VOLTA FINANCE LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS 2019

CONTENTS

Strategic Report	
- Volta at a Glance	1
- Chairman’s Statement	2
- Executive Summary	4
Investment Manager’s Report	7
Report of the Depositary to the Shareholders	14
Report of the Directors	15
Risk Committee Report	18
Principal Risk Factors	19
Corporate Governance Report	22
Audit Committee Report	27
Directors’ Remuneration Report	29
Statement of Directors’ Responsibilities	30
Independent Auditor’s Report	31
Statement of Comprehensive Income	35
Statement of Financial Position	36
Statement of Changes in Shareholders’ Equity	37
Statement of Cash Flows	38
Notes to the Financial Statements	39
Useful Information for Shareholders	68
Legal and Regulatory Disclosures	71
Board of Directors	73
Company information	75
Glossary	76
Notice of meeting	78

FORWARD-LOOKING STATEMENTS

This report includes statements that are, or may be considered, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “plans”, “expects”, “targets”, “aims”, “intends”, “may”, “will”, “can”, “can achieve”, “would” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this report, including in the Chairman’s Statement. They include statements regarding the intentions, beliefs or expectations of the Company or the Investment Manager concerning, among other things, the investment objectives and investment policies, financing strategies, investment performance, results of operations, financial condition, liquidity prospects, dividend policy and targeted dividend levels of the Company, the development of its financing strategies and the development of the markets in which it, directly and through special purpose vehicles, will invest and issue securities and other instruments. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company’s actual investment performance, results of operations, financial condition, liquidity, dividend policy and dividend payments and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the investment performance, results of operations, financial condition, liquidity, dividend policy and dividend payments of the Company and the development of its financing strategies are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause differences include, but are not limited to: changes in economic conditions generally and in the structured finance and credit markets particularly; fluctuations in interest and currency exchange rates, as well as the degree of success of the Company’s hedging strategies in relation to such changes and fluctuations; changes in the liquidity or volatility of the markets for the Company’s investments; declines in the value or quality of the collateral supporting any of the Company’s investments; legislative and regulatory changes and judicial interpretations; changes in taxation; the Company’s continued ability to invest its cash in suitable investments on a timely basis; the availability and cost of capital for future investments; the availability of suitable financing; the continued provision of services by the Investment Manager and the Investment Manager’s ability to attract and retain suitably qualified personnel; and competition within the markets relevant to the Company.

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

The Company qualifies all such forward-looking statements by these cautionary statements. Please keep these cautionary statements in mind while reading this report.

STRATEGIC REPORT
VOLTA AT A GLANCE

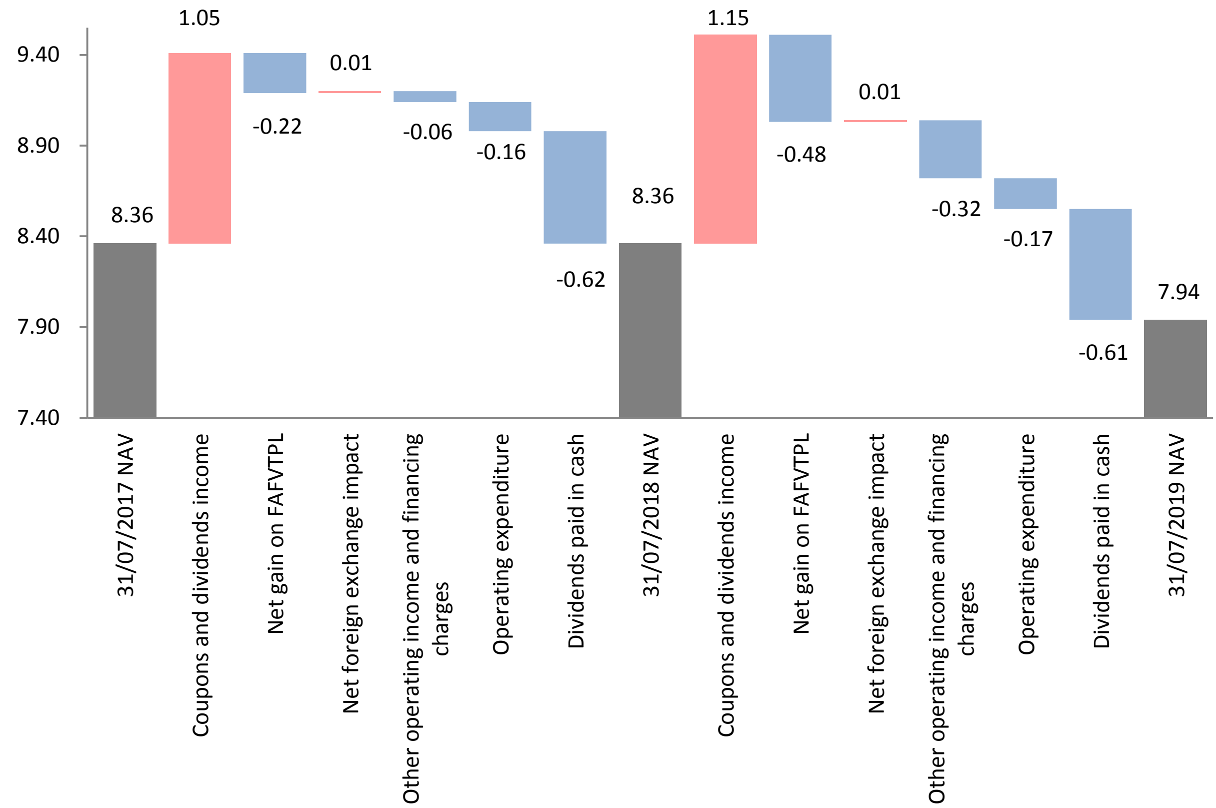
The investment objectives of the Company are to preserve its capital across the credit cycle and to provide a stable stream of income to its Shareholders through dividends that it expects to distribute on a quarterly basis. Volta seeks to achieve its investment objectives by pursuing a diversified investment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

Key performance indicators

€7.9438	2.5%	7.9%	9.5%
NAV per share as at 31 July 2019	NAV total return[1] (with dividends re-invested at NAV) for the twelve months to 31 July 2019	Share Price Performance[1,3] (dividends re-invested) for the twelve months to 31 July 2019	Share Price Performance[1,3] (dividends re-invested) from inception to 31 July 2019 (on an annualised basis)

€0.61	11.6%	8.7%	(11.8)%
Dividend per share for the twelve months to 31 July 2019	Projected Portfolio IRR[1] (under standard AXA IM scenarios, including the gearing effect of the Repo)	Dividend Yield[1] for the twelve months ended 31 July 2019 based on the share price as at 31 July 2019	Discount[1] between share price and NAV per share as at 31 July 2019

NAV performance analysis for the periods ended 31 July 2019 and 31 July 2018 – contributions to NAV change (Euro per share)



Ongoing charges[2]

The ongoing charges ratio is calculated according to AIC methodology using the actual costs incurred in the year which are likely to recur in the foreseeable future and which relate to the operation of the Company divided by the average net assets during the year. The ongoing charges ratio for the year ended 31 July 2019 was 1.93%.

[1]Refer to the glossary on pages 76 and 77 for an explanation of the terms used above and elsewhere within this report.
[2]The Company's ongoing charges are calculated according to the methodology outlined on pages 68 and 69 and differs to the costs disclosed within the Company's KIDs which follows the methodology prescribed by EU PRIIPs rules. The Company's most current KIDs are available on the Company's website.
[3] Source: Bloomberg

STRATEGIC REPORT (CONTINUED)
CHAIRMAN'S STATEMENT

When I wrote to you last, markets had been through a very sharp downturn. Both bond and equity markets had fallen sharply and it had been hard for investors to find shelter. Volta had fared well against that but still, inevitably, had recorded a modest loss for the six months period to January 2019. The subsequent six months saw a more benign environment as risk assets rallied and bond yields stabilised, albeit before both began to slide slightly precipitously. Volta generated a total net asset value ("NAV") return of 3.7% in this second six month period, bringing the total return for the financial year to 2.5%. These returns are unremarkable and notably below the annualised five year return of 9.1%.

The reasons behind these various market moves; the worries over trade, geopolitics and recession, together with Brexit et al are well rehearsed in the media. What is striking over the entire year, however, is that global economic growth suffered a very marked slowdown but that, despite the obvious economic weakness and the fretting of financial markets, there remains little evidence of meaningful corporate stress. Specifically, default rates remain low, indeed rock bottom in Europe, well below historical norms and well below the assumed default rates embedded in our forecast portfolio IRR of 11.6%. Of course, it may be that the storm is yet to come but, unless it does so in a meaningful way, the cash flows that underpin Volta's long term returns should remain robust. Indeed, recently, Volta has been receiving record levels of cash flow from investments, some €21.4m in the six months to July 2019, which represents an annualised cash flow yield of 13.8% based on the July 2018 NAV. This has meant that the high level of dividend that Volta pays, some 8.7% based on the latest share price, remains well underpinned and increasingly attractive against ever more negative short-term Euro rates.

One reason behind these growing cash flows is the increased allocation to CLO Equity, now 43% of Volta's portfolio, up from 26% in July 2018. Allocating to CLO Equity from CLO Debt may seem counter-intuitive given the mature nature of the credit cycle. However, as the Investment Manager explains in more detail in their report, these have been bought at very attractive prices below par and benefit from the very cheap cost of leverage embedded in these structures. Recent tightening in high rated Debt tranches means that there is the prospect of refinancing or resets in these positions which would be to the benefit of Volta's returns. For me, this is evidence, once again, that the breadth of Volta's mandate across structured credit is beneficial. It enables AXA IM to orientate the portfolio towards the most attractive risk adjusted rewards available at any time and to build in diversification, such as through the exposure to bank regulatory capital trades. The increase in exposure to Equity has also been accompanied by a reduction during the period in the size of the Repo facility, which is used to leverage Debt tranches.

During the last year it is pleasing that the share price discount to NAV has gradually narrowed. So shareholder total returns over the period were 7.9% rather than the 2.5% seen from the NAV. At the end of July 2019 the discount stood at 11.8% which is the narrowest seen for some time and all the more encouraging when it is set against the general widening seen in immediate peers and more broadly across income strategies. Whilst there is still much work to be done, I am quietly optimistic that the material work undertaken by the Board, Investment Manager and our corporate broker over recent years is gradually paying dividends, as the investment community is now much more aware of Volta and we have progressively made the Company a more attractive prospect to a range of potential investors. In the last year this has seen the implementation of high quality, informative sponsored research, the introduction of a Sterling share price quotation and the categorisation as a "mainstream" pooled investment. We have no intention of resting on our laurels but will continue, collectively, to spread the word and ensure that Volta's attractions are known and appreciated by as wide an audience as possible. Further narrowing of the share price discount can only be to the benefit of all Shareholders.

Your Board has also been active on governance matters over the year. We are currently governed by the 2016 UK Code of Corporate Governance. However, we acknowledge the introduction of the 2019 UK Code of Corporate Governance against which we will report in 2020, and I am pleased to say that the robust governance approach already taken by the Board means that this new code will require little change in our approach. However, we have formed a Management Engagement Committee, chaired by Atosa Moini. Previously the functions of this committee were discharged by the Board as a whole. In that regard, during the year the Board conducted due diligence visits to BNP Paribas Securities Services S.C.A, Guernsey Branch, as Administrator, and AXA IM Paris as Investment Manager.

Finally, I would like to highlight the work of the Audit Committee in conducting a tender for the Company's auditor. This is addressed in detail by Steve Le Page in the Audit Committee report on page 28. The board has accepted the Audit Committee's recommendation to retain KPMG as the external auditor to the Company and that a suitable resolution for their re-election be put to the forthcoming Annual General Meeting.

STRATEGIC REPORT (CONTINUED)
CHAIRMAN’S STATEMENT (CONTINUED)

Looking forward, as I have already noted, we will continue to promote the Company to as wide an audience as possible. As always, however, the Company’s short term performance is dependent upon the vagaries of financial markets. It seems unlikely that the volatility seen of late will dissipate soon. That will continue to translate into some volatility in Volta’s share price, although that could as easily be up in price as down. Nonetheless, as I have emphasised on more than one occasion before, this mark-to-market volatility is, by definition, short term. The long term returns from your Company depend upon the cash flows received from the underlying assets. These look as attractive as ever and so I remain optimistic for the long term.

I thank you for your support as a Shareholder, remain at your disposal to meet with you and look forward to reporting to you again in 2020.

Paul Meader
Chairman
25 October 2019

STRATEGIC REPORT (CONTINUED)
EXECUTIVE SUMMARY

This executive summary is designed to provide information about the Company's business and results for the year ended 31 July 2019. It should be read in conjunction with the Chairman's Statement and the Investment Manager's Report which gives a detailed review of investment activities for the year and an outlook for the future.

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

The Company is an authorised collective investment scheme in Guernsey, pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended). The Company's Ordinary shares are listed on Euronext Amsterdam and, in addition, on the premium segment of the Official List of the UK Listing Authority and are admitted to trading on the Main Market of the London Stock Exchange. Volta's home member state for the purposes of the EU Transparency Directive is the Netherlands. As such, Volta is subject to regulation and supervision by the Netherlands Authority for the Financial Markets, being the financial markets supervisor in the Netherlands.

Significant events during the year
On 1 August 2018, the Company appointed BNP Paribas Securities Services S.C.A., Guernsey Branch to act as the Company's Custodian and Depositary, replacing State Street Custody Services (Guernsey) Limited.

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

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

On 14 March 2019, the Company reduced loan financing under the Repo from $50.0 million to $40.0 million.

On 5 April 2019, the Company announced that with effect from the quarter ended 30 April 2019 the part-payment of Directors' fees in shares would be satisfied through the purchase of shares on the secondary market rather than the issue of new shares. Should the Ordinary shares trade at a premium to NAV in the future, the Directors may seek to amend the policy.

Investment objectives and strategy
The Company's investment objectives are to seek to preserve capital across the credit cycle and to provide a stable stream of income to its Shareholders through dividends that it expects to distribute on a quarterly basis. Subject to the risk factors that are described in the 'Principal Risk Factors' section and in Note 19, the Company seeks to attain its investment objectives predominantly through investment in a diversified portfolio of structured finance assets. The Company's investment strategy focuses on direct and indirect investments in, and exposures to, a variety of assets selected for the purpose of generating cash flows for the Company. The assets that the Company may invest in either directly or indirectly include, but are not limited to, corporate credits; sovereign and quasi-sovereign debt; residential mortgage loans; commercial mortgage loans; automobile loans; student loans; credit card receivables; leases; and debt and equity interests in infrastructure projects.

The Company's approach to investment is through vehicles and arrangements that essentially provide leveraged exposure to portfolios of such Underlying Assets. In this regard, the Company reviews the investment strategy adopted by AXA IM on a quarterly basis. The current investment strategy is to concentrate on the following asset classes: CLO (Debt/Equity/Warehouses); Synthetic Corporate Credit; Cash Corporate Credit; and ABS. There can be no assurance that the Company will achieve its investment objectives.

The Investment Manager
AXA IM is a multi-expert asset management company within the AXA Group, a global leader in financial protection and wealth management, which has a team of experts concentrating on the structured finance markets. AXA IM is authorised by the AMF as an investment management company and its activities are governed by Article L. 532-9 of the French Code Monétaire et Financier. AXA IM was appointed as the Company's AIFM in accordance with the EU AIFMD on 22 July 2014.

Key performance indicators
The Directors meet regularly to review performance and risk against a number of key measures.

Total return
The Board regularly reviews and compares NAV and NAV total return, the performance of the portfolio as well as income received and share price of the Company. The Directors regard the Company's NAV total return as being the overall measure of value delivered to Shareholders over the long term.

NAV, on a total return basis, was 2.5% as at the year ended 31 July 2019. Please refer to page 1 for NAV and share price performance analysis.

STRATEGIC REPORT (CONTINUED)
EXECUTIVE SUMMARY

Key performance indicators (continued)

Concentration

The Board reviews the asset diversification of the investment portfolio to ensure that holdings are in line with the investment guidelines and also to monitors the concentration risk of the investment portfolio.

Refer to pages 55 to 57 of the Prospectus for further information regarding investment guidelines in place.

Refer to the Investment Manager's Report for analysis of Volta's portfolio position as at 31 July 2019. The Company publishes its portfolio composition on its website on a monthly basis.

Ongoing charges

The ongoing charges are a measure of the total recurring expenses incurred by the Company expressed as a percentage of the average Shareholders' funds over the year. The Board regularly reviews the ongoing charges and monitors all Company expenses. Refer to page 68 for methodology of calculation.

Premium / discount

The Directors review the trading prices of the Company's Ordinary shares and compare them against their NAV to assess volatility in the discount of the Ordinary share prices of their NAVs during the year. Please refer to page 1 for further analysis.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are described within the 'Principal Risk Factors' section of the Annual Report on pages 19 to 21 and Note 19 in the financial statements.

Environmental, social and governance issues

The Company is a closed-ended investment company which has no employees and so its own direct environmental impact is minimal. The Board notes that the entities in which the Company invests will in turn invest in companies that have a social and environmental impact over which the Company has no control. Given that the Board holds the majority of their meetings in Guernsey, where the majority of the Directors are based, the Company's direct greenhouse gas emissions and environmental footprint are negligible.

For further information regarding the Company's approach to environmental, social and governance issues, please refer to the Investment Manager's Report on page 13.

Board diversity

The Board has due regard for the benefits of experience and diversity in its membership, including gender, and strives to achieve the right balance of individuals who have the knowledge and skillset to maximise Shareholder return while mitigating the risk exposure of the Company. The Board is made up of four male Directors and one female Director, details of whom are shown on pages 73 and 74. Further information about the Board's policy on diversity is contained within the 'Corporate Governance Report' on page 22 to 23.

The Company has no employees and therefore there is nothing further to report in respect of gender representation within the Company.

Life of the Company

The Company has a perpetual life.

Future strategy

The Board continues to believe that the investment strategy and policy adopted is appropriate for and is capable of meeting the Company's objectives. The overall strategy remains unchanged and it is the Board's assessment that the Investment Manager's resources are appropriate to properly manage the Company's investment portfolio in the current and anticipated investment environment. Refer to the Investment Manager's report on pages 7 to 13 for details regarding performance to date of the investment portfolio and the main trends and factors likely to affect those investments.

Going concern

Under the listing rules, the AIC Code and applicable regulation the Directors are required to satisfy themselves that it is reasonable to assume that the Company is a going concern and to identify any material uncertainties to the Company's ability to continue as a going concern for at least 12 months from the date of approving the financial statements.

The Company currently has only a limited amount of debt financing ($40 million as at the financial year-end date). The Company's current cash holdings and projected cash flows are sufficient to cover current liabilities and projected liabilities. The Directors have considered financial market conditions at the financial year-end date and subsequently and have concluded that any reasonably foreseeable adverse future investment performance would not have a material impact on the Company's ability to meet its liabilities as they fall due. After making appropriate enquiries, the Directors are therefore of the opinion that the Company remains a going concern and are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the Company's financial statements.

STRATEGIC REPORT (CONTINUED)
EXECUTIVE SUMMARY

Viability statement
The Directors have assessed the prospects of the Company over the three-year period from the date of approval of this report. In making this assessment the Directors have taken into account the impact that various adverse scenarios might be expected to have on the Company's cash flows and its ability to meet its liabilities on a timely basis.

The starting point for this analysis was the Company's current financial position; current market conditions; the principal risks facing the Company, as described within the Principal Risk Factors section of the Annual Report on pages 19 to 21; and the risks arising from the Company's financial instruments set out in Note 19 to the financial statements, and their potential impact on the Company. A forecasting period of three years was considered to be appropriate given the life cycle of the Company's particular investment universe and the structure and investment objectives of the Company.

In making their assessment of the Company's prospects, the Directors have focused their attention on those risks impacting the carrying value and liquidity of the Company's investment portfolio and the Company's ability to generate cash from its activities, and thereby to enable it to meet its payment obligations as they fall due, including under the Repo and derivatives contracts, as well as to continue to pay a stable stream of dividends in accordance with its investment objectives. The Directors consider that the greatest risks to the Company's ability to generate cash, and to the carrying value of its investments, would be a sustained increase in the default rate of the credit investments and/or underlying assets of the portfolio and/or any change in market conditions which resulted in severe, prolonged damage to the liquidity and market value of the investment portfolio.

The Directors have considered income, expenditure and NAV projections for the Company, firstly under the assumption that current conditions persist for the entire three-year review period, then under various adverse scenarios that are considered to be severe but plausible and including scenarios where default levels were modelled to peak at a level higher than those previously experienced by the Company during the 2008/2009 crisis and to persist for longer than the heightened default levels that were experienced by the Company at that time.

Under no plausible scenario modelled did the Company become cash flow insolvent but the modelling made two key assumptions: firstly, it was assumed that the portfolio would react to changes in underlying factors in a similar way to that experienced in the past; and secondly, the Directors made the assumption that the Investment Manager would be able to actively and conservatively manage the portfolio during the downturn.

The Directors noted that under various plausible adverse scenarios, while neither of the Company's objectives of providing a stable income stream and preserving capital across the credit cycle may be met, projected income exceeded projected expenses over the period.

The Directors note that the Company's shares trade at a discount to NAV. They actively monitor the discount and communicate regularly with Shareholders on this subject. In making their assessment of viability, the Directors have assumed that Shareholders will continue to recognise the value provided by the Company and will not petition to wind up the Company. The Directors have also assumed that no unforeseen change in, or change in interpretation of, the regulations and laws to which the Company is subject will have a materially negative impact upon its viability.

The Directors have and continue to monitor the uncertainties in the political and economic environments in particular the impact as a result of the UK leaving the EU.

The Directors therefore confirm that they have performed a robust assessment of the viability of the Company over the three-year period from the date of approval of this report, taking into account their assessment of the principal risks facing the Company, including those risks that would threaten its business model, future performance, solvency or liquidity.

The Directors, after due consideration and in the absence of any unforeseen circumstances, confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

The Strategic Report was approved by the Board of Directors on 25 October 2019 and signed on its behalf by:

Paul Meader
Chairman

Stephen Le Page
Chairman of the Audit Committee

INVESTMENT MANAGER'S REPORT

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

KEY MESSAGES FROM THE INVESTMENT MANAGER

For some time now, we have been managing Volta's assets in an environment that can be considered as an "end of cycle" environment. By that, we mean that the positive economic and financial cycle that came as a consequence of the trauma of the Global Financial Crisis and of the Euro sovereign Debt crisis has ended.

- In many countries employment grew and unemployment rates are at record low levels
- The Federal Reserve finished normalizing its monetary policy (the ECB was unable to start doing so)
- Almost everywhere economic growth is more modest than 1, 2 or 3 years ago

A greater than 10-year cycle has ended or is coming to an end and we have to prepare ourselves for a different environment henceforth.

