99%; deals are called 3 years after the end of the reinvestment period. For USD deals: 5% default for the next 12 months (50% recovery), then 7% default for 12 months (50% recovery) then 2% default for remaining life (65% recovery); 6% add-on to the end of March CCC bucket; 15% prepayment rate for the next 24 months, then 20%; Reinvestment spread at 450bp for 24 months then 375bp; Reinvestment price at 95% for 12 months, then 97% for 12 months and then 99%, deals are called 3 years after the end of the reinvestment period.

Although these scenarios are for illustrative purposes only, they clearly indicate that, with reasonable assumptions, end of March values were offering very attractive projected yields.

Before the COVID-19 crisis became the dominant news story, Volta's strategy was to increase the CLO equity bucket and to reduce the leverage we had in place on CLO BB Debt. This strategy was working well as greater cash flows were received. Amongst the benefits of the strategy our thinking was that:

- being at the end of the credit cycle, it was worth reducing the even limited leverage we had in place; and
- the price volatility for CLO Equity tranches wasn't so different to that for CLO BB tranches and the last 18 months provided again some evidence this was correct.

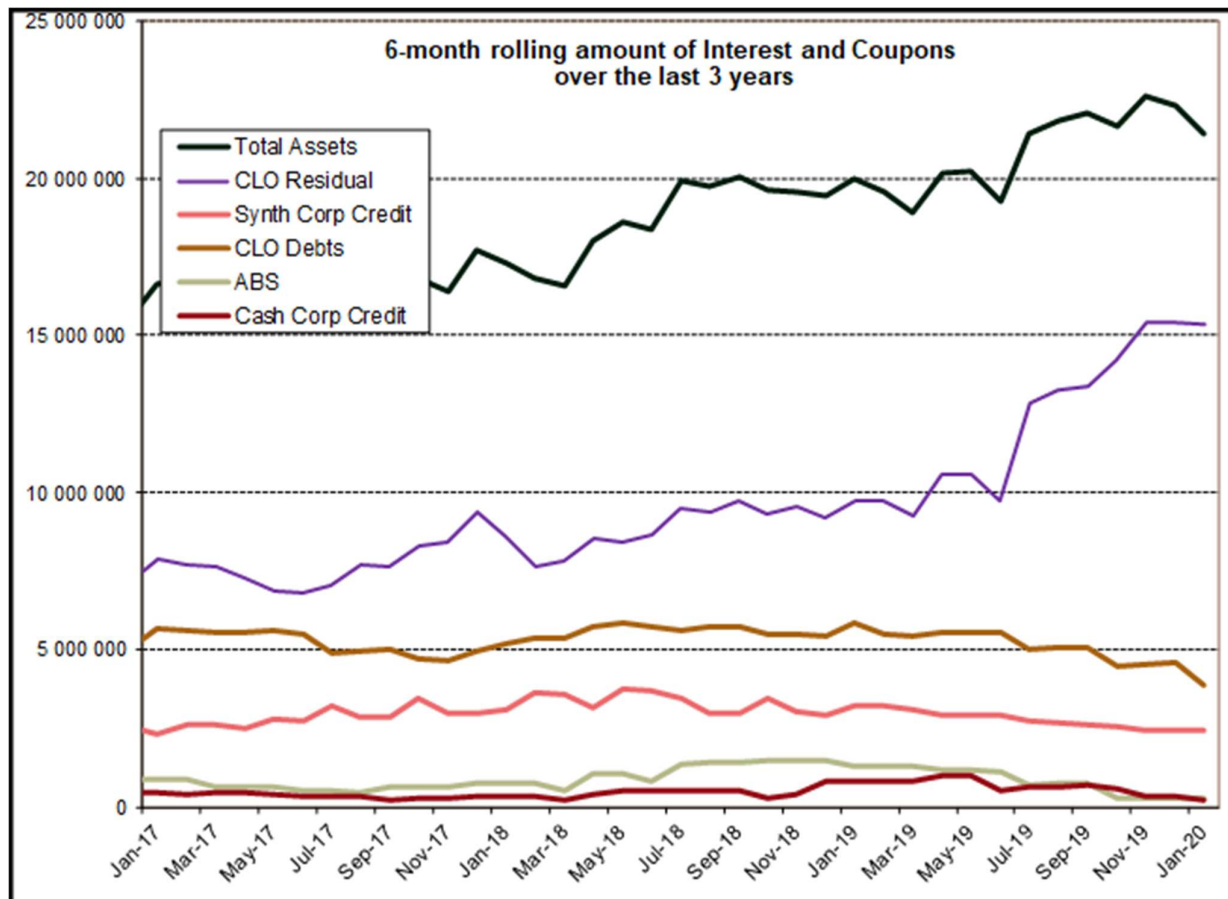
At the time of writing, we are fortunate that our leverage was already reduced before things became so painful in most credit and equity markets. At this point, it is fair to mention that, once again, the price declines for CLO BB Debt and for CLO Equity have been similar.

The rest of the portfolio is clearly outperforming the CLO portion and provide the diversification benefits we were looking for.

In terms of achievements it is worth mentioning that the amount of cash flows received from our assets* continued to increase.

INVESTMENT MANAGER'S REPORT (CONTINUED)

KEY MESSAGES FROM THE INVESTMENT MANAGER (CONTINUED)



* - Net of the cost of the Repo

Receiving high cash flows would increase our ability to seize opportunities to rebuild Volta's performance.

