VOLTA FINANCE LIMITED

INTERIM REPORT AND ACCOUNTS

FOR THE PERIOD 1 AUGUST 2013 TO 31 JANUARY 2014

CONTENTS

FORWARD-LOOKING STATEMENTS

This interim 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 interim report, including in the Chairman's Statement. They include statements regarding the intentions, beliefs or expectations of the Company or the Investment Manager concerning, among other things, the investment objectives and investment policies, financing strategies, investment performance, results of operation, financial condition, liquidity prospects, dividend policy and targeted dividend levels of the Company, the development of its financing strategies and the development of the markets in which it, directly and through special purpose vehicles, will invest in and issue securities and other instruments. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual investment performance, results of operations, financial condition, liquidity, dividend policy and dividend payments and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the investment performance, results of operations, financial condition, liquidity, dividend policy and dividend payments of the Company and the development of its financing strategies are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause differences include, but are not limited to: changes in economic conditions generally and in the structured finance and credit markets particularly; fluctuations in interest and currency exchange rates, as well as the degree of success of the Company's hedging strategies in relation to such changes and fluctuations; changes in the liquidity or volatility of the markets for the Company's investments; declines in the value or quality of the collateral supporting many of the Company's investments; legislative and regulatory changes and judicial interpretations; changes in taxation; the Company's continued ability to invest its cash in suitable investments on a timely basis; the availability and cost of capital for future investments; the availability of suitable financing; the continued provision of services by the Investment Manager and the Investment Manager's ability to attract and retain suitably qualified personnel; and competition within the markets relevant to the Company. These forward-looking statements speak only as at the date of this interim report. Subject to its legal and regulatory obligations (including under the rules of Euronext Amsterdam), the Company expressly disclaims any obligations to update or revise any forward-looking statement (whether attributed to it or any other person) contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based. The Company qualifies all such forward-looking statements by these cautionary statements.

KEY POINTS
FOR THE PERIOD ENDED 31 JANUARY 2014

- Net Asset Value ("NAV") of €270.1 million (€7.45 per share) at 31 January 2014, an increase of 9.7% from €246.3 million at 31 July 2013. Overall, after taking into account the amount of dividends payable in cash during the semi-annual financial period (€7.4 million), this reflects a strong positive performance of 12.0% for the semi-annual financial period on a per share basis
- A dividend payment of €0.30 per share for the semi-annual period from 1 August 2013 to 31 January 2014 will be made in April 2014. Shareholders will have the option of receiving this dividend payment in either cash or Volta shares
- Net profit of the Company for the semi-annual financial period was €30.9 million, or €0.86 profit per share, taking into account recognition of the following significant items: a net gain of €33.9 million on financial assets at fair value through profit or loss; a net gain of €1.2 million on derivative transactions; a net gain of €0.4 million on foreign exchange retranslation of cash and cash equivalents; and, net operating expenses of €4.6 million, including Performance Fees of €2.3 million
- The investments held by the Company generated €17.0 million of interest or coupon receipts during the semi-annual financial period, compared to interest or coupon receipts of €16.3 million during the semi-annual financial period ended 31 July 2013 and €16.4 million during the semi-annual financial period ended 31 January 2013
- Over the semi-annual financial period, the investment strategy has been to invest cash mainly in underlying corporate credit risk through CLO[1] tranches and Synthetic Corporate Credit[2] deals. The cash holdings were €24.0 million net of unsettled purchases and sales at the end of the semi-annual financial period against €2.3 million net of unsettled purchases at the beginning of the period
- During the semi-annual financial period, the Company purchased assets for €44.6 million (including €10.7 million for the purchase of two assets that was settled in early February 2014), sold assets for €36.1 million (including €5.6 million for the sale of three assets that was settled in early February 2014) and redeemed assets for €14.4 million
- As at 31 January 2014, the Company held investments in four underlying asset classes: CLOs (65.1%)[3]; Synthetic Corporate Credit deals (11.8%)[3]; Cash Corporate Credit[2] deals (4.9%)[3]; and ABS[4] (9.1%)[3]
- The Company intends to continue pursuing investment opportunities that are consistent with its objective of paying a dividend as described in the Chairman's Statement, whilst at the same time preserving its asset base
- Operating expenses as a percentage of average NAV for the semi-annual financial period ended 31 January 2014 were 1.8%, compared to 5.7% for the semi-annual financial period ended 31 July 2013. The decrease in operating expenses arose primarily as a result of significantly lower Performance Fees payable to the Investment Manager. Excluding fees payable to the Investment Manager, other operating expenses as a percentage of average NAV for the semi-annual financial period ended 31 January 2014 were 0.5% on an annualised basis, compared to 0.8% for the financial year ended 31 July 2013

Definitions:

[1] Collateralised Loan Obligations ("CLOs" or "CLO")

[2] Synthetic Corporate Credit and Cash Corporate Credit deals are structured credit positions predominantly exposed to corporate credit risks materialised respectively by synthetic contracts such as credit default swaps ("CDS") or cash (loans and/or bonds)

[3] Expressed as a percentage of the reported Gross Asset Value ("GAV") as at 31 January 2014

[4] Asset-Backed Securities ("ABS")

CORPORATE SUMMARY

THE COMPANY

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

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

INVESTMENT OBJECTIVES

The Company's investment objectives are to seek to preserve capital and to provide a stable stream of income to its shareholders through dividends that it expects to distribute on a semi-annual basis. Subject to the risk factors that are described in this Corporate Summary and in Note 19, it seeks to attain its investment objectives by pursuing a multi-asset class investment strategy, although investments made during the financial period were predominantly concentrated in assets leveraging corporate credit exposures. The investment strategy focuses on direct and indirect investments in, and exposures to, a variety of assets selected for the purpose of generating cash flows for the Company. Whilst the Company's investment objectives remain unchanged, as stated in the Chairman's Statement and the Investment Manager's Report, considering the discount to par at which most of the Company's assets have been purchased, part of the expected return for most of the Company's investments may come from back-loaded cash flows corresponding to principal payments in addition to expected ongoing cash flows. The assets that the Company may invest in either directly or indirectly include but are not limited to: corporate credits; sovereign and quasi-sovereign debt; residential mortgage loans; commercial mortgage loans; automobile loans; student loans; credit card receivables; leases; and debt and equity interests in infrastructure projects (the "Primary Underlying Assets"). There can be no assurance that the Company will achieve its investment objectives.

The Company's approach to investments in these Primary Underlying Assets is through vehicles and arrangements that essentially provide exposure to portfolios of Primary Underlying Assets. In this regard, the Company instructed AXA Investment Managers Paris (the "Investment Manager" or "AXA IM") to pursue the Company's investment strategy for the financial period covered by this report by concentrating on the following underlying asset classes: CLO; Synthetic Corporate Credit; Cash Corporate Credit; and ABS. As at the financial period end and throughout the financial period, the Company held assets in its portfolio classified within each of these main asset classes.

THE INVESTMENT MANAGER

The Investment Manager is authorised by the Autorité des Marchés Financiers as an investment management company and its activities are governed by article L. 532-9 of the French Code Monétaire et Financier. AXA IM is an investment manager with a team of experts concentrating on the structured finance markets.

ASSET VALUES

At 31 January 2014, the Company's NAV was €270.1 million, with the NAV per share amounting to €7.45. The Company publishes its NAV on a semi-annual basis and publishes its GAV monthly.

NAV is an expression of the total value of the Company that takes into account the current fair value of the Company's investments, accruals for debtors and the amount of the Company's liabilities. The Company's NAV at 31 January 2014 can be seen in the Statement of Financial Position on page 27 ("Total shareholders' equity" line).

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

DURATION

The Company has a perpetual life.

WEBSITE

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

CORPORATE SUMMARY

LISTING INFORMATION

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

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

The closing price of the Company's listed shares quoted on Euronext Amsterdam at 31 January 2014 was €6.25 per share.

The average closing price of the Company's listed shares quoted on Euronext Amsterdam over the semi-annual period ended 31 January 2014 was €6.19 per share.

PROVISIONAL FINANCIAL CALENDAR

28 March 2014	Announcement of results for the semi-annual period ended 31 January 2014 and publication of the interim report
28 March 2014	Ex-dividend date
28 March 2014	Commencement of trading in scrip dividend rights
28 March 2014	Scrip dividend election period start date
1 April 2014	Dividend record date
1 April 2014	End of trading in scrip dividend rights
14 April 2014	Investor conference call (at 10:30 CEST / 09:30 BST – dial-in details to be announced)
15 April 2014	Scrip dividend election period end date
22 April 2014	Dividend payment date

PRINCIPAL RISK FACTORS

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

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

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

Risks Relating Generally to the Company's Investments

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

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

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

CORPORATE SUMMARY

PRINCIPAL RISK FACTORS (CONTINUED)

Risks Relating Generally to the Company's Investments (continued)

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

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

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

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

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

Hedging transactions may limit gains or result in losses.

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

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

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

The Company will be exposed to foreign exchange risk.

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

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

Risks Relating to the Investment Manager

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

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

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

Potential Tax Risks

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

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

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

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

U.S. taxpayers should consult their own tax advisors regarding the U.S. federal income tax consequences that would apply to them as actual and deemed owners of numerous passive foreign investment companies as a result of their investment in the Shares, including any U.S. federal income tax elections that may be available to help mitigate such consequences. However, the Company is not obliged to provide investors or their advisors with such information that might be required for U.S. tax reporting purposes and it does not intend to provide such information.

CORPORATE SUMMARY

PRINCIPAL RISK FACTORS (CONTINUED)

Regulatory Risks

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

It seems likely that the AIFMD will result in additional burdens being placed on the Investment Manager and/or the Company, which may create additional compliance costs and risks for the Company.

Guernsey has entered into an Intergovernmental Agreement ("IGA") with the US Treasury in order to comply with the US Foreign Account Tax Compliance Act ("FATCA") and has also entered into an Intergovernmental Agreement ("IGA") with the UK in order to comply with the UK's requirements for enhanced reporting of tax information in accordance with FATCA principles. Under such IGAs, the Company is regarded as a Foreign Financial Institution ("FFI") resident in Guernsey. As such, the Company is required to register as an FFI. According to the current draft UK/US IGA guidance notes, there will be a reduction of reporting requirements for listed companies, which should enable the Company to register as a deemed compliant FFI. However, it should be noted that the guidance notes may be subject to change prior to finalisation, which could potentially impact upon the Company and/or its shareholders. Non-compliance with FATCA could potentially expose the Company to a US withholding tax on all proceeds from its US investments at the rate of 30%.

CHAIRMAN'S STATEMENT

During the semi-annual financial period ended 31 January 2014, Volta continued to demonstrate its ability to create value for shareholders with a 12.0% increase in NAV per share including dividend payment.

The value of our Company's assets continued to increase and cash generation was strong. Over the period, the NAV increased from €246.3 million as at 31 July 2013 to €270.1 million as at 31 January 2014 and a dividend payment of €7.4 million or €0.31 per share was made in December 2013. Actual interest and coupons collected from our assets increased from €16.3 million to €17.0 million over the semi-annual financial period.

Our Company's profit was €30.9 million (or €0.86 per share) for the semi-annual financial period ended 31 January 2014, compared to a profit of €28.1 million (or €0.85 per share) for the previous semi-annual financial period ended 31 July 2013.

Our Company's investment strategy was to take advantage of market opportunities to invest most of the cash that was available as well as executing some asset switches in order to maintain Volta's expected return on its assets during a period of strong price increases. At the same time, we were able to maintain our asset base (from €7.83 per share to €7.91 per share). Please refer to table 8 and the related comments in Section 6 of the IMR for more details on the computation of "asset base".

During the semi-annual financial period our Company continued to invest predominantly in assets that are principally exposed to corporate credit risk. As we have reported in our monthly report for some months now, the stigma previously attached to structured finance assets has largely disappeared and prices have strengthened. As a consequence, the yields at which assets have been sourced in the last six months were generally within a range of approximately 8.0% to 11.0%. Our Investment Manager considers that this will be the expected range for the foreseeable future.

In common with many similar entities, Volta will be impacted by the European Alternative Investment Fund Managers Directive ("AIFMD"). In accordance with AIFMD, the Company will appoint AXA Investment Managers Paris ("AXA IMP") as its Alternative Investment Fund Manager ("AIFM") upon receipt by AXA IMP of the relevant AIFM licence from its regulator. A formal announcement regarding the appointment of the Company's AIFM will be made in due course. At the time of writing and considering the information available, it seems to the Board that one of the principal consequences of this Directive may be initially to limit the access of Volta to certain assets which will be ineligible under AIFMD. Our Investment Manager believes that, over time, such limitation should not be significant once market participants have adapted their practices to the new set of financial regulations, including AIFMD, the EU Capital Requirements Directive IV ("CRD IV"), the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank").

We remain committed to transparency and continue to offer a high level of information on our Company's assets and investment strategy. In addition, over the semi-annual financial period, our Investment Manager had regular contacts with equity analysts in order to improve the coverage of the Company by the financial community and to help improve the liquidity of our shares. The Company appointed Liberum Capital as its broker with effect from 1 January 2014 in order to support dealing in its shares and contact with investors. We remain, as usual, available to address shareholders' questions via conference calls such as the one to be held after the release of this report.

TRANSACTIONS WITH RELATED PARTIES

For details of transactions between the Company, its Directors, the Investment Manager and other related parties, please refer to Note 20 within the condensed interim financial statements.

DIVIDEND

The Board of Volta decided to pay an interim dividend of €0.30 per share, which amounts to €10.9 million, for the semi-annual financial period ended 31 January 2014.

The Board has taken into consideration our Company's long-term objectives to seek to both preserve its capital and to pay a stable stream of dividends to its shareholders. The above interim dividend, represents approximately 8.1% of the end of period NAV on an annualised basis and has been determined by taking into account all relevant factors, including the strong positive performance for the semi-annual financial period ended 31 January 2014, the projected IRR of Volta's existing assets and the projected IRR range of 8.0% to 11.0% within which our Investment Manager anticipates being able to source new investments during the foreseeable future. For further details on the projected IRR of Volta's existing assets, please see Sections 1 and 4 of the Investment Manager's Report.

The payment of any dividend by our Company is subject to the satisfaction of a solvency test as required by the Companies (Guernsey) Law, 2008 (as amended). Shareholders will have the option of receiving the proposed dividend payment in either cash or Volta shares.

CHAIRMAN’S STATEMENT

OUTLOOK

At the time of writing, taking into account the proposed dividend payment as well as recent principal payments, our Company can be considered as having €10.0 million to €15.0 million to be invested. This reflects our Investment Manager’s view that, considering current uncertainties, the Company should take its time when reinvesting. Considering the spread compression that has occurred on many of the debt assets we own, our Investment Manager is considering selling some assets in order to re-invest the proceeds in assets that represent, at the time of purchase, better opportunities. Bearing in mind the expected maturity of our portfolio, re-investment of principal repayments or prepayments will become more sizeable in the coming years (€20.0 million to €25.0 million of principal can be expected to be prepaid or repaid during the next semi-annual financial period in addition to the receipt of interest and coupons).

In accordance with our Investment Manager’s advice, our Company intends to favour assets that are expected to have ongoing stable cash flows at the time of purchase. We expect that most of the investments will be into assets leveraging corporate credit exposures through CLO tranches and cash or synthetic bespoke transactions. However, investments in other areas, including structured mortgage loans, may also be considered.

JAMES GILLIGAN

Chairman

25 March 2014

INVESTMENT MANAGER'S REPORT

1. OVERVIEW

During the semi-annual financial period, Volta continued to invest predominantly in assets with corporate credit exposures and modestly increased cash flow generation from its assets.

The NAV of the Company increased from €246.3 million (€6.92 per share) to €270.1 million (€7.45 per share) over the semi-annual financial period and in the meantime the Company paid one dividend: €0.31 per share in December 2013. Per share, the semi-annual performance was 12.0%.

This strong performance is significantly above the projected annualised 10.0% average IRR[1] of the assets as at the beginning of the period. This reflects the ability of the manager to benefit from dynamics in structured finance markets. During the semi-annual period the turnover of the Company's portfolio significantly increased.

[1] The projected IRRs on Volta's assets referred to throughout this report are calculated based upon standard historical assumptions for factors such as projected default rates, projected recovery rates and projected prepayment rates. Consequently the projected IRRs do not take into account the difference in returns that might arise should such projections prove to be either pessimistic or optimistic. In addition, such IRRs take no account of the difference in returns that might be achieved through active management of the portfolio by the Investment Manager and/or active management by the underlying investment managers of Volta's assets.

GENERATION OF CASH FLOWS

Volta's assets generated €17.0 million of interest or coupons over the semi-annual financial period, representing an annualised rate of 13.8% of Volta's beginning of period NAV, compared to €16.3 million in the previous semi-annual financial period.

Volta should start seeing a decrease in the amount of interest and coupons to be received in the forthcoming semi-annual financial period due to the fact that two Corporate Credit Equity positions will have been reimbursed in the first quarter of 2014 and most of the CLO Equity positions from 2006 and 2007 vintages in the current portfolio have ended their reinvestment period and started seeing a decrease of their quarterly payments. Considering this, under reasonable assumptions, interest and coupons for the forthcoming semi-annual period are expected to be close to between €14.0 million to €15.0 million.

VOLTA HAS BEEN ABLE TO INVEST IN ASSETS WITH AN EXPECTED IRR OF 8.8%

- **During the semi-annual financial period Volta purchased the equivalent of €44.6 million in investments (€48.1 million of principal), sold the equivalent of €36.1 million of assets and received some principal amounts through partial or full redemption of principal amounts for the equivalent of €14.4 million** (these figures include €10.7 million that was committed to two tranches of a new USD CLO issued in December 2013 and aggregate sale proceeds of €5.6 million receivable from the sale of three assets, all of which were not yet settled as at 31 January 2014). This latter amount is expected to increase to €15.0 million to €25.0 million for the forthcoming semi-annual financial period, depending upon the occurrence of early prepayments.
- **Under standard and reasonable assumptions made at the time of purchase, the average expected IRR of Volta's purchases made during the semi-annual financial period was 8.8%.**

Given current market conditions, we expect that Volta will be able to continue purchasing assets with projected IRRs in the 8.0% to 11.0% area for the forthcoming periods.