The trade war between the US and China, Brexit, the Italian situation and Iranian sanctions are all symptoms of a global environment with less cooperation and higher episodic volatility. Looking forward, we aren't expecting a brutal economic downturn but several years driven by successive risk off/risk on periods in line with a more turbulent but still modestly supportive environment.

We had a good illustration of that through the multiple drawdowns on the S&P500 (Q1 2018, Q4 2018, May 2019, August 2019) and most investors are interpreting the decline in yields almost everywhere as a sign that further economic disappointments are coming.

Regarding credit, for the coming twelve months, we still do not expect any significant increase in default rates but do expect default rates more in line with historical averages (we have been below these levels for many years) mostly driven by industry issues rather than by an overall depressed economic environment. We expect as well to see more loans being downgraded relative to recent history (in 2018 in the US loan market there were almost 2 upgrades for each downgrade) given the amount of leverage and less protective loan documentations.

As highlighted by Paul Meader in the Chairman's Statement, Volta's performance, continued to be positive through the most recent years: almost 8% from end of July 2018 to end of July 2019 and 9.9% per annum for the 3-year period ending in July 2019 (performance of the share price total return for Volta Finance Ltd (Euronext Amsterdam)).

Having regard to the environment described above, when managing Volta's assets during the last 12 months our leitmotiv has been clear: "optionality".

We decided to favour a portfolio construction and individual investments that can benefit from periods of higher volatility:

- Even though it already was modest we reduced the size of the repurchase agreement we had in place (from $50m to $40m) to limit the risk of liquidity issues;
- We significantly increased the CLO Equity bucket, to benefit from the fact that CLOs are managed loan portfolios with a maturity far lower than the one of the embedded leverage caused by the CLO structure. We mostly focus on CLO managers that demonstrated a positive track record being an active manager in order to be able to benefit from spread widening/loan price decline that may occur going forward;
- We decreased our exposure to Bank Balance Sheet transactions (as bespoke transactions are relatively illiquid);
- We decreased CLO debt - as for Bank Balance Sheet transactions the overall performance cannot be higher than the stated coupon, there is no optionality when trading close to par and when reinvesting in CLO debt we tend to purchase debt at a discount to par to maximize the potential gains that could come from any pre-payment at par.

One of the merits of this strategy is to increase the level of cash flow that we are receiving from our assets:

- Interest and coupons continued to increase to reach a multi-year record of €42.0m received in the year ended July 2019, representing 13.8% of Volta's opening NAV.

Receiving higher cash flows increases the possibility of seizing opportunities through reinvestments at a discount when volatility occurs.

Indeed, the turnover of the fund was relatively important through the year ended July 2019, with a little more than €120m invested. This year, again, we were able to source investment opportunities in line with our target returns, with an average projected yield on purchases of around 12.75%, based on AXA IM assumptions.

In line with our strategy to favour optionality, it is worth noting that as at the end of July 2019, the average price of our USD CLO Debt (34% of Volta's assets) was 93.6% opening the door to some potential price appreciation.

During the period we strictly limited our exposure to European CLO debt, ahead of Brexit and this now represents less than 1% of Volta's assets as at the end of July 2019.

INVESTMENT MANAGER'S REPORT (CONTINUED)

KEY MESSAGES FROM THE INVESTMENT MANAGER (CONTINUED)

We have continued to invest in CLO Equities (both in Europe and the US) as we like the ability of CLO Equity to benefit from volatility in the loan markets. A good illustration of that is the fact that, on average, since Q4 2018, the average spread of the underlying loan portfolios in our CLOs increased, generating higher cash flows to our CLO Equity positions. For example, in July 2019, 12 out of our 16 USD CLO equity positions paid a quarterly cash flow. This cash flow represented 7.4% of their market value (the same statistic in July 2018 was 4.9%).

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

UNDERSTANDING THE PERFORMANCE FOR THE YEAR ENDED 31 JULY 2019

As in prior years, the primary contributor to performance was the ongoing cash flow received from our assets. The performance for the 12-month period can be attributed as follows (figures are expressed as a percentage of the NAV as at the end of July 2018):

Coupons and dividends income received	13.8%
Realised gains/(losses) on sales and redemptions of financial assets at fair value through profit or loss	-0.4%
Unrealised gains/(losses) of financial assets at fair value through profit or loss	-9.3%
Currency impact, net of effect of FX hedging[1]	0.1%
Financing costs and other hedging costs	0.0%
Operating expenses	-1.9%
Impact of re-investment of dividends at NAV	0.2%
NAV total return	2.5%

[1] Currency Impact does not take into account the carry of USD investments solely the currency rates impact

Overall the annual performance suffered from the significant decrease in mark-to-market in Q4 2018 (unrealized losses in the above table). The rebound we observed in the first half of 2019 and the strong cash flows we continued to receive was not sufficient to bring this year's performance in line with our target.

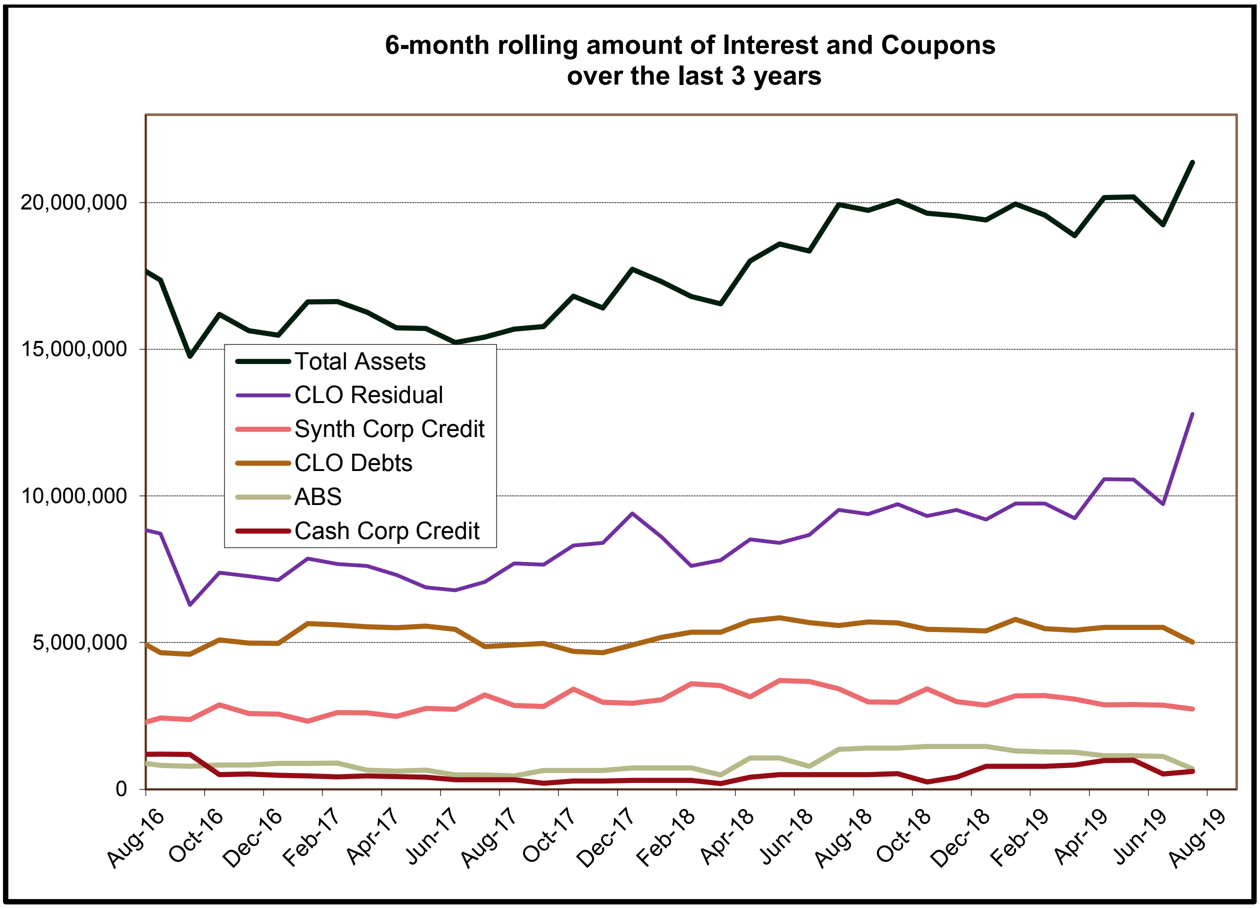
In terms of achievements and fundamentals it is worth mentioning that:

- During the 12-month period Volta closed 4 CLO warehouses. These assets are relatively short-term, but generated 14.4%, 24.0%, 26.6% and 29.7% IRRs[1] ;
- The number of CLO Equity positions increased and the payments we received from them increased significantly. A good illustration of that are the latest payments we received in July 2019 from our USD CLO Equity positions (75% of our USD CLO Equity positions pay in July): a payment representing 5.0% of $88.7 nominal amount against 3.2% of $61.5m in July 2018.
- Our CLO Equity positions still enjoyed good characteristics at the end of July 2019: for example, loans rated Caa1 or lower represented only 1.5% of the underlying loan pools for European transactions and 2.8% for US deals (to be compared with 1.7% and 5.4% for the market);
- Cash flow generated by the assets has grown during the period as shown on the following page (net of cost of Repo):

[1] The IRRs are calculated according to the methodology outlined on page 68

INVESTMENT MANAGER'S REPORT (CONTINUED)

UNDERSTANDING THE PERFORMANCE FOR THE YEAR ENDED 31 JULY 2019 (CONTINUED)



Once again, Volta has been able to benefit from the breadth of its investment strategy, maintaining an attractive projected yield on its assets and generating significant cash flows even through an environment that was not always supportive.

LONG-TERM PERFORMANCE

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

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

	One year %	Three years %	Five years %	Since Volta's inception %
NAV Total return[2]	2.5	7.8	9.1	6.1
Total share performance[3]	**7.9**	**9.9**	**11.5**	**9.5**
S&P 500 (total return)	8.0	13.3	11.3	8.4
MSCI European (total return)	0.6	8.8	6.7	3.5
$ High Yield Bonds (H0A0 Index)	6.9	6.8	5.1	7.1
US Loans Market (S&P LSTA Index)	4.8	4.8	4.3	6.8
European High Yield Bonds (HE00 Index)	4.0	5.0	3.9	4.6
European Loans Market (S&P ELLI Index)	3.1	3.4	3.7	4.0

[1] No statement in this comparative table is intended to be nor may be construed as a profit forecast. The figures provided relate to previous months or years and past performance is neither a guide to future returns nor a reliable indicator of the future performance of the Company or the Investment Manager.
[2] Dividends re-invested at NAV
[3] Dividends re-invested in Volta shares
Source: Bloomberg using the total return analysis ("TRA") function. Each index is measured in its local currency.

INVESTMENT MANAGER'S REPORT (CONTINUED)

LONG-TERM PERFORMANCE (CONTINUED)

Despite the modest performance of the last annual period due to the Q4 18 market volatility that repriced the CLO debt market, the medium to long term performance of Volta has been significantly positive. Even more encouraging, the share price has outperformed all above indices over all time periods, other than the S&P 500 over 3 years and 1 year which was boosted by the Trump administration's decision to cut US corporate taxes.

Overall, the annualized share performance of Volta from inception in December 2006 at 9.5% compares favourably to the performance of the large equity indices and high yield bond or loan indices referenced in the table above for the same period.

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

We frequently compare Volta with other listed vehicles that operate roughly in the same investment space: Fair Oaks Income ("FAIR"), Blackstone/GSO Loan Financing ("BGLF") and TwentyFour Income Fund ("TFIF"). The performance and volatility of Volta compared to these three listed funds for the last five years (based on published NAV per share and dividend payments, from end of July 2014 to end of July 2019) was as follows:

Based on published NAV per share and dividends	**Volta (€)**	**FAIR ($)**	**BGLF(€)**	**TFIF(£)**
Annualised performance in excess of the risk free rate	9.4%	8.1%	7.8%	4.5%
Annualised volatility	6.0%	9.4%	3.0%	4.6%
Sharpe ratio	**1.6**	**0.9**	**2.6**	**1.0**

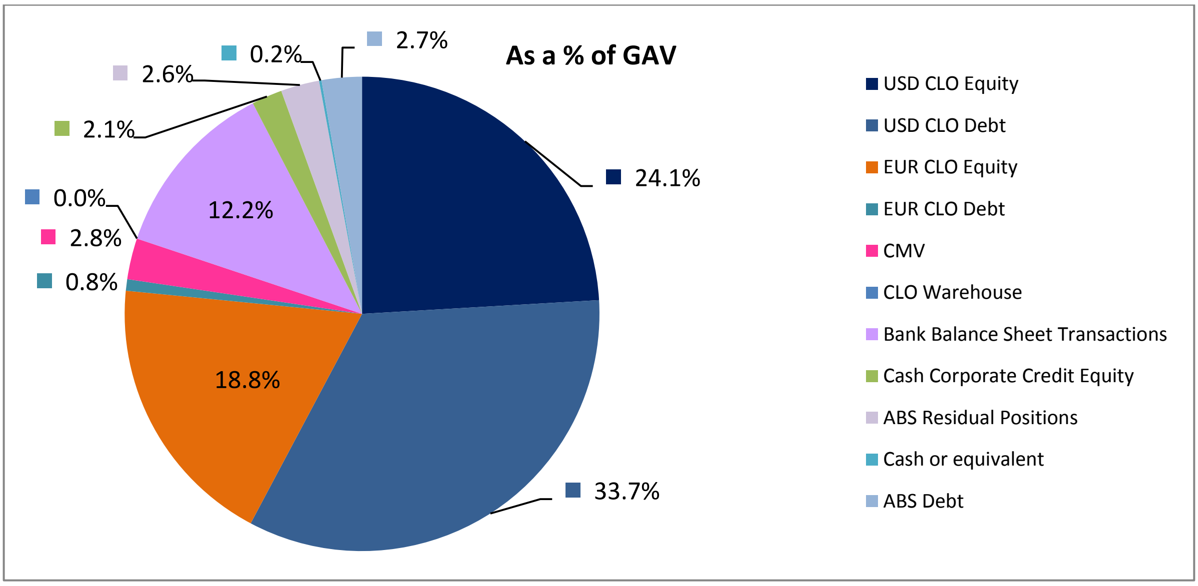
The above Sharpe ratios are illustrative and have been computed by AXA IM for information purposes only, using monthly NAV and dividends published on Bloomberg and using three-month Euribor or Libor rates as the risk-free rate. The five-year period (from end of July 2014 to end of July 2019) corresponds to the longest available given the inception dates of the funds. The funds to which Volta is compared have their own investment objectives, constraints, guidelines, horizon, liquidity and other features that may significantly differ from the ones for Volta. This fund list has been determined by AXA IM in consultation with a pool of brokers. AXA IM disclaims any responsibility or liability for the performance of such funds and does not represent that the information provided in respect of such funds is accurate, complete and relevant for assessing in relative or absolute terms the performance of Volta.

According to this table, Volta's Sharpe ratio is higher than that of its closest competitors, except BGLF which uses a Mark-to-Model valuation.

VOLTA PORTFOLIO POSITIONING AS AT 31 JULY 2019

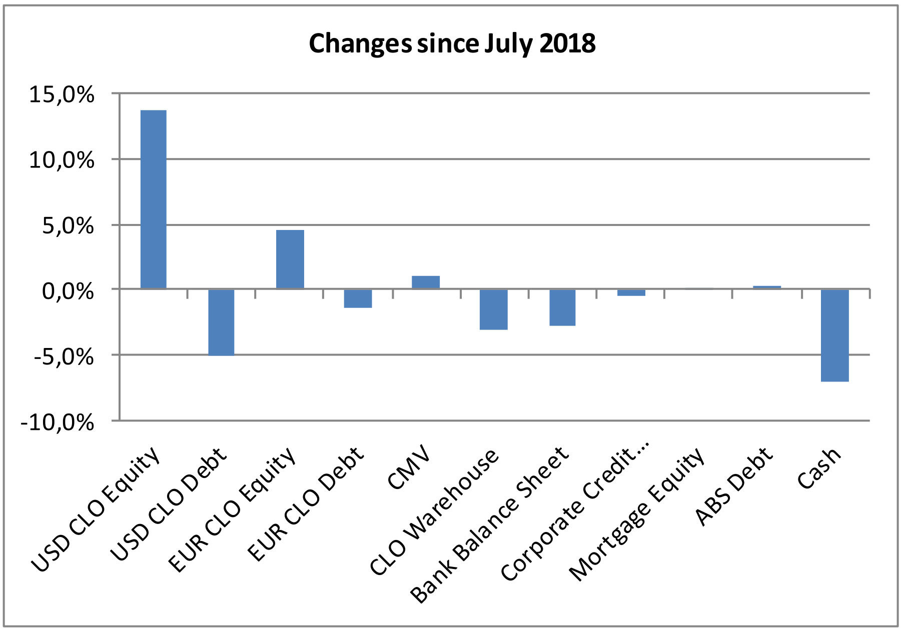
During the annual period under review we:

- Continued to increase the CLO Equity bucket, especially USD positions;
- Reduced CLO Debt exposure, both USD and Euro;
- Decreased the size of the Bank Balance Sheet transaction bucket.
- Tended to be fully invested since the spread widening of Q4 2018



INVESTMENT MANAGER'S REPORT (CONTINUED)

VOLTA PORTFOLIO POSITIONING AS AT 31 JULY 2019 (CONTINUED)



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

The higher expected volatility for the loan market, when it occurs, might impact both our CLO Debt bucket (mainly BB rated tranches) and our CLO Equity tranches in terms of mark-to-market. Our conviction, and it has been corroborated by past episodes of volatility (GFC, O&G Crisis, Q4 2018 volatility), is that the mark to market drawdown of CLO BB tranches is very similar to that of CLO Equity positions. When taking into account the higher cash flows generated by CLO Equity positions our conviction is that it is worth investing more in CLO Equity to benefit, on a long term basis, from the positive optionality that such investments incorporate. Equally, when the expectation is for a period of relative stability with some spread compression we are better off with CLO debt than with CLO Equity (our stance for many years before 2018)

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

USD CLO Equity Tranches - Median annual IRR on US terminated deals		
Vintage	Wells Fargo Market Data	AXA IM Investments
2001	7.6%	16.2%
2002	10.5%	20.4%
2003	3.7%	10.9%
2004	8.0%	12.2%
2005	14.2%	14.9%
2006	16.7%	18.5%
2007	18.4%	21.0%

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

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

INVESTMENT MANAGER'S REPORT (CONTINUED)

VOLTA PORTFOLIO POSITIONING AS AT 31 JULY 2019 (CONTINUED)

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

PROJECTED IRR ON VOLTA'S PORTFOLIO

As at the end of July 2019, based upon reasonable and standard assumptions, Volta's assets had a projected yield in the area of 11.6%.

Asset Class	%GAV	Proj. IRR	Proj. WAL*
USD CLO Equity	24.1%	15.7%	2.8
EUR CLO Equity	18.8%	11.2%	3.0
USD CLO Debt	33.7%	9.9%	3.6
EUR CLO Debt	0.8%	9.4%	5.0
CMV/CLO Warehouses	2.8%	15.0%	4.0
Bank Balance Sheet Trans.	12.2%	10.7%	3.5
Cash Corp. Credit	2.1%	8.0%	2.0
ABS Residual	2.6%	11.0%	2.5
ABS Debt	2.7%	10.0%	4.5
Total	99.8% (0.2% Cash)	11.6%	3.3

* - Weighted Average Life

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

This projected yield is based on the assumption that the CLO Equity tranches will suffer from defaults at the underlying loan portfolio in line with market standard assumptions (a fixed default rate of 2% per annum). In aggregate, we anticipate that the overall performance of Volta's portfolio could be 1% to 2% in excess of the above projected yield thanks to refinancing / reset options existing in CLO documentation.

As outlined earlier, there are already some indications of this, with the last 3 quarters characterized by the hike in WAS (Weighted Average Spread) of the underlying CLO portfolio that led to higher cashflows to our CLO Equity positions.

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

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

CURRENCY EXPOSURE

During the period, there were no significant shifts in the currency hedging of Volta's US dollar assets back into Euro. Very simplistically, and almost mechanically, we increased the amount of the hedge when the US dollar appreciated and reduced it when the US dollar depreciated somewhat. During the period, Volta's US dollar exposure went from 31.9% at the end of July 2018 (1.17 USD/EUR) to 28% at the end of July 2019 (1.11 USD/EUR). Because of the liquidity risk from margin calls associated with seeking to fully hedge US dollar exposures, we have maintained a residual US dollar exposure for many years. Our intention is not to manage this position actively. Considering the magnitude of the US dollar exposure of Volta and the historical mean-reverting behaviour of USD/EUR cross rates, we do not expect the currency exposure of Volta to be a material driver, through the whole cycle, of Volta's performance. Indeed, the overall contribution of currency risk to Volta's performance has been modest since Volta's inception more than twelve years ago.

INVESTMENT MANAGER'S REPORT (CONTINUED)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")

AXA IM is a signatory of the United Nations Principles for Responsible Investment ("UN PRI"). Therefore, AXA IM is active in seeking to integrate ESG considerations into its investment processes. The integration of these processes is more complex in structured finance assets than other, more vanilla, asset classes. However, certain ESG considerations are now being integrated into the CLO manager selection process for Volta and some issuers and some businesses are being systematically excluded like groups whose primary business activity is the extraction of oil, gas or thermal coal, or groups that produce or trade in controversial weapons among others, or exclusions are being requested where a sub-manager is involved. Despite the complexities involved, AXA IM is at the forefront of the promotion of ESG considerations into structured finance and is actively supporting the transition. In 2018, AXA IM started producing ESG scoring on the vast majority of the European loans we purchased in the primary market. The effort has been amplified in 2019.

OUTLOOK

For the next annual period, as outlined earlier, our view is that the economic slowdown might continue but not to a point that will either materially affect default rates in loan markets or the risk premiums on our assets (risk premiums already increased in 2018). Hence we are relatively optimistic that performance should be near our target returns as we consider that most of our assets are already priced with some degree of a discount.

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

We saw the mark-to-market impact of the risk-off attitude of Q4 2018 in most markets. Since then the rebound was modest although our assets continue to benefit from a low default environment. We anticipate more defaults at some point in time, starting from far below historical averages, but we do not foresee the level reaching the highs we saw in 2009. Our conviction is that the deterioration should be relatively smooth, in line with the smooth economic slowdown we are experiencing. To summarize, despite uncertainties, we do not see, at the time of writing, anything that is expected to be of significant impact to Volta's portfolio for the coming year.