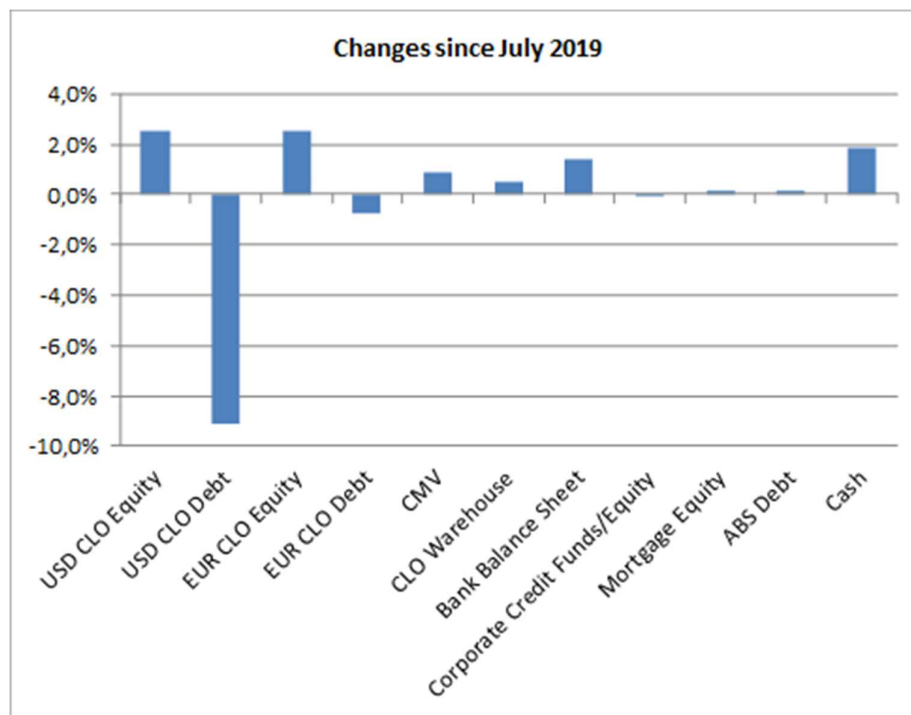
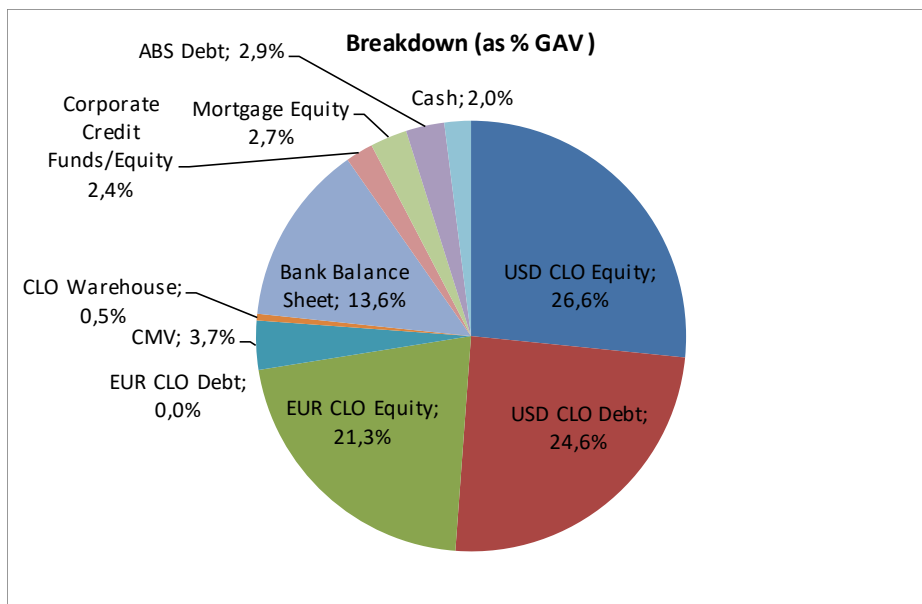
At the time of writing, we have almost finished receiving the April cash flows and these cash flows are, on a like for like basis 10% lower (18% lower on a gross basis) than the January cash flows. This decrease reflects the lower interest rates since January. None of our positions suffered a diversion of cash flow in April. For July it will mostly depend on the pace at which rating agencies downgrade loans. Having said that, the most probable situation is that some, but only a few, of our CLO Equity positions might start to suffer a partial diversion of cash flow in July and none of our CLO BB positions might suffer a delay in coupon payments by the end of 2020.

INVESTMENT MANAGER'S REPORT (CONTINUED)

VOLTA PORTFOLIO POSITIONING AS AT 31 JANUARY 2020

During the semi-annual period under review we:

- Continued to increase the CLO Equity bucket, especially USD positions;
- Reduced CLO Debt exposure, both USD and Euro;
- Decreased the size of the Bank Balance Sheet transaction bucket.



As outlined earlier, the main strategy consisted of increasing our exposure to CLO Equity tranches to benefit from the positive optionality that these investments can provide. This may seem counter-intuitive but more than 20 years of CLO Equity investing shows that CLO Equity positions, able to reinvest when spreads widen and loan prices fall, even with higher defaults, benefit from the volatility and experience outsized subsequent returns.

INVESTMENT MANAGER'S REPORT (CONTINUED)

VOLTA PORTFOLIO POSITIONING AS AT 31 JANUARY 2020 (CONTINUED)

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%

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.

CURRENCY EXPOSURE

For many years (since the GFC) we limited the exposure to margin calls that might come from hedging non-Euro currency risk. Structurally, we have been selling forward USD against Euro to limit Volta's USD exposure despite having circa 60% of our assets in USD. We took the opportunity early in March, given the USD weakness, to purchase forward \$30m. Later in March, with the strong appreciation of the USD against Euro, we decided to purchase forward a further \$52m so that Volta now has only very limited risk from margin calls in relation with its currency risk hedging.

As a result, Volta's USD assets are largely unhedged and USD exposure of Volta is close to 50%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

AXA IM is a signatory of the United Nations Principles for Responsible Investment ("UN PRI"). Therefore, we are seeking to integrate ESG considerations into our 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.

It is much more difficult for USD CLOs but for European CLOs we very often succeed in adding to the CLO documentation the following wording: *"will not invest in companies whose principal business is directly derived from the production or marketing of controversial weapons (including antipersonnel landmines, cluster weapons, chemical and biological weapons); development of nuclear weapon programs or production of nuclear weapons and thermal coal production"*.

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, we started producing ESG scoring on the vast majority of the European loans we purchased in the primary market. The effort has been amplified in 2019 and will continue in 2020.

AXA INVESTMENT MANAGERS PARIS

30 April 2020

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 Financial Report that could do so.

This Statement of Directors' Responsibilities was approved by the Board of Directors on 29 April 2020 and was signed on its behalf by:

Paul Meader
Chairman
30 April 2020

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.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 JANUARY 2020

	Notes	1 August 2019 to 31 January 2020 (Unaudited) €	1 August 2018 to 31 January 2019 (Unaudited) €
Operating income and financing charges			
Net gain on financial assets at fair value through profit or loss	5	8,444,292	3,858,403
Net foreign exchange loss, 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		(2,531,480)	(4,942,715)
Net gain on interest rate derivatives		1,264	959,149
Interest expense on repurchase agreement	12	(649,370)	(854,275)
Net bank interest income		18,146	92,803
		5,282,852	(886,635)
Operating expenditure			
Investment management fees	20	(1,973,621)	(2,133,542)
Investment Manager performance fees	20	-	-
Directors' remuneration and expenses	6	(255,419)	(258,665)
Legal fees		(69,213)	(22,794)
Administration fees	7	(149,417)	(175,388)
Audit fees		(54,933)	(59,711)
Non-audit fees – interim review services	22	-	(40,110)
Insurance		(18,531)	(53,964)
Depository fees		(27,951)	(29,670)
Portfolio valuation and administration fees		(11,668)	(6,000)
Other operating expenses		(126,151)	(132,817)
		(2,686,904)	(2,912,661)
Profit/(loss) and total comprehensive income/(loss) for the period		2,595,948	(3,799,296)
Basic and diluted earnings/(losses) per Ordinary share	9	€0.0710	€(0.1039)