Over the semi-annual period, Volta diversified its investments through eleven different investments. Assets exposed to underlying corporate credits represented 100% of purchases.

For all investments in debt assets, under a reasonable default scenario run at the time of purchase, full principal payment was expected at maturity. This assumption is still valid at the time of writing.

INVESTMENT MANAGER'S REPORT

THE NAV OF THE COMPANY SIGNIFICANTLY INCREASED THANKS TO ACTIVE PORTFOLIO MANAGEMENT AND A SUPPORTIVE CREDIT MARKET ENVIRONMENT

During the semi-annual financial period, Volta's NAV increased from €246.3 million, or €6.92 per share, at the end of July 2013 to €270.1 million, or €7.45 per share, at the end of January 2014.

This strong performance, in addition to the €0.31 per share dividend payment made during the semi-annual financial period, is in line with the good fundamentals of Volta's assets.

The Company significantly increased its turnover, selling assets yielding below 5.0% to 6.0% in order to invest in assets yielding at least 8.0%. The Investment Manager handles mandates ranging from low risk/low return profiles to high single digit/low double digit return profiles and, as a result, is well placed to understand the dynamics of structured finance markets. Volta benefited from this experience in the semi-annual period under review, generating a performance well ahead of the projected IRR of its own assets.

According to various default scenarios (detailed in Section 4 below) linked to the ratings of the underlying portfolios, it can be considered that **Volta's end of January 2014 NAV is in line with an average projected IRR close to 8.0%. This figure does not take into account the callable characteristics of roughly 50% of Volta's assets and is based upon the assumption that underlying portfolios are going to suffer defaults at an average historical pace (on average this assumption proved to be pessimistic for the previous six to seven years for Volta's assets).**

For years, structured finance assets were priced with excessive caution following the blow up of subprime assets and the severe financial stress that followed the bankruptcy of Lehman Brothers. At the end of January 2014 we consider that we are roughly back to "normal" conditions even if there remain some very good opportunities in Structured Finance relative to traditional credit markets.

NEAR-TERM EXPECTATIONS

At the end of the semi-annual financial period, the prevailing situations in Europe and in the US significantly converged. Twelve-month rolling default rates for US-based corporate entities continued to be slightly below historical levels, whilst those for European high yield names decreased towards historical average levels. At the time of writing, rating agencies and most market participants anticipate that such a situation could continue for a few years, forecasting default rates for European speculative names at approximately 1.0% to 2.0% above the respective US forecasts. Considering the respective economic situations, this assumption seems reasonable. Despite this difference in projected pace of defaults, the difference in the way the market prices USD and euro comparable deals tended to vanish during the last six months. The Investment Manager has already sold some of its European positions to reinvest in dollar-positions. This can be expected to be repeated in the coming semi-annual period if euro and USD deals continue trading so closely.

At the end of January 2014, Volta had approximately 9.0% of its NAV in cash in order to be able to seize opportunities in an environment that can be judged to be volatile considering current levels of credit markets and the mounting uncertainties coming from emerging countries and Eastern Europe.

Given the current economic and financial situation, the Board has instructed the Investment Manager to focus on two main objectives for the coming semi-annual financial period:

- maintain the expected cash flows from the Company's investments through various asset switches whilst considering the diversity of assets held by the Company; and
- re-invest the on-going cash flows generated by the portfolio in order to pursue yield and diversification whilst maintaining the asset base and keeping in mind the need to finance future dividend payments.

An indication of important events that have occurred since the end of the semi-annual financial period is provided in Note 22 within the financial statements.

INVESTMENT MANAGER'S REPORT

PAST PERFORMANCE

As a listed company investing mainly in US dollar and euro corporate assets, Volta's performance can be compared with both equity and high yield bonds indices. As of the end of January 2014 the performance was as follows[1]:

	1 year	2 years	3 years	5 years
	%	%	%	%
GAV performance (including cash dividend payments)	23.9	91.6	99.1	399.5
Share performance (including cash dividends)*	18.2	110.6	107.7	1,960.0
Share performance (dividends re-invested in the share)*	**18.7**	**119.8**	**130.1**	**2,858.3**
S&P 500 (dividends re-invested in shares)*	21.5	41.9	47.9	135.0
MSCI Euro (dividends re-invested in shares)*	17.5	39.4	21.7	78.4
US High Yield Bonds (H0A0 index on Bloomberg)	6.7	21.6	27.9	109.6
European High Yield Bonds (HE00 index on Bloomberg)	9.8	36.2	32.0	133.1

* Figures given by Bloomberg using the TRA function.

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

Overall, since Volta's launch in December 2006, the performance of an investor re-investing their dividend in the Company's shares (9.9% annualised return as at 31 January 2014 since launch) can be favourably compared to the average performance of the large equity indices and the high yield bond indices referenced in the table above. Because structured finance assets were the hardest and the first to be hit in 2007/2008, the performance of Volta shares over the last five years has been very strong, thanks to its re-investment programme and the deep discount Volta shares traded at during the height of the crisis.

As a result of the significant performance of Volta's assets over the latest semi-annual period and over the last three years, the Investment Manager will receive €2.3 million of Performance Fees for the semi-annual period ended on 31 January 2014, as the performance is above the required performance threshold. Performance Fees are based on the performance of the assets, as measured by the NAV and depend upon semi-annual and tri-annual performance measures (for more detail on the calculation of Performance Fees please refer to Note 20 of the financial statements).

GENERAL OUTLOOK

When conducting the investment strategy during the semi-annual financial period under review, the Company pursued the following objectives:

- to maintain a high level of diversification of its portfolio (85 assets at the beginning of the semi-annual financial period, 85 assets at the end of the period) with investments mainly exposed to corporate credit underlying risk through various formats (CLO/ synthetic and cash structures);
- to protect the principal amount of Volta's assets;
- to maintain the stability of on-going interest and coupons received by the Company at a significant level; and
- to maintain a level of expected return in line with the Company's objectives.

At the time of writing it appears that discount margins of structured finance assets have almost normalised from historically high levels. As in the past, Volta should be well placed to exploit such a situation given the experience of the Investment Manager in sourcing assets, its few constraints in terms of ratings and its limited liabilities. At the time of writing, market practices in structured finance are still evolving in relation to regulatory changes. For the moment this creates some limits in terms of investment, especially when considering US investments, and we expect that market practices will continue to adapt in order to reduce these limitations.

Volta is a diversified investment vehicle, investing mostly in underlying corporate credit positions but also in other areas having underlying exposures to SME lending or household lending. Volta will continue to be a diversified vehicle, investing in areas where we perceive the best relative value lies.

A description of the principal risks and uncertainties that the Company faces is provided in the Corporate Summary and in Note 19 within the financial statements.

INVESTMENT MANAGER'S REPORT

2. INVESTMENTS

In line with previous semi-annual financial periods, thanks to the attractive level of discount margins during the semi-annual financial period on mezzanine tranches of structured finance assets and to the necessity for banks to limit regulatory capital requirements we were able to purchase assets in various formats for Volta. The Company purchased eleven different assets for a total of the equivalent of €44.6 million (including two December transactions that settled on 6 February 2014) over the course of the semi-annual financial period ended 31 January 2014, with an expected average IRR of 8.8%.

- €29.7 million was used to purchase 8 CLO Debt tranches.
- €14.9 million was invested in three CLO Equity tranches.

During the semi-annual financial period, Volta sold €36.1 million of assets. The rationale behind these sales was to improve Volta's capability to generate cash flows through re-investment in higher yielding assets or to reduce the exposure to some specific assets (mostly exposures to EUR CLO Debt tranches).

In addition to re-investments made during the semi-annual financial period, important variations in the relative performance of asset classes have also changed the Company's asset allocation since 31 July 2013.

All of the investment portfolio information presented in the remainder of this report takes into account €10.7 million that was committed to subscribe for two tranches of a new USD CLO issued in December 2013 and €5.6 million receivable from the sale of three assets, all of which were not yet settled as at 31 January 2014, the net amount of €5.1 million payable being excluded from cash.

Table 1 – Volta Finance asset allocation based on mark-to-market prices (based on GAV)*

Main asset class	Sub-classification	31 July 2013 %	31 January 2014 %
CLO	USD Equity tranches	14.6	15.9
	EUR Equity tranches	3.2	3.8
	USD Debt tranches	21.9	22.9
	EUR Debt tranches	22.6	22.5
Synthetic Corporate Credit	Equity tranches	6.1	3.1
	Debt tranches	8.6	2.4
	Bank Balance Sheet transactions	7.8	6.3
Cash Corporate Credit	Equity tranches	4.2	3.7
	Debt tranches	1.4	1.2
ABS	Mortgage Residual positions	6.5	6.9
	Debt tranches	1.4	2.2
Cash		1.7	9.0

* GAV of €247.1 million reported as at 31 July 2013 and GAV of €274.3 million reported as at 31 January 2014. The valuation of each asset class takes into account the valuation of the individual assets and of the derivatives hedging the asset class. Figures may not precisely add up to 100% due to rounding.

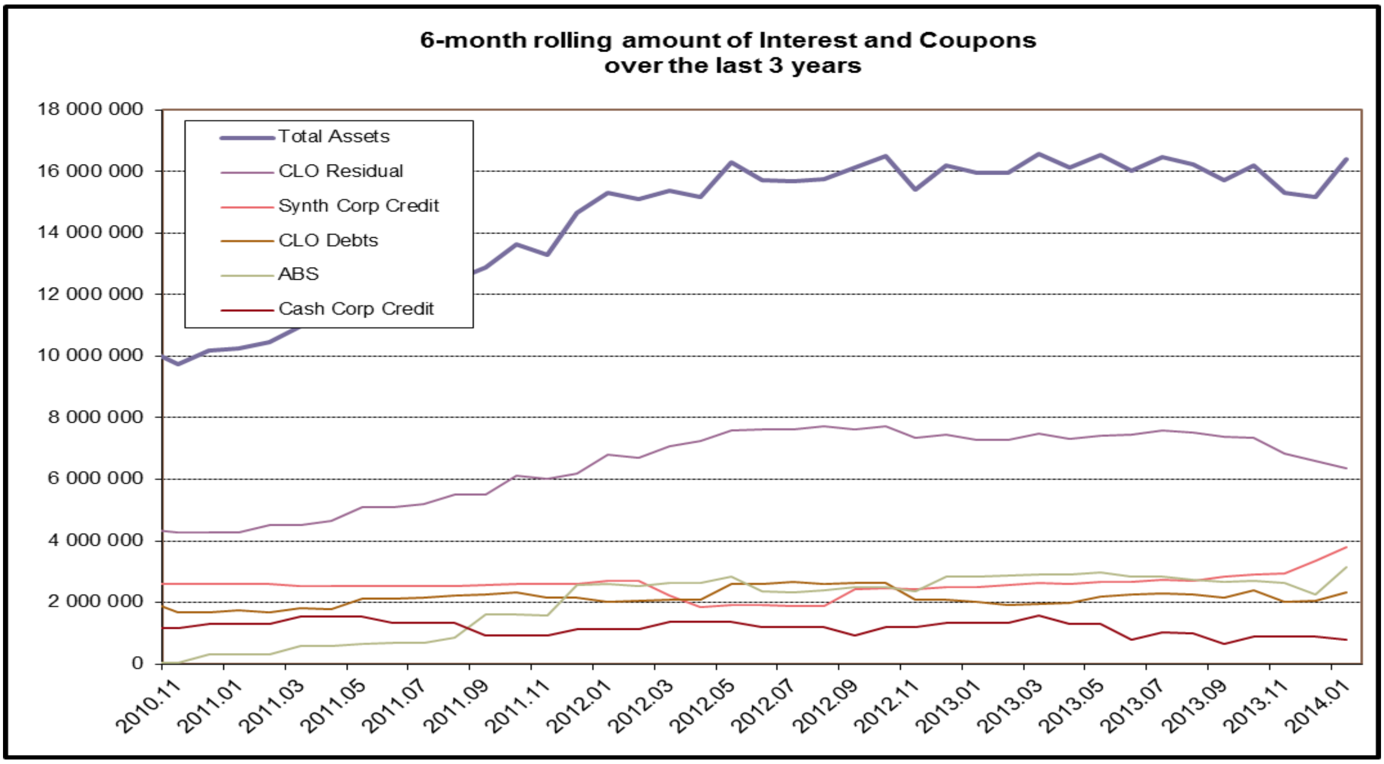
3. INVESTMENT PORTFOLIO

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

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

INVESTMENT MANAGER'S REPORT

Almost half of the cash flows generated by Volta's assets were from the CLO Equity positions:



This situation is expected to continue for the coming semi-annual financial period, even if we expect the amount of interest and coupons collected by the Company to stabilise at close to between €14.0 million to €15.0 million for the forthcoming semi-annual period, considering the expected decrease in payments coming from old vintage CLO equity positions and the maturing of two corporate Credit Equity positions.

CLO

All the positions in this asset class are equity or debt tranches of CLOs.

EQUITY TRANCHES OF CLO

As at 31 January 2014 the Company held 15 positions (including the latest position traded at the end of December but not yet settled) in equity tranches of loan portfolios:

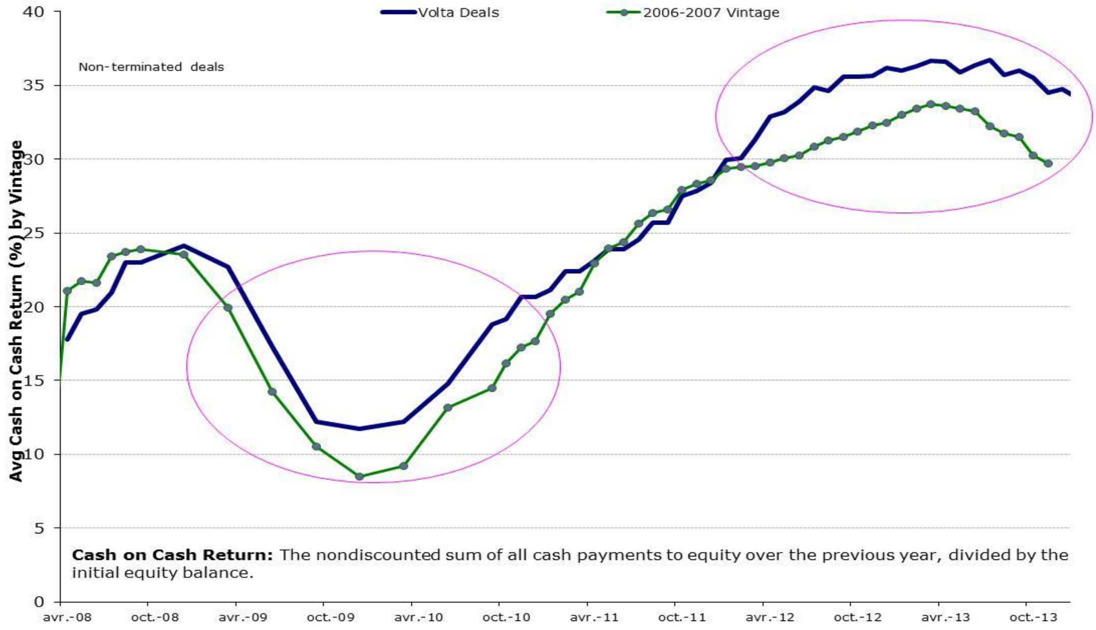
- thirteen classic equity tranches of CLOs (equity tranches typically represent between 8% and 12% of the capital structure of the deal and give access to an eight to twelve times leverage to the excess cash flows of the structure) including two tranches of recently issued CLOs; and
- two positions in two structured vehicles (Prelude and Opera) managed by AXA IM Paris that give access to the payments of more than 35 different CLO Equity positions.

PERMANENCE OF STRONG PAYMENTS FROM RESIDUAL TRANCHES OF CLO

During the semi-annual financial period, the residual tranches of CLO held by Volta generated €6.7 million of cash flows.

The eight classic US dollar residual positions held since early/mid 2007 continued to out-perform comparable assets, generating cash on cash payments close to an annual yield of 35% of their original principal amount.

INVESTMENT MANAGER'S REPORT



Source: Moody's Equity Score Report, 11/2012 & Volta Finance Ltd

This chart illustrates the added value of the investment manager when selecting CLO equity tranches.

CLOs, being term leveraged structures at a fixed margin, can generate more excess payments through re-investments when markets are under stress than under normal circumstances. This is what happened after 2009: effective cash flows available for the owner of the residual positions have increased by more than 50% throughout the crisis as a result of the significant increase of the weighted average spread of the underlying portfolios. This is also a consequence of the zero interest rate policy ("ZIRP") conducted by the US Federal Reserve to limit spread compression.

A residual position on a CLO also gives access to the amount that remains in the structure once the debt tranches are paid back (at maturity if the normal process of deleveraging the structure takes place, sooner if the deal is called by the residual holders). It can be possible to measure the principal amount of the underlying loan portfolios (defaulted loans are valued at their market value) that exceeds the principal amount of the outstanding CLO debt tranches at any point in time. This remaining principal amount is used in Section 6 of this IMR to measure the asset base of the Company.

All of the positions in this bucket are negatively exposed to an increase in default rates or in the percentage of assets rated CCC or below and to a significant decrease in underlying loan prices. Except for the two positions in recently issued CLOs, CLO Equity positions benefit from a historically cheap cost of leverage, locked in before the 2008 crisis, and also benefit from some of their intrinsic features, mainly the ability to re-invest diverted amounts and prepayments.