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

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

Strategically, we expect to maintain a significant bucket of CLO Equity positions (favouring controlling stakes with over 50% of an individual CLO Equity position) and to continue to decrease the less liquid portion of our portfolio as we think it makes sense to build more optionality: either assets like CLO Equity that might benefit from a more volatile environment or assets that could be traded quickly to be able to seize opportunities when they appear.

Another way to benefit more from opportunities is to decrease the number of positions, although maintaining a high level of diversification, in order to increase the value that can be added from deals "restructuring" (refinancing/resetting/calls/repackaging). This is what we have done through this annual period.

We consider that our mandate as Volta's Investment Manager is to invest in assets that should be able to produce stable revenue which can support attractive distributions to Shareholders through investing in assets and structuring investments that are adapted to the prevailing market circumstances. We will continue to draw upon the experience of our teams in the structured finance department of AXA IM and their ability to take advantage of investment opportunities across the different segments of the structured finance markets in order to meet Volta's objectives.

AXA INVESTMENT MANAGERS PARIS
25 October 2019

REPORT OF THE DEPOSITARY TO THE SHAREHOLDERS

As Depositary we are responsible for carrying out duties set out in Article 21 paragraphs (7) (8) and (9) of the AIFMD and can confirm that monitoring has taken place to ensure that AXA IM (the AIFM) is compliant with Article 21 paragraphs (7) (8) and (9) for the year ended 31 July 2019, and that we have no matters of concern to report.

BNP Paribas Securities Services S.C.A. Guernsey Branch
BNP Paribas House
St Julian's Avenue
St Peter Port
Guernsey
GY1 1WA
25 October 2019

REPORT OF THE DIRECTORS

The Directors present their Annual Report and the Audited Financial Statements for the year ended 31 July 2019. In the opinion of the Directors, the Annual Report and Audited Financial Statements taken as a whole are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

Share capital
The Company's share capital consists of an unlimited number of shares. As at 31 July 2019, the Company's issued share capital was 36,580,580 shares (31 July 2018: 36,566,636 shares).

Results and dividends
During the financial year the Company's NAV decreased by €15.1 million or €0.4 per share. The net comprehensive income for the year, amounted to €7.1 million.

During the year, the Directors declared the following quarterly dividends: €0.15 per share paid in September 2018; €0.16 per share paid in December 2018; €0.15 per share paid in March 2019; and €0.15 per share paid in June 2019.

Share repurchase programme
At the 2018 AGM, held on 30 November 2018, the Directors were granted authority to repurchase 5,482,017 shares (being equal to 14.99% of the aggregate number of shares in issue at the date of the 2018 AGM notice) for cancellation. This authority, which has not been used, will expire at the upcoming AGM. The Directors intend to seek annual renewal of this authority from Shareholders.

Authority to allot
At the 2018 AGM, the Directors were granted authority to allot, grant options over, or otherwise dispose of up to 3,657,116 shares (being not more than 10% of the shares in issue at the date of the 2018 AGM notice). This authority will expire at the 2019 AGM.

Repurchase agreement with Société Générale
The Company has a repurchase agreement with SG, under the terms of which SG has provided the Company with finance of $40 million secured against a portfolio of USD CLO Debt securities. Refer to Note 12 to the financial statements for further details.

Greenhouse gas emissions
Please refer to page 5 of the Strategic Report – "Environmental, social and governance issues" for disclosure regarding greenhouse gas emissions.

Alternative Investment Fund Managers Directive
The AIFMD seeks to regulate managers of AIFs that are marketed or managed in the European Economic Area. In compliance with the AIFMD, the Company has appointed AXA IM to act as its AIFM and, from 1 August 2018, BNP Paribas Securities Services S.C.A. Guernsey Branch has been appointed to act as its Depositary. Refer to the legal and regulatory disclosures section on pages 71 and 72 for further information.

Risk retention provisions – The EU and US risk retention requirements
EU and US risk retention provisions are/were designed to ensure that the sponsor of a securitisation has "skin in the game" and would bear a risk of principal losses commensurate with the risk taken by the investors in the securitisation in the event of poor performance. The "skin in the game" was characterised in both regimes by an obligation to retain 5% of the risk of the securitisation, although measurement of the risk, instruments held, type of retainer (originator, original lender or sponsor) and eligible forms of retention used varied to a certain extent between the two regimes.

Implementation of the EU risk retention requirements has not, to date, affected the ability of the Company to carry out its investment strategy in the CLO market. The US risk retention requirements were repealed in 2018 and, consequently, are no longer applicable.

United States of America Foreign Account Tax Compliance Act
Guernsey has entered into an Intergovernmental Agreement with the US Treasury in order to comply with FATCA for enhanced reporting of tax information. Under the IGA, the Company is regarded as a Foreign Financial Institution resident in Guernsey.

Common Reporting Standard
The CRS is a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. As a consequence of the regulations introduced by the States of Guernsey to implement the CRS, the Company is required to report certain tax information to the Guernsey income tax office in respect of investors resident in other CRS participating jurisdictions. That information is transmitted by the Guernsey income tax office to the relevant foreign tax authorities. Please see the legal and regulatory disclosures section on pages 71 and 72 for further information.

REPORT OF THE DIRECTORS (CONTINUED)

Directors
The Directors who held office during the financial year and up to the date of approval of this report are listed on page 73 and 74.

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

	Number of shares at 31 July 2018	New shares issued	Shares purchased on secondary market*	Shares purchased directly	Number of shares at 31 July 2019
G Harrison	10,387	2,613	896	none	13,896
S Le Page	25,326	2,934	1,005	none	29,265
P Meader	29,313	3,337	1,144	none	33,794
A Moini	2,766	2,447	839	none	6,052
P Varotsis	183,993	2,613	896	7,200	194,702

* Shares purchased on the secondary market represent the shares purchased by the Company on the secondary market and transferred to the Directors as part payment of the Directors' fees.

Shareholders' Interests
As at 31 July 2019, so far as the Directors are aware, no person other than those listed below and those parties disclosed in Note 20 to the financial statements was interested, directly or indirectly, in 5% or more of the issued share capital in the Company:

Registered Shareholder	Number of Ordinary shares held	Percentage of Ordinary shares held
AXA S.A.	11,060,060	30.24%
BBVA, Madrid	2,500,000	6.83%
BNP Paribas Wealth Management	2,455,158	6.71%
Ironside Partners	2,119,000	5.79%
Deutsche Bank	2,021,276	5.53%

None of the above Shareholders have Shareholder rights that are different from those of other holders of the Company's Ordinary shares, except for the holder of the Class B share, an affiliate of AXA S.A., which has the right to appoint a Director to the Board. This right is not currently being exercised.

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

Independent Auditor
KPMG served as Auditor during the financial year and has expressed its willingness to continue in office.

During 2019, the Audit Committee has carried out an audit tender for the 2020 engagement and a resolution to re-appoint KPMG as Auditor will be put to the forthcoming 2019 AGM.

Refer to page 28 for further detail regarding the audit tender process carried out by the Audit Committee.

REPORT OF THE DIRECTORS (CONTINUED)

Financial risk management objectives and policies
The Board is responsible for the Company's system of risk management and internal control and meets regularly in the form of periodic Board meetings to assess the effectiveness of such controls in managing and mitigating risk.

The Board confirms that it has reviewed the effectiveness of the Company's system of risk management and internal control for the year ended 31 July 2019, and to the date of approval of this Annual Report.

The key financial risks that the Directors believe the Company is exposed to include credit risk, liquidity risk, market risk, interest rate risk, valuation risk and foreign currency risk. Please refer to Note 19 for reference to financial risk management disclosures, which explains in further detail the above risk exposures and the policies and procedures in place to monitor and mitigate these risks.

The Administrator has established an internal control framework to provide reasonable but not absolute assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of these controls is assessed by the Administrator's compliance and risk departments on an on-going basis and by periodic review by external parties. The Administrator's Fund Compliance Manager acting on behalf of the Company presents an assessment of their review to the Board in line with the compliance monitoring program on a quarterly basis which has revealed no matters of concern.

Events after the Reporting Date
The Directors are not aware of any developments that might have a significant effect on the operations of the Company in subsequent financial periods not already disclosed in this report or Note 22 of the attached financial statements.

Going concern
Refer to page 5 for the Board's going concern assessment.

The Report of the Directors was approved by the Board of Directors on 25 October 2019 and signed on its behalf by:

Paul Meader
Chairman

Stephen Le Page
Chairman of the Audit Committee

RISK COMMITTEE REPORT

The Risk Committee presents its report for the year ended 31 July 2019.

Terms of reference
The Board has established terms of reference for the Risk Committee governing its responsibilities, authorities and composition in accordance with the AIC Code.

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

- reviewing and monitoring the effectiveness of the Company's risk management and internal control procedures pertaining to the investment portfolio, focusing on identifying and overseeing those investment portfolio related risks that might impact upon the performance of the Company's NAV and/or shares, and reporting its findings to the Board;
- the development and maintenance of a risk matrix, incorporating risk mitigation measures, to assist the Risk Committee in identifying, recording and monitoring the key risks faced by the Company, having regard to all risks that may be identified, including those identified in the 'Principal Risk Factors' section on pages 19 to 21;
- the recommendation of investment risk limits and tolerances to the Board and regular review of the suitability of those adopted;
- monitoring compliance with those investment risk limits and tolerances and notifying the Board of any breaches or material concerns on a timely basis; and
- monitoring compliance with operational and regulatory requirements relating to the Company's investment portfolio and notifying the Board of any breaches or material concerns on a timely basis.

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

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

Composition
The Risk Committee currently comprises Mr Harrison (Chairman), Mr Le Page, Mr Meader, Ms Moini and Mr Varotsis. Only Independent Directors may serve on the Risk Committee. The Risk Committee meets at least four times each year.

Activities
During the financial year ended 31 July 2019 the Risk Committee met on six occasions and conducted due diligence visits to the Administrator on 6 March 2019 and to the Investment Manager on 27 June 2019.

The Risk Committee reviews both quantitative and qualitative metrics in relation to the categories of risk which are relevant to the Company's overall activities, the particular characteristics of the Company's investments and the Company's investment objectives. These metrics are generally provided to the Risk Committee by the Investment Manager but, from time to time, the Risk Committee may also be provided with information by its Company Secretary or its Corporate Broker.

The Risk Committee constructively challenges the Investment Manager in relation to matters of investment risk. The Risk Committee ensures that the risk matrix is kept up to date in response to the evolving strategy and risk environment of the Company.

The principal risks facing the Company, as identified by the Risk Committee in conjunction with the Board, including those risks that would threaten its business model, future performance, solvency or liquidity are listed in the Principal Risk Factors section on pages 19 to 21.

The Risk Committee has worked jointly with the Audit Committee to develop a framework for the analysis required for the Board to make the Viability Statement included on pages 6 of this report. This work included scenario and stress case modelling produced by the Investment Manager at the Risk Committee's request.

The Risk Committee has concluded from the results of its activities during the financial year that the risks faced by the Company, as described in this Annual Report, are appropriate to the Company's investment objectives and circumstances and are adequately monitored and controlled. The Risk Committee has reported accordingly to the Board.

Graham Harrison
Chairman of the Risk Committee
25 October 2019

PRINCIPAL RISK FACTORS

Summary
An investment in the Company's 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 report, as well as their own personal circumstances, and consult with their financial and tax advisors before making a decision to invest in the shares.

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

The following principal 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. A more comprehensive list of the risks faced by the Company may be found in the Summary Document that is posted on the Company's website.

Strategic risks
These are the investment risks the Company chooses to take in order to meet its performance objectives. The Board has defined limits for various metrics in order to monitor and control the following strategic risks, which are reviewed by the Risk Committee on at least a quarterly basis. The Board also reviews regularly the broad investment environment and receives detailed reports, including scenario analysis, from the Investment Manager on the economic outlook and potential impact on the Company's performance.

Principal risks	**Impact, tolerance, controls and mitigation**
Default risk – The risk that underlying loans or financial assets within the investment portfolio default, leading to investment losses, a reduction in cash flows receivable and a fall in the Company's NAV.	Depending on the severity of any increase in default rates, particularly the duration of any such increase, the impact of underlying asset default risk could potentially be high. However, the Company is expected to be able to tolerate a short-term spike in defaults without any material impact on the Company. Default risk is monitored and managed by the Investment Manager through active portfolio management and is mitigated by the Company's broadly diversified investment portfolio. Individual and aggregated exposure limits and tolerances in relation to credit risk are set by the Company and reviewed regularly. Because most CLOs and some other investments in the Company's portfolio are actively managed and the Company invests at various levels in the capital structure of CLOs, the aggregate net credit exposure across the portfolio to underlying names cannot be fully controlled. However, the Investment Manager periodically provides granular impact analysis of credit exposure to the larger underlying obligors in order to allow the Board to be satisfied that the portfolio remains broadly diversified and that this risk remains at a tolerable level.
The risk that a counterparty defaults leading to a financial loss for the Company.	The Company has a moderate credit exposure to counterparties through derivatives, the Repo and cash deposits. On rare occasions, there may be short-term exposure via settlement processes. Limits are set for individual counterparty exposures. The Investment Manager monitors these limits and provides compliance reports thereon to the Risk Committee. The Investment Manager also monitors the quality and appropriateness of counterparties, upon which it performs regular due diligence.
Market risk – The impact of movements in market prices, interest rates and foreign exchange rates on cash flows receivable and the Company's NAV.	The impact of market risk on the Company's ability to achieve its investment objectives could potentially be high. While the Company is well positioned to tolerate short-term market volatility and/or lack of liquidity, sharp falls in market prices would require more eligible collateral to be posted under the Repo at relatively short notice and a prolonged severe drop in NAV could ultimately trigger the termination of the Repo. Market risk is therefore monitored closely and is managed and mitigated as far as possible by the Investment Manager through active portfolio management, the maintenance of a diversified investment portfolio and use of the flexibility of the Company's investment policy, which permits the Investment Manager to switch between asset classes and levels of risk.

PRINCIPAL RISK FACTORS (CONTINUED)

Strategic risks (continued)	
Principal risks	**Impact, tolerance, controls and mitigation**
***Market risk (continued)* –** The impact of movements in market prices, interest rates and foreign exchange rates on cash flows receivable and the Company's NAV.	Given that the Company's investments have floating interest rate characteristics, the direct risk arising from interest rate volatility is modest. The Investment Manager carefully manages the Company's foreign exchange exposure hedging through derivatives to balance the partial mitigation of the impact of foreign exchange fluctuations upon the NAV with the need to ensure that any margin obligations can be met comfortably. The Risk Committee has set foreign exchange exposure tolerances and derivative margin tolerances.
The risk of severe market disruption leading to impairment of the market value and/or liquidity of the Company's investment portfolio.	The Company is well positioned to be able to tolerate prolonged market disruption, as occurred in 2008/2009, due to the fact that the Company is financed mostly by equity on which it is able to exercise discretion regarding dividend payments and the fact that the Company's debt financing through the Repo transaction is relatively small and structured in a way that should enable repayment in an orderly manner if required. The Board monitors overall leverage levels and the Risk Committee oversees soft limits applicable to the Repo and associated collateralisation.
The market value of the collateral posted by the Company under the Repo is significantly higher than the amount of the loan due to the application of haircuts. The amount of collateral that would be required could increase significantly in the event of market disruption.	The Investment Manager monitors on a daily basis the collateral requirements under the Repo and ensures that a suitable amount of available cash and other liquid assets is available at all times to respond to any requirement to post additional collateral. The liquidity of the Company is controlled through limits set and monitored by the Investment Manager and by the Risk Committee. The Risk Committee and the Board require timely exception reporting from the Investment Manager upon any breach relating to these limits.
***Re-investment risk* –** The ability to re-invest in investments that maintain the targeted level of returns at an acceptable level of risk.	The potential impact of this risk is considered to be moderate in that it would not be felt immediately, given the medium-term nature of the Company's portfolio. The Company fully tolerates this risk in order to achieve its investment objectives. In the Board's opinion, the ability of the Company and the Investment Manager to mitigate this risk is necessarily limited by external factors. Nevertheless, the Investment Manager is alert to the need to anticipate and respond to market and regulatory developments. Taking into account the reputation, size and presence in the market of the Investment Manager, which provide increased exposure to investment opportunities, and the Company's flexible investment mandate, the Board believes that this risk is mitigated as far as reasonably possible. The Board is aware of the risk of "creep" in risk tolerance in order to maintain returns in less favourable market environments and regularly challenges the Investment Manager on this point.

Preventable risks These are the risks that the Board believes should be substantially mitigated by the Company's controls. The Board has defined limits for various metrics in order to monitor and control the following preventable risks, which are reviewed by the Risk Committee on at least a quarterly basis.	
Principal risks	**Impact, tolerance, controls and mitigation**
Liquidity and going concern – The risk that the Company is unable to meet its payment obligations and is unable to continue as a going concern for the next twelve months.	If the Company were to be unable to meet its obligations as they fell due, the impact on the Company would be severe, although this risk is remote. Consequently, the Company monitors this risk and the potential threats to the liquidity of the portfolio. The availability of liquid resources is a high priority for both the Risk Committee and the Board. On a day-to-day basis, the Investment Manager monitors cash flow and payment obligations carefully and retains sufficient cash and/or liquid assets available to meet its obligations. The Investment Manager also monitors and reports to the Risk Committee on the market liquidity of the portfolio. Cash demands may arise from collateralisation and payment obligations under the Repo, margin calls and other payment obligations on hedging agreements and any other derivatives the Company might enter into, drawdowns on investment commitments and other payment obligations such as ongoing expenses.

PRINCIPAL RISK FACTORS (CONTINUED)

Preventable risks (continued)	
Principal risks	**Impact, tolerance, controls and mitigation**
Valuation of assets – The risk that the Company's assets are incorrectly valued.	Whilst there might be no immediate direct impact on the Company from incorrect valuation of the Company's assets in its monthly NAV reports and annual and interim financial reports, this is considered to be a high risk area due to the potential impact on the Company's share price and actions that could arise from the provision to the market of materially inaccurate valuation data. Any material valuation error is reported to investors. The Company's accounting policies for the valuation of its assets are described in Note 3 in the financial statements. The Company's NAVs and semi-annual NAVs are calculated based on valuations provided independently by JP Morgan PricingDirect for the majority of positions. In addition, certain of the prices comprising the semi-annual NAV valuation are further verified using an additional independent pricing source, Omicron.
Investment Manager risks – The risk that the Investment Manager may execute its investment strategy poorly.	This risk is mitigated by the fact that the Investment Manager is part of a very large organisation with deep resources. It manages a number of other funds in the same asset classes as the Company and has a strong track record over a long period in the Company's asset classes.
Key person risk – The risk that the Investment Manager resigns, goes out of business or exits the Company's asset classes.	The Investment Manager has large teams and deep resources of skills to replace key individuals. The Investment Manager must give three months' notice before resigning which would help mitigate the disruption caused by any need to appoint a new Investment Manager.
Legal and regulatory risk – The risk that changes in the legal and regulatory environment, including changes in tax rules or interpretation, might adversely affect the Company, such as changes in regulations governing asset classes that could impair the Company's ability to hold or re-invest in appropriate assets and lead to impairment in value and or performance of the Company.	The impact of legal and regulatory change, including tax change, could potentially be high. The Investment Manager continuously monitors the legal and regulatory environment in which the Company operates in order to enable the Company to continue to adapt to any legal and regulatory changes by investing in new asset classes and/or new investment structures in response to such changes. The Investment Manager reports to the Board at least semi-annually regarding any relevant upcoming regulatory and tax changes and on an ad hoc basis if appropriate.
Brexit – Risks arising from the proposed departure of the United Kingdom from the European Union.	In the Investment Manager's opinion a "hard" BREXIT could impact some business cases and, on a mid-term basis, might result in some credit deteriorations that could have some impact on the Company's assets, as European CLOs and some of the Bank Balance Sheet transactions are exposed to UK-based credits. However, the Board are monitoring developments closely with the assistance of the Investment Manager.

CORPORATE GOVERNANCE REPORT

The Company is a Guernsey limited liability company with shares listed on Euronext Amsterdam and the Main Market of the London Stock Exchange. Volta's home member state for the purposes of the EU Transparency Directive is the Netherlands. As such, Volta is subject to regulation and supervision by the AFM, which supervises compliance with the Financial Markets Supervision Act in the Netherlands.

The Company is a member of the AIC and has elected to follow the AIC Code, as revised in July 2016. The AIC Code has been endorsed by the FRC as an alternative means for their members to meet their obligations in relation to the UK Code. The Company is not required to apply the Dutch Corporate Governance Code. The GFSC has also issued a code of corporate governance, which applies to the Company. Compliance with the AIC Code is deemed to satisfy compliance with the GFSC Code. A full version of the AIC Code can be found on the AIC's website: https://www.theaic.co.uk.

In February 2019, the AIC published an updated code of corporate governance to assist member companies to meet the reporting requirements of the 2018 UK Corporate Governance Code. The 2019 AIC Code applies to accounting periods beginning on or after 1 January 2019; therefore, the Company will report against it in its 2020 Annual Report and Audited Financial Statements. The Company has undertaken a gap analysis of the 2019 AIC Code. It is satisfied that it will be able to demonstrate how the principles have been applied and where applicable be able to provide clear rationale for any areas of non-compliance along with the action the Company is undertaking.

Statement of how the principles of the AIC Code are applied

The Board has considered the principles and recommendations of the AIC Code by reference to the AIC Guide. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The Board considers that reporting against the principles and recommendations of the AIC Code provides better, more relevant, information to Shareholders than would be achieved by reporting against the UK Code.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code throughout the financial year ended 31 July 2019, except as set out below. The UK Corporate Governance Code includes provisions relating to:

- the role of the Chief Executive;
- Executive Directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has, therefore, not reported further in respect of these provisions. The Directors continue to monitor the systems of internal controls at each of its service providers in order to provide them with assurance that they operate as intended.

Portfolio composition

The Company publishes its portfolio composition on its website on a monthly basis.

The Board

The Board and its responsibilities

The Board is responsible for the determination of the Company's investment objectives, investment guidelines and dividend policy and has overall responsibility for overseeing the Company's activities. The Investment Manager has full discretion to make and implement decisions concerning the investments and other assets held by the Company within the guidelines and policies set by the Prospectus and amplified by the Board.

The members of the Board consist of five Directors. Please refer to pages 73 and 74 for the biographies of each Director which demonstrates their professional knowledge and experience.

The Company's day-to-day activities are delegated to third parties, including the Investment Manager, the Administrator and the Depositary. The Company has entered into formal agreements with each of its service providers. Under the terms of the Investment Management Agreement, the Investment Manager is responsible for the management of the Company's investment portfolio, subject to the Company's investment guidelines and the overall supervision of the Board. The responsibilities of BNP Paribas Securities Services S.C.A. Guernsey Branch, in respect of its duties as the Administrator, including its duties as Company Secretary, are governed by an Administration Agreement and its duties as current Depositary are set out in a Depositary Agreement.