Other comprehensive income/(loss)

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

The notes on pages 18 to 34 form part of these condensed financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2020

	Notes	31 January 2020 (Unaudited) €	31 July 2019 (Audited) €
ASSETS			
Financial assets at fair value through profit or loss	11	294,276,618	325,525,887
Derivatives	13	634,450	763,474
Trade and other receivables	14	42,714	5,452,582
Cash and cash equivalents		22,197,802	14,498,626
TOTAL ASSETS		317,151,584	346,240,569
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	-	-
Share premium	17	35,808,120	35,808,120
Other distributable reserves	18	66,922,469	78,623,648
Accumulated gain	18	178,754,083	176,158,135
TOTAL SHAREHOLDERS' EQUITY		281,484,672	290,589,903
LIABILITIES			
Loan financing received under repurchase agreement	12	31,579,897	35,945,363
Interest payable on loan financing	12	142,625	185,345
Derivatives	13	-	272,980
Trade and other payables	15	3,944,390	19,246,978
TOTAL LIABILITIES		35,666,912	55,650,666
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		317,151,584	346,240,569
NAV per Ordinary Share	10	€7.6949	€7.9438

These condensed financial statements on pages 14 to 34 were approved by the Board of Directors on 29 April 2020 and were signed on 30 April 2020 on its behalf by:

Paul Meader
Chairman
30 April 2020

Stephen Le Page
Chairman of the Audit Committee

The notes on pages 18 to 34 form part of these condensed financial statements.

**CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 31 JANUARY 2020**

	Notes	Share premium €	Other distributable reserves €	Accumulated gain €	Total €
Balance at 31 July 2019 (Audited)		35,808,120	78,623,648	176,158,135	290,589,903
Total comprehensive income for the period		-	-	2,595,948	2,595,948
Issue of Ordinary Shares to Directors	18	-	9,229	-	9,229
Dividends paid in cash	8, 18	-	(11,710,408)	-	(11,710,408)
Balance at 31 January 2020 (Unaudited)		35,808,120	66,922,469	178,754,083	281,484,672

	Note	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		75,211	-	-	75,211
Dividends paid in cash	8	-	(11,335,731)	-	(11,335,731)
Balance at 31 January 2019 (Unaudited)		35,770,519	89,592,793	165,275,396	290,638,708

The notes on pages 18 to 34 form part of these condensed financial statements.

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JANUARY 2020**

	1 August 2019 to 31 January 2020 (Unaudited) €	1 August 2018 to 31 January 2019 (Unaudited) €
Cash flows used in operating activities		
Profit/(loss) and total comprehensive income/(loss) for the period	2,595,948	(3,799,296)
Adjustments for:		
Net gain on financial assets at fair value through profit or loss	(8,444,292)	(3,858,403)
Net movement in unrealised (profit)/loss on revaluation of derivatives	(143,956)	353,425
Interest expense on repurchase agreement	649,370	854,275
Foreign exchange loss/(gain) on retranslation of repurchase agreement	131,190	953,122
Decrease/(increase) in trade and other receivables, excluding amounts due from brokers and interest receivable	3,186,441	8,123
(Decrease)/increase in trade and other payables, excluding amounts due to brokers	(404,166)	2,117,882
Directors' fees paid in the form of shares	9,229	75,211
Net cash used in operating activities	(2,420,236)	(3,295,661)
Cash flows generated from investing activities		
Coupons and dividends received	22,987,748	19,606,066
Purchases of financial assets at fair value through profit or loss	(47,768,513)	(85,145,115)
Proceeds from sales and redemptions of financial assets at fair value through profit or loss	51,799,331	77,834,912
Net cash generated from investing activities	27,018,566	12,295,863
Cash flows used in financing activities		
Dividends paid	(11,710,408)	(11,335,731)
Proceeds from loan financing under repurchase agreement	(4,496,656)	-
Interest paid on repurchase agreement	(692,090)	(819,213)
Net cash used in financing activities	(16,899,154)	(12,154,944)
Net increase/(decrease) in cash and cash equivalents	7,699,176	(3,154,742)
Cash and cash equivalents at the beginning of the period	14,498,626	20,470,791
Cash and cash equivalents at the end of the period	22,197,802	17,316,049

The notes on pages 18 to 34 form part of these condensed financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 JANUARY 2020

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 2019, 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 half yearly period-end date and subsequently and have concluded that any reasonably foreseeable fall in cash inflows 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 statements.

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 2019

The Company applies for the first time IFRS 16 – Leases and IFRIC 23 – Uncertainty over Income Tax Treatments, which became effective on 1 January 2019. As the Company does not participate in leasing arrangements and the Directors have determined that, as at 31 January 2020, the Company has no uncertain tax positions, these standards/interpretations do not have an impact on the Company’s financial statements.

A number of amendments and interpretations to existing standards have been issued during the period ended 31 January 2020 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 2019 and not early adopted

Standards that become effective in future accounting periods and have not been adopted by the Company:

	Effective for periods beginning on or after
International Financial Reporting Standards (IFRS)	
IFRS 17 – Insurance Contracts	1 January 2023

As the Company does not participate in insurance contracts in the normal course of its business, the Directors believe that the application of this standard will not have an 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).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JANUARY 2020

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:

- Historically, CLO Equity securities were valued using non-binding quoted market prices from a third party such as the arranging bank or other market participants. With effect from 30 June 2019, the CLO Equity securities are valued using prices obtained from an independent pricing source, JP Morgan PricingDirect. The prices obtained from JP Morgan PricingDirect are derived from observed traded prices where these are available, but may be based upon non-binding quoted prices received by JP Morgan PricingDirect from arranging banks or other market participants, or a combination thereof, where observed traded prices are unavailable.
- CLO Debt securities are valued using prices obtained from an independent pricing source, JP Morgan PricingDirect. The prices obtained from JP Morgan PricingDirect are derived from observed traded prices where these are available, but may be based upon non-binding quoted prices received by JP Morgan PricingDirect from arranging banks or other market participants, or a combination thereof, where observed traded prices are unavailable.
- Fund investments are valued at net asset value and the CMV is valued using the mark-to-model basis using discounted projected cash flow valuation (tied to JP Morgan PricingDirect prices).
- 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.
- 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. Such adjustments are very rare, are only made after investigating the reasons underlying any differences identified and are also subject to approval by the Investment Manager's internal risk function. No such adjustments were made to prices as at 31 January 2020. 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.