INVESTMENT MANAGER'S REPORT

TABLE 2 – LIST OF CLO EQUITY HOLDINGS AS AT 31 JANUARY 2014

Issuer	% GAV	Main Asset Class	Sub Classification	Description of underlying asset	Manager/Servicer	Principal geographical exposure	ISIN	Arranging Institution
BLACK DIAMOND 2013-1 BLACK 2013-1 SUB	3.39	CLO	Equity	Broadly syndicated loans	Black Diamond Capital Management LLC	USA	USG11476AB76	Natixis
NORTHWOODS CAPITAL LIMITED	2.75	CLO	Equity	Broadly syndicated loans	Angelo Gordon	USA	USG6666RAB18	JP Morgan
WASATCH CLO LTD	1.97	CLO	Equity	Broadly syndicated loans	Invesco	USA	USG94608AB57	JP Morgan
CARLYLE HY PART IX	1.79	CLO	Equity	Broadly syndicated loans	Carlyle	USA	KYG1908R1048	Lehman Brothers
GOLDEN TREE LOAN OPPORTUNITIES	1.74	CLO	Equity	Broadly syndicated loans	Golden Tree	USA	USG39607AC37	Deutsche Bank
BATALLION CLO LT-EQUITY	1.51	CLO	Equity	Broadly syndicated loans	Brigade Capital Management	USA	USG08887AA27	Deutsche Bank
ARESE 2013-6 - Sub	1.42	CLO	Equity	Broadly syndicated loans	Arese Europe	Europe	XS0951556850	Credit Suisse
SANDS POINT FUNDING LTD	1.15	CLO	Equity	Middle market loans	Guggenheim	USA	USG7800DAA93	Deutsche Bank
OAK HILL EUROPEAN CREDIT PARTNERS PLC	1.07	CLO	Equity	Broadly syndicated loans	Oak Hill	Europe non-UK	XS0300349700	Deutsche Bank
LIGHTPOINT PAN EUROPEAN CLO PLC	0.73	CLO	Equity	Broadly syndicated loans	Neuberger Berman	Europe	XS0282169803	Credit Suisse
Opera Structured Credit	0.60	CLO	Equity	Broadly syndicated loans	AXA IM Paris	USA	XS0244258272	UBS
PRELUDE	0.50	CLO	Equity	Broadly syndicated loans	AXA IM Paris	USA	XS0213954802	Wachovia Bank N.A.
LIGHTPOINT CLO V, LTD	0.50	CLO	Equity	Broadly syndicated loans	Neuberger Berman	USA	USG5487GAG31	Credit Suisse
GALAXY VII CLO LTD	0.48	CLO	Equity	Broadly syndicated loans	AIG	USA	USG25796AB20	Morgan Stanley
Denali Capital V	0.12	CLO	Equity	Broadly syndicated loans	Denali Capital LLC	USA	US24821MAB46	JP Morgan

Table 2 of the Investment Manager's Report forms an integral part of the financial statements. Refer to Note 19.

DEBT TRANCHES OF CLOS

As at 31 January 2014, the Company held 43 positions in debt tranches of CLOs accounting for 45.4% of Volta's end-of-period GAV. The investments in debt tranches of CLOs have predominantly been in tranches initially rated between BB (second loss position) and BBB (generally third loss position).

These positions were purchased between March 2008 and January 2014. Each asset, at the time of purchase, was expected to repay its principal in full at maturity and should be able to sustain a certain level of stress. Depending on the ability to find opportunities in the market and on the timing of the purchases, the Company has been able to purchase assets with different levels of initial subordination and IRR. On average, the projected IRR of these assets was slightly above 7.0% at the end of January 2014 under our base case scenario.

This projected IRR does not take into account the callable nature of these tranches. These tranches are on average priced below par (95.0% of par for the USD ones, 93.0% for the euro ones as of the end of January 2014), a shortening of the projected maturity caused by a call at par would increase the projected return on these assets.

These positions, as for the residual holdings, have cash flows that are sensitive to the level of defaults and to the percentage of assets rated CCC or lower in the underlying loan portfolio. Nevertheless, these tranches are structured to be able to absorb a higher level of defaults in the underlying loans portfolio than residual holdings, given their second, third and even higher loss ranking.

As at the end of the semi-annual financial period, all 43 debt tranches of CLOs were paying their coupons.

INVESTMENT MANAGER'S REPORT

TABLE 3 – LIST OF CLO DEBT HOLDINGS AS AT 31 JANUARY 2014

Issuer	% GAV	Main Asset Class	Sub Classification	Description of underlying asset	Manager/Servicer	Principal geographical exposure	ISIN	Arranging Institution
ADAGIO III CLO – E -BB debt	2.50	CLO	Debt	Broadly syndicated loans	Axa Investment Managers Paris	Europe non-UK	XS0262683971	Lehman Brothers
Richmond Park CLO D	2.38	CLO	Debt	Broadly syndicated loans	GSO Blackstone	EUR	XS1000874302	Citigroup
OAK HILL EUROPEAN CREDIT PARTNERS PLC	2.08	CLO	Debt	Broadly syndicated loans	Oak Hill	Europe non-UK	XS0300349379	Deutsche Bank
BATALLION CLO LTD – E - BB debt	2.03	CLO	Debt	Broadly syndicated loans	Brigade Capital Management	USA	USG08889AF79	Deutsche Bank
Acas CLO 2013-1 - E - BB Debt	2.03	CLO	Debt	Broadly syndicated loans	ACAM	USA	USG0067AAA81	Deutsche Bank
CIFC 2007-2 D	1.76	CLO	Debt	Broadly syndicated loans	CIFC	USA	USG21899AA00	JP Morgan
CHEYNE CREDIT OPP. DO – BBB debt	1.75	CLO	Debt	Broadly syndicated loans	Nomura	Europe non-UK	XS0243225728	Cheyne Capital Management Ltd
VENTR 2006-7X D	1.71	CLO	Debt	Broadly syndicated loans	MJX	USA	USG9335NAE97	Wachovia Bank, N.A.
CIFC 2006-2X - BB Debt	1.70	CLO	Debt	Broadly syndicated loans	CIMC	USA	XS0279835614	Bear Stearns & Co Inc
Arese 2013-6 - E - BB	1.39	CLO	Debt	Broadly syndicated loans	Arese Europe	Europe non-UK	XS0951555530	Credit Suisse
ORYX 1X – D – BBB debt	1.37	CLO	Debt	Broadly syndicated loans	AXA IM	Europe non-UK	XS0230415373	UBS
JUBIL1 R- D - BBB Debt	1.33	CLO	Debt	Broadly syndicated loans	Alcentra	Europe non-UK	XS0292633533	JP Morgan
EuroGalaxy 2013 - 3 - E - BB	1.33	CLO	Debt	Broadly syndicated loans	Pinnebridge (aka AIG)	Europe non-UK	XS0996455472	Barclays Capital
Madison Park Funding E - BB debt	1.27	CLO	Debt	Broadly syndicated loans	Credit Suisse Alternative Capital	USA	USG5744QAA34	Merrill Lynch
Limerock 1A – D – BB Debt	1.19	CLO	Debt	Broadly syndicated loans	Invesco	USA	US532623AH83	Credit Suisse
Regatta Funding 2007-1X - B1L - BBB Debt	1.06	CLO	Debt	Broadly syndicated loans	Citi Capital Advisor	USA	USG7476XAF71	Bear Stearns
LightPoint CLO V – C – BBB Debt	1.02	CLO	Debt	Broadly syndicated loans	Neuberger Berman	USA	USG5487GAD00	Credit Suisse
EGLXY 2006-1 D - BBB - Debt	1.00	CLO	Debt	Broadly syndicated loans	Pinnebridge (aka AIG)	Europe non-UK	XS0264791855	Morgan Stanley
CORDATUS CLO II P.L.C.	0.97	CLO	Debt	Broadly syndicated loans	CVC	Europe non-UK	XS0304113235	RBS
Venture IX VENTR 2007-9 E	0.95	CLO	Debt	Broadly syndicated loans	MJX	USA	USG93352AA33	Morgan Stanley
Centurion 10 – E - BB debt	0.94	CLO	Debt	Broadly syndicated loans	River Source Investments LLC	USA	US15132PAA12	Morgan Stanley
CELF 2005-2 D - BBB Debt	0.94	CLO	Debt	Broadly syndicated loans	Carlyle Europe	Europe non-UK	XS0233121234	JP Morgan
Carlyle GMSE 1X - E - BB	0.92	CLO	Debt	Broadly syndicated loans	Carlyle	Europe non-UK	XS0941552407	Barclays Capital
ADAGIO III-X - D - BBB debt	0.92	CLO	Debt	Broadly syndicated loans	Axa Investment Managers Paris	Europe non-UK	XS0262683203	Lehman Brothers

INVESTMENT MANAGER'S REPORT

TABLE 3 – LIST OF CLO DEBT HOLDINGS AS AT 31 JANUARY 2014 (CONTINUED)

Issuer	% GAV	Main Asset Class	Sub Classification	Description of underlying asset	Manager/Servicer	Principal geographical exposure	ISIN	Arranging Institution
BlackDiamond 2012 - D - BB Debt	0.91	CLO	Debt	Broadly syndicated loans	Black Diamond Capital Management LLC	USA	USG1146TAA00	Crédit Suisse
LAURELIN – D1 – BBB debt	0.89	CLO	Debt	Broadly syndicated loans	Golden Tree Asset Management LP	Europe non-UK	XS0305010711	Barclays Capital
SIERA 2006-2X - B2L - BB Debt	0.88	CLO	Debt	Broadly syndicated loans	Apidos Capital Management	USA	XS0276546065	Bear Stearns
DUANE STREET CLO – D1 - BBB debt	0.88	CLO	Debt	Broadly syndicated loans	Citi Capital Advisor	USA	US26358BAL27	Morgan Stanley
EURO GALAXY CLO BV – E – BB debt	0.84	CLO	Debt	Broadly syndicated loans	AIG Global Investments	Europe non-UK	US29871UAG31	Morgan Stanley
ACAS C 2012 1X - E - BB Debt	0.81	CLO	Debt	Broadly syndicated loans	ACAM	USA	USG00669AA28	Deutsche Bank
Tara Hill 1X - III - BBB Debt	0.78	CLO	Debt	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0122499931	Morgan Stanley
Black Diamond 2006 1X - E - BB debt	0.68	CLO	Debt	Broadly syndicated loans	Black Diamond Capital Management LLC	USA	XS0282504280	Bear Stearns
BLACK DIAMOND 2013-1 - D - BB debt	0.52	CLO	Debt	Broadly syndicated loans	Black Diamond Capital Management LLC	USA	USG11476AA93	Natixis
Acas CLO 2013-1 - F - B debt	0.52	CLO	Debt	Broadly syndicated loans	ACAM	USA	USG0067AAB64	Deutsche Bank
Duane Street 2006-3X - E - BB	0.52	CLO	Debt	Broadly syndicated loans	Citi Capital Advisor	USA	USG29281AA33	Morgan Stanley
ADAGIO II CLO – D1 - BBB debt	0.48	CLO	Debt	Broadly syndicated loans	Axa Investment Managers Paris	Europe non-UK	XS0237058424	Merrill Lynch International
GALAXY VIII CLO LTD – E – BB debt	0.46	CLO	Debt	Broadly syndicated loans	AIG	USA	US36317KAA51	Morgan Stanley
Tara Hill 1X - IV - BB debt	0.43	CLO	Debt	Broadly syndicated loans	AIB Capital Markets plc	Europe non-UK	XS0122500027	Morgan Stanley
Apidos CDO - E - BB debt	0.39	CLO	Debt	Broadly syndicated loans	Apidos Capital Management	USA	US03761NAA00	Morgan Stanley
Century CDO 2007 – C - BBB debt	0.32	CLO	Debt	Broadly syndicated loans	Lightpoint	USA	US15134UAA88	Credit Suisse
Leopard CLO BV – BB debt	0.22	CLO	Debt	Broadly syndicated loans	M&G Investment Management Ltd	Europe non-UK	XS0251752472	RBS
Octagon IP XI – D - BB debt	0.19	CLO	Debt	Broadly syndicated loans	Octagon Investment Partners	USA	USG67245AF09	Citigroup / GS
BLACK DIAMOND CLO - 2005-2X E1 - BB debt	0.16	CLO	Debt	Broadly syndicated loans	Black Diamond Capital Management LLC	USA	XS0232465202	Bear Stearns

Table 3 of the Investment Manager's Report forms an integral part of the financial statements. Please refer to Note 19.

INVESTMENT MANAGER'S REPORT

SYNTHETIC CORPORATE CREDIT DEALS

The Company invests in the equivalent of first loss or junior second loss investment exposures to diversified portfolios of investment grade and sub-investment grade CDS (predominantly CDS on corporate entities).

During the semi-annual financial period under review the Company entered into no new positions in this bucket. During the period, one first loss position (ARIA III) matured and two debt positions were sold at a projected IRR close to 3.0%.

As at 31 January 2014, the exposure to Synthetic Corporate Credits deals comprised ten investments representing 11.8% of the end-of-period GAV. Six of these (BCOF, Caravela3, Aquarius, Jazz III EUR and USD residual positions, Alpine Taurus and Clock) are first loss positions in credit portfolios, whilst the others are senior or mezzanine debt tranches of corporate credit portfolios benefiting from subordination to potential defaults.

TABLE 4 – LIST OF SYNTHETIC CORPORATE CREDIT HOLDINGS AS AT 31 JANUARY 2014

Issuer	% GAV	Main Asset Class	Sub Classification	Description of underlying asset	Manager/Servicer	Principal geographical exposure	ISIN	Arranging Institution
JAZZ III CDO (IRELAND) P.L.C.	3.05	Synthetic Corporate Credit	Equity	Majority investment grade corporate credit	Axa Investment Managers Paris	USA	XS0263617374 / XS0263615675	Merrill Lynch International
Bank Capital Opportunity Fund	2.01	Synthetic Corporate Credit	Bank Balance Sheet	Majority investment grade corporate credit	Axa Investment Managers Paris	Europe non-UK	LU0648070216	AXA IMP
CARAVELA 3	1.70	Synthetic Corporate Credit	Bank Balance Sheet	SME Loans	European Bank	Europe non-UK	XS0945192762	StormHarbour
Dryden XVII - Junior AAA Debt	1.07	Synthetic Corporate Credit	Debt	Majority investment grade corporate credit	Prudential IM	USA	USG7546RAP40	UBS
Clock 2013	0.94	Synthetic Corporate Credit	Bank Balance Sheet	Majority investment grade corporate credit	Major European Bank	Europe non-UK	XS0908245037	Major European Bank
Corsair 06/30/2014	0.88	Synthetic Corporate Credit	Debt	Majority investment grade corporate credit	JP Morgan	USA	XS0280348573	JP Morgan
Alpine-Taurus	0.84	Synthetic Corporate Credit	Bank Balance Sheet	Majority investment grade corporate credit	Major European Bank	Europe non-UK	XS0791159758	Major European Bank
Aquarius	0.80	Synthetic Corporate Credit	Bank Balance Sheet	Majority investment grade corporate credit	Major European Bank	USA	XS0870021366	Major European Bank
JAZZ III CDO (IRELAND) P.L.C. – CA - A debt	0.34	Synthetic Corporate Credit	Debt	Majority investment grade corporate credit	AXA Investment Managers Paris	USA	XS0262646697	Merrill Lynch International
Start 2010-6X A	0.14	Synthetic Corporate Credit	Debt	Majority investment grade corporate credit	Standard Chartered	USA	XS0562803758	Standard Chartered

More details are given regarding projected IRR on these assets in Section 4 of this report.

As illustrated above, the five Bank Balance Sheet positions are first loss positions and their remaining principal and coupons are sensitive to any future defaults.[2]

The equity positions in Jazz III are expected to be reimbursed in March 2014.

The debt positions in the Synthetic Corporate Credit asset class had, at the end of the period, a level of subordination such that they were expected by the Company to pay all their coupons and their full principal.[2]

[2] The paragraphs annotated above and Table 4 of the Investment Manager's Report form an integral part of the financial statements. Please refer to Note 19.

INVESTMENT MANAGER'S REPORT

CASH CORPORATE CREDIT TRANSACTIONS

There are three transactions in this bucket:

— ICE, an original AA tranche of a CDO of credit positions from emerging countries;

— Tennenbaum, a loan fund with low leverage. Tennenbaum, the fund's investment manager, reduced leverage before and during the financial crisis and tends to manage the portfolio so as to take advantage of the various investment opportunities that were allowed by the very nature of the fund. For example, this fund can invest in debtor-in-possession or bankruptcy exit loans, or even take equity ownership when loans default; and

— Promise Mobility, a first loss position on a highly diversified portfolio (more than 1,000 positions according to the latest report) of loans made to German SMEs. Projected losses were recognised on this deal at the end of July 2011 considering the significant increase in defaults that occurred in June 2011 as well as the poor record in terms of recovery. Since then a second but more modest set of events occurred in June 2012 that negatively affected the situation slightly. Volta sold one-third of the position in April 2013. Since its purchase, in December 2006, this asset has paid cash flows representing 89.1% of the amount invested.

TABLE 5 – LIST OF CASH CORPORATE CREDIT TRANSACTIONS AS AT 31 JANUARY 2014

Issuer	% GAV	Main Asset Class	Sub Classification	Description of underlying asset	Manager/Servicer	Principal geographical exposure	ISIN	Arranging Institution
TENNENBAUM OPPORTUNITIES FUND V	3.00	Cash Corporate Credit	Equity (Fund)	High yield bonds and loans	Tennenbaum Capital Partners, LLC	USA	NA	Wachovia Bank, N.A.
ICE 1 Emerg CLO- A3 – AA Debt	1.23	Cash Corporate Credit	Debt	Corporate Emerging Debt	ICE Canyon LLC	Other	USG4746PAD09	CitiGroup
PROMISE MOBILITY 2006-1	0.74	Cash Corporate Credit	Equity	German SME Loans	IKB	Europe non-UK	DE000A0LDYP7	Deutsche Bank

Table 5 of the Investment Manager's Report forms an integral part of the financial statements. Please refer to Note 19.