CORPORATE GOVERNANCE REPORT (CONTINUED)

The Board (continued)

The Board and its responsibilities (continued)

The Board monitors the performance of each of its service providers on a continuous basis and reviews their performance on a formal basis at least annually. The Directors have also reviewed the effectiveness of the risk management and internal control systems, including material financial, operational and compliance controls (including those relating to the financial reporting process) and no significant failings or weaknesses were identified.

Board diversity

The Board is made up of one female and four male Directors. The Board has due regard for the benefits of experience and diversity in its membership, including gender, and strives to achieve the right balance of individuals who have the knowledge and skillset to aid the effective functioning of the Board and maximise Shareholder return while mitigating the risk exposure of the Company. The Board is committed to ensuring that any vacancies arising are filled by the most qualified candidates who have complementary skills or who possess the skills and experience which fill any gaps in the Board's knowledge or experience irrespective of gender, race or creed. The Company has no employees and therefore there is nothing further to report in respect of gender representation within the Company.

Board independence, composition and tenure

All of the Directors are non-executive. Mr Meader acts as Chairman of the Board and Mr Varotsis acts as the Senior Independent Director. Each of Mr Harrison, Mr Le Page, Mr Meader, Ms Moini and Mr Varotsis are independent from the Investment Manager and satisfy the independence criteria as set out in the AIC Code and as adopted by the Board as follows:

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

Mr Varotsis has served on the Board for over 12 years. The Board's Nomination Committee has considered the question of Board tenure and has concluded that there should not be a specific maximum time in position for a director or chairman. Instead, the Nomination Committee keeps under review the balance of skills of the Board and the knowledge, experience, length of service and performance of the Directors and focuses on maintaining the right mix of skills and a balance between bringing in new Directors with fresh ideas and preserving corporate knowledge and experience. In the Board's opinion, Mr Varotsis continues to maintain his independence, notwithstanding his long service.

The Board reviews at least annually whether there are other factors that potentially affect the independence of the independent members of the Board or involve meaningful conflicts of interest for them with the Company. Prospective investors in the Company's shares should note that other companies may define "independence" differently.

Committees of the Board

Audit, Risk, Nomination, Management Engagement and Remuneration Committees have been established by the Board and each Committee has formally delegated duties, responsibilities and terms of reference, which are published on the Company's website.

Audit Committee

The Audit Committee operates within clearly defined terms of reference and duties. The terms of reference for the Audit Committee are available on the Company's website. Meetings of the Audit Committee are held at least three times a year at appropriate times in the reporting and audit cycle, and otherwise as required.

The Audit Committee membership currently comprises Mr Harrison, Mr Le Page (Audit Committee Chairman), Ms Moini and Mr Varotsis. The Board consider Mr Le Page to have recent and relevant financial experience.

The report on the role and activities of this Committee and its relationship with the external Auditors is set out in the Audit Committee Report on pages 27 and 28.

The Audit Committee reports to the Board, as part of a separate agenda item, on the activity of the Audit Committee and matters of particular relevance to the Board in the conduct of its work.

Risk Committee

Refer to the Risk Committee's separate report on page 18 for details of its composition, responsibilities and activities.

The Board (continued)

Nomination Committee

The Nomination Committee operates within clearly defined terms of reference and duties. The terms of reference for the Nomination Committee are available on the Company's website.

The Nomination Committee currently comprises Mr Harrison, Mr Le Page, Mr Meader (Chairman), Ms Moini and Mr Varotsis. Only Independent Directors may serve on the Nomination Committee. The Committee meets at least once each year and considers the size, structure, skills and composition of the Board. The Committee considers retirements, re-appointments and appointments of additional or replacement Directors and makes recommendations to the Board in this respect with particular consideration of the rotation provisions set out in the Company's Memorandum and Articles of Incorporation.

The Nomination Committee has considered the question of Board tenure and has concluded that there should not be a specific maximum time in position for a director or chairman. Instead, the Committee keeps under review the balance of skills of the Board and the knowledge, experience, length of service and performance of the Directors and focuses on maintaining the right mix of skills and a balance between bringing in new Directors with fresh ideas and preserving corporate knowledge and experience. When recommending new Directors for appointment to the Board, diversity of gender, age, ethnicity and cultural background are taken into consideration in accordance with the Company's diversity policy. In accordance with the Company's tenure policy, each Director will stand for annual re-election at each AGM. The Nominations Committee met twice during the financial year.

During the year, Mr Meader conducted formal performance evaluations on each existing member of the Board and the Board as a whole and Mr Varotsis, as Senior Independent Director, conducted a formal performance evaluation on the Chairman. The evaluations included a discussion and evaluation of any training or development requirements. These performance evaluations were reported to the Committee and it was concluded that each such Board member had demonstrated during their current terms of office that he or she continues to demonstrate satisfactory independence; positively adds to the balance of skills of the Board; has current and relevant expertise; effectively contributes to the Board; and demonstrates commitment to the Company's business. Accordingly the Nomination Committee has recommended that the Board should propose each existing Director for re-election to the Board at the forthcoming AGM.

An independent review of the performance and remuneration of the Board was last carried out in November 2016 by Trust Associates Limited, as disclosed in the Company's 2017 Annual Report.

Management Engagement Committee

The Management Engagement Committee operates within clearly defined terms of reference and duties. The terms of reference for the Management Engagement Committee are available on the Company's website.

The Management Engagement Committee currently comprises Mr Harrison, Mr Le Page, Mr Meader, Ms Moini (Chair) and Mr Varotsis. Only Independent Directors may serve on the Management Engagement Committee. The Committee meets at least once each year and the primary purpose of the Committee is to review the performance of, and contractual arrangements with the Investment Manager and other third party service providers of the Company (other than the external auditor) on a periodic basis, with the aim of evaluating performance, identifying any weaknesses and ensuring value for money for the Company's Shareholders.

The Management Engagement Committee was established on the 26 June 2019 and as a result no meetings took place during the financial year ended 31 July 2019.

Remuneration Committee

The Remuneration Committee operates within clearly defined terms of reference and duties. The terms of reference for the Remuneration Committee are available on the Company's website.

The Remuneration Committee currently comprises Mr Harrison, Mr Le Page, Mr Meader, Ms Moini and Mr Varotsis (Chairman). Only Independent Directors may serve on the Remuneration Committee. The Committee meets at least once each year to review the remuneration of the Directors and make recommendations to the Board in this respect. The Remuneration Committee met on three occasions during the financial year.

Committee composition and terms of reference

The composition of the aforementioned Committees and their terms of reference are kept under periodic review. The terms of reference of each of the Committees require that appointments to the Committee shall be for as long as that person remains as a Director or until otherwise removed, subject always to the satisfactory demonstration of independence as a Board member.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Attendance at scheduled meetings of the Board and its committees
There were 8 Board meetings, 7 Audit Committee meetings, 6 Risk Committee meetings, 2 Nomination Committee meetings and 3 Remuneration Committee meetings held during the financial year ended 31 July 2019. The attendance record of each of the Directors and Committee members was as follows:

	Number of attendances / number of meetings held during the year (where applicable, i.e. where the relevant Director was a Committee member as at the date of the meeting)					
	Board meetings	Audit Committee	Risk Committee	Nomination Committee	Remuneration Committee	Management Engagement Committee
G Harrison	8/8	7/7	6/6	2/2	3/3	-
S Le Page	8/8	7/7	6/6	2/2	3/3	-
P Meader	7/8	-	6/6	2/2	3/3	-
A Moini	7/8	4/7	6/6	2/2	3/3	-
P Varotsis	7/8	7/7	6/6	2/2	3/3	-

Directors' professional development
The Board believes that keeping up-to-date with key credit industry developments is essential for the Directors to maintain and enhance their effectiveness. The Chairman is responsible for agreeing and reviewing with each Director their training and development needs and all Directors receive other relevant training as necessary.

When a new Director is appointed to the Board, they will be provided with all relevant information regarding the Company and their duties and responsibilities as a Director. In addition, a new Director will also spend time with representatives of the Investment Manager, Administrator and Company Secretary in order to learn more about their processes and procedures, as deemed applicable.

The Board is confident that all its members have the knowledge, ability and experience to perform the functions required of a Director of the Company.

Board meetings and the relationship with the Investment Manager
Relationship with the Investment Manager
Under the terms of the Investment Management Agreement, the Investment Manager is responsible for the management of the Company's investment portfolio, subject to the Company's investment guidelines and the overall supervision of the Board.

Currently, the Company's investment guidelines state that "the Company will not engage in portfolio transactions (e.g. the purchase or sale of securities) with the Investment Manager acting on a principal basis or with accounts or funds for which the Investment Manager acts as discretionary investment manager (although this restriction does not prohibit investments by the Company in AXA IM Managed Products)." From time to time and on a case-by-case basis, the Board has permitted the Investment Manager to engage in such transactions in order to prevent this restriction from limiting the Company's ability to take certain investment opportunities. Further to the statement made in the Company's previous Annual Report, the Investment Management Agreement was amended on 27 March 2018 to clarify that the Company may engage in portfolio transactions (e.g. the purchase or sale of securities) with the Investment Manager acting on a principal basis and cross-trades between the Company and accounts or funds for which the Investment Manager acts as discretionary Investment Manager are authorised provided they comply with the policies and procedures developed by the Investment Manager in order to eliminate or mitigate conflicts of interest and to ensure that the Company is treated in an equitable manner. In order to identify, prevent or manage and follow up any conflict of interest, the Investment Manager has set up a conflict of interest policy that is available on the following website: www.axa-im.fr.

The Board receives and considers reports regularly from the Investment Manager, with ad hoc reports and information supplied to the Board as required. The Investment Manager complies with the Company investment guidelines and has systems in place to monitor cash flow and the liquidity risk of the Company. The Investment Manager and the Administrator also ensure that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the Investment Manager and Administrator attend each Board meeting as required, enabling the Directors to probe further on matters of concern.

The Board, the Investment Manager and the Administrator operate in a supportive, co-operative and open environment.

Performance of the Investment Manager
As previously stated, the Board, with support from the Management Engagement Committee, reviews the performance of the Investment Manager on a regular basis and considers whether or not the continued appointment of the Investment Manager is in the best interests of the Company. The continued appointment of the Investment Manager was most recently reviewed and agreed by the Board on 26 June 2019. If the Company elects to terminate the appointment of the Investment Manager without cause and without giving the Investment Manager two years' advance notice, the Company may do so upon not less than 60 days' prior written notice, but will be required to pay a termination fee to the Investment Manager. The termination fee shall be to compensate the Investment Manager for the Management Fees and Incentive Fees that the Investment Manager might have earned had the appointment of the Investment Manager not been terminated prior to the end of the two-year notice period.

The Board believes that the investment management fees are competitive with other investment companies with similar investment mandates. The key terms of the Investment Management Agreement and the investment management fee charged by the Investment Manager are set out in Note 20.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Board meetings and the relationship with the Investment Manager (continued)

Primary focus

The Board meets regularly throughout the year and a representative of the Investment Manager is in attendance at all times when the Board meets to review the performance of the Company's investments. The Chairman with assistance from the Investment Manager is responsible for ensuring that relevant financial information is available to the Board and discussed at Board meetings. The Chairman encourages open debate to foster a supportive and co-operative approach for all participants.

The Board applies its primary focus on the following:

- investment performance, ensuring that investment objectives and strategy of the Company are met;
- ensuring investment holdings are in line with the Company's investment guidelines;
- review and monitoring financial risk management, operating cash flows and budgets of the Company;
- review of share buyback and treasury share policy; and
- review and monitoring of the key risks to which the Company is exposed as set out in the Strategic Report. At each relevant meeting the Board undertakes reviews of key investment and financial data, transactions and performance comparisons, share price and NAV performance, marketing and Shareholder communication strategies, peer group information and industry issues.

Overall strategy

The Board meets regularly to discuss the investment objective, policy and approach of the Company to ensure sufficient attention is given to the overall strategy of the Company.

The Board considers the Company's investment objectives, their continuing relevance and whether the investment policy continues to meet those Company's investment objectives.

The Board believes that the overall strategy of the Company remains appropriate.

Monitoring and evaluation of performance of and contractual arrangements with service providers

The Board with support from the Management Engagement Committee, is responsible for reviewing on a regular basis the performance of the Investment Manager and the Company's other third party service providers together with their anti-bribery and corruption policies to ensure that they comply with the Bribery Act 2010 and the Prevention of Corruption (Bailiwick of Guernsey) Law, 2003 and ensure their continued competitiveness and effectiveness and ensure that performance is satisfactory and in accordance with the terms and conditions of the respective appointments.

As part of the Board's evaluation it reviews on an annual basis the contractual arrangements with the Investment Manager and major service suppliers.

During this review, no material weaknesses were identified and overall the Board confirmed its satisfaction with the services and advice received.

The Directors have adopted a procedure whereby they are required to report any potential acts of bribery and corruption in respect of the Company to BNP Paribas Securities Services S.C.A., Guernsey Branch as the designated manager for GFSC purposes.

Shareholder communications

The main method of communication with Shareholders is through the Half-Yearly Report and Annual Report which aims to give Shareholders a clear and transparent understanding of the Company's objectives, strategy and results. This information is supplemented by the publication of the monthly NAVs of the Company's Ordinary shares on Euronext Amsterdam and the Main Market of the London Stock Exchange.

The Company's website is regularly updated with monthly reports and provides further information about the Company, including the Company's financial reports and announcements. The maintenance and integrity of the Company website is the responsibility of the Directors, which has been delegated to the Administrator. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Information published on the internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements and users of the Company's website are responsible for informing themselves of how the requirements in their own countries may differ from those of Guernsey.

Shareholders are able to contact the Board directly via the Company's dedicated e-mail address (guernsey.bp2s.volta.cosec@bnpparibas.com) or by post via the Company Secretary. Alternatively, Shareholders are able to contact the Investment Manager directly via the contact details as published in the Company's monthly reports. In addition, regular meetings are conducted by the Company's Broker and Investment Manager with Shareholders and other interested parties.

As a consequence, the Board receives appropriate updates from the Company Secretary and from the Investment Manager to keep it informed of Shareholders' sentiment and analysts' views.

AUDIT COMMITTEE REPORT

The Audit Committee presents its report for the year ended 31 July 2019.

Terms of reference
The Board has established terms of reference for the Audit Committee governing its responsibilities, authorities and composition (as stated in the Corporate Governance Report, the Company applies the AIC Code and accordingly the terms of reference of the Audit Committee comply with the AIC Code). Those terms of reference are available on the Company's website.

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

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

Activities
During the financial year ended 31 July 2019 the Audit Committee met on seven occasions and met with the Auditor on two of these occasions. In addition, the Chairman of the Audit Committee has met separately with the Executive Director responsible for the Company's audit on a number of further occasions. The Audit Committee also conducted due diligence visits on BNP Paribas Securities Services S.C.A, Guernsey Branch and to the Investment Manager in Paris.

Financial reporting risk area
The Audit Committee receives and reviews the Company's annual and interim reports and financial statements, including the reports of the Investment Manager and Auditor contained therein. In the Audit Committee's opinion, the principal risk of misstatement in the Company's financial reporting arises from the valuation of its investments. In order to mitigate this risk, the Company's Administrator, overseen by the Committee:

- obtains a copy of the prices supplied by a third party for the purposes of valuing the interim and year end holdings of investments in CLO Debt and of CLO Equity at the year end, and ensures that such prices agree to prices used by the Company to value its investments;
- employs an independent external party with expertise in valuation to review the valuations of its CLO investments on a semi-annual basis and to report whether or not such valuations appear reasonable;
- compares the fund valuations used in the Company's financial reporting to net asset value reports received from the relevant fund administrators and, when audited annual financial statements are available for each fund, compares the relevant net asset value reports to such audited financial statements; and
- reviews the Investment Manager's determination of the value of the Company's holdings in other components of the portfolio to ensure that such valuations are reasonable, consistent with the Committee's knowledge of the investments concerned and appropriate for inclusion in the financial statements.

The Audit Committee reviews the independent reports and the Investment Manager's valuation assumptions prior to the publication of the Company's annual and interim reports. In carrying out the review of the valuations included in this report the Board visited the Investment Manager on 27 June 2019, to review and discuss, in detail, the valuation sources and process. The results of these activities were satisfactory and the Audit Committee has concluded that the investment valuations in this report are fairly stated in accordance with the Company's accounting policies.

Other financial reporting areas
The Audit Committee has also reviewed the Company's accounting policies applied in the preparation of its annual and interim reports together with the relevant critical judgements, estimates and assumptions and has determined that these are in compliance with IFRS and are appropriate to the Company's circumstances.

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

Internal control
The Audit Committee focuses on ensuring that effective systems of internal financial and non-financial control are maintained and works closely with the Company's third-party service providers in this regard. As the Company's accounting functions are delegated to third parties, the Company does not have an internal audit function. The internal control environment of the Company is the product of control systems operated by its third-party service providers, together with the oversight exercised by the Audit Committee. To help satisfy itself as to the existence and efficacy of material controls affecting the Company, the Audit Committee requests its key third-party service providers to complete an annual questionnaire and reviews the responses provided to the questions contained therein. The Audit Committee has also obtained the latest ISAE 3402 Type II controls reports on the Company's Investment Manager and on its Administrator.

AUDIT COMMITTEE REPORT (CONTINUED)

External Audit
The Auditor, KPMG, presents its audit plan to the Audit Committee prior to each such audit. KPMG provided the Audit Committee with an overview of their audit strategy and plan for the year ended 31 July 2019 at a meeting in June 2019. KPMG advised that it considered the valuation of investments to be a significant audit risk due to the risks inherent in this area, as in previous years.

KPMG has been the Company's Auditor since 2006, first auditing the annual report for the period ended 31 July 2007, and therefore the audit of this annual report is its twelfth audit of the Company. The Company has benefited from this service continuity as KPMG has been able to utilise staff with detailed knowledge of the Company's investment portfolio and its operations. While such staff continuity is beneficial to the Company, the Audit Committee has noted, as reported in previous years, the developments concerning the rotation of audit firms and audit tendering promulgated by the UK's FRC and the European Union. Although it should be noted that these developments are not directly applicable to the Company, a tender process for the external audit as at 2020 has been carried out. This date was chosen as 2019 is the last date on which the current Executive Director at KPMG is permitted to carry out our audit under the rotation rules applicable. Further details are given below.

The Audit Committee carried out a detailed assessment of KPMG's performance, service level and quality during the year based upon their 2018 audit and the following factors, amongst others: KPMG's demonstration of knowledge of the Company and its investment portfolio; KPMG's demonstration of experience of auditing similar investment entities; the expertise and qualifications of the personnel assigned to the audit; KPMG's demonstration of independence and integrity during its conduct of the audit; and KPMG's communications to the Audit Committee. The Audit Committee has concluded that KPMG's performance continued to be highly satisfactory. Consequently, and considering the benefits highlighted in the previous paragraph, the Audit Committee decided not to recommend a tender for the 2019 audit of the Company.

The Audit Committee and KPMG have worked together to ensure that the independence and objectivity of the Auditor is maintained. In its formal communications with the Audit Committee, KPMG confirms its compliance with all applicable independence and ethical requirements, including, among other things, ensuring periodic rotation of the lead audit director, who is subject to rotation after five years of service. The Audit Committee has formally reviewed this confirmation, which includes a summary of KPMG's controls to ensure compliance with professional and regulatory standards on independence, and has also noted the level and nature of non-audit services provided during the year. The Audit Committee has concluded from this review, and in light of its knowledge and experience gained through the actual performance of KPMG's work, that the Auditor remains independent and objective.

Audit tender for 2020 engagement
In May 2019 the Audit Committee Chairman wrote to six audit firms with a significant presence in Guernsey and experience of auditing listed investment funds asking them to express whether or not they wanted to be considered for the position of auditor to the Company with effect from the July 2020 audit. In that same letter, firms were asked to provide overview information about the experience of their proposed team and their proposed approach to the audit of valuations, as well as a confirmation of their independence and their ability to meet our timetable for the publication of financial statements.

Three firms answered this request, and they were given the opportunity to present to the Board and representatives of the Administrator and Investment Manager on 25 September 2019. This presentation focussed in detail on the culture of their firms, the quality of their work and the detail of their approach to the valuation of our investments, including their teams' knowledge and understanding of the underlying assets. Taking into account these presentations as well as the firms' written submissions, the Committee concluded that the continuity advantages mentioned above, particularly with respect to KPMG's valuation specialists, outweighed any possible advantage from having a new team appointed. Accordingly, the Committee recommended to the Board that KPMG be retained as the external auditor to the Company and that a suitable resolution for their re-election be put to the forthcoming Annual General Meeting. This recommendation was accepted by the Board.

Non-audit services policy
It is the Board's intention that services other than audit will not be obtained from the external audit firm, unless there would be considerable advantage to the Company or its Shareholders by so doing. Suitable safeguards against any possible impairment of independence of the Auditor would be implemented in the unlikely event they were retained for such work. The Board has in any event adopted a policy in respect of non-audit services which closely follows that recommended by the AIC.

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

Stephen Le Page
Chairman of the Audit Committee
25 October 2019

DIRECTORS' REMUNERATION REPORT

This report describes how the Board has applied the principles of the AIC Code relating to Directors' remuneration.

There were no changes to the Board during the year ended 31 July 2019. All Directors will stand for reappointment at the forthcoming AGM to be held on the 6 December 2019.

Table of Directors Remuneration

Component	Director	Annual Rate (€)	Purpose of reward
Annual fee	All Directors Graham Harrison Stephen Le Page Paul Meader (Chairman of the Board) Atosa Moini Paul Varotsis	 €88,000 €88,000 €120,000 €88,000 €88,000	For commitments as non-executive Directors
Additional annual fee	Stephen Le Page (Chairman of the Audit Committee) Graham Harrison (Chairman of the Risk Committee) Paul Varotsis (Senior Independent Director)	€17,500 €6,000 €6,000	For additional responsibilities and time commitment
Expenses		Ad hoc	Reimbursement of expenses paid

Each Director receives 30% of his or her Director's fee in the forms of shares. The Directors have chosen at a board meeting from 29 March 2017, that the number of shares awarded should be on the basis of NAV and not market price. This has reduced the share part of the Directors remuneration by the amount of the discount to NAV at the time of award. It was felt this would encourage Directors to reduce the NAV discount. In addition, at a board meeting in March 2019 it was agreed that the Directors' remuneration in shares would henceforth be satisfied through the purchase of shares in the secondary market rather than the issue of new shares. It was felt that this may marginally improve liquidity and help reduce the share discount. This change took effect in relation to payments from 30 April 2019. Should the shares trade at a premium to NAV in the future, the Directors may seek to amend the policy.