JP Morgan PricingDirect, provide pricing for directly held CLO Debt and CLO Equity tranches, which in aggregate represent a majority of the Company's investment portfolio as at 31 January 2020 (75.8% of the Company's NAV (31 July 2019: 86.8% of the Company's NAV)).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JANUARY 2020

4. DETERMINATION OF FAIR VALUES (CONTINUED)

The Company'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 held by the Company are normally available only after the Company's NAV has already been published. Consequently, such investments are valued using the most recently available NAV.

As at the date of publication of the Company's NAV as at 31 January 2020, approximately 14.1% (31 July 2019: 11.2%) of Volta's NAV comprised investments for which the relevant NAVs as at the month-end date were not yet available.

In accordance with the Company's valuation policy, the Company's NAV as at 31 January 2020 was calculated using prices received from JP Morgan PricingDirect or other market participants for all assets except for those assets noted below:

Asset classes	% of NAV as at 31 January 2020 (Unaudited)	% of NAV as at 31 July 2019 (Audited)	Valuation methodology
SCC BBS	7.2%	10.2%	Discounted projected cash flow model-based valuation using discount rates within a range of 8% to 12% (31 July 2019: 8.0% to 12.0%), constant default rates within a range of 0.3% to 2.0% (31 July 2019: 0.3% to 2.0%), prepayment rates within a range of 0.0% to 25.0% (31 July 2019: 0.0% to 25.0%) and recovery rates within a range of 55.0% to 61.0% (31 July 2019: 55.0% to 61.0%).
Investments in funds (includes ABS Debt, CCC Equity and SCC BBS positions)	7.9%	8.3%	Valued using unaudited 30 September 2019 and 31 December 2019 valuation statements, or capital account statements where applicable, provided by the respective underlying fund administrators.
ABS Residual	3.0%	2.9%	Discounted projected cash flow model-based valuation using a discount rate of 10.85% (31 July 2019: 10.9%) for SANCF and 9.0% (31 July 2019: 9.0%) for Fintake European Leasing DAC.
CLO - CMV	4.0%	3.2%	CLO notes are valued using a Discounted Cash Flow model based on cash flow projection considering market and comparable transactions parameters
CLO Warehouse	1.0%	0.0%	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%	0.5%	Being purchased within less than one month of the relevant reporting date, these assets were valued at cost.
Total as a percentage of NAV	23.1%	25.1%	

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JANUARY 2020

5. PUBLISHED NAV RECONCILIATION AND NAV PERFORMANCE ANALYSIS

The table below shows reconciliation between the Company NAV published as at 31 January 2020 and 31 July 2019 that contained in these condensed financial statements.

	31 January 2020 € (Unaudited)	31 July 2019 € (Audited)
Published NAV	281,473,557	290,472,128
Adjustments:		
– Prepayments of operating expenses	-	159,650
– Accruals for expenses not taken into account in the published NAV	11,115	(41,875)
NAV per Condensed Statement of Financial Position	281,484,672	290,589,903

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

	1 August 2019 to 31 January 2020 € (Unaudited)	1 August 2018 to 31 July 2019 € (Audited)
NAV as at the beginning of the period	290,589,903	305,698,524
Coupon and dividend income	22,475,655	42,014,105
Realised (loss)/gain on sales and redemptions on financial assets at fair value through profit or loss	(214,721)	516,286
Unrealised loss on financial assets at fair value through profit or loss	(13,816,642)	(18,155,433)
Net gain on financial assets at fair value through profit or loss	8,444,292	24,374,958
Other operating income and financing charges	(3,161,440)	(11,589,671)
Operating expenditure	(2,686,904)	(5,701,844)
Profit and total comprehensive income	2,595,948	7,083,443
Issue of Ordinary Shares to Directors in respect of Directors' fees	9,229	116,970
Dividends paid in cash	(11,710,408)	(22,309,034)
NAV as at the end of the period	281,484,672	290,589,903

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 JANUARY 2020

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 2019 to 31 January 2020:

	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	(278,988)	(6,483,111)	8,397,764	1,635,665
CLO – EUR Equity	13,915	(5,248,759)	5,999,156	764,312
CLO – USD Debt	(43,908)	(1,240,399)	4,290,653	3,006,346
CLO – EUR Debt	49,606	(60,492)	90,268	79,382
CLO – CMV	-	350,014	740,945	1,090,959
CLO Warehouse	-	50,530	-	50,530
SCC BBS	44,654	(548,752)	2,580,998	2,076,900
CCC Equity	-	(858,219)	239,994	(618,225)
ABS Residual	-	917	135,877	136,794
ABS Debt	-	221,629	-	221,629
	(214,721)	(13,816,642)	22,475,655	8,444,292

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

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 JANUARY 2020**

6. DIRECTORS' REMUNERATION AND EXPENSES

	1 August 2019 to 31 January 2020 € (Unaudited)	1 August 2018 to 31 January 2019 € (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	4,668	7,914
	255,419	258,665

7. ADMINISTRATION FEES

Sanne acted as Company Secretary, Administrator and Portfolio Administrator for the Company up until 30 October 2018. During the period ended 1 August 2018 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 with respect to the activities and responsibilities as set out in the Administration, Secretarial and Portfolio Administration Agreement. In addition, Sanne administration fees totalling €50,536 were incurred with respect to matters outside the scope of the Administration, Secretarial and Portfolio Administration Agreement during the period 1 August 2018 to 31 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 2020, Administration fees incurred were €149,417 (six months ended 31 January 2019: €175,388).

8. DIVIDENDS

The following dividends have been declared and paid during the six month period ended 31 January 2020 and during the prior year ended 31 July 2019:

Paid and declared during the six month period ended 31 January 2020:

Date Declared	Ex-dividend Date	Payment Date	Amount per Ordinary Share €
21/11/2019	28/11/2019	27/12/2019	0.16
28/08/2019	05/09/2019	26/09/2019	0.16

Paid and declared during the year ended 31 July 2019:

Date Declared	Ex-dividend Date	Payment Date	Amount per Ordinary Share €
29/05/2019	06/06/2019	27/06/2019	0.15
28/02/2019	07/03/2019	28/03/2019	0.15
25/10/2018	29/11/2018	20/12/2018	0.16
30/08/2018	27/09/2018	27/09/2018	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.