ABS

As at 31 January 2014, the Company had seven positions in this asset class: five residual income positions backed by UK non-conforming residential loans, a debt tranche of ABS CDOs (Pangaea) and a position in a US ABS fund (St Bernard).

The five UK non-conforming residual positions have seen their values revised upwardly during the semi-annual financial period as they continued to pay, in aggregate, growing cash flows and as it became more likely that such cash flows might continue for some time. In aggregate, these five positions were valued at €18.9m at the end of January 2014 against €13.4 million at the end of July 2013, whilst they generated €3.2 million of cash flows during the semi-annual financial period. There is a possibility that further upward revisions in the value of these five assets could materialise in the coming periods considering the fact that cash flows received from these assets remain high relative to their current value and if it is confirmed that some market participants are able to purchase these or similar assets using more favourable assumptions. The cash flows from these assets are the result of monthly payments from mortgagers that have, on average, significant arrears of payments and real difficulties when having to make these payments. Hence cash flows received on these assets are highly sensitive to the economic situation of these non-conforming mortgagers, the UK monetary policy and to incentives from the UK government to favour indulgence from trustees regarding arrears of payments.

INVESTMENT MANAGER'S REPORT

TABLE 6 – LIST OF ABS HOLDINGS AS AT 31 JANUARY 2014

Issuer	% GAV	Main Asset Class	Sub Classification	Description of underlying asset	Manager/Servicer	Principal geographical exposure	ISIN	Arranging Institution
ALBA 2007-1 PLC	2.22	ABS	Residual	UK non-conforming RMBS	Oakwood	United Kingdom	XS0301709621	Credit Suisse
ALBA 2006-2 PLC	1.88	ABS	Residual	UK non-conforming RMBS	Oakwood	United Kingdom	XS0271780651	Credit Suisse
NEWGATE FUNDING PLC 2006-2	1.37	ABS	Residual	UK non-conforming RMBS	Mortgage Plc	United Kingdom	XS0259286101	Merrill Lynch International
St Bernard Opportunity Fund	1.17	ABS	Debt (Fund)	US Mortgages	Axa Investment Managers Paris	USA	QS0002021030	NA
PGAEA 2007 - 1A - AAA Debt	1.08	ABS	Debt	European ABS	Investec	Europe non-UK	XS0287257280	Bear Stearns
EUROSAIL 2006-1 PLC	1.05	ABS	Residual	UK non-conforming RMBS	SPML	United Kingdom	XS0254441081	Lehman Brothers
ALBA 2006-1 PLC	0.38	ABS	Residual	UK non-conforming RMBS	Oakwood	United Kingdom	XS0255043050	Credit Suisse

Table 6 of the Investment Manager's Report forms an integral part of the financial statements. Please refer to Note 19.

4. UNDERSTANDING THE GAV OF THE COMPANY

According to Volta's valuation policy, the GAV is calculated using prices received from banks or brokers for assets representing 74.0% of Volta's GAV. The exceptions are Promise Mobility and the UK non-conforming positions which are model-based using a discount rate of 12.0% or 10.0% on projected cash flows, and Tennenbaum, Bank Capital Opportunity Fund and St Bernard Opportunity Fund, each of which is a fund that is valued using the reported value of its underlying assets.

In order to give shareholders an understandable and comparable perspective regarding Volta's asset valuations, a grid of projected returns has been provided for Volta's assets where there are standard analytical tools that permit linking the prices to simple underlying assumptions (mainly the expected level of default and recovery of underlying assets). In line with market practice, the WARF of the underlying portfolios has been considered as the standard measure of the probability of default.

In order to generate a range of scenarios, for assets for which it makes sense, WARFs have been multiplied by 1.0 (standard scenario), 1.5 (stressed scenario) and 2.0 times (highly stressed scenario) to give shareholders an idea of how Volta's assets might behave when considering defaults at a higher rate than the standard measure. Other assumptions included a constant prepayment rate of 20.0% for European loans, a constant prepayment rate of 35.0% for US loans, a recovery rate of 70.0% for loans and a recovery rate of 30.0% for Corporate Credit exposures. For the UK non-conforming scenario, a simple stress has been performed that is to consider the result of an increase of 25.0% of the loss given default.

To illustrate these scenarios, constant annual default rates have been simulated for the underlying loans portfolio of Volta's CLO positions, on average, at 2.8% [(WARF), 4.2% (1.5 x WARF) and 5.6% (2.0 x WARF)]. These three figures are greater than the average default rate for these deals during the recent years (including the 2008/2009 crisis).

Thus, for all Volta's assets, except Tennenbaum, Promise Mobility, St Bernard Opportunity Fund, Pangaea and ICE 1, it has been possible to generate projected cash flows and IRR (Internal Rate of Return considering the end of January 2014 valuation and projected cash flows) under these scenarios using appropriate tools (for example, Intex for CLOs). These simulations concerned assets representing €229.8 million or 92.0% of Volta's assets excluding cash at the end of January 2014.

INVESTMENT MANAGER'S REPORT

TABLE 7 – STANDARD PROJECTED IRR ON CLASSIC CORPORATE DEALS*

					Projected IRR		
	Par amount (€ million)	Remaining Principal (€ million)	Mark to Market Value (€ million)	Average Price %	Standard Scenario %	Stressed Scenario %	Highly stressed Scenario %
Synthetic Corporate Credit Equity**	11.1	8.7	8.4	75.6	15.0	15.0	15.0
Synthetic Corporate Credit - Bank Balance Sheet Transactions***	16.3	16.3	17.3	105.9	7.9	5.9	4.0
Synthetic Corporate Credit Debt	6.8	6.8	6.7	97.6	5.1	5.1	5.1
USD CLO Equity	44.4	46.7	43.6	98.1	9.2	6.7	3.6
EUR CLO Equity	14.1	8.3	10.5	74.1	10.0	4.8	-1.9
USD CLO Debt and Cash Corporate Credit Debt	66.3	66.3	62.8	94.6	6.8	6.8	6.8
EUR CLO Debt and Cash Corporate Credit Debt	66.2	66.2	61.8	93.2	7.6	7.6	7.7
UK non-conforming mortgage residuals	n/a	n/a	18.9	n/a	10.7	9.4	n/a
Total/Average			229.8		8.0	7.1	6.0

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

** The Synthetic Corporate Credit Equity tranches are not sensitive to any reasonable changes in assumptions as the only investments within this asset class (Jazz III EUR Subordinated Notes and Jazz III USD Subordinated Notes, together representing 3.1% of the GAV) are scheduled to mature on 27 March 2014 and the underlying CDS transactions matured on 20 February 2014, with no further defaults having occurred during the period.

*** For Bank Balance Sheet transactions, due to the low WARF of many of these transactions, the Investment Manager does not expect the default pattern to occur according to the WARF. For a few deals, the base case scenario is to expect no default at the underlying level.

The figures in table 7 also highlight that the difference between euro deals and US dollar deals, for example through the projected IRR on Equity or Debt tranches of CLOs, became very small during the semi-annual period. Projected IRRs for euro deals relative to US dollar deals were significantly higher six months ago. We believe that the difference in pricing between euro and USD deals might now underestimate the possibility that the weaker economic situation in Europe could lead to more uncertainties at some point in time for Euro deals.

According to such calculations, the GAV of Volta as at 31 January 2014 corresponds to an IRR close to 8.0% when considering the standard assumption that the ratings, and hence WARF, of a portfolio of corporate credit exposures appropriately reflect the probability of default.

Although this average projected IRR has significantly declined over recent years, we believe it is still attractive relative to either traditional credit markets or equities in view of the limited decrease in average projected IRR when applying stresses to the underlying portfolios.

Also, this IRR does not take into account the potential for roughly half of Volta's assets to be called prior to the relevant scheduled maturity dates. If and when CLO debt tranches are called in advance of their scheduled amortisation dates, performance will be improved significantly. This IRR is also based on the assumption that the CLO Equity tranches will be impacted by in line with historical averages. During the last seven years, defaults occurred at a pace significantly lower than the historical average as measured by the WARF.

Section 4 of the Investment Manager's Report, including table 7, forms an integral part of the financial statements. Please refer to Notes 4 and 19.

5. FOREIGN EXCHANGE HEDGE OF US DOLLAR INVESTMENTS

As outlined in previous reports, the Company faces the risk of being forced to sell assets to face margin calls on its foreign exchange hedge transactions if the US dollar were to appreciate significantly. In order to limit this risk the Company uses currency options to reduce the level of cash that could be called by its currency swap (and options) counterparties when the dollar appreciates and also to reduce the amount of dollars sold forward. This hedging strategy has been successful in helping the Company to avoid being forced to sell assets to meet increases in margin calls.

5. FOREIGN EXCHANGE HEDGE OF US DOLLAR INVESTMENTS (CONTINUED)

The Company's strategy creates a long USD exposure for Volta that can be monitored by shareholders through the monthly report. As the EUR/USD cross rate has evolved without trend for several years now, this exposure has had no material cumulative effect on the NAV of the Company.

This strategy enabled the Company to continue investing in US dollar assets with a partial hedge against a potential depreciation of the US dollar and allowed the Company to invest more widely.

The contracts used to apply this strategy are collateralised (a net balance of €1.0 million was received by the Company from its counterparties at the end of January 2014) and are in place with two different counterparties (Citibank and Deutsche Bank) in order to mitigate the counterparty risk incurred by the Company through these contracts.

As of the end of January 2014 the Company's US dollar assets (including cash) were valued at approximately $183.0 million, US dollar forward sales represented $67.5 million and US dollar call options (financed by selling out of the money US dollar put options) represented $67.5 million. Overall, taking into account the delta on the options, Volta could be considered as having a $143.0 million (39% of NAV) long unhedged position to the USD.

The Company has maintained during the last four years a dual exposure to US assets and to European assets. Considering the weak economic situation of Europe a higher risk exists for assets directly linked to the eurozone relative to US deals. This higher risk is partially hedged by the long US dollar exposure of the Company described above.

6. OUTLOOK

During the semi-annual financial period, the Company maintained a high level of diversification of its asset base through investments in transactions for which the main underlying exposure is corporate credit.

This strategy contributed to the continued receipt of a high and approximately stable level of interest and coupons on the Company's assets.

Now that most of the excess premium on structured finance assets seems to have disappeared, the projected IRR on the current portfolio is close to 8.0% and the projected IRR of the majority of recent investments was between 8.5% and 10.0%. Due to the zero interest rate policy pursued by central banks, the 10.0% to 14.0% projected IRR area that was available in the past for first loss pieces of structured finance assets when base rates were in the 4.0% to 6.0% area should become 8.0% to 11.0% for the coming years. We have chosen to maintain in the portfolio assets yielding below the average yield at which re-investment can be achieved, in order to continue benefitting from the positive market dynamics we think is still in place on these assets. However we will probably dispose of these assets at some point in time unless we find an attractive way to leverage them in order to increase the overall projected IRR of the Company assets. We have looked at various options and are currently investigating repurchase facilities as our main option to do so.

One way of improving the total return of Volta's floating rate debt assets could be to add some fixed rate sensitivity when interest rates appear to reasonably price in future increases in base rates. This was partially done in late June/early July in 2013 for USD floating rate assets and was repeated modestly since then using T-notes futures and options. As long as government bond curves continue to steepen, we will add some fixed rate sensitivity into the portfolio more frequently in order to improve the overall performance by using derivative financial instruments on ten year and five year US Treasury Notes.

INVESTMENT MANAGER'S REPORT

TABLE 8 – PRINCIPAL AMOUNTS OF VOLTA'S ASSETS

	End of period nominal amounts				
	January 2012	July 2012	January 2013	July 2013	January 2014
Synth. Corp Credit Equity	23.3	18.9	21.4	18.9	8.3
Synth. Corp Credit Debt	23.4	24.3	22.9	23.2	6.8
Bank Balance Sheet trans.	5.0	7.0	10.7	17.7	16.3
CLO Equity	51.5	54.9	44.2	45.2	55.1
CLO Debt	94.0	106.9	111.6	123.8	132.6
Cash Corp Credit Equity	21.1	18.5	16.6	14.0	14.0
Cash Corp Credit Debt	3.8	4.1	3.7	3.8	3.7
ABS	4.8	10.7	9.9	18.4	25.8
TRS	-	-	-	-	-
Cash	3.8	3.9	6.5	11.5	24.4
Total Nominal (including cash)	230.7	249.2	247.5	276.4	287.0
Change before currency conversion impact	11.0	8.6	11.6	25.9	12.9
effect of conversion into euro at end of period	11.4	9.9	-13.4	3.1	-2.3
Principal amount per share (euro)	**7.46**	**7.95**	**7.69**	**7.83**	**7.91**

The Company measures its asset base as the remaining principal amount of its investments held. Table 8 of the Investment Manager's Report forms an integral part of the financial statements. Please refer to Note 19.

Table 8 takes into account losses of principal amounts that could not be recouped for Cash and Synthetic Corporate Credit Equity and ABS, provided there is no loss expected on debt tranches (for all asset classes); debt tranches are accounted for at their principal amount; residual tranches of CLOs are accounted for at their remaining principal amount as described in Section 3; and US dollar principal amounts are translated to euro using the end-of-period cross rate.

Between July 2013 and January 2014, the Company was able to modestly increase the principal amount of its assets by €10.6 million including the currency conversion impact (€2.3 million negative impact).

At the time of writing, our view on the current economic situation is that the situation of the US seems to be better than in Europe but Volta will continue to invest on both sides of the Atlantic as euro deals have the benefit of limiting currency risk. However, we will probably dispose of some euro deals if it appears that euro deals and USD deals trade on very similar basis.

The deleveraging of European banks continues to be an important source of opportunities for Volta as it has been in the previous semi-annual financial period and should continue for the forthcoming period.

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

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

AXA INVESTMENT MANAGERS PARIS

25 March 2014

DIRECTORS, MANAGEMENT, ADMINISTRATION AND ADVISORS

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Directors
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Christian Jimenez – Senior Independent Director
Joan Musselbrook – Independent Director
Paul Varotsis – Independent Director

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STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE FINANCIAL STATEMENTS

Each of the Directors, whose names and functions are listed on page 23, confirms that, to the best of their knowledge and belief:

- the unaudited condensed set of interim financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" and gives a true and fair view of the assets, liabilities, financial position and performance of the Company; and
- the Chairman's Statement and the Investment Manager's Report constitute Volta's interim management report for the six-month period ended 31 January 2014, which contains a fair review of that period as required by Section 5:25d of the Financial Supervision Act of the Netherlands and includes:
  - (a) an indication of important events that have occurred during the first six months of the financial year and the effect thereof on the interim financial statements, and a description of the principal risks and uncertainties in the remaining six months of the financial year;
  - (b) an indication of related party transactions that have taken place in the first six months of the financial year and/or changes in related party transactions as disclosed in the previously published financial statements, with a significant impact on the financial position or results of the Company in the period; and
  - (c) information on the Company's investments and the circumstances on which the development of the Company's turnover and profitability depend to the extent that providing this information is not contrary to the Company's best interests.

This Responsibility Statement was approved by the Board of Directors on 25 March 2014 and was signed on its behalf by:

James Gilligan	**Christian Jimenez**
Chairman	Senior Independent Director
Date: 25 March 2014	

INDEPENDENT REVIEW REPORT
TO VOLTA FINANCE LIMITED

Introduction

We have been engaged by the Company to review the unaudited condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2014 which comprises the Unaudited Condensed Statement of Financial Position, the Unaudited Condensed Statement of Comprehensive Income, the Unaudited Condensed Statement of Changes in Shareholders' Equity and the Unaudited Condensed Statement of Cash Flows and the related explanatory Notes on pages 30 to 57. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the unaudited condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement letter dated 10 February 2014. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

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

As disclosed in Note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board. The unaudited condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 – "Interim Financial Reporting" ("IAS 34").

Our responsibility

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

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the UK. A review of half-yearly financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the unaudited condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2014 is not prepared, in all material respects, in accordance with IAS 34 and Section 5:25d of the Financial Supervision Act of the Netherlands.

Mark R. Thompson
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
20 New Street, St Peter Port, Guernsey

Date: 25 March 2014

Addendum to independent review report

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

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 JANUARY 2014

	Notes	**1 August 2013 to 31 January 2014 €**	1 August 2012 to 31 January 2013 As restated €
Operating income			
Net gain on financial assets at fair value through profit or loss		**33,868,242**	44,363,831
Deposit interest income		**15,819**	1,688
Net foreign exchange gain/(loss) on retranslation of cash and cash equivalents		**402,458**	(345,991)
Net gain on derivatives		**1,249,655**	2,623,793
		35,536,174	46,643,321
Operating expenditure			
Legal fees		**(25,254)**	(48,024)
Audit and audit related fees		**(116,313)**	(115,689)
Investment Management Fees	20	**(1,722,232)**	(1,192,706)
Investment Manager Performance Fees	20	**(2,282,891)**	(3,691,939)
Custodian fees		**(14,248)**	(13,883)
Portfolio valuation and administration fees		**(42,235)**	(35,348)
Company secretarial, administration and accountancy fees	6	**(131,683)**	(133,054)
Directors' remuneration and expenses	7	**(139,980)**	(175,128)
Insurance		**(28,835)**	(32,895)
Other operating expenses		**(111,429)**	(146,138)
		(4,615,100)	(5,584,804)
Operating profit and total comprehensive income for the period		**30,921,074**	41,058,517
Earnings per share			
Basic	9	**€0.8649**	€1.2900
Diluted	9	**€0.8649**	€1.2900

		Number of shares	Number of shares
Weighted average number of shares outstanding			
Basic	9	**35,750,544**	31,828,492
Diluted	9	**35,750,544**	31,828,492

Other comprehensive income

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

The Notes on pages 30 to 57 form part of these condensed interim financial statements.