The Directors are required to retain their shares for at least one year from their respective dates of issuance. During fiscal year 2019 no Director sold any of their Volta shares.

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

The total amounts of Directors' remuneration for the financial year ended 31 July 2019 are shown in the table below.

Director	Cash €	Shares €	Total €
G Harrison	65,800	28,200	94,000
S Le Page	73,850	31,650	105,500
P Meader	84,000	36,000	120,000
A Moini	61,600	26,400	88,000
P Varotsis	65,800	28,200	94,000
Total Directors' remuneration	351,050	150,450	501,500

The share element of the Directors' remuneration, amounting to €150,450, was issued as follows:

Director	Shares issued during the year	Shares purchased in the secondary market during the year	Shares purchased in the secondary market after year end
G Harrison	2,613	896	892
S Le Page	2,934	1,005	1,002
P Meader	3,337	1,144	1,139
A Moini	2,447	839	835
P Varotsis	2,613	896	892
Total	13,944	4,780	4,760

The current Directors continue to hold these shares and no disposals of shares have been made by them to date. All remuneration of the Directors is set out above and there was no performance related compensation. None of the Directors is subject to a service contract under which any compensation would be payable upon loss of office.

Paul Varotsis
Chairman of the Remuneration Committee
25 October 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Companies (Guernsey) Law, 2008 (as amended) requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRS as issued by the IASB and applicable law.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to continuing as a going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies (Guernsey) Law, 2008 (as amended). They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

- this Annual Report includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that the Company faces;
- the Financial Statements, prepared in accordance with IFRS adopted by the IASB and interpretations issued by the IFRIC, give a true and fair view of the assets, liabilities, financial position and results of the Company; and
- the Annual Report and Financial Statements, taken as a whole, provides the information necessary to assess the Company's position and performance, business model and strategy and is fair, balanced and understandable.

This Statement of Directors' Responsibilities was approved by the Board of Directors on 25 October 2019 and was signed on its behalf by:

Paul Meader
Chairman
25 October 2019

Stephen Le Page
Chairman of the Audit Committee

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VOLTA FINANCE LIMITED

Our opinion is unmodified

We have audited the financial statements of Volta Finance Limited (the "Company"), which comprise the Statement of Financial Position as at 31 July 2019, the Statements of Comprehensive Income, Changes in Shareholders' Equity and Cash Flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements:

— give a true and fair view of the financial position of the Company as at 31 July 2019, and of the Company's financial performance and the Company's cash flows for the year then ended;

— are prepared in accordance with International Financial Reporting Standards (IFRS); and

— comply with the Companies (Guernsey) Law, 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standards as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Key Audit Matters: our assessment of the risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows (unchanged from 2018):

The risk
Valuation of Investments *€325,525,887; (2018: €325,703,159)* *Refer to page 27 of the Audit Committee Report, note 2.4 of the accounting policies and notes 3 and 11 disclosures*

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VOLTA FINANCE LIMITED (CONTINUED)

Basis:

The Company invests directly or via funds in a portfolio of investments carried at fair value, comprised of four main asset classes – collateralized loan obligations ("CLO"), synthetic corporate credits ("SCC"), cash corporate credits ("CCC") and asset-backed securities ("ABS"), with exposure to both European and US credit markets. The fair values of these investments are based on price quotes obtained by the Company's Investment Manager from an independent pricing provider (the "Price Quotes"), models generated by the Investment Manager (the "Internally Generated Models") or Net Asset Values of the Company's holdings in other funds from the third party administrator of such funds (the "NAVs") (78%, 15%, and 7%, respectively). For investments fair valued using Price Quotes the Company engages the services of an independent third party valuation expert to review the fairness and reasonableness of their fair value and the key inputs and assumptions used in determining fair value. Investments priced using Internally Generated Models are determined using valuation techniques such as a discounted cash flow model approach or with reference to prices of comparable instruments.

Risk:

The valuation of the Company's investments is considered a significant area of our audit, given that it represents the majority of the net assets of the Company and in view of the significance of estimates and judgments that may be involved in the determination of fair value.

Our audit procedures included but were not limited to:

Control evaluation:

We documented and assessed the adequacy of the design and implementation of the Investment Manager's controls in relation to the valuation of investments which included their evaluation of the prices provided by the independent pricing provider and, where relevant, their assessment of the appropriateness of valuation techniques adopted and inputs used.

Evaluating experts engaged by management and challenging managements' assumptions and inputs including the use of KPMG valuation specialists:

For investments fair valued using Price Quotes, we traced the prices to quotes provided by the independent pricing provider. For a risk-based selection we used our own valuation specialist to assist us with the assessment of the values used through a combination of independent comparison to available price quotes from independent sources, or applying a discounted cash flow model using contractual terms and market data.

For a risk-based selection of investments priced using Internally Generated Models, our own valuation specialist considered the nature and terms of the investments and their knowledge of market practice for the valuation of such investments to assess the appropriateness of the valuation. Our valuation specialist compared the key inputs and assumptions, such as collateral performance, default rates, prepayment rates and market interest rates used in the Internally Generated Models to market data sources and formed an independent valuation.

For investments fair valued using the NAVs, we traced the values and holdings to the NAV statements obtained independently from the third party administrator of such funds and examined the most recent audited financial statements of those underlying funds to assess any impact on the values of those investments.

Assessing disclosures:

We also considered the Company's disclosures (see Note 2.1 d) in relation to the use of estimates and judgments in determining the fair value of investments and the Company's investment valuation policies and fair value disclosures (see Notes 2.4, 3 and 11) for compliance with IFRS.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VOLTA FINANCE LIMITED (CONTINUED)

Materiality for the financial statements as a whole was set at €5,870,000, determined with reference to a benchmark of net assets of €290,589,903 of which it represents approximately 2% (2018: approximately 2%).

We reported to the Audit Committee any corrected or uncorrected identified misstatements exceeding €293,000 (2018: €301,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Company was undertaken to the materiality level specified above, which has informed our identification of significant risks of material misstatement and the associated audit procedures performed in those areas as detailed above.

We have nothing to report on going concern

We are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in note 2.2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in this respect.

We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation in the Viability Statement within the Executive Summary on page 6 that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed or mitigated;
- the Directors' explanation in the Viability Statement within the Executive Summary on page 6 as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' Statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.

We are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the eleven provisions of the 2016 UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report to you in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF VOLTA FINANCE LIMITED (CONTINUED)

Opinion on other matters

We have nothing to report on other matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

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

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 30, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of this report and restrictions on its use by persons other than the Company's members as a body

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

Steven Stormonth

For and on behalf of KPMG Channel Islands Limited

Chartered Accountants and Recognised Auditors, Guernsey

25 October 2019

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2019

	Notes	1 August 2018 to 31 July 2019 €	1 August 2017 to 31 July 2018 €
Operating income and financing charges			
Net gain on financial assets at fair value through profit or loss	4	**24,374,958**	32,730,798
Net foreign exchange loss, including net gain/(loss) on foreign exchange derivatives, but excluding net foreign exchange gain/(loss) on financial assets at fair value through profit or loss		**(11,644,975)**	(1,982,567)
Net gain/(loss) on interest rate derivatives		**1,600,194**	(867,655)
Interest expense on repurchase agreement	12	**(1,633,017)**	(1,351,360)
Net bank interest income/(expense)		**88,127**	(80,043)
		12,785,287	28,449,173
Operating expenditure			
Investment Manager management fees	20	**(4,183,666)**	(4,198,010)
Investment Manager performance fees	20	-	-
Directors' remuneration and expenses	5	**(515,694)**	(508,604)
Legal fees		**(114,705)**	(175,645)
Administration fees	6	**(323,344)**	(291,799)
Audit, audit related and non-audit related fees	7	**(147,668)**	(122,156)
Insurance fees		**(34,494)**	(37,412)
Depositary fees		**(58,855)**	(157,108)
Portfolio valuation and administration fees		**(12,306)**	(6,000)
Other operating expenses		**(311,112)**	(240,874)
		(5,701,844)	(5,737,608)
Profit and total comprehensive income for the year		**7,083,443**	22,711,565
Basic and diluted earnings per Ordinary share	9	**€0.1937**	€0.6212

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

The Notes on pages 39 to 67 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2019

	Notes	31 July 2019 €	31 July 2018 €
ASSETS			
Financial assets at fair value through profit or loss	11	**325,525,887**	325,703,159
Derivatives	13	**763,474**	1,302,287
Trade and other receivables	14	**5,452,582**	12,921,688
Cash and cash equivalents		**14,498,626**	20,470,791
TOTAL ASSETS		**346,240,569**	360,397,925
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	-	-
Share premium	17	**35,808,120**	35,695,308
Other distributable reserves	18	**78,623,648**	100,928,524
Accumulated gain	18	**176,158,135**	169,074,692
TOTAL SHAREHOLDERS' EQUITY		**290,589,903**	305,698,524
LIABILITIES			
Loan financing received under repurchase agreement	12	**35,945,363**	42,715,000
Interest payable on loan financing	12	**185,345**	213,901
Derivatives	13	**272,980**	66,064
Trade and other payables	15	**19,246,978**	11,704,436
TOTAL LIABILITIES		**55,650,666**	54,699,401
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**346,240,569**	360,397,925
NAV per Ordinary share	10	**€7.9438**	€8.3600

These financial statements on pages 35 to 67 were approved and authorised for issue by the Board of Directors on 25 October 2019 and were signed on its behalf by:

Paul Meader
Chairman
25 October 2019

Stephen Le Page
Chairman of the Audit Committee

The Notes on pages 39 to 67 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 JULY 2019

	Notes	Share premium €	Other distributable reserves €	Accumulated gain €	Total €
Balance at 31 July 2017		**35,544,715**	**123,596,736**	**146,363,127**	**305,504,578**
Total comprehensive income for the year		-	-	22,711,565	22,711,565
Issue of Ordinary shares to Directors	17	150,593	-	-	150,593
Dividends paid in cash	8,18	-	(22,668,212)	-	(22,668,212)
Balance at 31 July 2018		**35,695,308**	**100,928,524**	**169,074,692**	**305,698,524**
Total comprehensive income for the year		-	-	7,083,443	7,083,443
Issue of Ordinary shares to Directors	17	112,812	4,158	-	116,970
Dividends paid in cash	8,18	-	(22,309,034)	-	(22,309,034)
Balance at 31 July 2019		**35,808,120**	**78,623,648**	**176,158,135**	**290,589,903**

The Notes on pages 39 to 67 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2019

	1 August 2018 to 31 July 2019 €	1 August 2017 to 31 July 2018 €
Cash flows used in operating activities		
Profit and total comprehensive income for the year	**7,083,443**	22,711,565
Adjustments for:		
Net gain on financial assets at fair value through profit or loss	**(24,374,958)**	(32,730,798)
Net movement in unrealised gain/(loss) on revaluation of derivatives	**745,729**	(538,685)
Interest expense on repurchase agreement	**1,633,017**	1,351,360
Foreign exchange loss on retranslation of repurchase agreement	**2,046,528**	363,819
(Increase)/decrease in trade and other receivables, excluding amounts due from brokers and interest receivable	**(3,195,047)**	68,265
Increase/(decrease) in trade and other payables, excluding amounts due to brokers	**80,468**	(1,661,809)
Directors' fees paid in the form of Ordinary shares	**116,970**	150,593
Net cash used in operating activities	**(15,863,850)**	(10,285,690)
Cash flows generated from investing activities		
Coupons and dividends received	**42,198,049**	37,969,877
Purchases of financial assets at fair value through profit or loss	**(117,763,945)**	(138,845,156)
Proceeds from sales and redemptions of financial assets at fair value through profit or loss	**118,244,353**	114,244,014
Net cash generated from investing activities	**42,678,457**	13,368,735
Cash flows used in financing activities		
Dividends paid	**(22,309,034)**	(22,668,212)
Proceeds from loan financing under repurchase agreement	**-**	4,249,681
Repayment of loan financing under repurchase agreement	**(8,816,165)**	-
Interest paid on repurchase agreement	**(1,661,573)**	(1,280,864)
Net cash used in financing activities	**(32,786,772)**	(19,699,395)
Net decrease in cash and cash equivalents	**(5,972,165)**	(16,616,350)
Cash and cash equivalents at the beginning of the year	**20,470,791**	37,087,141
Cash and cash equivalents at the end of the year	**14,498,626**	20,470,791

The Notes on pages 39 to 67 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2019

1. GENERAL INFORMATION

Information regarding the Company and its activities is provided in the Executive Summary on page 4.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented.

2.1 Basis of preparation

a) Statement of compliance

These financial statements comply with the Companies (Guernsey) Law, 2008 (as amended) and have been prepared in accordance with IFRS issued by the IASB and interpretations issued by the IFRS Interpretations Committee and applicable law.

b) Basis of measurement

These financial statements have been prepared on a historical cost basis except for the revaluation of financial instruments classified at fair value through profit or loss. The methods used to measure fair value are further disclosed in Note 3.

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 an ongoing 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 is included in the following:

- Note 3 – Determination of fair values; and
- Note 19 – Financial risk management.

(e) New standards, amendments and interpretations

The Company applied for the first time IFRS 15 – Revenue from Contracts with Customers which became effective on 1 January 2018. The nature and effect of this standard is disclosed below:

(i) IFRS 15 replaces IAS 11 – Construction Contracts, IAS 18 – Revenue and related Interpretations

IFRS 15 requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Board has undertaken an assessment of the impact of IFRS 15 on the Company's financial statements and concluded that there will be no impact to the Company's financial statements. In accordance with the scope provisions in IFRS 15, revenue from financial instruments is recognised under IFRS 9 (previously IAS 39) and hence exempted from IFRS 15. The Company does not receive any other types of revenue which would require application of IFRS 15.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(f) Standards, amendments and interpretations issued but not yet effective

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

International Financial Reporting Standards	Effective for periods beginning on or after
• IFRS 16 – Leases	1 January 2019
• IFRS 17 – Insurance Contracts	1 January 2022

As the Company does not participate in material leasing arrangements or insurance contracts in the normal course of its business, the Directors believe that the application of these standards will have no material impact on the Company's financial statements. There are no standards, amendments and interpretations which have been issued but are not yet effective and not early adopted, that will affect the Company's financial statements.

2.2 Going concern

Statement of going concern

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

2.3 Foreign currencies

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

Foreign currency exchange differences arising on retranslation of monetary items are recognised in the Statement of Comprehensive Income under the heading of "Net foreign exchange gain/(loss), including net gain/(loss) on foreign exchange derivatives, but excluding net foreign exchange gain/(loss) on financial assets at fair value through profit or loss".

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

2.4 Financial instruments

Financial assets

(a) Classification

The Company classifies its investments and derivative financial instruments (as applicable – refer below) as financial assets at fair value through profit or loss. Financial assets also include cash and cash equivalents as well as trade and other receivables which are measured at amortised cost.

(b) Recognition, measurement and derecognition

Financial assets at fair value through profit or loss

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

Derivatives

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

2. ACCOUNTING POLICIES (CONTINUED)
2.4 Financial instruments (continued)
Financial assets (continued)
(b) Recognition, measurement and derecognition (continued)
Financial assets are initially recognised in the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of a given instrument. Routine purchases and sales of financial instruments are recognised on the trade date. Gains and losses are recognised from that date. Interest accrued as at the date of acquisition is included within the cost of an investment and interest accrued as at the date of sale is included within the sale proceeds for an investment.

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

Financial Liabilities
(a) Classification
The Company classifies its loan financing received under the repurchase agreement at amortised cost and derivative financial instruments (as applicable – refer above) as financial liabilities at fair value through profit or loss. Financial liabilities also include interest payable on loan financing and trade and other payables which are measured at amortised cost.

(b) Recognition, measurement and derecognition
Financial liabilities are recognised initially at fair value plus any directly attributable incremental costs of acquisition or issue and are subsequently carried at amortised cost. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Loan financing received under the repurchase agreement
The Company has entered into a repurchase agreement with SG under the terms of which SG provided the Company with finance secured against a portfolio of USD CLO Debt securities. The scheduled repayment date is 15 December 2022. However, the Repo may be terminated by either party with repayment becoming due within one year. The finance proceeds received are classified as a financial liability at amortised cost and presented within current liabilities.

2.5 Share capital
Ordinary shares, Class B Ordinary share and Class C Ordinary shares (together the "Ordinary shares")
The Company's Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary shares and share options are recognised as a deduction in equity and are charged to the share premium account. The initial set-up costs of the Company were charged to the share premium account.

2.6 Cash and cash equivalents
Cash and cash equivalents include cash in hand, money market funds and deposits held at call with banks. Cash equivalents are short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

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

The net realised gains/(losses) on financial assets at fair value through profit or loss are calculated as the difference between the total sale or redemption proceeds received, including accrued interest if applicable, and the fair value of the relevant financial asset as at the beginning of the financial year or its cost including accrued interest if purchased during the financial year. Interest income is recognised on the due date of such income. Dividend income is recognised in the Statement of Comprehensive Income on the date the Company's right to receive payments is established, which is usually the ex-dividend date.

2.8 Operating expenses
Operating expenses are recognised on an accruals basis and are recognised in the Statement of Comprehensive Income.

2.9 Taxation
The Company has applied for and been granted exemption from liability to income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 as amended by the Director of Income Tax in Guernsey for the current period. Exemption must be applied for annually and will be granted, subject to the payment of an annual fee, which is currently fixed at £1,200 per applicant, provided the Company qualifies under the applicable legislation for exemption.

It is the intention of the Directors to conduct the affairs of the Company so as to ensure that it continues to qualify for exempt company status for the purposes of Guernsey taxation.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

2. ACCOUNTING POLICIES (CONTINUED)

2.10 Dividends payable

Dividends to Shareholders are recorded through the Statement of Changes in Shareholders' Equity when they are declared to Shareholders.

2.11 Segment reporting

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

2.12 Share-based payment transactions

The Directors of the Company each receive 30% of his or her Director's fee for any year in the form of Ordinary shares at a per share price equal to the most recently available NAV. The share-based payment awards vest immediately as the Directors are not required to satisfy a specified vesting period before becoming unconditionally entitled to the instruments granted.

Up until the period ended 31 January 2019, the Directors of the Company each received 30% of their fees in respect of any year in the form of newly issued Ordinary shares at a per share price equal to the most recently available NAV. These newly issued Ordinary shares are recognised as a Director fee, with a corresponding increase in equity.

Effective from 1 February 2019, whilst the Company's Ordinary shares continue to trade at a discount to the most recently available NAV, the Directors will receive 30% of their fees in respect of any year in the form of Ordinary shares purchased on the secondary market. The number of Ordinary shares purchased on the secondary market is determined using the most recently available NAV. These purchased Ordinary shares are recognised as a Director fee, with no corresponding increase in equity, however a gain will be recognised in the Statement of Changes in Shareholders' Equity, if the most recently available NAV used in calculating the number of Ordinary shares to be purchased on the secondary market are trading at a discount to NAV. The Directors may seek to amend the policy, should the Ordinary shares trade at a premium to NAV in the future, resulting in a loss to the Company.

2.13 Earnings per Share

The Company presents basic and diluted earnings per share ("EPS") data for its Ordinary Shares. Basic and diluted EPS is calculated by dividing the profit or loss attributable to Ordinary Shareholders by the weighted average number of Ordinary Shares outstanding during the period.

2.14 Offsetting

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

3. DETERMINATION OF FAIR VALUES

A number of the Company's accounting policies and disclosures require the determination of fair values for financial assets which have been determined based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in Note 19.

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

- CLO Equity securities were valued using non-binding quoted market prices from a third party such as the arranging bank or other market participants. With effect from 30 June 2019, the CLO Equity securities are valued using prices obtained from an independent pricing source, JP Morgan PricingDirect. The prices obtained from JP Morgan PricingDirect are derived from observed traded prices where these are available, but may be based upon non-binding quoted prices received by JP Morgan PricingDirect from arranging banks or other market participants, or a combination thereof, where observed traded prices are unavailable.
- CLO Debt securities are valued using prices obtained from an independent pricing source, JP Morgan PricingDirect. The prices obtained from JP Morgan PricingDirect are derived from observed traded prices where these are available, but may be based upon non-binding quoted prices received by JP Morgan PricingDirect from arranging banks or other market participants, or a combination thereof, where observed traded prices are unavailable.
- Fund investments are valued at net asset value and the CMV is valued using the Marked-to-model.
- Warehouse transactions are valued at the lower of: (i) the principal amount invested plus accrued income net of financing costs; and (ii) the mark-to-market value of the relevant proportion of the underlying portfolio, taking into account the buffer provided by the gross arranger fee compared to the net arranger fee commonly paid in the market, plus accrued income net of financing costs.
- All other investments are valued on a mark-to-model basis using discounted projected cash flow valuation.

3. DETERMINATION OF FAIR VALUES (CONTINUED)

Regarding non-binding quoted prices, it is likely that the arranging bank or market participant determines the valuation based on pricing models, which may or may not produce values that correspond to the prices that the Company could obtain if it sought to liquidate such positions. Such valuations generally involve subjective judgements on key model inputs, particularly default and recovery rates, and may not be uniform. Banks and other market participants may be unwilling to disclose all or any of the key model inputs or discount rates that have been used to produce such valuations and it is currently standard market practice to withhold such information. In such circumstances, the valuation continues to be sourced from such arranging bank, or other market participant, despite the lack of information on valuation assumptions.

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

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

JP Morgan PricingDirect, has been engaged by the Board to provide pricing for directly held CLO Debt and CLO Equity tranches, which in aggregate represent a majority of the Company's investment portfolio as at 31 July 2019 86.8% of the Company's NAV (31 July 2018: 75.2%).

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

As at the date of publication of the Company's NAV as at 31 July 2019, approximately 11.2% (31 July 2018: 13.6%) of Volta's NAV comprised investments for which the relevant NAVs as at the month-end date were not yet available.