Refer to note 23 for details of change in the Company's dividend policy.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 JANUARY 2020

9. BASIC AND DILUTED EARNINGS/(LOSSES) PER ORDINARY SHARE (“EPS”)

	1 August 2019 to 31 January 2020 € (Unaudited)	1 August 2018 to 31 January 2019 € (Unaudited)
Total comprehensive income/(loss) for the period	2,595,948	(3,799,296)
Basic and diluted earnings/(loss) per Ordinary Share	0.0710	(0.1039)
	Number	Number
Weighted average number of Ordinary Shares during the period	36,580,580	36,572,762

10. NAV PER ORDINARY SHARE

	31 January 2020 € (Unaudited)	31 July 2019 € (Audited)
Net asset value	281,484,672	290,589,903
Net asset value per Ordinary share	7.6949	7.9438
	Number	Number
Number of Ordinary Shares at period end	36,580,580	36,580,580

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 2020 € (Unaudited)	31 July 2019 € (Audited)
Fair value brought forward	325,525,887	325,703,159
Purchases	32,870,091	125,226,019
Sale and redemption proceeds	(50,087,997)	(107,764,144)
Net loss on financial assets at fair value through profit or loss (excluding coupon and dividend income)	(14,031,363)	(17,639,147)
Fair value carried forward	294,276,618	325,525,887

	31 January 2020 € (Unaudited)	31 July 2019 € (Audited)
Realised gain on sales and redemptions on financial assets at fair value through profit or loss	862,192	2,155,746
Realised loss on sales and redemptions on financial assets at fair value through profit or loss	(1,076,913)	(1,639,460)
Unrealised gain on financial assets at fair value through profit or loss	3,355,306	3,629,350
Unrealised loss on financial assets at fair value through profit or loss	(17,171,948)	(21,784,783)
Net loss on financial assets at fair value through profit or loss (excluding coupon and dividend income)	(14,031,363)	(17,639,147)

Investments subject to restrictions due to being pledged as security under the repurchase agreement, as further detailed below:

	31 January 2019 € (Unaudited)	31 July 2019 € (Audited)
Pledged assets	59,686,397	63,209,778
Unpledged assets	234,590,221	262,316,109
Fair value carried forward	294,276,618	325,525,887

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JANUARY 2020

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 2020 and 31 July 2019:

	31 January 2020			
	Level 1 € (Unaudited)	Level 2 € (Unaudited)	Level 3 € (Unaudited)	Total € (Unaudited)
Financial assets at fair value through profit or loss:				
– Securities	-	-	294,276,618	294,276,618
Financial assets at fair value through profit or loss:				
– Derivatives	-	634,450	-	634,450
	-	634,450	294,276,618	294,911,068
	31 July 2019			
	Level 1 € (Audited)	Level 2 € (Audited)	Level 3 € (Audited)	Total € (Audited)
Financial assets at fair value through profit or loss:				
– Securities	-	-	325,525,887	325,525,887
Financial assets at fair value through profit or loss:				
– Derivatives	763,474	-	-	763,474
Financial liabilities at fair value through profit or loss:				
– Derivatives	-	(272,980)	-	(272,980)
	763,474	(272,980)	325,525,887	326,016,381

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JANUARY 2020

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 and they are exchange traded.

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 2020:

	€ (Unaudited)
Fair value at 1 August 2019	325,525,887
Purchases	32,870,091
Sale and redemption proceeds	(50,087,997)
Realised loss on sales and redemptions on financial assets at fair value through profit or loss	(214,721)
Unrealised loss on financial assets at fair value through profit or loss	(13,816,642)
Fair value at 31 January 2020	294,276,618

The following table represents the movement in Level 3 instruments for the year ended 31 July 2019:

	€ (Audited)
Fair value at 1 August 2018	325,703,159
Purchases	125,226,019
Sale and redemption proceeds	(107,764,144)
Realised gain on sales and redemptions on financial assets at fair value through profit or loss	516,286
Unrealised loss on financial assets at fair value through profit or loss	(18,155,433)
Fair value at 31 July 2019	325,525,887

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 2020 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:

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JANUARY 2020

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

Sensitivity analysis (continued)

CLO tranches (continued)

The rate of occurrence of defaults at the underlying loan portfolio level.

The base case scenario is to project the rate of occurrence of defaults at the underlying loan portfolio level at circa 2.0% per year which was assumed to approximate the market consensus projected default rate as at 31 January 2020 (base case scenario as at 31 July 2019: 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 in the table below). For further information, the projected impact of a change in the default rate to 2.0 times the base case default rate is also presented in the table below.

The rate of occurrence of prepayments is measured by the 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.

This time (for the first time) the analysis below link the increase in default rate and the decrease in CPR with an increase in discounted margin ("DM") at which projected cash flows might be discounted in such scenario. In the below table, DM (both for CLO Debt and CLO Equity positions) has been widened by 300 bp with the increase in default rate to 1.5 time base case scenario, 500 bp for the 2 time scenario and 150 bp for the stress scenario concerning CPR.

As at 31 January 2020

Asset class	% of NAV	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	
		Price impact	Impact on NAV	Price impact	Impact on NAV	Price Impact	Impact on NAV
USD CLO Equity	28.2%	(20.7%)	(5.8%)	(45.1%)	(12.7%)	(6.1%)	(1.7%)
EUR CLO Equity	23.9%	(19.3%)	(4.6%)	(37.2%)	(8.9%)	(7.8%)	(1.9%)
USD CLO Debt	30.8%	(18.7%)	(5.8%)	(31.5%)	(9.7%)	(14.6%)	(4.5%)
EUR CLO Debt	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	(0.0%)
All CLO tranches	82.9%		(16.2%)		(31.3%)		(8.1%)

As at 31 July 2019

Asset class	% of NAV	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	
		Price impact	Impact on NAV	Price impact	Impact on NAV	Price Impact	Impact on NAV
USD CLO Equity	27.0%	(11.2%)	(3%)	(23.9%)	(6.4%)	(0.9%)	(0.2%)
EUR CLO Equity	21.3%	(12.9%)	(2.7%)	(26.8%)	(5.7%)	(2.8%)	(0.6%)
USD CLO Debt	37.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EUR CLO Debt	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
All CLO tranches	86.8%		(5.7%)		(12.1%)		(0.8%)

As presented above, a reasonably plausible increase in the default rate in the underlying loan portfolios would have a negative impact on both the debt and equity tranches of CLO. A decrease in the CPR would have a negative impact on the debt tranches (as principal payment will occur later) and would negatively 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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JANUARY 2020

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

Sensitivity analysis (continued)

CLO tranches (continued)

EUR CLO Warehouse

The warehouse return provides a leveraged investment in a loan portfolio that is being purchased and which should be transferred at cost into the CLO. As such, the sensitivity is asymmetric: should the CLO execution occur, Volta will receive the levered carry on the loan portfolio. Should the CLO execution fail to occur (usually linked to loan price volatility), the loan portfolio should be divested either through loan prepayments or active loan sale by the manager. In such context, the Investment Manager believes that the sensitivity of Volta's NAV to the CLO warehouse is: in case of CLO execution, +6bps; in case that CLO execution fails and loan prices drop by 10 points: -60bps.