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2014

	Notes	**31 January 2014**	31 July 2013 As restated	1 August 2012 As restated
		€	€	€
Assets				
Financial assets at fair value through profit or loss	10	**249,629,208**	238,701,867	169,951,961
Derivatives	11	**1,096,218**	1,623,337	972,651
Trade and other receivables	12	**5,679,807**	49,373	39,390
Cash and cash equivalents	13	**29,134,709**	9,737,841	5,168,807
Total assets		**285,539,942**	250,112,418	176,132,809
Equity and liabilities				
Capital and reserves				
Share capital	15	—	—	—
Share premium	16	**32,378,842**	28,437,336	3,969,938
Warrants	17	**1,410,000**	1,410,000	1,410,000
Other distributable reserves	18	**202,038,721**	213,087,057	231,418,043
Accumulated gain/(loss)	18	**34,281,903**	3,360,829	(65,831,558)
Total shareholders' equity		**270,109,466**	246,295,222	170,966,423
Liabilities				
Current liabilities				
Trade and other payables	14	**15,430,476**	3,817,196	5,166,386
Total equity and liabilities		**285,539,942**	250,112,418	176,132,809
Net asset value per share outstanding				
Basic		**€7.4466**	€6.9242	€5.4502
Diluted		**€7.4466**	€6.9242	€5.4502

These condensed interim financial statements on pages 26 to 57 were approved by the Board of Directors on 25 March 2014 and were signed on its behalf by:

James Gilligan
Chairman

Christian Jimenez
Senior Independent Director

The Notes on pages 30 to 57 form part of these condensed interim financial statements.

UNAUDITED CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 31 JANUARY 2014

	Notes	Ordinary shares €	Share premium €	Warrants €	Other distributable reserves €	Accumulated gain/(loss) €	Total €
Balance at 31 July 2012 (as restated)		—	3,969,938	1,410,000	231,418,043	(65,831,558)	170,966,423
Total comprehensive income for the period		—	—	—	—	41,058,517	41,058,517
Issue of ordinary shares to Directors	15, 16	—	59,400	—	—	—	59,400
Issue of Class C shares	15, 16	—	1,609,574	—	—	—	1,609,574
Scrip dividend paid	15, 16, 18	—	2,067,432	—	(2,067,432)	—	—
Dividend paid	8, 18	—	—	—	(6,192,831)	—	(6,192,831)
Purchase of Treasury Shares	15, 16	—	(165,064)	—	—	—	(165,064)
Balance at 31 January 2013 (as restated)		—	7,541,280	1,410,000	223,157,780	(24,773,041)	207,336,019
Balance at 31 July 2013		—	28,437,336	1,410,000	213,087,057	3,360,829	246,295,222
Total comprehensive income for the period		—	—	—	—	30,921,074	30,921,074
Issue of ordinary shares to Directors	15, 16	—	48,600	—	—	—	48,600
Scrip dividend paid	15, 16, 18	—	3,676,968	—	(3,676,968)	—	—
Dividend paid and payable	8, 18	—	—	—	(7,371,368)	—	(7,371,368)
Sale of Treasury Shares	15, 16	—	215,938	—	—	—	215,938
Balance at 31 January 2014		**—**	**32,378,842**	**1,410,000**	**202,038,721**	**34,281,903**	**270,109,466**

The Notes on pages 30 to 57 form part of these condensed interim financial statements.

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JANUARY 2014

	Notes	1 August 2013 to 31 January 2014 €	1 August 2012 to 31 January 2013 As restated €
Cash flows used in operating activities			
Total comprehensive income for the period		**30,921,074**	41,058,517
Adjustments for:			
Net gain on financial assets at fair value through profit or loss		**(33,868,242)**	(44,363,831)
Net gain on derivatives		**(1,234,284)**	(2,623,793)
Net foreign exchange (gain)/loss on retranslation of cash and cash equivalents		**(402,458)**	345,991
Increase in trade and other receivables		**(13,798)**	(55,982)
Increase in trade and other payables		**525,337**	29,311
Directors' fees paid in the form of shares		**48,600**	59,400
Investment Manager's Performance Fee paid in the form of Class C shares		**—**	1,609,574
Net cash used in operating activities		**(4,023,771)**	(3,940,813)
Cash flows from investing activities			
Net receipts from margin accounts from foreign exchange derivative activities		**1,776,774**	2,810,000
Net settlement of derivative transactions		**(15,371)**	(102,044)
Coupons and dividends received		**16,950,547**	16,444,408
Purchase of investments		**(33,833,460)**	(11,544,368)
Proceeds from sales and redemptions of investments		**44,925,064**	3,409,036
Net cash from investing activities		**29,803,554**	11,017,032
Cash flows used in financing activities			
Dividends paid		**(7,001,311)**	(6,192,831)
Sale/(purchase) of Treasury Shares		**215,938**	(165,064)
Net cash used in financing activities		**(6,785,373)**	(6,357,895)
Net increase in cash and cash equivalents		**18,994,410**	718,324
Cash and cash equivalents at the beginning of the period		**9,737,841**	5,168,807
Effect of exchange rate fluctuations on cash and cash equivalents		**402,458**	(345,991)
Cash and cash equivalents at the end of the period	13	**29,134,709**	5,541,140

Net cash used in operating activities
Net cash used in operating activities for the period of €4,023,771 (2013: €3,940,813) includes the following interest receipts:

	1 August 2013 to 31 January 2014 €	1 August 2012 to 31 January 2013 €
Deposit interest	**15,819**	1,688

The Notes on pages 30 to 57 form part of these condensed interim financial statements.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2014

1. REPORTING ENTITY

The Company is a closed-ended limited liability company registered under the Companies (Guernsey) Law, 2008 (as amended) with registered number 45747. The Company's shares are listed on Euronext Amsterdam. With effect from 27 March 2014, the registered office of the Company is 3rd Floor, La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey GY1 1WG, Channel Islands. Prior to 27 March 2014, the registered office of the Company was 3rd Floor, Natwest House, Le Truchot, St Peter Port, Guernsey GY1 1WD, Channel Islands.

As at 31 January 2014 the principal activity of the Company was investment in a diversified portfolio of mortgage-backed and other asset-backed securities, loans and equity instruments. The Company's investment objectives are to seek to preserve capital and to provide a stable stream of income to its shareholders through dividends that it expects to distribute on a semi-annual basis. Subject to the risk factors that are described in the Company's Corporate Summary and the risk factors that are described in Note 19, the Company's strategy focuses on direct and indirect investment in, and exposures to, a variety of assets selected for the purpose of generating cash flows for the Company. The Company's basic approach to investment in the Primary Underlying Assets, as defined in the Company's Corporate Summary, is to invest in vehicles and arrangements that essentially provide exposure to portfolios of Primary Underlying Assets. There can be no assurance that the Company will achieve its investment objectives.

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

2. BASIS OF PREPARATION

a) Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 - "Interim Financial Reporting". These unaudited condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Company as at and for the year ended 31 July 2013. The audited financial statements of the Company as at and for the year ended 31 July 2013 were prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

New Accounting Standards, amendments to existing Accounting Standards and/or interpretations of existing Accounting Standards (separately or together, "New Accounting Requirements") adopted during the current period

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

Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

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

In the opinion of the Directors, the Company's application of these amendments to IFRS 7 had no material effect on its reported performance, financial position, or disclosures. The disclosures required by these amendments are provided in Note 11.

IFRS 9 – "Financial Instruments" (Replacement of IAS 39 – "Financial Instruments: Recognition and Measurement")

IFRS 9 is an incomplete standard that currently addresses the recognition, classification and measurement of financial assets and financial liabilities and may be adopted to replace the relevant parts of IAS 39. Those parts of IAS 39 that relate to impairment have not yet been addressed by IFRS 9. It is the IASB's stated intention that IFRS 9 will ultimately replace IAS 39 in its entirety.

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

For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in Other Comprehensive Income ("OCI") rather than the Income Statement, unless this creates an accounting mismatch.

2. BASIS OF PREPARATION (CONTINUED)

a) Statement of compliance (continued)

New Accounting Standards, amendments to existing Accounting Standards and/or interpretations of existing Accounting Standards (separately or together, "New Accounting Requirements") adopted during the current period (continued)

IFRS 9 – "Financial Instruments" (Replacement of IAS 39 – "Financial Instruments: Recognition and Measurement") (continued)

There is currently no mandatory effective date for application of IFRS 9. At its February 2014 meeting, the IASB tentatively decided to require entities to apply IFRS 9 for annual periods beginning on or after 1 January 2018, but early adoption is permitted at any time. The Directors have decided to early adopt IFRS 9 as issued in October 2010 in these unaudited condensed financial statements. In accordance with IAS 8, such application has been applied retrospectively as at 1 August 2012.

The main changes resulting from the replacement of IAS 39 by IFRS 9 are changes to the classification and subsequent measurement of the Company's financial instruments. The Company's financial assets previously classified as available-for-sale ("AFS") are now classified as financial assets at fair value through profit or loss, with the fair value movement on these assets now being recognised in the Statement of Comprehensive Income rather than in Statement of Other Comprehensive Income. The retrospective impact of adoption of IFRS 9 is set out in Note 3 under the heading "Restatement".

IFRS 13, "Fair Value Measurement" – effective for accounting periods commencing on or after 1 January 2013

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

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

- for each class of financial assets and financial liabilities not measured at fair value in the statement of financial position but for which the fair value is disclosed, an entity shall disclose (i) the level of the fair value hierarchy within which the fair value measurements are categorised in their entirety (Level 1, 2 or 3); and (ii) a description of the valuation technique(s) and the inputs used in the fair value measurement. If there has been a change in valuation technique (e.g. changing from a market approach to an income approach or the use of an additional valuation technique), the entity shall disclose that change and the reason(s) for making it;

- for financial assets and financial liabilities that are measured at fair value in the statement of financial position after initial recognition, where such fair value measurements are categorised within Level 2 or Level 3 of the fair value hierarchy, a requirement for the Company to disclose: (i) a description of the valuation technique(s) and the inputs used in the fair value measurement. If there has been a change in valuation technique (e.g. changing from a market approach to an income approach or the use of an additional valuation technique), the entity shall disclose that change and the reason(s) for making it; and (ii) for fair value measurements categorised within Level 3 of the fair value hierarchy, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (e.g. when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity; and

- for financial assets and financial liabilities that are measured at fair value in the statement of financial position after initial recognition, where such fair value measurements are categorised within Level 3 of the fair value hierarchy: (i) a requirement for the Company to disclose the amount of the total gains or losses for the period included in profit or loss that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of the reporting period and the line item(s) in profit or loss in which those unrealised gains or losses are recognised; and (ii) a requirement for the Company to disclose a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, an entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement.

In the opinion of the Directors, the Company's application of IFRS 13 had no material effect on its reported performance and financial position. The disclosures required by IFRS 13 are provided in Notes 4 and 19.

2. BASIS OF PREPARATION (CONTINUED)

a) Statement of compliance (continued)

Non-mandatory New Accounting Requirements not yet adopted

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

Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting criteria, specifically when an entity currently has a legal right of set off and when gross settlement is equivalent to net settlement. These amendments are effective for annual periods commencing on or after 1st January 2014 but early adoption is permitted for certain entities.

b) Basis of measurement

These financial statements have been prepared on a historical cost basis except for the following:

- financial instruments classified/designated at fair value through profit or loss are measured at fair value and changes therein are recognised in the Statement of Comprehensive Income; and
- derivative financial instruments are measured at fair value and changes therein are recognised in the Statement of Comprehensive Income.

The methods used to measure fair value are further disclosed in Note 4.

c) Functional and presentation currency

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

d) Use of estimates and judgements

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

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

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

- estimation uncertainty: Note 4 (Determination of fair values);
- estimation uncertainty and critical judgements in applying accounting policies: Note 19 (Financial risk management); and
- critical judgement: Note 3 (Significant accounting policies – classification of investments as financial assets at fair value through profit or loss), assessment of the Company's business model as defined by IFRS 9.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed interim financial statements are the same as those applied by the Company in its audited financial statements for the year ended 31 July 2013 except for the impact of adoption of IFRS 7, IFRS 9 and IFRS 13, as previously described and the retrospective impact of adoption of IFRS 9. The current period presentation of Statement of Comprehensive Income has been modified and the prior period presentation has also been modified to maintain comparability.

Restatement

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restatement (continued)

	As originally stated at 31 July 2013	As restated at 31 July 2013	As originally stated at 1 August 2012	As restated at 1 August 2012
	€	€	€	€
Statement of Financial Position				
Available-for-sale securities	201,182,353	—	151,851,743	—
Financial assets at fair value through profit or loss	32,060,764	238,701,867	13,006,966	169,954,961
Trade and other receivables	5,508,123	49,373	5,132,642	36,390
Net unrealised fair value movements on available-for sale securities	13,131,360	—	(1,962,076)	—
Accumulated (loss)/gain	(9,770,531)	3,360,829	(63,869,482)	(65,831,558)
	242,112,069	242,112,069	104,159,793	104,159,793

	As originally stated for the period 1 August 2012 to 31 January 2013	As restated for the period 1 August 2012 to 31 January 2013
	€	€
Income Statement		
Income on available-for-sale securities – effective interest income and dividend income	10,777,461	—
Income on available-for-sale securities – recognition of revised cash flow estimates	13,796,670	—
Income on investments at fair value through profit or loss – effective interest income	1,771,297	—
Net gain on financial assets at fair value through profit or loss	—	44,363,831
Net realised gain on available-for-sale securities and investments at fair value through profit or loss	414,724	—
Net realised gain on available-for-sale securities, previously recognised in equity in prior periods as a net unrealised gain, transferred to the Income Statement	986,872	—
Reversal of impairment recognised on available-for-sale debt securities	2,861,021	—
Impairment recognised on available-for-sale debt securities	(295,713)	—
Gain on revaluation of financial assets designated at fair value through profit or loss	8,182,336	—
Foreign exchange loss on retranslation of available-for-sale securities and investments at fair value through profit or loss	(9,696,039)	—
	28,798,629	44,363,831
Other Comprehensive Income		
Net unrealised gain on available-for-sale securities recognised in the year	16,552,074	—
Net realised loss on available-for-sale securities, previously recognised in equity in prior periods as a net unrealised gain, transferred to the Income Statement	(986,872)	—
	15,565,202	—
	44,363,831	44,363,831
Earnings per share		
Basic	0.8010	1.2900
Diluted	0.8010	1.2900
Statement of Changes in Shareholders' Equity		
Accumulated loss	(38,376,167)	(24,773,041)
Net unrealised gain on available-for-sale securities	13,603,126	—
	(24,773,041)	(24,773,041)

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of investments as financial assets at fair value through profit or loss

Whilst the Company holds the majority of its investments for long periods in order to collect the contractual cash flows arising therefrom, it will not necessarily hold its investments until maturity. Instead the Company will sell such investments if other investments with better risk/reward profiles are identified. In addition, investments may be purchased at a significant discount to par. Furthermore, the Company reports the Gross Asset Value ("GAV") of its investment portfolio to its investors on a monthly basis. Therefore, in the opinion of the Directors, the Company's business model as defined by IFRS 9 is to manage its investments on a fair value basis. Consequently, the Company is required to classify its investments as financial assets at fair value through profit or loss.

4. DETERMINATION OF FAIR VALUES

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

Financial assets for which quoted prices are available from a third party in a liquid market are valued monthly on the basis of quoted market prices. In this regard, for liquid assets, an external pricing service may be the source of the price quotations. In the case of investments where the fair value of the investment can be readily ascertained by reference to the market values of liquid underlying assets, the arranging bank, or another market participant, generally provides the valuation of the investment position using the mark-to-market valuations of the underlying assets (minus, where applicable, the investment's internal funding or other liabilities).

Where a financial asset involves an arranging bank, or another market participant, that provides valuations on a monthly basis, the valuation is sourced from such institution. In many cases, the arranging bank or market participant determines the valuation based on pricing models, which may or may not produce values that correspond to the prices that the Company could obtain if it sought to liquidate such positions. Such valuations generally involve subjective judgements on key model inputs, particularly default and recovery rates, and may not be uniform. Banks and other market participants may be unwilling to disclose all or any of the key model inputs or discount rates that have been used to produce such valuations and it is currently standard market practice to withhold such information. In such circumstances, the valuation continues to be sourced from such arranging bank, or other market participant, despite the lack of valuation assumptions.

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, which may be sourced from the arranging bank, or another market participant, or developed internally, 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: 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. Third parties have reviewed the valuations and/or valuation assumptions as at 31 January 2014 and have concluded that they were fair and reasonable. In the event that a third party were to challenge the Investment Manager's valuations, the Company would consider engaging the third party (or one or more other third parties such as, for example, an investment bank or the seller of the underlying assets) to provide a valuation, or will adopt some other method of valuing the position.

The fair value of non-derivative financial liabilities is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The fair value calculations for the residual and debt tranche investments in securitisation vehicles are sensitive to the following key model inputs: default rates, recovery rates and prepayment rates. The initial model assumptions are reviewed on a regular basis with reference to both current and projected data. In the case of a material change in the actual key model inputs from the historical ones, the model assumptions will be adjusted accordingly as well as the discount rate used when establishing the fair value.