3. DETERMINATION OF FAIR VALUES (CONTINUED)

In accordance with Volta's valuation policy, the Company's NAV as at 31 July 2019 was calculated using prices received from JP Morgan PricingDirect or other market participants for all assets except for those assets noted below:

Asset	% of NAV as at 31 July 2019	% of NAV as at 31 July 2018	Valuation methodology
SCC BBS	**10.2%**	12.3%	Discounted projected cash flow model-based valuation using discount rates within a range of 8% to 12% (31 July 2018: 8.0% to 12.0%), constant default rates within a range of 0.3% to 2% (31 July 2018: 0.2% to 2.4%), prepayment rates within a range of 0% to 25% (31 July 2018: 0.0% to 15.0%) and recovery rates within a range of 55% to 61% (31 July 2018: 50.0% to 60.0%).
Investments in funds (includes ABS Debt, CCC Equity and SC BBS positons)	**8.3%**	10.7%	Valued using the most recent valuation statements, or capital account statement where applicable, provided by the respective underlying fund administrators.
Recently purchased assets	**0.5%**	3.7%	Being purchased within less than one month of the relevant reporting date, these assets were valued at cost.
CLO Warehouse	**0.0%**	3.5%	Warehouse transactions are valued at the lower of: (i) the principal amount invested plus accrued income net of financing costs; and (ii) the mark-to-market value of the relevant proportion of the underlying portfolio, taking into account the buffer provided by the gross arranger fee compared to the net arranger fee commonly paid in the market, plus accrued income net of financing costs.
ABS Residual	**2.9%**	2.9%	Discounted projected cash flow model-based valuation using a discount rate of 10.9% (31 July 2018: 10.9%) for SANCF and 9.0% (31 July 2018: 9.0%) for Fintake European Leasing DAC.
CLO - CMV	**3.2%**	2.0%	Valued using the most recent valuation statements, or capital account statement where applicable, provided by the respective underlying fund administrators up to 28/06/2019. Underlying assets are Marked-to-model as below: CLO notes are valued using a Discounted Cash Flow model based on cash flow projection considering market and comparable transactions parameters.
Total as a percentage of NAV	**25.1%**	35.1%	

4. PUBLISHED NAV RECONCILIATION AND NAV PERFORMANCE ANALYSIS

The table below shows a reconciliation between the NAV published as at 31 July 2019 and 31 July 2018 and that contained in these financial statements.

	31 July 2019 €	31 July 2018 €
Published NAV	**290,472,128**	305,517,745
Adjustments:		
– Cash balances held at Royal Bank of Scotland International and other cash adjustment	**-**	174,816
– Prepayments	**159,650**	34,022
– Accrued income adjustment	**-**	77,651
– Accruals for expenses not taken into account in the published NAV	**(41,875)**	(279,896)
– Amendments to valuations used in the published NAV	**-**	32,298
– Adjustments to valuations of investments (adjusted for up-to-date underlying NAV information as at year end)	**-**	141,888
NAV per Statement of Financial Position	**290,589,903**	305,698,524

During the year ended 31 July 2019, cash accounts held with Royal Bank of Scotland International and State Street were closed.

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

		1 August 2018 to 31 July 2019 €		1 August 2017 to 31 July 2018 €
NAV as at the beginning of the year		**305,698,524**		305,504,578
Coupons and dividends income	**42,014,105**		38,485,667	
Realised gain / (loss) on sales and redemptions on financial assets at fair value through profit or loss	**516,286**		(29,130)	
Unrealised loss on financial assets at fair value through profit or loss	**(18,155,433)**		(5,725,739)	
Net gain on financial assets at fair value through profit or loss		**24,374,958**		32,730,798
Other operating income and financing charges		**(11,589,671)**		(4,281,625)
Operating expenditure		**(5,701,844)**		(5,737,608)
Profit and total comprehensive income		**7,083,443**		22,711,565
Issue of Ordinary shares to Directors in respect of Directors' fees		**116,970**		150,593
Dividends paid in cash		**(22,309,034)**		(22,668,212)
NAV as at the end of the year		**290,589,903**		305,698,524

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

The following table represents the net gain on financial assets at fair value through profit or loss by asset class for the year ended 31 July 2019:

	Realised gain on sales and redemptions on financial assets at fair value through profit or loss	Unrealised loss on financial assets at fair value through profit or loss	Coupons and dividends income	Net gain on financial assets at fair value through profit or loss
	€	€	€	€
CLO – USD Equity	(1,123,647)	(4,153,602)	9,428,919	4,151,670
CLO – EUR Equity	(43,574)	(8,576,689)	14,034,823	5,414,560
CLO – USD Debt	1,408,828	(2,841,015)	11,096,059	9,663,872
CLO – EUR Debt	(344,730)	215,342	211,713	82,325
CLO – CMV	3	(640,043)	964,079	324,039
CLO Warehouse	425,658	(283,996)	2,030,343	2,172,005
SCC BBS	213,368	(395,137)	1,745,853	1,564,084
CCC Equity	(19,620)	(824,286)	517,450	(326,456)
ABS Residual	-	(1,337,117)	1,984,866	647,749
ABS Debt	-	681,110	-	681,110
	516,286	**(18,155,433)**	**42,014,105**	**24,374,958**

The following table represents the net gain on financial assets at fair value through profit or loss by asset class for the year ended 31 July 2018:

	Realised loss on sales and redemptions on financial assets at fair value through profit or loss	Unrealised loss on financial assets at fair value through profit or loss	Coupons and dividends income	Net gain on financial assets at fair value through profit or loss
	€	€	€	€
CLO – USD Equity	(475,680)	(3,898,510)	7,650,270	3,276,080
CLO – EUR Equity	(38,130)	(4,279,854)	9,036,172	4,718,188
CLO – USD Debt	533,638	4,451,864	10,167,585	15,153,087
CLO – EUR Debt	(37,422)	(154,850)	513,949	321,677
CLO – CMV	—	148,427	494,605	643,032
CLO Warehouse	189,458	210,842	1,236,325	1,636,625
SCC BBS	(180,285)	(1,473,185)	6,491,396	4,837,926
CCC Equity	(20,709)	(213,972)	725,905	491,224
ABS Residual	—	(1,095,755)	2,010,203	914,448
ABS Debt	—	579,254	159,257	738,511
	(29,130)	**(5,725,739)**	**38,485,667**	**32,730,798**

5. DIRECTORS' REMUNERATION AND EXPENSES

	1 August 2018 to 31 July 2019	1 August 2017 to 31 July 2018
	€	€
Directors' fees (cash element)	**351,050**	351,050
Directors' fees (equity element, settled during the year)	**112,838**	112,838
Directors' fees (equity element, settled after the year-end)	**37,612**	37,612
Directors' expenses	**14,194**	7,104
	515,694	508,604

6. ADMINISTRATION FEES

Sanne acted as Company Secretary, Administrator and Portfolio Administrator during the financial year up until 30 October 2018. Company secretarial, administration, accountancy and portfolio administration fees were incurred and billed on a time cost basis in accordance with Sanne's standard fee scales, subject to an annual cap of GBP 220,000 (2018: GBP 220,000) with respect to the activities and responsibilities as set out in the Administration, Secretarial and Portfolio Administration Agreement. Additional Sanne administration fees totalling €50,536 (year ended 31 July 2018: €41,149) were incurred with respect to matters outside the scope of the Administration, Secretarial and Portfolio Administration Agreement during the period 1 August 2018 to 30 October 2018.

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

During the year ended 31 July 2019, Administration fees incurred were €323,344 (year ended 31 July 2018: €291,799).

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

The audit fee for the financial year ended 31 July 2019 was €104,267 (year ended 31 July 2018: €95,800). There were no non-audit services provided to the Company by the Auditor or its affiliates during the year or prior year other than the interim review completed at a fee of €43,401 (31 July 2018: €26,356).

8. DIVIDENDS

The following dividends were declared and paid during the year ended 31 July 2019 and during the prior year ended 31 July 2018:

Period in respect of	Date Declared	Ex-dividend Date	Payment Date	Amount per Ordinary share €
1 January 2019 to 31 March 2019	29/05/2019	06/06/2019	27/06/2019	0.15
1 October 2018 to 31 December 2018	28/02/2019	07/03/2019	28/03/2019	0.15
1 July 2018 to 30 September 2018	25/10/2018	29/11/2018	20/12/2018	0.16
1 April 2018 to 30 June 2018	30/08/2019	27/09/2018	27/09/2018	0.15
1 January 2018 to 31 March 2018	17/05/2018	28/06/2018	28/06/2018	0.16
1 October 2017 to 31 December 2017	22/02/2018	29/03/2018	29/03/2018	0.15
1 July 2017 to 30 September 2017	18/10/2017	21/12/2017	21/12/2017	0.16
1 April 2017 to 30 June 2017	25/08/2017	28/09/2017	28/09/2017	0.15

The Directors consider recommendation of a dividend having regard to various considerations, including the financial position of the Company and the solvency test as required by the Companies (Guernsey) Law 2008 (as amended). Subject to compliance with Section 304 of that law, the Board may at any time declare and pay dividends.

9. BASIC AND DILUTED EARNINGS PER ORDINARY SHARE

	1 August 2018 to 31 July 2019 €	1 August 2017 to 31 July 2018 €
Total comprehensive income for the year	7,083,443	22,711,565
Basic and diluted earnings per Ordinary share	0.1937	0.6212
	Number	Number
Weighted average number of Ordinary shares during the year	36,576,361	36,559,725

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

10. NAV PER ORDINARY SHARE

	31 July 2019 €	31 July 2018 €
Net asset value	290,589,903	305,698,524
Net asset value per Ordinary share	7.9438	8.3600

	Number	Number
Number of Ordinary shares at year end	36,580,580	36,566,637

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	31 July 2019 €	31 July 2018 €
Fair value brought forward	**325,703,159**	321,283,914
Purchases	**125,226,019**	136,609,671
Sale and redemption proceeds	**(107,764,144)**	(126,435,557)
Net loss on financial assets at fair value through profit or loss (excluding coupon and dividend income)	**(17,639,147)**	(5,754,869)
Fair value carried forward	**325,525,887**	325,703,159

	31 July 2019 €	31 July 2018 €
Realised gain on sales and redemptions on financial assets at fair value through profit or loss	**2,155,746**	1,410,265
Realised loss on sales and redemptions on financial assets at fair value through profit or loss	**(1,639,460)**	(1,439,395)
Unrealised gain on financial assets at fair value through profit or loss	**3,629,350**	6,662,635
Unrealised loss on financial assets at fair value through profit or loss	**(21,784,783)**	(12,388,374)
Net loss on financial assets at fair value through profit or loss (excluding coupon and dividend income)	**(17,639,147)**	(5,754,869)

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

	31 July 2019 €	31 July 2018 €
Pledged assets	**63,209,778**	75,619,586
Unpledged assets	**262,316,109**	250,083,573
Fair value carried forward	**325,525,887**	325,703,159

Fair value hierarchy

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

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

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

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

Fair value hierarchy (continued)

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

The following tables analyse, within the fair value hierarchy, the Company's financial assets and liabilities (by class, excluding cash and cash equivalents, trade and other receivables and trade and other payables) measured at fair value at 31 July 2019 and 31 July 2018:

	31 July 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
	€	**€**	**€**	**€**
Financial assets at fair value through profit or loss: – Securities	-	-	325,525,887	325,525,887
Financial assets at fair value through profit or loss: – Derivatives	763,474	-	-	763,474
Financial liabilities at fair value through profit or loss: – Derivatives	-	(272,980)	-	(272,980)
	763,474	**(272,980)**	**325,525,887**	**326,016,381**

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

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

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

Financial assets at fair value through profit or loss reconciliation

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

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

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

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

The appropriate fair value classification level is reviewed for each of the Company's investments at each year end. Any transfers into or out of a particular fair value classification level are recognised at the beginning of the year following such re-classification at the fair value as at the date of re-classification. There were no such transfers between fair value classification levels during the year or during the prior year.

Sensitivity analysis

In the opinion of the Directors, the following analysis gives an approximation of the sensitivity of the different asset classes to market risk as at 31 July 2019 that is reasonable considering the current market environment and the nature of the main risks underlying the Company's assets. This sensitivity analysis presents an approximation of the potential effects of events that could have been reasonably expected to occur as at the reporting date. Where valuations were based upon prices received from arranging banks or other market participants, or on a NAV provided by the underlying fund administrator, the sensitivity analysis are not necessarily based upon the assumptions used by such sources as these are not made available to the Company, as explained in Note 3.

The sensitivity of the fair values of most of the assets held by the Company to the traditional risk variables is not the most relevant in the current environment. For example, the sensitivity to interest rates is interdependent with other, more significant, market variables. This analysis reflects the sensitivity to some of the most relevant determinants of the risks associated with each asset class. While every effort has been made to assess the pertinent risk factors, there is no assurance that all the risk factors have been considered. Other risk factors could become large determinants of the fair value.

CLO tranches

Two of the main risks associated with CLO tranches are the occurrence of defaults and prepayments in the underlying portfolio.

The Directors believe it is reasonable to test the sensitivity of these assets to the following reasonably plausible changes to the base case scenarios, which have been derived from historically observed default rates and prepayment rates:

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

The base case scenario is to project the rate of occurrence of defaults at the underlying loan portfolio level at circa 2.0% per year which was assumed to approximate the market consensus projected default rate as at 31 July 2019 (base case scenario as at 31 July 2018: 2.0% per year). A reasonably plausible change in the default rate is considered to be an increase to 1.5 times the base case default rate (a decrease to 0.5 times the base case default rate would have approximately an equal and opposite impact, so this is not presented in the table below). For further information, the projected impact of a change in the default rate to 2.0 times the base case default rate is also presented in the table on the following page.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)
Sensitivity analysis (continued)
CLO tranches (continued)
The rate of occurrence of prepayments is measured by the CPR at the underlying loan portfolio level.
The base case scenario is to project a CPR at circa 30% per year for the US and circa 25% for Europe. The Directors consider that reasonably plausible changes in the CPR would be a decrease in the CPR of the underlying loan portfolios from 30% to 15% for the US and from 25% to 10% for Europe. The impact of the CPR is approximately linear, so the impact of an opposite test would be likely to result in an equal and opposite impact. The projected impact of a decrease in CPR from 30% to 15% for the US and from 25% to 10% in Europe is detailed in the below table:

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

As at 31 July 2019

		Impact of an increase in default rate to 1.5x base case scenario		**Impact of an increase in default rate to 2.0x base case scenario**		**Decrease in CPR from 30% to 15% for US and from 25% to 10% for Europe**	
Asset class	**% of NAV**	**Price impact**	**Impact on NAV**	**Price impact**	**Impact on NAV**	**Price impact**	**Impact on NAV**
USD CLO Equity	**27.0%**	**(11.2%)**	**(3.0%)**	**(23.9%)**	**(6.4%)**	**(0.9%)**	**(0.2%)**
EUR CLO Equity	**21.3%**	**(12.9%)**	**(2.7%)**	**(26.8%)**	**(5.7%)**	**(2.8%)**	**(0.6%)**
USD CLO Debt	**37.6%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
EUR CLO Debt	**0.9%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
All CLO tranches	**86.8%**		**(5.7%)**		**(12.1%)**		**(0.8%)**

As at 31 July 2018

		Impact of an increase in default rate to 1.5x base case scenario		**Impact of an increase in default rate to 2.0x base case scenario**		**Decrease in CPR from 30% to 15% for US and from 25% to 10% for Europe**	
Asset class	**% of NAV**	**Price impact**	**Impact on NAV**	**Price impact**	**Impact on NAV**	**Price impact**	**Impact on NAV**
USD CLO Equity	11.7%	(6.8%)	(0.7%)	(21.7%)	(2.3%)	(2.0%)	(0.2%)
EUR CLO Equity	16.4%	(10.9%)	(1.6%)	(25.9%)	(3.7%)	(3.2%)	(0.5%)
USD CLO Debt	44.2%	0.0%	0.0%	(0.2%)	(0.1%)	0.0%	0.0%
EUR CLO Debt	2.5%	0.0%	0.0%	0.7%	0.0%	0.0%	0.0%
All CLO tranches	74.8%		(2.3%)		(6.1%)		(0.7%)

As presented above, a reasonably plausible increase in the default rate in the underlying loan portfolios would be likely to have negligible impact on the debt tranches of CLO, but would be detrimental to equity tranches; a decrease in the CPR would likely to have negligible impact on the debt tranches (as principal payment will occur later) and would negatively impact equity tranches as shown above (in such an event excess cash flows to the equity tranches would last longer).

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

Synthetic Corporate Credit Bank Balance Sheet transactions
The investments within this asset class (representing 12.8% (31 July 2018: 17%) of the NAV) are first-loss exposures to diversified portfolios of investment grade and sub-investment grade corporate credits. The Directors consider a reasonably plausible change in the default rate to be an increase to 1.5 times or decrease to 0.5 times the historical average default rate. Such an increase in defaults would be likely to lead to a 3.9% decrease (31 July 2018: 10.0% decrease) in the average prices of these assets, thereby leading to a 0.4% decrease (31 July 2018: 1.5% decrease) in the NAV. An equal and opposite decrease in defaults as referred to above would be likely to lead to a 3.9% increase (31 July 2019: 10.0% increase) in the average prices of these assets, thereby leading to a 0.4% increase (31 July 2018: 1.5% increase) in the NAV.

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

As at 31 July 2019

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

As at 31 July 2018

		Impact of an increase in default rate to 1.5x historical average		Impact of a decrease in default rate to 0.5x historical average	
Asset class	**% of NAV**	**Price impact**	**Impact on NAV**	**Price impact**	**Impact on NAV**
SCC – BBS	17.2%	(10.0%)	(1.7%)	10.0%	1.7%

Cash Corporate Credit Equity transactions

As at 31 July 2019, the Company held two investments in this asset class (Tennenbaum Opportunities Fund V and Crescent European Specialty Lending Fund, representing 1.1% and 1.3% of the NAV, respectively) (31 July 2018: Tennenbaum Opportunities Fund V and Crescent European Specialty Lending Fund, representing 1.4% and 1.4% of the NAV, respectively). These assets have exposures to diversified portfolios of investment grade and sub-investment grade corporate credits. The Directors consider that the main risks associated with these assets are the occurrence of defaults in the underlying portfolio and/or the severity of any such defaults.

Tennenbaum Opportunities Fund V has a short remaining life, given that the fund is due to mature during October 2020. More than 53% of its current portfolio comprises unlisted equities (the largest Equity representing 30% of the fund) while the remainder comprises corporate debt positions. A sensitivity analysis is difficult to model as most of the value may be derived from the exit price the Tennenbaum Opportunities Fund V investment manager may be able to achieve for the underlying assets. As such, the value of this investment is dependent on default rates and discount rates applied to the corporate debt assets and revenue and EBITDA multiples applied to the equity assets. An increase in default or discount rates may decrease the value of the investment while an increase in revenue and EBITDA multiples may increase the value of the investment.

Crescent European Specialty Lending Fund is fully drawn down and in its amortising period. As the largest investment represents circa 9% of its current portfolio, a default of this investment with a 65% recovery rate would lead to a 10 basis points drop in the Crescent European Specialty Lending Fund’s NAV.

ABS Residual positions

As at 31 July 2019, the Company held two investments in this asset class (Fintake European Leasing DAC and SANCF 2014-1 Class E, representing 1.9% and 1.0% of the NAV, respectively) (31 July 2018: Fintake European Leasing DAC and SANCF 2014-1 Class E, representing 1.8% and 1.0% of the NAV, respectively).

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

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

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

Sensitivity analysis (continued)

ABS Debt positions (continued)

As at 31 July 2019, the Company held one investment in this asset class (St Bernard Opportunity Fund I) (31 July 2018: one, St Bernard Opportunity Fund I) representing 3.1% of the NAV (31 July 2018: 2.8%).

St Bernard Opportunity Fund I is a complex fund and it has not been feasible for the Company to determine a simple stress test that could be implemented. Nevertheless, for the period from the inception of this fund to 31 July 2019, the average annual volatility has been 3.4% (31 July 2019: 4.9%) for an annualised performance of 10.6% (31 July 2018: 11.3%) (the respective figures over the last twelve months were volatility of 1.5% (31 July 2018: 0.8%) for an annual performance of 4.8% (31 July 2018: 8.2%)). The Investment Manager believes that this gives a reasonable indication of the risk profile of this investment.

12. LOAN FINANCING RECEIVED UNDER REPURCHASE AGREEMENT

	31 July 2019 €	**31 July 2018 €**
Loan financing received under repurchase agreement, opening	**42,715,000**	38,101,500
Loan financing repaid	**(8,816,165)**	
Proceeds received from additional loan financing	**-**	4,249,681
Foreign exchange movement	**2,046,528**	363,819
Loan financing received under repurchase agreement, ending	**35,945,363**	42,715,000

The Company has entered into a repurchase agreement under the terms of which the counterparty SG, provided the Company with finance through the purchase of a portfolio of USD CLO Debt securities which are subject to repurchase each quarter. Interest is payable on amounts drawn under the Repo at the relevant three-month USD Libor rate plus a margin of 1.50%. The Company initially drew down $30.0 million on 16 March 2015, then subsequently drew down a further $15.0 million on 18 September 2015 and a further $5.0 million on 15 December 2017. On the 14 March 2019, the Company reduced loan financing under the Repo from $50.0 million to $40.0 million.

The scheduled final repurchase date is 15 December 2022. However, on any business day, either the Company or SG may give notice to terminate the Repo. In such event, the collateral shall be repurchased in the following tranches: one-third after six calendar months; one-third after nine calendar months; and the final third after twelve calendar months. The Company may, at any time, submit a request to SG to substitute any pledged securities with other securities, provided that (i) such proposed securities are acceptable by SG in its sole discretion and (ii) the parties agree on the relevant base individual haircut applicable to such proposed securities.

Interest incurred under the Repo during the financial year totaled €1,633,017 (31 July 2018: €1,351,360) and accrued unpaid interest under the Repo as at 31 July 2019 was €185,345 (as at 31 July 2018: €213,901).

Collateral delivered under Repo

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

As at 31 July 2019, the collateral provided by the Company under the Repo comprised USD CLO Debt securities with an aggregate market value of €63.2 million ($70.3 million). As at 31 July 2018, the collateral comprised USD CLO Debt securities with an aggregate market value of €75.6 million ($88.5 million).

13. DERIVATIVES

Foreign exchange swaps and options are held to hedge some of the currency exposure generated by US Dollar assets held by the Company (see Note 19). The hedge has been structured taking into account the fact that derivative positions, such as simple foreign exchange swaps, could cause the Company to require cash to fund margin calls on those positions. Considering this, the Company decided to use foreign exchange call and put options to limit the liquidity risk that could be created in the event of significant margin calls. As a consequence of this limitation, there is no certainty that hedging some of the currency exposure generated by US Dollar assets could continue to be performed in the future in case of high volatility in the US Dollar/Euro cross rate. Foreign exchange derivatives are entered into with Goldman Sachs and Crédit Agricole, with a margin requirement being applicable upon revaluation of such transactions. The balance on the margin account is included within the total value of the foreign exchange derivative transactions open as at the year-end as presented in the Statement of Financial Position. Interest rate derivatives are entered into with Goldman Sachs.