Synthetic Corporate Credit Bank Balance Sheet transactions

The investments within this asset class (representing 7.2% (31 July 2019: 12.8%) of the NAV) 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 to 1.5 times or decrease 0.5 times the historical average default rate. Such an increase in defaults would be likely to lead to a 1.8% decrease (31 July 2019: 3.9% decrease) in the average prices of these assets, thereby leading to a 0.0% movement (31 July 2019: 0.4% decrease) in the NAV. An equal and opposite decrease in defaults as referred to above would be likely to lead to a 1.8% increase (31 July 2019: 3.9% increase) in the average prices of these assets, thereby leading to a 0.0% movement (31 July 2019: 0.4% increase) in the NAV.

As at 31 January 2020

Asset class	% of NAV	Impact of an increase in default rate to 1.5x historical average		Impact of a decrease in default rate to 0.5x historical average	
		Price impact	Impact on NAV	Price impact	Impact on NAV
SCC – BBS	7.8%	(1.8)%	0.0%	1.8%	0.0%

As at 31 July 2019

Asset class	% of NAV	Impact of an increase in default rate to 1.5x historical average		Impact of a decrease in default rate to 0.5x historical average	
		Price impact	Impact on NAV	Price impact	Impact on NAV
SCC – BBS	12.8%	(3.9)%	(0.4)%	3.9%	0.4%

Synthetic Credit – Real Estate Owned Transactions

The Portuguese REO investment comprises of residential properties through the country, gathered by the bank through the resolution of its NPL processes and then sold on a portfolio basis. The investment is levered through a financing facility. The investment was initially underwritten with a cumulative 4.8% House Price Index ("HPI"). Should the Portuguese HPI be down to 0%, the NAV of Volta would go down by 41bps. Should the HPI be moved to 9.6%, this will have a symmetrical positive impact on the NAV of 41bps.

Cash Corporate Credit Equity transactions

As at 31 January 2020, the Company held two investments in this asset class (Tennenbaum Opportunities Fund V and Crescent European Specialty Lending Fund, representing 0.8% and 1.4% of the NAV, respectively) (31 July 2019: Tennenbaum Opportunities Fund V and Crescent European Specialty Lending Fund, representing 1.1% and 1.3% 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 with more than 50% of its current portfolio comprises unlisted equities (the largest Equity representing 30% of the fund) 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 the Tennenbaum Opportunities Fund V investment manager may be able to achieve for the underlying 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 fully drawn down and in its amortising period. As the largest investment represents circa 9.5% of its current portfolio, a default of this investment with a 60% recovery rate would lead to a 10 basis points drop in the Crescent European Specialty Lending Fund's NAV.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JANUARY 2020

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

ABS Residual positions

As at 31 January 2019, the Company held two investments in this asset class (Fintake European Leasing DAC and SANCF 2014-1 Class E, representing 2.0% and 1.1% of the NAV, respectively) (31 July 2019: Fintake European Leasing DAC and SANCF 2014-1 Class E, representing 2.1% 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.

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 Company NAV by an insignificant amount.

ABS Debt positions

As at 31 January 2020, the Company held one investment in this asset class (St Bernard Opportunity Fund I) (31 July 2019: one, i.e. St Bernard Opportunity Fund I) representing 3.2% of the NAV (31 July 2019: 3.1%).

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 2020, the average annual volatility has been 4.7% (31 July 2019: 3.4%) for an annualised performance of 10.3% (31 July 2019: 10.6%) (the respective figures over the last twelve months were volatility of 0.7% (31 July 2019: 4.8%) for an annual performance of 4.2% (31 July 2019: 10.8%)). 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 2020 € (Unaudited)	31 July 2019 € (Audited)
Loan financing received under repurchase agreement, opening	35,945,363	42,715,000
Loan financing repaid	(4,496,656)	(8,816,165)
Proceeds received from additional loan financing	-	-
Foreign exchange movement	131,190	2,046,528
Loan financing received under repurchase agreement, ending	31,579,897	35,945,363

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. On the 14 March 2019, the Company reduced the loan financing under the Repo from \$50.0 million to \$40.0 million and on 13 December 2019 again from \$40.0 million to \$35.0 million. Refer to note 23 for details on repayments on Repo subsequent to 31 January 2020.

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 €649,370 (31 January 2019: €854,275) and accrued unpaid interest under the Repo as at 31 January 2020 was €142,625 (31 July 2019: €185,345).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JANUARY 2020

12. LOAN FINANCING RECEIVED UNDER REPURCHASE AGREEMENT

Collateral delivered under Repo

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

As at 31 January 2020, the collateral provided by the Company under the Repo comprised USD CLO Debt securities with an aggregate market value of €59.7 million (\$66.2 million). As at 31 July 2019, the collateral comprised USD CLO Debt securities with an aggregate market value of €63.2 million (\$70.3 million). Refer to note 23 for details on collateral position on Repo subsequent to 31 January 2020.

13. DERIVATIVES

Foreign exchange swaps and options are held to hedge some of the currency exposure generated by US Dollar assets held by the Company (see note 19). The hedge has been 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 Crédit Agricole and Merrill Lynch, 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. Refer to note 23 for changes in the Company's foreign exchange hedging strategy.

As at 31 January 2020, there were eight (31 July 2019: seven) forward foreign exchange positions, sixteen (31 July 2019: sixteen) foreign exchange option positions, and nil (31 July 2019: two) interest rate derivative positions open.