If, over the lifetime of an individual deal, defaults and recoveries diverge from their long-term historical norms, then the actual returns may differ from the current levels projected by the model, which would impact upon the net assets of the Company and the income earned by the Company, thereby affecting the level of dividends payable, if any.

There is no liquid market for the Company's investments. Consequently, no quoted market prices exist for these assets. Therefore, the fair values of Volta's investments have been determined using the mark-to-model approach as described above.

4. DETERMINATION OF FAIR VALUES (CONTINUED)

In accordance with Volta's valuation policy, GAV and Net Asset Value ("NAV") are calculated using prices received from arranging banks or brokers for all but a few assets representing 23.52% of Volta's NAV. The exceptions being: Promise Mobility (0.75% of Volta's NAV), which is model-based using a discount rate of 12.0% on projected cash flows using an assumed default rate of 1.2% p.a. and a recovery rate of 55.0%; Tennenbaum (3.05% of Volta's NAV), Bank Capital Opportunity Fund (2.05% of Volta's NAV) and St. Bernard Opportunity Fund (Series 3 and 4) (1.18% of Volta's NAV), each of which is a fund that is valued using the net asset value as provided by the underlying fund manager and used in good faith by the Directors; the UK non-conforming residual positions (7.01% of Volta's NAV), which are valued at their projected cash flows until 31 January 2019, after which it is considered that any projected cash flows are too uncertain to be taken into account in the valuation, using a discount rate of 10.0% for Alba 2006-1, Alba 2006-2 and Alba 2007-1 and a discount rate of 12.0% for Eurosail and Newgate (the assumptions used to value the UK non-conforming residual positions differ for each asset, the current assumed annual default rate ranging from 0.3% to 3.1%, the assumed annual default rate during the twelve months ending on 31 January 2019 ranging from 2.7% to 8.0%, and the constant prepayment rate ranging from 4.4% to 12.4%); Jazz III Subordinated Notes (3.10% of Volta's NAV), which are valued on a mark-to-model basis at their estimated maturity values (75.85% of original nominal amount for Jazz III EUR and 73.96% of original nominal amount for Jazz III USD) and which are scheduled to redeem on 27 March 2014; and, Black Diamond 2013-1 Subordinated Notes and Class D Notes (together representing 3.97% of Volta's NAV), Richmond Park Class D Notes (2.42% of Volta's NAV) and Opera each of which were recent purchases and which were valued at cost.

For the majority of investments targeted by the Company, the secondary trading market 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).

Additional disclosures on fair value estimation, including assumptions applied in determining fair value where available, are presented in Section 4, including table 7, of the Investment Manager's Report.

5. OPERATING SEGMENTS

The Board is charged with setting the Company's investment strategy. The Board has delegated the day-to-day implementation of this strategy to its Investment Manager but retains responsibility to ensure that adequate resources of the Company are directed in accordance with their decisions. The Investment Manager has been given full authority to act on behalf of the Company, including the authority to purchase and sell securities and other investments on behalf of the Company and to carry out other actions as appropriate to give effect thereto.

Whilst the Investment Manager may take investment decisions on a day-to-day basis regarding the allocation of funds to different investments, any changes to the investment strategy or major allocation decisions have to be approved by the Board, even though they may be proposed by the Investment Manager. The Board therefore retains full responsibility as to the major allocation decisions made on an ongoing basis. The Investment Manager will act in accordance with its mandate, which cannot be radically changed without the approval of the Board and the shareholders. Accordingly, the Board is deemed to be the "Chief Operating Decision Maker" as defined under IFRS 8 – "Operating Segments". The Board is of the view that the Company is engaged in a single segment of business, being investment in a diversified portfolio of collateralised debt obligations, asset-backed securities, Corporate Credits and other equity instruments.

The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the revaluation of GAV, which is prepared on a monthly basis by Deutsche Bank AG. The GAV reported by Deutsche Bank AG includes all assets known to Deutsche Bank AG, adjusted for any amounts due to/from brokers and revaluation of any open derivative positions but excludes the Company's liabilities. This GAV is published monthly by the Company. The table below shows a reconciliation between the measure of GAV used by the Board and that contained in the financial statements:

	31 January 2014 **€**
Published GAV as at 31 January 2014	**274,306,935**
Adjustments:	
– RBSI cash accounts	**141,841**
– coupons receivable prior to the period end recorded after the period end	**310,109**
– prepayments	**63,171**
– amounts due to brokers	**10,717,886**
Total assets as per Statement of Financial Position at 31 January 2014	**285,539,942**

The published GAV does not include:

- cash held at RBSI, as this cash is primarily held to cover expenses payable;
- coupons receivable prior to the period end recorded after the period end. As at 31 January 2014 the following coupon was not recognised in the Company's published GAV: a coupon due on Lightpoint Pan-European of €310,109; and
- adjustments for prepaid expenses.

Amounts due to brokers of €10,717,886 are included in the above reconciliation in order to be able to reconcile the published GAV to the amount presented in the "Total assets" line in the Statement of Financial Position, as the published GAV is calculated net of such amounts.

5. OPERATING SEGMENTS (CONTINUED)

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

	31 January 2014		31 January 2013	
	Assets held*	**Cash flows**	Assets held*	Cash flows
	%	**€**	%	€
UK	**6.63**	**3,106,936**	2.30	2,802,979
USA	**47.29**	**8,712,604**	61.08	8,918,971
Europe (excluding UK)	**32.33**	**5,106,248**	29.96	4,690,172
Emerging markets	**1.18**	**24,759**	3.60	32,286
Total	**87.43**	**16,950,547**	96.94	16,444,408

* Assets held are shown as a percentage of GAV.

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

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

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

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

	Six months ended 31 January 2014	Six months ended 31 July 2013	Six months ended 31 January 2013
	€	€	€
USD CLO Equity	**5,172,056**	6,610,046	7,198,895
EUR CLO Equity	**1,537,831**	745,610	585,311
USD CLO Debt	**1,372,315**	1,348,453	974,423
EUR CLO Debt	**924,992**	942,130	1,040,033
CLO total	**9,007,194**	9,646,239	9,798,662
Synthetic Corporate Credit Equity	**2,574,881**	2,171,082	2,154,902
Synthetic Corporate Credit Debt	**35,681**	117,814	132,764
Synthetic Corporate Credit – Bank Balance Sheet transactions	**1,422,556**	452,023	207,416
Synthetic Corporate Credit total	**4,033,118**	2,740,919	2,495,082
Cash Corporate Credit Equity	**753,154**	981,044	1,295,767
Cash Corporate Credit Debt	**24,759**	30,649	32,286
Cash Corporate Credit total	**777,913**	1,011,693	1,328,053
ABS – Mortgage Residual positions	**3,101,702**	2,638,881	2,581,172
ABS Debt	**30,620**	210,877	241,439
ABS total	**3,132,322**	2,849,758	2,822,611
Total coupons and dividends received	**16,950,547**	16,248,609	16,444,408

5. OPERATING SEGMENTS (CONTINUED)

Volta's investments as at the period end are presented in the table below by asset class:

	31 January 2014	31 July 2013	31 July 2012
	€	€	€
USD CLO Equity	**43,600,106**	36,066,611	36,666,527
EUR CLO Equity	**10,476,538**	4,327,683	2,954,175
USD CLO Debt	**62,756,417**	54,173,470	42,748,653
EUR CLO Debt	**61,769,950**	52,304,207	27,630,227
CLO total	**178,603,011**	146,871,971	109,999,582
Synthetic Corporate Credit Equity	**8,376,948**	17,921,020	9,557,626
Synthetic Corporate Credit Debt	**6,666,901**	21,343,796	17,725,051
Synthetic Corporate Credit – Bank Balance Sheet transactions	**17,266,029**	19,178,052	7,124,775
Synthetic Corporate Credit total	**32,309,878**	58,442,868	34,407,452
Cash Corporate Credit Equity	**10,258,575**	10,451,798	13,728,226
Cash Corporate Credit Debt	**3,362,981**	3,431,203	3,127,950
Cash Corporate Credit total	**13,621,556**	13,883,001	16,856,176
ABS – Mortgage Residual positions	**18,925,793**	13,374,335	5,560,800
ABS Debt	**6,168,970**	6,129,692	3,127,951
ABS total	**25,094,763**	19,504,027	8,688,751
Total investments	**249,629,208**	238,701,867	169,951,961

Volta's investment purchases during the semi-annual period are presented in the table below by asset class:

	Six months ended 31 January 2014	Six months ended 31 July 2013	Six months ended 31 January 2013
	€	€	€
USD CLO Equity	**9,289,573**	—	—
EUR CLO Equity	**5,637,085**	—	—
USD CLO Debt	**13,468,064**	11,564,224	4,284,380
EUR CLO Debt	**16,156,624**	17,365,062	3,478,186
CLO total	**44,551,346**	28,929,286	7,762,566
Synthetic Corporate Credit – Bank Balance Sheet transactions	**—**	2,461,661	3,781,802
Synthetic Corporate Credit total	**—**	2,461,661	3,781,802
ABS Debt	**—**	3,524,369	—
ABS total	**—**	3,524,369	—
Total purchases	**44,551,346**	34,915,316	11,544,368

5. OPERATING SEGMENTS (CONTINUED)

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

	Six months ended 31 January 2014	Six months ended 31 July 2013	Six months ended 31 January 2013
	€	€	€
USD CLO Equity	**450,123**	35,766	3,041,089
EUR CLO Equity	**288,860**	—	—
USD CLO Debt	**6,153,132**	11,535,983	58,401
EUR CLO Debt	**14,345,813**	4,322,794	—
CLO total	**21,237,928**	15,894,543	3,099,490
Synthetic Corporate Credit Equity	**11,499,251**	2,318,130	—
Synthetic Corporate Credit Debt	**15,635,806**	—	—
Synthetic Corporate Credit – Bank Balance Sheet transactions	**1,305,233**	573,466	—
Synthetic Corporate Credit total	**28,440,290**	2,891,596	—
Cash Corporate Credit Equity	**—**	1,134,065	—
Cash Corporate Credit total	**—**	1,134,065	—
ABS – Mortgage Residual positions	**—**	—	87,738
ABS Debt	**863,482**	866,102	221,808
ABS total	**863,482**	866,102	309,546
Total sales and redemption proceeds	**50,541,700**	20,786,306	3,409,036

6. COMPANY SECRETARIAL, ADMINISTRATION AND ACCOUNTANCY FEES

Sanne Group (Guernsey) Limited ("SGL") acts as Company Secretary, Administrator and Registrar. Company secretarial, administration and accountancy fees are incurred and billed on a time cost basis in accordance with SGL'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, Registrar and Secretarial Agreement. The amount charged to the Company under the terms of this agreement during the semi-annual period was €131,683 (2013: €133,054).

7. DIRECTORS' REMUNERATION AND EXPENSES

	1 August 2013 to 31 January 2014	1 August 2012 to 31 January 2013
	€	€
Directors' fees (cash element)	**94,500**	119,700
Directors' fees (equity element, settled during the period)	**20,250**	31,050
Directors' fees (equity element, settled after the period end)	**20,250**	20,250
Directors' expenses	**4,980**	4,128
	139,980	175,128

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

8. DIVIDENDS

The following dividends have been proposed and/or paid during the period ended 31 January 2014 and during prior periods:

	Dividend per share
	€
Dividend for the semi-annual period ended 31 January 2014 (proposed)	**0.30**
Dividend for the semi-annual period ended 31 July 2013 (paid 30 December 2013)	0.31
Dividend for the semi-annual period ended 31 January 2013 (paid 24 April 2013)	0.31
Dividend for the semi-annual period ended 31 July 2012 (paid 28 December 2012)	0.26
Dividend for the semi-annual period ended 31 January 2012 (paid 19 April 2012)	0.22

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

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

	1 August 2013 to 31 January 2014	1 August 2012 31 January 2013 As restated
	€	€
Profit for the purposes of basic EPS being net profit attributable to equity holders	**30,921,074**	41,058,517

	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	**35,750,544**	31,828,492
Dilutive effect of ordinary shares subject to warrants	**—**	—
Warrants (exercisable at €10 per share)	**—**	—
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**35,750,544**	31,828,492

The average market price, based on closing prices quoted on Euronext Amsterdam, for one ordinary share during the semi-annual period ended 31 January 2014 was €6.19 (€5.41 during the semi-annual period ended 31 January 2013).

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	1 August 2013 to 31 January 2014	1 February 2013 to 31 July 2013 As restated	1 August 2012 to 31 January 2013 As restated
	€	€	€
Fair value brought forward	**238,701,867**	206,006,716	169,951,961
Purchases	**44,551,346**	34,915,316	11,544,368
Sale and redemption proceeds received	**(50,541,700)**	(20,786,306)	(3,409,036)
Realised and unrealised movement in fair value	**16,917,695**	18,566,141	27,919,423
Fair value carried forward	**249,629,208**	238,701,867	206,006,716

11. DERIVATIVES

Foreign exchange swaps and options are classified as financial instruments at fair value through profit or loss and are held to hedge some of the currency exposure generated by non-euro assets held by the Company (see Note 19). The hedge has been put in place taking into account the fact that derivative positions, such as simple foreign exchange swaps, could cause the Company to require cash to fund margin calls on those positions. Considering this, the Company decided to use foreign exchange call and put options to limit the liquidity risk that could be created in the event of significant margin calls. As a consequence of this limitation, there is no certainty that hedging some of the currency exposure generated by non-euro 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 two counterparties (Deutsche Bank and Citigroup), with a margin requirement being applicable to transactions with Citigroup. The balance on the margin account is offset against the value of the foreign exchange derivative transactions open as at the period end.

Towards the end of June 2013, the Investment Manager opened a derivative position on US Treasury Notes, entering into option transactions thereon. Overall, taking into account the delta on the options, Volta could have been considered to have a short position on US Treasury Notes equivalent to approximately USD 4.0 million as at the period end. US Treasury Note derivatives are entered into with one counterparty (Goldman Sachs), with a margin requirement being applicable to such transactions. The balance on the margin account is offset against the value of the US Treasury Note derivative transactions open as at the period end.

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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11. DERIVATIVES (CONTINUED)

	31 January 2014	31 July 2013	1 August 2012
	€	€	€
Revaluation of foreign exchange forward and option positions	**1,032,853**	792,235	(1,517,397)
Net margin amount (received)/paid as at the period end	**(999,951)**	230,048	2,490,048
Net carrying value of the foreign exchange derivative positions	**32,902**	1,022,283	972,651
Revaluation of US Treasury Note option positions	**1,248,441**	186,794	—
Net margin amount (received)/paid as at the period end	**(185,125)**	414,260	—
Net carrying value of the US Treasury Note derivative positions	**1,063,316**	601,054	—
Net carrying value of derivative positions	**1,096,218**	1,623,337	972,651

12. TRADE AND OTHER RECEIVABLES

	31 January 2014	31 July 2013	1 August 2012
		As restated	As restated
	€	€	€
Prepayments	**55,438**	42,121	31,312
Amounts due from Broker	**5,616,636**	—	—
Security deposit	**7,733**	7,252	8,078
	5,679,807	49,373	39,390

13. CASH AND CASH EQUIVALENTS

	31 January 2014	31 July 2013	1 August 2012
	€	€	€
Deposit accounts	**29,134,709**	9,737,841	5,168,807

14. TRADE AND OTHER PAYABLES

	31 January 2014	31 July 2013	1 August 2012
	€	€	€
Investment Management Fees	**1,722,232**	1,397,210	904,894
Investment Manager Performance Fees	**2,282,891**	1,983,836	3,752,758
Dividends payable	**370,057**	—	75,284
Directors’ fees (cash payable)	**47,250**	66,150	66,150
Directors’ fees (shares payable)	**20,250**	28,350	28,350
Amounts due to Broker	**10,717,886**	—	—
Accrued expenses and other payables	**269,910**	341,650	338,950
	15,430,476	3,817,196	5,166,386

15. SHARE CAPITAL

Authorised

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

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS
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15. SHARE CAPITAL (CONTINUED)

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

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

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

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

The Company's Liquidity Account was operated by Kepler Corporate Finance with the objective to improve the liquidity in the trading of the Company's shares. The Liquidity Account was closed on 31 December 2013, with the remaining shares there-on being sold in the market. Consequently, as at 31 January 2014, the Company held nil shares on its Liquidity Account as treasury shares.

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

Issued and fully paid:

	Ordinary number of shares	B share number of shares	C shares number of shares	Warrants number of shares
Balance at 31 July 2012	31,228,819	1	139,914	3,000,000
Issued to Directors during the period	13,271	—	—	—
Scrip dividends paid	397,583	—	—	—
Class C shares issued	—	—	408,521	—
Balance at 31 January 2013	31,639,673	1	548,435	3,000,000
Private placement of newly issued shares	2,628,280	—	—	—
Issued to Directors during the period	10,892	—	—	—
Scrip dividends paid	168,342	—	—	—
Class C shares issued	—	—	322,722	—
Balance at 31 July 2013	34,447,187	1	871,157	3,000,000
Issued to Directors during the period	7,876	—	—	—
Scrip dividends paid	624,273	—	—	—
Class C shares issued	—	—	322,575	—
Balance at 31 January 2014	**35,079,336**	**1**	**1,193,732**	**3,000,000**

The IPO of ordinary shares on 20 December 2006 was priced at €10 per share. The following ordinary shares have subsequently been issued: an aggregate amount of 408,834 shares issued to the Directors on a quarterly basis in respect of 30% of their fees, of which 7,876 were issued during the period; an aggregate amount of 2,042,222 shares issued in respect of scrip dividends; and a private placement of 2,628,280 shares in May 2013. During the semi-annual period, shares were issued as follows: ordinary shares were issued to the Directors in respect of their fees at the following prices per share: €6.15 and €6.20; Class C shares were issued to the Investment Manager in settlement of 50% of the Investment Manager's Performance Fee payable for the semi-annual period ended 31 July 2013 as follows: 322,575 shares at €6.15 per share; and scrip dividends were paid whereby 624,273 shares were issued at €5.89 per share.