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

	31 July 2019 €	**31 July 2018 €**
Revaluation of foreign exchange forward and option positions:		
– Crédit Agricole	**(4,872,980)**	(3,566,064)
Net margin amount as at the year-end:		
– Crédit Agricole	**4,600,000**	3,500,000
Net carrying value of foreign exchange derivative positions	**(272,980)**	(66,064)
Unrealised (loss)/gain on interest rate derivative positions:		
– Goldman Sachs	**-**	(248,280)
Net margin amount as at the year-end:		
– Goldman Sachs	**763,474**	1,550,567
Net carrying value of interest rate derivative positions	**763,474**	1,302,287
Net carrying value of derivative positions	**490,494**	1,236,223

14. TRADE AND OTHER RECEIVABLES

	31 July 2019 €	**31 July 2018 €**
Prepayments and other receivables	**3,229,069**	34,022
Interest receivable	**512,179**	696,123
Amounts due from brokers	**1,711,334**	12,191,543
	5,452,582	12,921,688

15. TRADE AND OTHER PAYABLES

	31 July 2019 €	**31 July 2018 €**
Investment manager management fees	**2,022,277**	2,072,153
Investment manager performance fees	**-**	-
Directors’ fees (cash payable)	**87,763**	87,763
Directors’ fees (shares payable)	**37,612**	37,612
Amounts due to brokers	**16,697,473**	9,235,399
Accrued expenses and other payables	**401,853**	271,509
	19,246,978	11,704,436

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

16. SHARE CAPITAL

	31 July 2019 Number of shares	31 July 2018 Number of shares
Ordinary shares of no par value each	**Unlimited**	Unlimited
Class B convertible Ordinary share of no par value	**1**	1
Class C non-voting convertible Ordinary shares of no par value each	**Unlimited**	Unlimited

With respect to voting rights at general meetings of the Company, the Ordinary shares and Class B share confer on the holder of such shares the right to one vote for each share held, while the holders of Class C shares do not have the right to vote. Each class of share ranks pari passu with each other with respect to participation in the profits and losses of the Company.

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

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

Issued and fully paid

	Number of Ordinary shares in issue	Number of Class B shares in issue	Number of Class C shares in issue	Total number of shares in issue	Warrants: potential number of shares
Balance at 31 July 2017	36,548,466	1	-	36,548,467	-
Issued to Directors during the year	18,170	-	-	18,170	-
Balance at 31 July 2018	36,566,636	1	-	36,566,637	-
Issued to Directors during the year	**13,944**	**-**	**-**	**13,944**	**-**
Balance at 31 July 2019	**36,580,580**	**1**	**-**	**36,580,581**	**-**

A total of 13,944 (31 July 2018: 18,170) Ordinary shares were issued to Directors during the year, which includes 13,944 (31 July 2018: 17,722) shares issued to the current directors and nil (31 July 2018: 448) shares issued to a former director who resigned during the previous financial year ended 31 July 2017. 4,525, 4,542, and 4,877 Ordinary shares were issued to the Directors in respect of their fees during the period at a NAV of €8.31, €8.28 and €7.71 per share respectively.

On 5 April 2019, the Company announced that with effect from the quarter ended 30 April 2019 the part-payment of Directors' fees in shares would be satisfied through the purchase of shares on the secondary market rather than the issue of new shares. On the 28 May 2019, the Company purchased a total of 4,780 (31 July 2018: nil) Ordinary shares on the secondary market at an average price of €6.98 per share.

As at 31 July 2019 and 31 July 2018, the Company held no treasury shares. Please refer to page 16 for information on Director holdings in the Company's Ordinary shares.

17. SHARE PREMIUM ACCOUNT

	Ordinary shares €	Class B share €	Class C shares €	Total €
Balance at 31 July 2017	35,544,715	-	-	35,544,715
Issued to Directors during the year	150,593	-	-	150,593
Balance at 31 July 2018	35,695,308	-	-	35,695,308
Issued to Directors during the year	**112,812**	**-**	**-**	**112,812**
Balance at 31 July 2019	**35,808,120**	**-**	**-**	**35,808,120**

The share premium account represents the issue proceeds received from, or value attributed to, the issue of share capital, except for the share premium amount of €285,001,174 arising from the Company's initial issue of share capital upon its IPO, which was transferred to other distributable reserves on 26 January 2007, following approval by the Royal Court of Guernsey (see Note 18).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

18. RESERVES

	Other distributable reserves €	Accumulated gain €
At 31 July 2017	123,596,736	146,363,127
Total comprehensive income for the year	-	22,711,565
Dividends paid in cash	(22,668,212)	-
At 31 July 2018	100,928,524	169,074,692
Total comprehensive income for the year	**-**	**7,083,443**
Realised gain on Director shares purchased at a discount to NAV	**4,158**	**-**
Dividends paid in cash	**(22,309,034)**	**-**
At 31 July 2019	**78,623,648**	**176,158,135**

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

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

19. FINANCIAL RISK MANAGEMENT

The main risks arising from the Company's financial instruments are market risk, valuation risk, interest rate risk, currency risk, credit and counterparty risk, concentration risk and liquidity risk.

Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates, interest rates, credit spreads 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 is reflected through movements in the value of its investments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising return. The Company's strategy for the management of market risk is driven by its investment objective to preserve capital across the credit cycle 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 exposure to market risk is managed on a daily basis by the Investment Manager.

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

Valuation risk

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

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 the risks to which such investments are exposed may be limited. Illiquidity contributes to uncertainty about the values ascribed to investments when NAV determinations are made, which can cause those determinations to vary from amounts that could be realised if the Company were to seek to liquidate its investments. The Company could also face some difficulties when collecting reliable information about the value of its assets if some or all of the participants in the relevant market were to experience significant business difficulties or were to suspend their market activities. This could affect both the timing and the process for assessing the value of the Company's investments.

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

If the Company were unable to collect reliable information about the value of its assets the Investment Manager has agreed to provide a monthly valuation based on pricing models. The Company engages 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 Board.

Interest rate risk

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

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

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

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

It should be noted that the Company does not present an effective interest figure for its investments held and therefore does not calculate the effective interest rates applicable to its investments. In the Directors' opinion, it is not feasible to accurately estimate the effective interest rates applicable to many of the Company's financial assets. 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 analyses given earlier.

Currency risk

Currency risk is the risk that the values of the Company's assets and liabilities are adversely affected by changes in the values of foreign currencies by reference to the Company's functional currency.

The Company's accounts are presented in Euro, the Company's functional and reporting currency, while investments are made and realised in both Euro and other currencies. Changes in rates of exchange may have an adverse effect on the reported value, price or income of the investments. A change in foreign currency exchange rates may adversely impact reported returns on the Company's non-Euro denominated investments. The Company's principal non-Euro currency exposures are currently expected to be the US Dollar, Sterling and Swiss francs, but this may change over time.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk (continued)

The Company's policy is to partially hedge its currency risk on an overall portfolio basis. The Company may bear a level of currency risk that could otherwise be hedged where the Investment Manager considers that bearing such risk 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). The Investment Manager had put into place arrangements to hedge into Euro part of the 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.

As at 31 July 2019 unhedged Swiss Franc-denominated positions held by the Company amounted to 0.0% of NAV, (31 July 2018: 1.1% of NAV).

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

Currency risk profile as at 31 July 2019	**Denominated in EUR €**	**Denominated in USD €**	**Denominated in GBP €**	**Denominated in CHF €**	**Total €**
Financial assets at fair value through profit or loss	**100,121,201**	**225,404,686**	**-**	**-**	**325,525,887**
Derivative contracts	**(272,980)**	**763,474**	**-**	**-**	**490,494**
Trade and other receivables	**9,986**	**5,415,802**	**26,794**	**-**	**5,452,582**
Cash and cash equivalents	**1,493,694**	**12,833,328**	**171,104**	**500**	**14,498,626**
Loan financing received under repurchase agreement	**-**	**(35,945,363)**	**-**	**-**	**(35,945,363)**
Interest payable on loan financing	**-**	**(185,345)**	**-**	**-**	**(185,345)**
Trade and other payables	**(3,699,734)**	**(15,380,775)**	**(166,469)**	**-**	**(19,246,978)**
	97,652,167	**192,905,807**	**31,429**	**500**	**290,589,903**

The following foreign exchange swaps and options were unsettled as at 31 July 2019:

Description of open positions	**Nominal amount USD**	**Average strike price $/€**
Forward foreign exchange contracts (USD sold forward vs. EUR)	**157,500,000**	**1.17**
Forward foreign exchange contracts (EUR sold forward vs. USD)	**(1,334,832)**	**1.11**
Long position – USD calls vs. EUR	**72,500,000**	**1.23**
Short position – USD puts vs. EUR	**72,500,000**	**1.06**

	Valuation of foreign exchange derivative positions €
Aggregate revaluation loss	**(4,872,980)**
Margin accounts balance – amounts paid	**4,600,000**
Unsettled amount payable	**(272,980)**

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk (continued)

The impact of an appreciation or depreciation in foreign exchange rates on the NAV has been measured at the underlying portfolio level. The Directors consider a change in foreign exchange rates by 10% to be a reasonably plausible change.

Currency rate sensitivity as at 31 July 2019	**Impact of an appreciation in foreign exchange rates by 10%**			**Impact of a depreciation in foreign exchange rates by 10%**	
	Price impact on NAV	**Percentage impact on NAV**		**Price impact on NAV**	**Percentage impact on NAV**
USD/EUR	**19,290,581**	**6.64%**		**(19,290,581)**	**(6.64%)**

Currency risk profile as at 31 July 2018	**Denominated in EUR €**	**Denominated in USD €**	**Denominated in GBP €**	**Denominated in CHF €**	**Total €**
Financial assets at fair value through profit or loss	106,190,514	216,044,251	—	3,468,394	325,703,159
Derivative contracts	(66,064)	1,302,287	—	—	1,236,223
Trade and other receivables	5,904,874	6,989,440	27,374	—	12,921,688
Cash and cash equivalents	11,399,728	8,826,149	149,486	95,428	20,470,791
Loan financing received under repurchase agreement	—	(42,715,000)	—	—	(42,715,000)
Interest payable on loan financing	—	(213,901)	—	—	(213,901)
Trade and other payables	(6,780,542)	(4,744,884)	(179,010)	—	(11,704,436)
	116,648,510	185,488,342	(2,150)	3,563,822	305,698,524

The following foreign exchange swaps and options were unsettled as at 31 July 2018:

Description of open positions	**Nominal amount USD**	**Average strike price $/€**
Forward foreign exchange contracts (USD sold forward vs. EUR)	130,000,000	1.23
Long position – USD calls vs. EUR	70,000,000	1.10
Short position – USD puts vs. EUR	70,000,000	1.29

	Valuation of foreign exchange derivative positions €
Aggregate revaluation loss	(3,566,064)
Margin accounts balance – amounts paid	3,500,000
Unsettled amount receivable	(66,064)

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk (continued)

The impact of an appreciation or depreciation in foreign exchange rates on the NAV has been measured at the underlying portfolio level. The Directors consider a change in foreign exchange rates by 10% to be a reasonably plausible change.

Currency rate sensitivity as at 31 July 2018	**Impact of an appreciation in foreign exchange rates by 10%**		**Impact of a depreciation in foreign exchange rates by 10%**	
	Price impact on NAV	**Percentage impact on NAV**	**Price impact on NAV**	**Percentage impact on NAV**
CHF/EUR	356,382	0.1%	(356,382)	(0.1%)
USD/EUR	10,243,351	3.4%	(9,766,936)	(3.2%)

Credit counterparty risk

Credit and counterparty 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, interest rate derivatives and cash and cash equivalents. The Company is exposed to counterparty risk regarding the performance of SG under the terms of the Repo. The aggregate value of the Company's securities pledged as security under the Repo which are therefore exposed to such counterparty risk is disclosed in Note 12.

The positions in the CLO asset class are residual or mezzanine debt tranches of CLOs, which may suffer losses depending upon the level of losses that occur in the underlying loan portfolio and the rate at which such losses might occur. Residual tranches are the first tranche in a CLO capital structure that would suffer losses, followed by mezzanine tranches according to their relative levels of seniority. However, being term leveraged structures at a fixed margin, it is possible for residual tranches to generate more excess payments through re-investments when markets are under stress for relatively short periods than under normal circumstances. 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) against the principal amount of the outstanding CLO Debt tranches at any point in time.

CLO residual positions 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. Nonetheless, the spread tightening impact can also be mitigated through a refinancing or reset of the CLO liabilities at any point in time after the end of the CLO non-call period.

As at 31 July 2019, the Company directly held 32 positions in debt tranches of CLOs (31 July 2018: 39) accounting for 39.1% of Volta's end-of-year NAV (31 July 2018: 40.9%). 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 CLO Debt asset held by the Company, 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.

As at the reporting date, the Company held no (31 July 2018: four) CLO Warehouse investments.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit counterparty risk (continued)

The Company is also exposed to a global Capitalised Manager Vehicle which is exposed to similar risks as CLO Equity and Warehouse exposures. The targeted return from the investment is in the mid to high-teens for a six to nine-year weighted average life. In addition to the first-loss Warehouse and CLO Equity risks defined above, it is also exposed to liquidity risk and to regulation risk given that a change in regulation in the US or in Europe could alter the business purpose of the entity and imply either a limited drawing of the Company's committed capital or even certain levels of restructuring costs. As it is capitalising a single entity, it is also incorporating correlation risks between the various sub-investments as well as a strong reliance on key people and processes inside each CLO manager's entity.

The ABS positions comprise three (31 July 2018: three) different investments: a position in a fund mainly investing in US RMBS debt tranches (St Bernard Opportunity Fund I), representing 51.0% (31 July 2018: 49.0%) of the fair value of this asset class and 3.1% (31 July 2018: 2.8%) of the NAV; a junior debt position in a Spanish auto loan securitisation (SANCF 2014-1 Class E), representing 17.2% (31 July 2018: 17.6%) of the fair value of this asset class and 1.0% (31 July 2018: 1.0%) of the NAV; and one French leases ABS Residual position (Fintake European Leasing DAC), representing 31.8% (31 July 2018: 33.4%) of the fair value of this asset class and 1.9% (31 July 2018: 1.8%) of the NAV.

During the financial year, no particular events affected any of the Company's ABS positions.

The Cash Corporate Credit assets include two positions: one loan fund (Tennenbaum) and one private debt fund (Crescent). The Synthetic Corporate Credit bucket comprises first-loss positions in credit portfolios, representing 12.8% (31 July 2018: 17.2%) of the NAV. No particular events during the financial year affected the situation of these positions.

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

As previously stated, the Company has entered into a repurchase agreement with SG, which is over-collateralised as disclosed in Note 12. Bankruptcy or insolvency by SG may cause the Company's rights with respect to the assets subject to the repurchase agreement to be delayed or limited.

Prior to the transfer of Depositary to BNP on 1 August 2018, substantially all of the cash held by the Company at the reporting date was held at State Street Bank and Trust Company in the name of State Street Custody Services (Guernsey) Limited. On 1 August 2018, the Company appointed BNP as Depositary and, subsequently, the majority of the Company's cash was held with BNP. Bankruptcy or insolvency by BNP may cause the Company's rights with respect to the cash held there to be delayed or limited. In order to limit the Company's exposure to any single counterparty, the Board has requested that the Investment Manager should avoid holding cash balances in excess of 6% of GAV at BNP, or in excess of 3% of GAV at any other single counterparty, other than on a short-term basis if necessary. Cash in excess of this level for any significant length of time is invested in short-term money market funds, short-term government treasury bills or other cash equivalents.

The Company may invest in forward foreign currency transactions, foreign currency options, total return swaps, credit default swaps and other derivatives with various financial institution counterparties for the purposes of hedging or securing investment exposure to portfolios of diverse underlying reference obligations. The Company is exposed to counterparty credit risk in respect of these transactions. The Investment Manager employs various techniques to limit actual counterparty credit risk, including the requirement for cash margin payments or receipts for foreign currency derivative transactions on a weekly basis, or more frequently during years of high volatility. As at and during the financial year end, the Company's derivative counterparties were Crédit Agricole Corporate and Goldman Sachs.

The Company monitors its counterparty risk by monitoring the credit ratings of Crédit Agricole, Goldman Sachs, Société Générale, and BNP Paribas S.A. as reported by Standard & Poor's, Moody's or Fitch, and analyses any information that could imply deterioration in the financial position of its counterparties.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk and counterparty risk (continued)

The current long-term issuer credit ratings assigned to each of these counterparties as at 31 July 2019 are as follows:

Counterparties	Moody's	Standard & Poor's	Fitch
Crédit Agricole	Aa3 (positive)	A +(stable)	A+ (stable)
Société Générale	A1 (stable)	A (stable)	A (stable)
Goldman Sachs	A1 (stable)	A+ (stable)	A (stable)
BNP Paribas S.A.	A2 (stable)	A+ (stable)	A+ (stable)

The Company's investment guidelines establish criteria for certain investment exposures and synthetic arrangements entered into by the Company that are intended to limit the investment risk of the Company. Shareholders should, however, be prepared to bear the risks of direct and indirect investment in special purpose structured finance vehicles and arrangements, which often involve reliance on techniques intended to achieve bankruptcy remoteness and protection through security arrangements that may not function as intended in unexpected scenarios.

Risk relating 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

Concentration risk is risk of loss in value of an investment portfolio if an individual or group of exposures move together in an unfavorable direction. The Company may be exposed at any given time to any one corporate credit, counterparty, industry, region, country or asset class or to particular services or asset managers (in addition to the Investment Manager). As a result it may therefore be exposed to a degree of concentration risk. However, the Board considers that the Company is, in general, very diversified and that concentration risk is therefore not significant.

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

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

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

Main asset class	Detailed classification	**As at 31 July 2019 % (based on NAV)**	As at 31 July 2018 % (based on NAV)
CLO	USD CLO Equity	**27.3**	11.9
	EUR CLO Equity	**21.3**	16.4
	USD CLO Debt	**38.2**	44.4
	EUR CLO Debt	**0.9**	2.5
	CMV	**3.2**	2.1
	EUR CLO Warehouse	**-**	1.2
	USD CLO Warehouse	**-**	2.3
Synthetic Corporate Credit	Bank Balance Sheet transactions	**12.8**	17.2
Cash Corporate Credit	Cash Corporate Credit Equity	**2.4**	2.9
ABS	ABS Residual	**2.9**	2.9
	ABS Debt	**3.1**	2.4
Cash	(includes other liquid assets and trade payables)	**0.2**	8.3

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Concentration risk (continued)

Indirect exposures to underlying concentrations can be complex and will vary by asset type and factors such as subordination. In general, the Company's investment portfolio is well diversified. The Company's principal concentration exposures are derived from its positions in CLO Equity tranches. Based on reports provided to the Investment Manager, the largest 20 underlying exposures aggregated across all the Company's CLO Equity tranches are listed in the table below. These exposures are stated as the gross exposure to the individual issuers listed below of the underlying CLO collateral pool before taking into account the effect of leverage due to the relative subordination of the CLO tranche held by the Company:

As at 31 July 2019 **Issuer name**	**Industry group**	**Average exposure to individual issuers in the underlying CLO Equity sub-portfolios as a % of Volta's total CLO Equity positions**	**Average exposure to individual issuers in the underlying CLO Equity sub-portfolios as a % of Volta's NAV**
Altice SFRFP	Telecommunications	**1.19%**	**0.62%**
Panther BF Aggregator 2 LP	Auto Parts & Equipment	**0.70%**	**0.36%**
Flora Food Group	Food	**0.63%**	**0.32%**
Verisure Holding	Commercial Services	**0.62%**	**0.32%**
Ziggo	Media	**0.61%**	**0.32%**
Springer Science & Business	Media	**0.59%**	**0.30%**
Paysafe Group	Internet	**0.58%**	**0.30%**
EG Group Limited	Retail	**0.58%**	**0.30%**
Nidda Healthcare Holding	Pharmaceuticals	**0.50%**	**0.26%**
Action Holdings	Retail	**0.48%**	**0.25%**
Amer Sports Oyj	Leisure Time	**0.47%**	**0.24%**
Starfruit Finco B.V.	Chemicals	**0.46%**	**0.24%**
Techem V. 675 MBH	Commercial Services	**0.44%**	**0.23%**
Evergood 4 ApS	Commercial Services	**0.44%**	**0.23%**
Elsan	Healthcare Services	**0.44%**	**0.23%**
Financial & Risk US Holdings	Business Equipment and Services	**0.43%**	**0.22%**
CenturyLink	Telecommunications	**0.41%**	**0.21%**
GTT Communications	Telecommunications	**0.40%**	**0.21%**
GVC	Entertainment	**0.40%**	**0.21%**
Misys	Computers & Electronics	**0.39%**	**0.20%**

19. FINANCIAL RISK MANAGEMENT (CONTINUED)
Concentration risk (continued)

As at 31 July 2018 Issuer name	Industry group	Average exposure to individual issuers in the underlying CLO Equity sub- portfolios as a % of Volta's total CLO Equity positions	Average exposure to individual issuers in the underlying CLO Equity sub- portfolios as a % of Volta's NAV
Altice Financing	Telecommunications	1.41%	0.40%
Ziggo Secured Finance	Telecommunications	0.82%	0.23%
Verisure Holding	Commercial Services	0.76%	0.21%
Springer Science & Business	Media	0.73%	0.20%
BMC Software Finance	Software	0.63%	0.17%
EG Group Limited	Retail	0.62%	0.17%
Paysafe Group	Internet	0.61%	0.17%
Action Holdings	Retail	0.59%	0.15%
Vedici	Healthcare Services	0.53%	0.15%
Nidda Healthcare Holding	Pharmaceuticals	0.52%	0.14%
MacDermid	Chemicals	0.52%	0.14%
Keter Group	Home Furnishings	0.51%	0.14%
Parex Group	Building materials	0.50%	0.14%
Flora Food Group	Food	0.50%	0.14%
Misys	Software	0.49%	0.14%
Eircom	Telecommunications	0.49%	0.14%
Tipico	Entertainment	0.48%	0.14%
Klockner Pentaplast	Packaging & Containers	0.48%	0.13%
Nord Anglia Education Limited	Commercial Services	0.48%	0.13%
TMF Group	Commercial Services	0.48%	0.13%

Based on the current weighting of CLO Equity positions 48.6% of NAV (31 July 2018: 28.3% of NAV), the default as at 31 July 2019 of one underlying loan representing for example 1% (31 July 2018: 1%) of all the CLO Equity underlying portfolios would have caused a decline of approximately 1.7% (31 July 2018: 1.0%) of NAV on a mark-to-market basis, assuming: liquidation of the relevant CLO Equity tranches rather than the continuation of ongoing cash flow receipts from such CLO Equity tranches; a standard recovery rate on the defaulted loan of 65% (31 July 2018: 65%); and, that CLO Equity positions represent, on average, approximately a ten times leverage on the underlying loan portfolios). In practice, at the time of such default, it is likely that the impact on NAV would be mitigated by the fact that CLO Equity valuations take into account the ongoing payments from these positions as well as the liquidation value. As a result, the Company has limited exposure to indirect concentration risk. Accumulation of defaults at the level of the underlying credit portfolios represents a greater risk to the Company.