	31 January 2020 € (Unaudited)	31 July 2019 € (Audited)
Unrealised gain/(loss) of foreign exchange forward and option positions:		
– Crédit Agricole	(2,665,145)	(4,872,980)
– Merrill Lynch	(230,405)	-
Net margin amount as at the period end:		
– Crédit Agricole	3,200,000	4,600,000
– Merrill Lynch	330,000	-
Net carrying value of foreign exchange derivative positions	634,450	(272,890)
Unrealised gain/(loss) on interest rate derivative positions:		
– Goldman Sachs	-	-
Net margin amount as at the period end:		
– Goldman Sachs	-	763,474
Net carrying value of interest rate derivative positions	-	763,474
Net carrying value of derivative positions	634,450	490,494

14. TRADE AND OTHER RECEIVABLES

	31 January 2020 € (Unaudited)	31 July 2019 € (Audited)
Prepayments and other receivables	42,628	3,229,069
Interest receivable	86	512,179
Amounts due from brokers	-	1,711,334
	42,714	5,452,582

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 JANUARY 2020

15. TRADE AND OTHER PAYABLES

	31 January 2020 € (Unaudited)	31 July 2019 € (Audited)
Investment Manager management fees	2,006,307	2,022,277
Investment Manager performance fees	-	-
Directors' fees (cash payable)	-	87,763
Directors' fees (shares payable)	37,613	37,612
Amounts due to brokers	1,799,051	16,697,473
Accrued expenses and other payables	101,419	401,853
	3,944,390	19,246,978

16. SHARE CAPITAL

Authorised

	31 January 2020 Number of Shares (Unaudited)	31 July 2019 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 2019: 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 2018 (Audited)	36,566,636	1	-	36,566,637	-
Issued to Directors during the year	13,944	-	-	13,944	-
Balance at 31 July 2019 (Audited)	36,580,580	1	-	36,580,581	-
Issued to Directors during the period	-	-	-	-	-
Balance at 31 January 2020 (Unaudited)	36,580,580	1	-	36,580,581	-

On 5 April 2019, the Company announced that with effect from the quarter ended 30 April 2019 the part-payment of Directors' fees in shares would be satisfied through the purchase of shares on the secondary market rather than the issue of new shares. On the 1 August 2019, the Company purchased 4,760 Ordinary shares at an average price of €7.02 per share and on 1 November 2020 a further 4,891 Ordinary shares on the secondary market at an average price of €6.64 per share.

A total of nil (31 July 2019: 13,944) Ordinary Shares were issued to Directors during the period/year, which includes nil (31 July 2019: 13,944) shares issued to the current directors and nil (31 July 2019: nil) shares issued to a former director who resigned during the previous financial year ended 31 July 2019.

As at 31 January 2020 and 31 July 2019, the Company held no treasury shares. Please refer to page 5 for information on Director holdings in the Company's Ordinary Shares.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 JANUARY 2020

17. SHARE PREMIUM

	Ordinary Shares €	Class B share €	Class C shares €	Total €
Balance at 31 July 2018 (Audited)	35,695,308	-	-	35,695,308
Issued to Directors during the year	112,812	-	-	112,812
Balance at 31 July 2019 (Audited)	35,808,120	-	-	35,808,120
Issued to Directors during the period	-	-	-	-
Balance at 31 January 2020 (Unaudited)	35,808,120	-	-	35,808,120

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 2018 (Audited)	100,928,524	169,074,692
Total comprehensive income for the year	-	7,083,443
Realised gain on Director shares purchased at a discount to NAV	4,158	-
Dividends paid in cash	(22,309,034)	-
At 31 July 2019 (Audited)	78,623,648	176,158,135
Total comprehensive loss for the period	-	2,595,948
Realised gain on Director shares purchased at a discount to NAV	9,229	-
Dividends paid in cash	(11,710,408)	-
At 31 January 2020 (Unaudited)	66,922,469	178,754,083

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 2019. Refer to note 23 for further details on the Company's strategy to mitigate liquidity risk.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JANUARY 2020

20. RELATED PARTIES DISCLOSURE

Transactions with Directors

For disclosure of Directors' remuneration, please see note 6. As at the period ended 31 January 2020, Directors' fees to be paid in cash of €nil (31 July 2019: €87,763) had been accrued but not paid. Directors' fees to be paid in shares of €37,613 (31 July 2019: €37,612) had been accrued but not paid and Directors' expenses of €nil (31 July 2019: €nil) had been accrued but not paid.

As at 31 January 2020, the Directors of the Company owned 0.79% (31 July 2019: 0.77%) 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 six month period ended 31 January 2020, the investment management fees earned were €1,973,621 (six month period ended 31 January 2019: €2,133,542). Investment management fees accrued but unpaid as at 31 January 2020 were €2,006,307 (31 July 2019: €2,022,277).

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 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.

There were no performance fees accrued for the period ended 31 January 2020 (six month period ended 31 January 2019: €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 8.5% of NAV as at 31 January 2020: 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 2019: 7.3% of NAV: 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; Prelude Credit Alpha PLC; and St Bernard Opportunity Fund I (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 I, 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 30.23% (31 July 2019: 30.23%) of the voting shares in the Company as at 31 January 2020 and 30.23% (31 July 2019: 30.23%) as at the date of approval of this report.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 JANUARY 2020

21. COMMITMENTS

As at 31 January 2020, the Company had the following uncalled commitments outstanding:

- a. CMV – \$6,275,064 (31 July 2019: \$8,184,990) 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) – €2,492,251 (31 July 2019: €2,782,144) remaining commitment from an original commitment of €7,500,000; and
- c. REO transaction 2019-1 – €6,563,886 remaining commitment from an original commitment of €10,000,000 (31 July 2019: €10,000,000).
- d. Warehouse Transaction 2019-1 – €10,052,109 remaining commitment from an original commitment of €12,500,000. No position was held as at 31 July 2019.

22. NON-AUDIT FEES – INTERIM REVIEW SERVICES

No interim review was performed by the Independent Auditor for the six months ended 31 January 2020.

23. SUBSEQUENT EVENTS

Management has evaluated subsequent events for the Company from 1 February 2020 to 30 April 2020, the date the condensed financial statements were available to be issued, and has concluded that the material events listed below do not require adjustment of the condensed financial statements:

On 4 February 2020, the Company purchased 4,942 ordinary shares of no par value in the Company at an average price of €6.60 per share. These ordinary shares purchased in the secondary market, were transferred to the Directors as part payment of their Directors' fees, as allocated below:

Graham Harrison - 926 ordinary shares
Stephen Le Page - 1,040 ordinary shares
Paul Meader - 1,183 ordinary shares
Atosa Moini - 867 ordinary shares
Paul Varotsis - 926 ordinary shares

On 28 February 2020, the Company announced a change in the Company's dividend policy. The Company will continue to seek to pay quarterly dividends of approximately 8% of NAV per annum, absent a notable change in circumstances, however, henceforth, the payment date will move approximately one month later, to January, April, July and October, previously December, March, June and September and, rather than the dividend alternating between €0.15 and €0.16, per share per quarter, it will be declared and paid in amounts of €0.155 per quarter.