15. SHARE CAPITAL (CONTINUED)

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

	1 August 2013 to 31 January 2014	1 August 2012 to 31 July 2013	1 August 2011 to 31 July 2012
	€	€	€
Balance brought forward	**34,670**	—	—
Net treasury shares (sold)/purchased during the period	**(34,670)**	34,670	—
Balance carried forward	**—**	34,670	—

16. SHARE PREMIUM ACCOUNT

	Ordinary	B share	C shares	Total
	€	€	€	€
Balance at 31 July 2012	3,436,328	—	533,610	3,969,938
Issued to Directors during the period	59,400	—	—	59,400
Scrip dividends paid	2,067,432	—	—	2,067,432
Class C shares issued	—	—	1,609,574	1,609,574
Treasury shares purchased	(165,064)	—	—	(165,064)
Balance at 31 January 2013	5,398,096	—	2,143,184	7,541,280
Private placement of newly issued shares	16,029,874	—	—	16,029,874
Issued to Directors during the period	64,800	—	—	64,800
Scrip dividends paid	991,534	—	—	991,534
Class C shares issued	—	—	3,829,805	3,829,805
Treasury shares purchased	(19,957)	—	—	(19,957)
Balance at 31 July 2013	22,464,347	—	5,972,989	28,437,336
Issued to Directors during the period	48,600	—	—	48,600
Scrip dividends paid	3,676,968	—	—	3,676,968
Treasury shares sold	215,938	—	—	215,938
Balance at 31 January 2014	**26,405,853**	**—**	**5,972,989**	**32,378,842**

The share premium account represents the issue proceeds received, or value attributed, from the issue of share capital, except for the share premium amount of €285,001,174 arising from the Company's initial issue of share capital upon its IPO, which was transferred to other distributable reserves on 26 January 2007, following approval by the Royal Court of Guernsey. As at 31 July 2013, €3,967,672 was payable to the Investment Manager in respect of Performance Fees for the semi-annual period ended 31 July 2013, of which €1,983,836 was payable in the form of Class C shares. In accordance with IFRS 2, this amount was credited to the share premium account as at 31 July 2013.

17. WARRANTS

	31 January 2014	31 July 2013	1 Aug 2012
Number of warrants issued at IPO (1:1 exercisable for C shares)	**3,000,000**	3,000,000	3,000,000
Value of warrants at IPO	**€1,410,000**	€1,410,000	€1,410,000
Exercise price	**€10**	€10	€10
Exercise period – start date	**01/12/2008**	01/12/2008	01/12/2008
Exercise period – end date	**31/12/2016**	31/12/2016	31/12/2016
Closing price of ordinary shares at period end	**€6.25**	€6.04	€4.39
Theoretical value per warrant if exercised at period end	**—**	—	—
Dilutive effect of warrants	**—**	—	—

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

18. RESERVES

	Accumulated (loss)/gain As restated €	Other distributable reserves €
As at 31 July 2012	(65,831,558)	231,418,043
Total comprehensive income for the period	41,058,517	—
Scrip dividend paid	—	(2,067,432)
Dividend paid	—	(6,192,831)
As at 31 January 2013	(24,773,041)	223,157,780
As at 31 July 2013	3,360,829	213,087,057
Total comprehensive income for the period	30,921,074	—
Scrip dividend paid	—	(3,676,968)
Dividend paid	—	(7,001,311)
Dividend payable	—	(370,057)
As at 31 January 2014	**34,281,903**	**202,038,721**

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

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

19. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Company's activities. Below is a non-exhaustive summary of the risks that the Company is exposed to as a result of its use of financial instruments which are consistent with the risk the Company was exposed to as at 31 July 2013.

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

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

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

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value estimation

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each period end date.

Where a financial asset involves an arranging bank, or another market participant, that provides valuations on a monthly basis, the valuation is sourced from such arranging bank. In many cases, the arranging bank 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. In the case of all of these assets, banks and other market participants are currently unwilling to disclose either the key model inputs or the discount rates that have been used to produce such valuations. In such circumstances, the valuation continues to be sourced from such arranging bank, or other market participant, despite the lack of valuation assumptions.

Where a financial asset does not involve an arranging bank, or if an arranging bank is unwilling to provide valuations, the Investment Manager will provide a monthly valuation based on a pricing model or through comparable asset prices.

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

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

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

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 2014 and 31 July 2013:

	31 January 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
	€	**€**	**€**	**€**
Financial assets at fair value through profit or loss:				
– securities	**—**	**—**	**249,629,208**	**249,629,208**
– derivatives	**—**	**1,096,218**	—	**1,096,218**
	—	**1,096,218**	**249,629,208**	**250,725,426**

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value estimation (continued)

	1 Aug 2012 (as restated)			
	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets at fair value through profit or loss:				
– securities	—	—	169,951,961	169,951,961
– derivatives	—	972,651	—	972,651
	—	972,651	169,951,961	170,924,612

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

The following table represents the movement in Level 3 instruments for the semi-annual period ended 31 January 2014 by asset class:

	Fair value as at 1 August 2013	Purchases	Sale and redemption proceeds	Gain/(losses) on partial redemptions/sale	Unrealised movement in fair value	Fair value as at 31 January 2014
	€	€	€	€	€	€
CLO - USD Equity	36,066,611	9,289,573	(450,123)	450,123	(1,756,078)	43,600,106
CLO - EUR Equity	4,327,683	5,637,085	(288,860)	288,860	511,770	10,476,538
CLO - USD Debt	54,173,470	13,468,064	(6,153,132)	80,230	1,187,785	62,756,417
CLO - EUR Debt	52,304,207	16,156,624	(14,345,813)	2,093,503	5,561,429	61,769,950
SCC Equity	17,921,020	—	(11,499,251)	(313,249)	2,268,428	8,376,948
SCC Debt	21,343,796	—	(15,635,806)	710,112	248,799	6,666,901
SCC BBS	19,178,052	—	(1,305,233)	1,305,236	(1,912,026)	17,266,029
CCC Equity	10,451,798	—	—	—	(193,223)	10,258,575
CCC Debt	3,431,203	—	—	—	(68,222)	3,362,981
ABS- Residual	13,374,335	—	—	—	5,551,458	18,925,793
ABS Debt	6,129,692	—	(863,482)	355,792	546,968	6,168,970
	238,701,867	44,551,346	(50,541,700)	4,970,607	11,947,088	249,629,208

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

Sensitivity analysis

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

The sensitivity of the fair values of most of the assets held by the Company to the traditional risk variables are not the most relevant in the current environment. For example, the sensitivity to interest rates is inter-dependent with other, more significant, market variables. This analysis reflects the sensitivity to some of the most relevant determinants of the risks associated with each asset class. Whilst every effort has been made to assess the pertinent risk factors, there is no assurance that all the risk factors have been considered. Other risk factors could become large determinants of the fair value. For additional information please refer to Section 4, including table 7, of the Investment Manager's Report and the non-exhaustive list of risk factors presented in the Corporate Summary.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis (continued)

CLO tranches

One of the main determinants of the risks associated with CLO tranches is the occurrence of defaults in the underlying portfolio. The Directors believe it is reasonable to test the sensitivity of these assets to an increase/decrease in the occurrence of defaults. The base case scenario is to project defaults in accordance with the average rating of the underlying loans (WARF: Weighted Average Risk Rating of the underlying portfolio), at the historical average default rate of 2.8% per year. The test has been calibrated to consider a possible increase/decrease in the WARF to: (i) 1.5/0.5 times the historical average (4.2%/1.4% default rate); and (ii) 2.0/0.0 times the historical average (5.6%/0.0% default rate).

Another significant risk factor is the recovery rate achieved upon the occurrence of default. The Directors believe it is reasonable to test the sensitivity of these assets to a 10.0% decrease/increase in the recovery rate from the base case scenario recovery rate of 70.0% (i.e. a decrease/increase in the recovery rate to 60.0%/80.0%).

A third significant risk factor for these assets is the prepayment rate, as measured by the constant prepayment rate ("CPR"). The Directors believe it is reasonable to test the sensitivity of these assets to (i) a 20.0% increase/decrease in the CPR for USD transactions from the base case scenario CPR of 35.0% (i.e. an increase/decrease in the CPR for USD transactions to 55.0%/15.0%); and (ii) a 10.0% increase/decrease in the CPR for EUR transactions from the base case scenario CPR of 20.0% (i.e. an increase/decrease in the CPR for EUR transactions to 30.0%/10.0%).

		Impact of increase in default rate from 2.8% to 4.2%		Impact of increase in default rate from 2.8% to 5.6%		Impact of a decrease in recovery rate from 70.0% to 60.0%		Impact of an increase in CPR from 35.0% to 55.0% for USD assets and from 20.0% to 30.0% for EUR assets	
Asset class	% of GAV	Price impact	Impact on GAV	Price impact	Impact on GAV	Price impact	Impact on GAV	Price impact	Impact on GAV
USD CLO Equity	15.9%	(7.7%)	(1.2%)	(16.4%)	(2.6%)	(3.8%)	(0.6%)	(9.0%)	(1.4%)
USD CLO Debt	22.9%	0.0%	0.0%	(0.1%)	0.0%	(0.1%)	0.0%	1.2%	0.3%
EUR CLO Equity	3.8%	(13.8%)	(0.5%)	(28.7%)	(1.1%)	(6.7%)	(0.3%)	(5.5%)	(0.2%)
EUR CLO Debt	22.5%	(0.1%)	0.0%	(0.1%)	0.0%	(0.2%)	0.0%	1.7%	0.4%
CLO Equity and Debt total	65.1%	n/a	(1.7%)	n/a	(3.7%)	n/a	(0.9%)	n/a	(0.9%)

		Impact of decrease in default rate from 2.8% to 1.4%		Impact of decrease in default rate from 2.8% to 0.0%		Impact of an increase in recovery rate from 70.0% to 80.0%		Impact of a decrease in CPR from 35.0% to 15.0% for USD assets and from 20.0% to 10.0% for EUR assets	
Asset class	% of GAV	Price impact	Impact on GAV	Price impact	Impact on GAV	Price impact	Impact on GAV	Price impact	Impact on GAV
USD CLO Equity	15.9%	7.7%	1.2%	16.4%	2.6%	3.8%	0.6%	9.0%	1.4%
USD CLO Debt	22.9%	0.0%	0.0%	0.1%	0.0%	0.1%	0.0%	(1.2%)	(0.3%)
EUR CLO Equity	3.8%	13.8%	0.5%	28.7%	1.1%	6.7%	0.3%	5.5%	0.2%
EUR CLO Debt	22.5%	0.1%	0.0%	0.1%	0.0%	0.2%	0.0%	(1.7%)	(0.4%)
CLO Equity and Debt total	65.1%	n/a	1.7%	n/a	3.7%	n/a	0.9%	n/a	0.9%

Synthetic Corporate Credit Equity transactions

The only investments within this asset class (Jazz III EUR and Jazz III USD, together representing 3.1% of the GAV) are scheduled to mature on 27 March 2014 and are no longer sensitive to any reasonably possible changes in assumptions. The underlying CDS transactions matured on 20 February 2014, with no further defaults having occurred during the period.

Synthetic Corporate Credit Debt transactions

The investments within this asset class (representing 2.4% of the GAV) benefit from a very high level of seniority relative to losses that could occur in the underlying portfolio and are consequently not sensitive to any reasonably possible changes in assumptions.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis (continued)

Synthetic Corporate Credit Bank Balance Sheet transactions

The investments within this asset class (representing 6.3% of the GAV) are first loss exposures to diversified portfolios of investment grade and sub-investment grade corporate credits. The Directors believe it is reasonable to test the sensitivity of these assets to an increase/decrease in the occurrence of defaults. The test has been calibrated as an amount equivalent to one year of projected defaults as measured by the WARF, for the first year to come, keeping the projected future losses unchanged for the following years (i.e. an immediate "jump to default" equivalent to one year of defaults at the historical average default rate). An increase in defaults as referred to above would lead to a 3.9% decrease in the average prices of these assets, thereby leading to a 0.2% decrease in the GAV. An equal and opposite decrease in defaults as referred to above would lead to a 3.9% increase in the average prices of these assets, thereby leading to a 0.2% increase in the GAV.

Cash Corporate Credit Equity transactions

As at 31 January 2014, the Company held two investments in this asset class (Tennenbaum and Promise Mobility, representing 3.0% and 0.7% of the GAV respectively). These assets have exposures to diversified portfolios of investment grade and sub-investment grade corporate credits. One of the main determinants of the risks associated with these assets is the occurrence of defaults in the underlying portfolio. The Directors believe it is reasonable to test the sensitivity of these assets to a change in the occurrence of defaults. For Tennenbaum the test has been calibrated as an increase/decrease in the level of defaults equivalent to one year of projected defaults as measured by the WARF, for the first year to come, keeping the projected future losses unchanged for the following years (i.e. an immediate "jump to default" equivalent to one year of defaults at the historical average default rate). Such an increase in the level of defaults would decrease the price by 0.9% and decrease the GAV by 0.3%. Such a decrease in the level of defaults would increase the price by 0.9% and increase the GAV by 0.3%. For Promise Mobility the test has been calibrated as an increase/decrease of 25% in the default rate. Such an increase in the level of defaults would decrease the price by 42.0% and decrease the GAV by 0.3%. Such a decrease in the level of defaults would increase the price by 42.0% and increase the GAV by 0.3%.

Cash Corporate Credit Debt transactions

As at 31 January 2014, the Company had one investment in this asset class (ICE 1). This investment (representing 1.2% of the GAV) benefits from a very high level of seniority relative to losses that could occur in the underlying portfolio and is consequently not sensitive to any reasonably possible changes in assumptions.

ABS Mortgage Residual Positions

As at 31 January 2014, the main determinant of the risks associated with the UK non-conforming positions held by the Company (representing 6.9% of the GAV) is the level of credit losses on the underlying collateral. Considering the losses observed over the past financial year, the Directors believe it is reasonable to test an increase/decrease of 25% in the projected annual losses of the underlying portfolio relative to the projected losses used to value the assets. If the projected losses on the UK non-conforming underlying portfolio were to increase by such amount, the fair value of these assets would decrease by 12.0% and would decrease the GAV by 0.8%. If the projected losses on the UK non-conforming underlying portfolio were to decrease by such amount, the fair value of these assets would increase by 12.0% and would increase the GAV by 0.8%.

ABS Debt Positions

As at 31 January 2014, the Company held two investments in this asset class (St Bernard and PGAEA, together representing 2.2% of the GAV). PGAEA (representing 1.1% of the GAV) benefits from a very high level of seniority relative to losses that could occur in the underlying portfolio and is consequently not sensitive to any reasonably possible changes in assumptions. St Bernard (representing 1.2% of the GAV) is a complex fund and it has not been feasible for the Company to determine a simple stress test that could be implemented. However, it should be noted that, as at 31 January 2014 and over the last twelve months, St Bernard's volatility was 3.5% for an annual performance of 9.8% (the respective figures since inception of this fund are 6.2% volatility for an annualised performance of 15.0%). The Directors believe that this gives a reasonable indication of the risk profile of this investment.

Derivative transactions – US Treasury Notes

As at 31 January 2014, the Company held derivatives equivalent to a net short position of USD 4 million on US Treasury Notes. If yields on ten year US Treasury Notes had been 0.5% greater as at 31 January 2014, the valuation of the Company's derivative position would have been approximately USD 262,000 lower. If yields on ten year US Treasury Notes had been 0.5% lower as at 31 January 2014, the valuation of the Company's derivative position would have been approximately USD 760,000 lower.

Valuation risk

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Valuation risk (continued)

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

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

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

Interest rate risk

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

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

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

The tables below summarise the effective interest rates applicable to the Company's cash and cash equivalents as at the end of the period. It should be noted that the Company no longer computes an effective interest figure for its investments held. Consequently, the Company no longer calculates the effective interest rates applicable to its investments. For further details of the projected internal rate of return ("IRR"), as estimated using standard historical assumptions, please see Table 7 in Section 4 of the Investment Manager's Report. In the Directors' opinion, market interest rate risk on the Company's investments is not considered to be material when compared to the risk factors that are considered to be significant, as described in the sensitivity analysis.

Interest rate profile as at 31 January 2014

	Interest charging basis	Effective interest rate %	Amount €
Financial assets			
Cash and cash equivalents:			
EUR deposit accounts	Floating	Eonia – 25bp	**10,115,538**
USD deposit accounts	Floating	Overnight USD Libor – 25bp	**17,231,634**
GBP deposit accounts	Floating	SONIA – 40bp	**1,726,149**
CHF deposit accounts	Floating	Overnight CHF Libor – 25bp	**61,388**
			29,134,709

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk (continued)

Interest rate profile as at 31 January 2014 (continued)

	Interest charging basis	**Weighted average margin applicable to debt securities (%)**	**Amount €**
Financial assets at fair value through profit or loss			
USD CLO Equity	Floating	N/A - Subordinated securities	**43,600,106**
EUR CLO Equity	Floating	N/A - Subordinated securities	**10,476,539**
USD CLO Debt	USD LIBOR plus margin	3.76	**62,756,417**
EUR CLO Debt	EURIBOR plus margin	3.48	**61,769,950**
SCC Equity	Floating	N/A - Subordinated securities	**8,376,948**
SCC Debt	USD LIBOR/EURIBOR plus margin	4.43	**6,666,901**
SCC BBS	Floating	N/A - Subordinated securities	**17,266,029**
CCC Equity	Floating	N/A - Subordinated securities	**10,258,575**
CCC Debt	USD LIBOR plus margin	0.85	**3,362,981**
ABS – Mortgage Residual	Floating	N/A - Subordinated securities	**18,925,793**
ABS Debt	USD LIBOR/EURIBOR plus margin	0.26	**6,168,969**
			249,629,208

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

	Interest charging basis	Calculation basis %	Amount €
Financial assets			
Cash and cash equivalents:			
EUR deposit accounts	Floating	Eonia – 25bp	1,155,210
USD deposit accounts	Floating	Overnight USD Libor – 25bp	8,481,087
GBP deposit accounts	Floating	SONIA – 40bp	38,718
CHF deposit accounts	Floating	Overnight CHF Libor – 25bp	62,826
			9,737,841

	Interest charging basis	Weighted average margin applicable to debt securities (%)	Amount €
Financial assets at fair value through profit or loss			
USD CLO Equity	Floating	N/A - Subordinated securities	36,066,611
EUR CLO Equity	Floating	N/A - Subordinated securities	4,327,683
USD CLO Debt	USD LIBOR plus margin	3.41	54,173,470
EUR CLO Debt	EURIBOR plus margin	3.22	52,304,207
SCC Equity	Floating	N/A - Subordinated securities	17,921,020
SCC Debt	USD LIBOR/EURIBOR plus margin	3.03	21,343,796
SCC BBS	Floating	N/A - Subordinated securities	19,178,052
CCC Equity	Floating	N/A - Subordinated securities	10,451,798
CCC Debt	USD LIBOR plus margin	0.85	3,431,203
ABS – Mortgage Residual	Floating	N/A - Subordinated securities	13,374,335
ABS Debt	USD LIBOR/EURIBOR plus margin	1.88	6,129,692
			238,701,867

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk (continued)

Interest rate profile as at 1 August 2012 (as restated)

	Interest charging basis	Effective interest rate %	Amount €
Financial assets			
Cash and cash equivalents:			
EUR deposit accounts	Floating	Eonia – 25bp	2,289,772
USD deposit accounts	Floating	Overnight USD Libor – 25bp	1,731,740
GBP deposit accounts	Floating	SONIA – 40bp	1,147,295
CHF deposit accounts	Floating	Overnight CHF Libor – 25bp	—
			5,168,807

	Interest charging basis	Average interest rate %	Amount €
Financial assets at fair value through profit or loss			
USD CLO Equity	Floating	N/A - Subordinated securities	36,666,527
EUR CLO Equity	Floating	N/A - Subordinated securities	2,954,175
USD CLO Debt	USD LIBOR plus margin	3.49	42,748,653
EUR CLO Debt	EURIBOR plus margin	3.27	27,630,227
SCC Equity	Floating	N/A - Subordinated securities	9,557,626
SCC Debt	USD LIBOR/EURIBOR plus margin	3.03	17,725,051
SCC BBS	Floating	N/A - Subordinated securities	7,124,775
CCC Equity	Floating	N/A - Subordinated securities	13,728,226
CCC Debt	USD LIBOR plus margin	0.85	3,127,950
ABS – Mortgage Residual	Floating	N/A - Subordinated securities	5,560,800
ABS Debt	USD LIBOR/EURIBOR plus margin	0.26	3,127,951
			169,951,961

Currency risk

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

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

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

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk (continued)

Currency risk profile as at 31 January 2014

	Denominated in EUR €	Denominated in USD €	Denominated in GBP €	Denominated in CHF €
Financial assets at fair value through profit or loss	**100,369,546**	**127,765,552**	**18,925,793**	**2,568,317**
Cash and cash equivalents	**10,115,538**	**17,231,634**	**1,726,149**	**61,388**
Trade and other receivables	**5,672,074**	—	**7,733**	—
Trade and other payables	**(4,640,214)**	**(10,723,441)**	**(66,821)**	—
Derivative contracts	**32,902**	**1,063,316**	—	—
	111,549,846	**135,337,061**	**20,592,854**	**2,629,705**

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

Description of open positions	Nominal amount USD	Average strike price
Forward foreign exchange contracts (USD sold forward vs. EUR)	**67,500,000**	**1.32**
Long position – USD calls vs. EUR	**67,500,000**	**1.21**
Short position – USD puts vs. EUR	**67,500,000**	**1.43**
Long position – USD puts vs. EUR	**57,500,000**	**1.62**

	Unrealised gain EUR
Aggregate revaluation gain	**1,032,853**
Margin accounts balance – amounts paid	**(999,951)**
Unsettled amount receivable	**32,902**

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

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

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

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

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk (continued)

Currency risk profile as at 1 August 2012 (as restated)

	Denominated in EUR €	Denominated in USD €	Denominated in GBP €
Financial assets at fair value through profit or loss	56,096,956	108,380,702	5,474,303
Cash and cash equivalents	2,289,772	1,731,740	1,147,295
Trade and other receivables	31,074	3	8,313
Trade and other payables	(5,035,152)	—	(131,234)
Derivative contracts	972,651	—	—
	54,355,301	110,112,445	6,498,677

The following foreign exchange swaps and options were unsettled as at 1 August 2012:

Description of open positions	Nominal amount USD	Average strike price
Forward foreign exchange contracts (USD sold forward vs. EUR)	67,500,000	1.32
Long position – USD calls vs. EUR	50,000,000	1.23
Short position – USD puts vs. EUR	50,800,000	1.44

	Unrealised gain EUR
Aggregate revaluation gain	(1,517,398)
Margin accounts balance – amounts paid	2,490,049
Unsettled amount receivable	972,651

Credit risk, including counterparty risk

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

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

The ABS positions could be split into three different buckets: a tranche, originally rated AAA, of a deal backed by tranches of ABS (Pangaea), representing 11.82% of the fair value of this asset class; a position in a fund mainly investing in US RMBS debt tranches (St Bernard Opportunity Fund), representing 12.77% of the fair value of this asset class; and five residual income positions backed by UK non-conforming residential loans, representing 75.41% of the fair value of this asset class. During the financial period, no particular events affected either Pangaea or St Bernard Opportunity Fund. At the period end, the valuation of the five UK non-conforming residual positions reflects the approach that recently observed cash flows, being the result of extra payments at the underlying level, might last for five years.

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

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

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk, including counterparty risk (continued)
As at 31 January 2014, the Company held 43 positions in debt tranches of CLOs accounting for 45.4% of Volta's end-of-period GAV. With the exception of one investment that is unrated but could be considered equivalent to a BB-rated tranche taking into account its level of subordination, the investments in debt tranches of CLOs have been in tranches initially rated between BB (second loss position) and BBB (generally third loss position). These positions, as for the residual holdings, have cash flows that are sensitive to the level of defaults and the percentage of assets rated CCC or lower in the underlying loan portfolio. Nevertheless, these tranches are structured to be able to absorb a higher level of defaults in the underlying loans portfolio than residual holdings, given their second, third and even higher loss ranking.

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

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

The Synthetic Corporate Credit bucket could be split in two: debt tranches, representing 20.63% of the fair value of this bucket; and first loss positions in credit portfolios, representing 79.37% of the fair value of this bucket. No particular events in the semi-annual period affected the situation of these positions. Through these synthetic deals the Company is exposed to the credit of the counterparty of such deals, namely Merrill Lynch International, JP Morgan, UBS and Standard Chartered.

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

	End of period principal amounts (€ million)					
	July 2011	January 2012	July 2012	January 2013	July 2013	January 2014
CLO Equity	44.1	51.5	54.9	44.2	45.2	55.1
CLO Debt	87.1	94.0	106.9	111.6	123.8	132.6
Synthetic Corporate Credit Equity	26.2	23.3	18.9	21.4	18.9	8.3
Synthetic Corporate Credit Debt	14.2	23.4	24.3	22.9	23.2	6.8
Bank Balance Sheet transactions	—	5.0	7.0	10.7	17.7	16.3
Cash Corporate Credit equity	20.0	21.1	18.5	16.6	14.0	14.0
Cash Corporate Credit debt	3.5	3.8	4.1	3.7	3.8	3.7
ABS	5.0	4.8	10.7	9.9	18.4	25.8
Cash and derivative positions	8.1	3.8	3.9	6.5	11.4	24.4
Total principal (including cash)	208.2	230.7	249.2	247.5	276.4	287.0
Change before currency conversion impact	12.0	11.1	8.6	11.7	25.8	12.9
Effect of conversion into euro at end of period	(5.3)	11.4	9.9	(13.4)	3.1	(2.3)
Principal amount per share (euro)	**6.76**	**7.46**	**7.95**	**7.69**	**7.83**	**7.91**

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk, including counterparty risk (continued)

The Company may invest in total return swaps, credit default swaps and other derivatives with various financial institution counterparties for purposes of securing investment exposure to portfolios of diverse underlying reference obligations. The Company is exposed to counterparty credit risk in respect of these transactions and the Investment Manager employs various techniques to limit actual counterparty credit risk. As at the semi-annual financial period end, the Company's derivative counterparties were Deutsche Bank AG, London Branch ("Deutsche Bank"), Citibank New York, Citibank N.A., London Branch and Goldman Sachs International. The current long-term issuer credit ratings assigned to Deutsche Bank AG, Citigroup Inc. and Goldman Sachs International by each of Moody's, Standard & Poor's and Fitch respectively are as follows: Deutsche Bank AG: A2 (stable), A (stable) and A+ (stable); Citigroup Inc: Baa2 (rating under review, possible downgrade), A- (negative) and A (stable); Goldman Sachs: A2 (stable), A (stable) and A (stable). Substantially all of the cash held by the Company is held at Deutsche Bank. Bankruptcy or insolvency by Deutsche Bank may cause the Company's rights with respect to the cash held at Deutsche Bank to be delayed or limited. The Company monitors its risk by monitoring the credit rating of Deutsche Bank, as reported by Standard and Poor's, Moody's or Fitch, and analyses any information that could imply deterioration in Deutsche Bank's financial position.

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

Further information regarding the credit quality of the Company's investments is presented in tables 2 to 6 within the Investment Manager's Report and paragraphs as annotated there in.

Risk relating to derivatives

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

Concentration risk

The Company may be exposed at any given time to any one Corporate Credit, counterparty, industry, region, country or any given services or asset manager (in addition to the Investment Manager) and may therefore be exposed to a degree of concentration risk. The Company monitors the concentration of its portfolio and from time to time, as long as market liquidity permits it to do so, might rebalance its investment portfolio accordingly, although there can be no assurance that it will succeed.

Indeed, considering the fact that assets are purchased in order to generate cash flows on a long-term horizon and that most of the Company's assets are significantly illiquid, the difference in market and credit performances of the various assets bought by the Company may combine to increase the concentration of the portfolio.

In such a stressed situation, characterised by high volatility in the value of the Company's assets and/or significant changes in the market expectation of default rates, the ability of the Company to mitigate its concentration risk could be significantly affected for liquidity reasons.

As at the reporting date, the Company's exposures were concentrated in the following asset classes:

		As at 31 January 2014	As at 31 July 2013	As at 1 August 2012
Main asset class	Detailed classification	**%**	%	%
CLO	USD CLO Equity	**15.9**	14.6	21.1
	EUR CLO Equity	**3.8**	3.2	1.7
	USD CLO Debt	**22.9**	21.9	24.6
	EUR CLO Debt	**22.5**	22.6	15.9
Synthetic Corporate Credit	Synthetic Corporate Credit Equity	**3.1**	6.1	5.5
	Synthetic Corporate Credit Debt	**2.4**	8.6	10.2
	Bank Balance Sheet transactions	**6.3**	7.8	4.1
Cash Corporate Credit	Cash Corporate Credit Equity	**3.7**	4.2	7.9
	Cash Corporate Credit Debt	**1.2**	1.4	1.8
ABS	Mortgage Residual positions	**6.9**	6.5	3.2
	ABS Debt	**2.2**	1.4	1.8
Cash		**9.0**	1.7	2.3

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Concentration risk (continued)

The table above shows the asset allocation based on mark-to-market prices (based on originally reported GAV). As at 31 January 2014, reported GAV amounted to €274.3 million (31 July 2013: €247.1 million). The valuation of each asset class takes into account the valuation of the individual assets and of the derivatives hedging the asset class. Figures may not add up to 100% due to rounding. For further information please refer to tables 1 to 7 of the Investment Manager's Report.

Re-investment risk

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

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Most of the assets in which the Company invests are illiquid. Changes in market sentiment may make significant portions of the Company's investment portfolio rapidly more illiquid, particularly with regard to types of assets for which there is not a broad well-established trading market or for which such a market is linked to a fewer number of market participants. Portfolio issuers and borrowers may experience changes in circumstance that adversely affect their liquidity, leading to interruptions in cash flows. The Company can seek to manage liquidity needs by borrowing but turns in market sentiment may make credit expensive or unavailable. Liquidity may also be addressed by selling assets in the Company's portfolio but selling assets may in some circumstances be significantly disadvantageous for the Company or even almost impossible if liquidity were to disappear for the Company's assets. Liquidity risk is analysed by the Investment Manager on a daily basis and is communicated and monitored by the Board through the quarterly business report. This is demonstrated by the Company's decision to invest in several short-term European ABS assets in order to enhance cash management. A decision was also made to sell assets to improve the Company's capability to generate cash flows to diminish the risk that adverse scenarios could negatively affect liquidity.

Maturity profile

The following tables show the legal maturity of the securities:

Maturity profile as at 31 January 2014

	Within one year	**One to five years**	**Over five years**
	€	**€**	**€**
Financial assets			
Cash and cash equivalents	**29,134,709**	**—**	**—**
Financial assets at fair value through profit and loss	**9,323,047**	**99,280,191**	**141,025,970**
Derivative contracts	**1,096,218**	**—**	**—**
Trade and other receivables	**5,679,807**	**—**	**—**
	45,233,781	**99,280,191**	**141,025,970**
Financial liabilities			
Trade and other payables	**(15,430,476)**	**—**	**—**

Maturity profile as at 31 July 2013

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Maturity profile (continued)

Maturity profile as at 1 August 2012	Within one year	One to five years	Over five years
	€	€	€
Financial assets			
Cash and cash equivalents	5,168,807	—	—
Financial assets at fair value through profit and loss	13,393,364	31,643,087	124,915,510
Derivative contracts	972,651	—	—
Trade and other receivables	39,390	—	—
	19,574,212	31,643,087	124,915,510
Financial liabilities			
Trade and other payables	(5,166,386)	—	—

Risks relating to leveraged exposure
The Company's investment strategy involves a high degree of exposure to the risks of leverage. Investors in the shares must accept and be able to bear the risk of investment in a highly leveraged investment portfolio.

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

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

20. RELATED PARTY DISCLOSURE

Transactions with Directors and the Investment Manager
For disclosure of Directors' remuneration, please see Note 7. As at the period end, Directors' fees to be paid in cash of €47,250 (31 July 2013: €66,150) had been accrued but not paid. Directors' fees to be paid in shares of €20,250 (31 July 2013: €28,350) had been accrued but not paid and Directors' expenses of €1,379 (31 July 2013: €1,047) had been accrued but not paid.

As at 31 January 2014, the Directors of the Company controlled 1.06% (31 July 2013: 1.04%) of the voting shares of the Company.

Under the Investment Management Agreement, the Investment Manager is entitled to receive a Management Fee from the Company at a rate of 1.5% per annum on the Company's NAV, calculated for each semi-annual period ending on 31 July and 31 January on the basis of the Company's NAV at the end of the preceding period and payable semi-annually in arrears. During the period the Investment Management Fees accrued were €1,722,232 (semi-annual period ended 31 January 2013: €1,192,706). Fees accrued and outstanding as at 31 January 2014 were €1,722,232 (31 July 2013: €1,397,210).

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

The Performance Fee charge recognised in the Statement of Comprehensive Income for the semi-annual period was €2,282,891 (semi-annual period ended 31 January 2013: €3,691,939). Performance Fees of €2,282,891 were outstanding as at 31 January 2014 (31 July 2013: €3,967,672, of which €1,983,836 was included within trade and other payables as at 31 July 2013 and €1,983,836 of which had been credited directly to the share premium account as at 31 July 2013). During the financial period, 322,575 Class C shares were issued in payment of Performance Fees of €1,983,836 that were outstanding as at 31 July 2013.

20. RELATED PARTY DISCLOSURE

Transactions with Directors and the Investment Manager (continued)

The Formula is to pay performance fees equal to the lesser of A and B below:

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

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

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

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

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

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

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

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

The Investment Manager earns Investment Management Fees directly from each of the above investment vehicles, in addition to its Investment Management Fees earned from the Company, except for the Company's investments in ARIA III, Bank Capital Opportunity Fund, Cadenza, St. Bernard Credit Opportunities Fund and the original purchases of first loss tranches of Jazz III. In these cases there is no duplication of Investment Management Fees as adjustment for these investments is made in the calculation of the Investment Management Fees payable by the Company.

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

As at 31 January 2014, AXA Group Investors and AXA Assurances Vie Mutuelle together held 25.10% (31 July 2013: 25.83%) of the voting shares in the Company and funds managed by AXA IM for third-party investors owned 5.49% (31 July 2013: 5.49%) of the voting shares in the Company. AXA IM did not hold any voting shares in the Company for its own account as at 31 January 2014. AXA IM held 1,193,732 Class C shares as at 31 January 2014.

21. COMMITMENTS

As at 31 January 2014 the Company had no commitments linked to previous investments.

22. SUBSEQUENT EVENTS

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

- Since the end of January 2014, Volta's reported GAV decreased from €7.56 per share to €7.44 per share at the end of February 2014. The decrease was due to the deduction of approximately €1.7 million for Investment Management Fees and €2.3 million for Performance Fees payable for the semi-annual period ended 31 January 2014. Excluding the provision for these fees, the GAV was almost unchanged.
- Since the end of January 2014, the Company purchased two assets (one USD CLO Equity tranche and one USD CLO Debt tranche) for the equivalent of €7.5 million and sold one asset (an ABS Debt asset) for €3.3 million.