On 28 February 2020, the Company declared a quarterly interim dividend of €0.155 per share payable on 28 April 2020 amounting to approximately €5.7 million. The ex-dividend date was 2 April 2020 with a record date of 3 April 2020 and a payment date on 28 April 2020.

On 24 March 2020, the Company announced a change in its foreign exchange hedging strategy to mitigate liquidity risk due to the impact of COVID-19. During the six month period ended 31 January 2020, the Company's USD exposure has been limited through the selling of forward USD against EUR. Given the appreciation of the USD against the EUR, the Company purchased forward USD of \$30m and \$52m; mitigating the exposure to margin calls in relation to its currency hedging. As a result, as at the date of approval of these condensed financial statements, the Company's USD assets are largely unhedged and USD exposure is close to 50%. The Board and Investment Manager continue to monitor the situation to mitigate currency risk.

On 2 April 2020, the Board resolved to cancel the quarterly interim dividend payment of €0.155 per share, declared on the 28 February 2020, payable on the 28 April 2020. The Board and the Investment Manager recognised the importance of dividends for Shareholders but believed that cancellation was the appropriate and prudent action considering the very considerable near term uncertainties that existed, caused by COVID-19.

Through reducing the Repo, changing the currency hedging approach and cancelling the quarterly interim dividend payment of €0.155 per share, declared on the 28 February 2020, the Company considerably increased its control over its own liquid resources

During the period 31 January 2020 to 31 March 2020, the NAV per Ordinary Share decreased by 34.25%, from €7.6949 to €5.0591. This fall results primarily from the impact of COVID-19 on the market prices of underlying investments. The Company has not experienced any significant liquidity issues when realising investments.

During the period 1 February to 27 April 2020, the Company reduced loan financing under the Repo from \$35,000,000 to \$9,000,000. As at 27 April 2020, the collateral provided by the Company under the Repo comprised USD CLO Debt securities with an aggregate market value of €33.5 million (\$36.1 million).

**BOARD OF DIRECTORS
FOR THE PERIOD ENDED 31 JANUARY 2020**



BOARD OF DIRECTORS (CONTINUED) FOR THE PERIOD ENDED 31 JANUARY 2020

01. Graham Harrison

Independent Director - appointed 19 October 2015

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 - appointed 16 October 2014

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 - appointed 15 May 2014

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 - appointed 19 June 2017

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 - appointed 19 October 2006

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

Volta Finance Limited

Company registration number: 45747
(Guernsey, Channel Islands)

Registered office

BNP Paribas House
St Julian's Avenue
St Peter Port
Guernsey GY1 1WA
Channel Islands

Website: www.voltafinance.com

Administrator and Company Secretary¹

BNP Paribas Securities Services S.C.A., Guernsey Branch²

BNP Paribas House
St Julian's Avenue
St Peter Port
Guernsey GY1 1WA
Channel Islands

Depositary³

BNP Paribas Securities Services S.C.A., Guernsey Branch²

BNP Paribas House
St Julian's Avenue
St Peter Port
Guernsey GY1 1WA
Channel Islands

Legal advisors as to English Law

Herbert Smith Freehills LLP

Exchange House
Primrose Street
London EC2A 2EG
United Kingdom

Legal advisors as to Dutch Law

De Brauw Blackstone Westbroek N.V.

Claude Debussylaan 80
PO Box 75084
1070 AB Amsterdam
The Netherlands

Legal advisors as to Guernsey Law

Mourant Ozannes

Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey GY1 4HP
Channel Islands

Investment Manager

AXA Investment Managers Paris S.A.

Tour Majunga La Défense
6 Place de la Pyramide
92800 Puteaux
France

Corporate Broker and Corporate Finance Advisor

Cenkos Securities plc

6.7.8 Tokenhouse Yard
London EC2R 7AS
United Kingdom

Independent Auditor

KPMG Channel Islands Limited

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

Listing agent (Euronext Amsterdam)

ING Bank N.V.

Bijlmerplein 888
1102 MG Amsterdam
The Netherlands

Registrar

Computershare Investor Services (Guernsey) Limited

C/o Queensway House
Hilgrove Street
St Helier
Jersey JE1 1ES
Channel Islands

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.

Listing Information

The Company's Ordinary shares are listed on Euronext Amsterdam and the premium segment of the London Stock Exchange's Main Market for listed securities. The ISIN number of the Company's listed shares is GG00B1GHHH78 and the tickers for the relevant markets are listed below:

- Euronext Amsterdam Stock Exchange, Euro quote: VTA.NA
- London Stock Exchange, Euro quote: VTA.LN
- London Stock Exchange, Sterling quote: VTAS.LN

GLOSSARY (CONTINUED)

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 2019 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 (refer below).
AIFMD	the Alternative Investment Fund Managers Directive.
Annualised Dividend Yield - APM	total dividends paid during the twelve month period ended 31 January 2020 divided by the share price as at 31 January 2020.
APM	Alternative performance measure
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.
CCC or Cash Corporate Credit	deals structured credit positions predominantly exposed to corporate credit risks by direct investments in cash instruments (loans and/or bonds).
CLOs or CLO	Collateralised Loan Obligations.
CMV or Capitalised Manager Vehicle	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.
CPR	Constant prepayment rate
DAC	Designated Activity Company.
Discount - APM	calculated as the NAV per share as at 31 January 2020 less Volta’s closing share price on Euronext Amsterdam as at that date, divided by the NAV per share as at that date.
DM	Discount Margin.
ESG	Environmental, social and governance.
Euronext Amsterdam	Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V.
EU	European Union.
Financial period	the period from 1 August 2019 to 31 January 2020.
Financial year	the period from 1 August 2018 to 31 July 2019.
GAV	Gross asset value.
GFC	Global Financial Crisis 2008.
Half-yearly periods	the period from 1 August 2019 to 31 January 2020 and/or the period from 1 February 2019 to 31 July 2019.
HPI	House price index
IRR	internal rate of return.
LSE	London Stock Exchange
NAV	net asset value.
NAV Performance - APM	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 2020.
NPL	Non-performing loan.
OC test	Over collateralisation test – measure (in general) of the ratio of the par amount of non-defaulted collateral to the par amount of outstanding debt for a given tranche.
Projected portfolio IRR	calculated as the gross projected future return on Volta’s investment portfolio as at 31 January 2020 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.
Share or Shares	all classes of the shares of the Company in issue.
Shareholder	Any Ordinary Shareholder.
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 reference period, 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).
SCC or Synthetic Corporate Credit	structured credit positions predominantly exposed to corporate credit risks by synthetic contracts.

GLOSSARY (CONTINUED)

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.
US	United States.
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.