Re-investment risk

A majority of the Company's directly held investments (CLO Debt, most of the Bank Balance Sheet transactions and CLO Equity positions) may be sensitive to spread compression. Spread compression in the loan market might increase the prepayment rate of loans causing the underlying loan portfolio of CLOs to carry a lower spread and then leading to lower ongoing cash flows for the CLO Equity positions. This may be counter-balanced by the ability of CLOs to refinance and/or reset the cost of their liabilities in order to re-establish better terms for the CLO Equity position. CLO Debt and Bank Balance Sheet transactions are issued with a non-call period (usually between two and three years), after such non-call period, in the event of spread compression in these markets, Volta might experience these assets being called and might face the challenge of reinvesting in a context of a lower spread environment. One virtue of having a multi-asset-class strategy is that flexibility exists to re-allocate between asset classes in such cases.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Many of the assets in which the Company invests are illiquid. Changes in market sentiment may make significant portions of the Company's investment portfolio rapidly more illiquid, particularly with regard to types of assets for which there is not a broad well-established trading market or for which such a market is linked to a fewer number of market participants. Portfolio issuers and borrowers may experience changes in circumstance that adversely affect their liquidity, leading to interruptions in cash flows. The Company can seek to manage liquidity needs by borrowing but turns in market sentiment may make credit expensive or unavailable. Liquidity may also be addressed by selling assets in the Company's portfolio but selling assets may in some circumstances be significantly disadvantageous for the Company or even almost impossible if liquidity were to disappear for the Company's assets. In addition, the Company has entered into a Repo transaction under which a significant proportion of its most liquid assets have been provided as collateral to the Repo counterparty, as further disclosed in Note 12. Consequently, the Company would be unlikely to be able to sell these assets at short notice. In the event of such adverse liquidity conditions the Company might be unable to fund margin calls on its derivative positions and might consequently be unable to fund the payment of dividends. Liquidity risk is analysed by the Investment Manager on a daily basis and is communicated to and monitored by the Board through the quarterly business report.

Maturity profile

The following tables show the legal maturity of the securities:

Maturity profile as at 31 July 2019

	Within one year	One to five years	Over five years	Total
	€	€	€	€
Financial assets				
Financial assets at fair value through profit or loss	**-**	**1,131,132**	**324,394,755**	**325,525,887**
Derivative contracts	**763,474**	**-**	**-**	**763,474**
Trade and other receivables	**5,452,582**	**-**	**-**	**5,452,582**
Cash and cash equivalents	**14,498,626**	**-**	**-**	**14,498,626**
	20,714,682	**1,131,132**	**324,394,755**	**346,240,569**
Financial liabilities				
Loan financing received under the Repo	**35,945,363**	**-**	**-**	**35,945,363**
Interest payable on loan financing	**185,345**	**-**	**-**	**185,345**
Derivative contracts	**272,980**	**-**	**-**	**272,980**
Trade and other payables	**19,246,978**	**-**	**-**	**19,246,978**
	55,650,666	**-**	**-**	**55,650,666**

Maturity profile as at 31 July 2018

	Within one year	One to five years	Over five years	Total
	€	€	€	€
Financial assets				
Financial assets at fair value through profit or loss	10,731,886	27,597,755	287,373,518	325,703,159
Derivative contracts	1,302,287	-	-	1,302,287
Trade and other receivables	12,921,688	-	-	12,921,688
Cash and cash equivalents	20,470,791	-	-	20,470,791
	45,426,652	27,597,755	287,373,518	360,397,925
Financial liabilities				
Loan financing received under the Repo	29,169,948	14,792,048	-	43,961,996
Interest payable on loan financing	213,901	-	-	213,901
Derivative contracts	66,064	-	-	66,064
Trade and other payables	11,704,436	-	-	11,704,436
	41,154,349	14,792,048	-	55,946,379

Risks relating to leveraged exposure

The Company's investment strategy involves a high degree of exposure to the risks of leverage. Investors in the Company must accept and be able to bear the risk of investment in a highly leveraged investment portfolio. Predominantly the leverage is provided through investment in structured leveraged instruments (embedded leverage) with no recourse to the Company's assets, but the Company may also participate in direct leverage transactions with recourse and consequent increased liquidity needs such as the $40 million drawn down under the Repo (31 July 2018: $50 million), as detailed in Note 12.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Capital risk management

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

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

20. RELATED PARTIES

Transactions with Directors

For disclosure of Directors' remuneration, refer to Note 5. As at the year ended 31 July 2019, Directors' fees to be paid in cash of €87,763 (31 July 2018: €87,763) had been accrued but not paid. Directors' fees to be paid in shares of €37,612 (31 July 2018: €37,618) had been accrued but not paid and Directors' expenses of €nil (31 July 2018: €nil) had been accrued but not paid.

As at 31 July 2019, the Directors of the Company owned 0.77% (31 July 2018: 0.69%) of the voting shares of the Company.

Transactions with the Investment Manager

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

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

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

The investment management fee is calculated for each six-month period ending on 31 July and 31 January of each year on the basis of the Company's NAV as of the end of the preceding period and payable semi-annually in arrears. The investment management fee payable to AXA IM is subject to reduction for investments in AXA IM Managed Products as set out in the Company's Investment Guidelines. During the year, the investment management fees earned were €4,183,666 (year ended 31 July 2018: €4,198,010). Investment management fees accrued but unpaid as at 31 July 2019 were €2,022,277 (year ended 31 July 2018: €2,072,153).

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

There were no performance fees accrued for the year ended 31 July 2019 (year ended 31 July 2018: €nil).

The Investment Manager also acts as investment manager for the following of the Company's investments held as at the year-end which together represented 7.3% of NAV as at 31 July 2019: Adagio V CLO DAC Subordinated Notes; Adagio VI CLO DAC Subordinated Notes; Adagio VII CLO DAC Subordinated Notes; Bank Capital Opportunity Fund; Bank Deleveraging Opportunity Fund and St Bernard Opportunity Fund I (Series 6). (31 July 2018: 11.8% of NAV: Adagio V CLO DAC Subordinated Notes; Adagio VI CLO DAC Subordinated Notes; Adagio VII CLO DAC Subordinated Notes; Allegro CLO III Class E Notes; Allegro CLO IV Class E Notes; Bank Capital Opportunity Fund; Bank Deleveraging Opportunity Fund; Prelude Credit Alpha PLC; and St Bernard Opportunity Fund I (Series 6)).

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

20. RELATED PARTIES (CONTINUED)

Transactions with the Investment Manager (continued)

The Investment Manager earns investment management fees, including incentive fees where applicable, directly from each of the above investment vehicles, in addition to its investment management fees earned from the Company. However, with respect to the Company's investments in Bank Deleveraging Opportunity Fund, Bank Capital Opportunity Fund and St Bernard Opportunity Fund I, there is no duplication of investment management fees as adjustment for these investments is made in the calculation of the investment management fees payable by the Company such that AXA IM earns investment management fees only at the level of the Company.

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

Except for the Company's Restricted AXA IM Managed Products and AXA IM Managed Products, (as detailed above), all other investments in products managed by the Investment Manager were made by way of secondary market purchases on a bona fide arm's length basis from parties unaffiliated with the Investment Manager. Therefore, the Company pays investment management fees with respect to these investments calculated in the same way as if the investment manager of these deals were an independent third party.

AXA group held 30.23% (31 July 2018: 30.3%) of the voting shares in the Company as at 31 July 2019 and 30.23% (31 July 2018: 30.20%) as at the date of approval of this report.

21. COMMITMENTS

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

a) CMV – $8,184,990 (31 July 2018: $12,558,419) remaining commitment from an original commitment of $20,000,000;

b) Crescent European Specialty Lending Fund (a Cash Corporate Credit Equity transaction exposed to sub-investment grade corporate credits) – €2,782,144 (31 July 2018: €3,284,796) remaining commitment from an original commitment of €7,500,000; and

c) EUR ABS transaction 2019 – €7,064,400 remaining commitment from an original commitment of €10,000,000. No position was held in prior year.

d) REO transaction 2019-1 – $12,500,000 remaining commitment from an original commitment of $12,500,000. No position was held in prior year.

22. SUBSEQUENT EVENTS

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

- On 28 August 2019, the Company declared a quarterly interim dividend of €0.16 per share, which was paid on the 26 September 2019, amounting to €5.85 million.

USEFUL INFORMATION FOR SHAREHOLDERS

Alternative performance measures disclosure

In accordance with ESMA Guidelines on APMs the Board has considered what APMs are included in the Annual Financial Report and financial statements which require further clarification. An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. APMs included in the financial statements, which are unaudited and outside the scope of IFRS, are deemed to be as follows:

NAV to market price discount / premium

The NAV per share is the value of all the Company's assets, less any liabilities it has, divided by the total number of Ordinary Shares. However, because the Company's Ordinary shares are traded on the Euronext Amsterdam and London Stock Exchange, the share price may be higher or lower than the NAV. The difference is known as a discount or premium. The Company's discount / premium to NAV is calculated by expressing the difference between the share price (closing price)[1] and the NAV per share on the same day compared to the NAV per share on the same day.

The discount or premium per Ordinary share is a key indicator of the discrepancy between the market value and the intrinsic value of the Company.

At 31 July 2019, the Company's Ordinary shares traded at €7.00 on the Euronext Amsterdam (31 July 2018: €7.08). The Ordinary shares traded at a discount of 11.8% (31 July 2018: discount of 15.3%) to the NAV per Ordinary share of €7.9438 (31 July 2018: €8.3600).

Ongoing charges

The ongoing charges ratio for the year ended 31 July 2019 was 1.93% (31 July 2018: 1.88%). The AIC's methodology for calculating an ongoing charges figure is based on annualised ongoing charges of £5,850,997 (31 July 2018: £5,737,608) divided by average NAV in the period of €295,420,327 (31 July 2018: €304,725,841).

Calculating ongoing charges

The ongoing charges are based on actual costs incurred in the year excluding any non-recurring fees in accordance with the AIC methodology. Expense items have been excluded in the calculation of the ongoing charges figure when they are not deemed to meet the following AIC definition:

"Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the investment company as a collective fund, excluding the costs of acquisition/disposal of investments, financing charges and gains/losses arising on investments. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs."

Please refer below for ongoing charges reconciliation for the years ended 31 July 2019 and 31 July 2018:

	31 July 2019 £	31 July 2018 £
Total operating expenses for the year:	(5,701,844)	(5,737,608)
Expenses included in the calculation of ongoing charges figures, in accordance with AIC's methodology:		
Management fees	(4,183,666)	(4,198,010)
Legal and professional fees	(333,561)	(303,801)
Administration fees	(839,039)	(800,403)
Sundry expenses	(335,081)	(435,394)
Total ongoing charges for the year	**(5,691,347)**	**(5,737,608)**

Calculating an average NAV

The AIC's methodology for calculating average NAV for the purposes of the ongoing charges figure is to use the average of NAV at each NAV calculation date. On this basis the average NAV figure has been calculated using the monthly published NAVs over the years ended 31 July 2019 and 31 July 2018.

Internal Rate of Return

The Internal Rate of Return is calculated as the gross projected future return on Volta's investment portfolio as at 31 July 2019 under standard AXA IM assumptions, after taking into account the effect of direct leverage from the Repo on the overall investment portfolio returns. As at 31 July 2019 the IRR is 11.6%.

The Board consider IRR of overall Company investment portfolio when determined using sustainability of dividends as well as on a quarterly basis prior to declaring any dividend.

The IRR is calculated using projected cash flows and a DCF model from the investment portfolio, which are consistent with the Company's accounting policies.

[1] - Source: Bloomberg

USEFUL INFORMATION FOR SHAREHOLDERS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

Alternative performance measures disclosure (continued)

Annualised dividend yield

Dividend yield is calculated as total dividends paid during the financial period divided by the share price as at 31 July 2019.

Annualised dividend yield is calculated to measure the Company's distribution of dividends to the Company's Ordinary Shareholders relative to share price to allow comparability to other companies in the market.

Annualised dividend yield is calculated as follows:

	31 July 2019
Dividends declared and paid for the quarter ended 31 March 2019	0.15
Dividends declared and paid for the quarter ended 30 June 2019	0.15
Dividends declared and paid for the quarter ended 30 September 2018	0.16
Dividends declared and paid for the quarter ended 31 December 2018	0.15
Total dividends declared in respect of the year ended 31 July 2019	0.61
Share price as at 31 July 2019	7.00
Annualised Dividend Yield	**8.7%**

	31 July 2018
Dividends declared and paid for the quarter ended 31 March 2018	0.16
Dividends declared and paid for the quarter ended 30 June 2018	0.15
Dividends declared and paid for the quarter ended 30 September 2017	0.16
Dividends declared and paid for the quarter ended 31 December 2017	0.15
Total dividends declared in respect of the year ended 31 July 2018	0.62
Share price as at 31 July 2018	7.08
Annualised Dividend Yield	**8.8%**

NAV total return

NAV total return per share is calculated as the movement in the NAV per share plus the total dividends paid per share during the financial year, with such dividends paid being re-invested at NAV, as a percentage of the NAV per share as at year end.

The six months period NAV total return is calculated over the period 1 January 2019 to 31 July 2019.

The one year NAV total return is calculated over the period 1 August 2018 to 31 July 2019.

The five years NAV total return is calculated over the period 1 August 2014 to 31 July 2019.

NAV total return since inception is for the period 31 October 2006 to 31 July 2019.

NAV total return summarises the Company's true growth over time while taking into account both capital appreciation and dividend yield.

NAV total return per share has been calculated as follows:

	1 August 2018 to 31 July 2019 €	**1 August 2017 to 31 July 2018 €**
Opening NAV per share as disclosed in the SOFP	8.3600	8.3589
Closing NAV per share as disclosed in the SOFP	7.9438	8.3600
	(0.4162)	(0.0011)
Dividends paid during the year as disclosed above	0.6100	0.6200
NAV total return per share	0.1937	0.6211
Impact of dividend re-investment	0.2%	-
NAV total return per share (%)	2.5%	7.4%

Share Price Performance[1]

Share price performance is calculated as the movement in the share price plus the total dividends paid per share during the financial year, with such dividends paid being re-invested at the share price, as a percentage of the share price as at year end.

[1]- Source: Bloomberg

USEFUL INFORMATION FOR SHAREHOLDERS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2019

	31 July 2019 €	Reallocation of Foreign exchange movement	31 July 2019 €	% of NAV
Opening NAV	**305,698,524**	**-**	**305,698,524**	**-**
Coupons and dividends income	42,014,105	-	42,014,105	13.7%
Realised gain on sales and redemptions of FAFVTPL	516,286	(1,705,823)	(1,189,537)	(0.4%)
Unrealised loss of FAFVTPL	(18,155,433)	(10,211,622)	(28,367,055)	(9.3%)
Foreign exchange Realised gain on sales and redemptions of FAFVTPL	-	1,705,823	1,705,823	0.6%
Foreign exchange gain of FAFVTPL	-	10,211,622	10,211,622	3.3%
Net foreign exchange impact	(11,644,975)	1,383,131	(10,261,844)	(3.3%)
Foreign exchange profit / (loss)	-	(1,383,131)	(1,383,131)	(0.5%)
Other operating income and financing charges	55,304	(88,127)	(32,823)	0.0%
Operating expenditure	(5,701,844)	88,127	(5,613,717)	(1.8%)
Issue of Ordinary shares to Directors in respect of Directors' fees	116,970	-	116,970	0.0%
Dividends paid in cash	(22,309,034)	-	(22,309,034)	-
Closing NAV	**290,589,903**	**-**	**290,589,903**	**-**
Impact of dividend re-investment				**0.2%**
NAV total return				**2.5%**
31 July 2018 NAV total return				**7.9%**

LEGAL AND REGULATORY DISCLOSURES

Alternative Investment Fund Managers Directive
The AIFM Directive seeks to regulate managers (''AIFMs'') of alternative investment funds (''AIFs'') that are marketed or managed in the European Economic Area. In compliance with the AIFMD, the Company has appointed AXA IM to act as its AIFM and had appointed State Street to act as its Depositary until 31 July 2018. From 1 August 2018, the Company appointed BNP to act as its Depositary.

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

Information on the investment strategy, geographic and sector investment focus, and principal exposures is included in the Investment Manager's Report and Note 19 to the financial statements. Information regarding the total amount of leverage employed by the Company is disclosed in Note 12 to the financial statements. None of the Company's assets are subject to special arrangements arising from their illiquid nature, where "special arrangements" refers to arrangements such as side pockets, gates or other similar arrangements, whereby the rights of some investors, usually over certain assets, differ from those of other investors. Note 19 to the financial statements and the Principal Risk Factors section commencing on page 19 of this report describe the risk profile and risk management systems in place.

Certain regulatory changes have arisen from the implementation of the AIFMD that may, in some circumstances, impair the ability of the Investment Manager to manage the investments of the Company and this may adversely affect the Company's ability to carry out its investment strategy and achieve its investment objectives. In addition, the AIFMD may limit the Company's ability to market future issuances of its shares in some EU jurisdictions. Certain EU member states may impose stricter rules or interpretations of the AIFM Directive on the AIFM in respect of the marketing of shares than those either required under the AIFMD or as interpreted by other EU member states, as the Company is a non-EU AIF. The Board and the Company's advisors will continue to monitor implications of the AIFM Directive.

Staffing and remuneration disclosures regarding the AIFM

Remuneration paid for the calendar year 2018 and 2017 to all AXA Investment Managers Group personnel, split into fixed and variable remuneration paid (1)

	2018 Total	2017 Total
Fixed remuneration(2) (€ million)	233.6	241.6
Variable remuneration(3) (€ million)	274.2	255.8
Number of staff(4)	2,547	2,569

Staffing and remuneration disclosures regarding the AIFM (continued)

Aggregate remuneration paid and/or awarded[(1)] for the calendar year 2018 and 2017 to senior management and members of staff whose actions have a material impact on the risk profile of Volta

	Managers and other employees having a direct impact on the risk profile of Volta	Other senior executives	2018 Total
Fixed remuneration[(2)] and variable[(3)] remuneration (€ million)	144.9	86.0	230.9
Number of staff[(4)]	255	71	326

	Managers and other employees having a direct impact on the risk profile of Volta	Other senior executives	2017 Total
Fixed remuneration[(2)] and variable[(3)] remuneration (€ million)	99.8	127.7	227.5
Number of staff[(4)]	233	113	346

Notes:
(1) Information on remuneration does not include employer contributions.
(2) Fixed remuneration comprises the base salary and all other components of fixed remuneration paid in the calendar year.
(3) Variable remuneration comprises discretionary, immediate and deferred elements of variable pay and includes:
- amounts allocated on account of the performance of the previous year and paid out in full during the calendar year (variable, non-deferred remuneration);
- amounts allocated on account of the performance of previous years and the calendar year and paid out in instalments subject to maintaining the performance over several years (variable deferred remuneration); and
- long term incentive bonuses awarded by the AXA Group.
(4) The total number of employees includes permanent and temporary contracts other than internships at calendar year.

BOARD OF DIRECTORS

01

04

02

05

03

BOARD OF DIRECTORS (CONTINUED)

01. Graham Harrison
Independent Director - appointed 19 October 2015
Mr Harrison is co-founder and Group Managing Director of ARC Group Limited, a specialist investment advisory and research company. ARC was established in 1995 and provides investment advice to ultra-high net worth families, complex trust structures, charities and similar institutions. Mr Harrison has fund Board experience spanning a wide range of asset classes including hedge funds, commodities, property, structured finance, equities, bonds and money market funds. Prior to setting up ARC, he worked for HSBC in its corporate finance division, specialising in financial engineering. Mr Harrison is a Chartered Wealth Manager and a Chartered Fellow of the Chartered Institute of Securities and Investment. He holds a BA in Economics from the University of Exeter and an MSc in Economics from the London School of Economics.

02. Stephen Le Page
Independent Director – appointed 16 October 2014
Mr Le Page was a partner with PricewaterhouseCoopers in the Channel Islands from 1994 until September 2013. During his career with that firm he worked with many different types of financial organisation as both auditor and advisor, and he also served as the senior partner of the firm, effectively carrying out the role of chief executive and leading considerable growth in the business. Mr Le Page is a Fellow of the Institute of Chartered Accountants in England and Wales and a Chartered Tax Advisor. He is a past president of the Guernsey Society of Chartered and Certified Accountants and a past Chairman of the Guernsey International Business Association. Mr Le Page holds a number of other non-executive roles.

03. Paul Meader
Chairman and Independent Director – appointed 15 May 2014
Mr Meader is an independent director of investment companies, insurers and investment funds. Until the autumn of 2012 he was Head of Portfolio Management for Canaccord Genuity, based in Guernsey, prior to which he was Chief Executive of Corazon Capital, Guernsey. He has over 30 years' experience in financial markets in London, Dublin and Guernsey, holding senior positions in portfolio management and trading. Prior to joining Corazon Capital he was Managing Director of Rothschild's Swiss private banking subsidiary in Guernsey. Mr Meader is a Chartered Fellow of the Chartered Institute of Securities & Investments, a past Commissioner of the GFSC and past Chairman of the Guernsey International Business Association. He is a graduate of Hertford College, Oxford.

04. Atosa Moini
Independent Director – appointed 19 June 2017
Ms Moini retired from Goldman Sachs International in September 2016 where she was Head of Origination and Distribution of Asset-backed Products and Loans in EMEA and previous to that she was Co-Head of EMEA Credit Sales. Ms Moini was also a member of the Securities Division Client and Business Standards Committee. Ms Moini has extensive product origination and distribution experience across a wide range of asset classes including corporate and leverage loans, corporate bonds, CLOs and asset-backed products in the real estate, transportation and renewable energies sectors. Ms Moini has an MBA from the London Business School and a BA Honours Degree in Industrial Engineering from the University of Surrey.

05. Paul Varotsis
Senior Independent Director – appointed 9 November 2006
Mr Varotsis was a partner at Reoch Credit Partners LLP until March 2011 where he worked as a consultant for financial institutions and advised investors, asset managers, intermediaries and software vendors on structured credit solutions. Mr Varotsis was Director of CDOs at Barclays Capital from 2002 to 2004. Prior to that, he was Executive Director, Structured Credit Trading, at Lehman Brothers from 2000 to 2002 and spent approximately ten years (1991 to 2000) at Chase Manhattan Bank and its predecessors; his last position at Chase was Head of Credit and Capital Management (Europe, Africa, Middle East). He was European Chairman of the ISDA committee that participated in the drafting of the 2003 Credit Derivatives Definitions and advised the Bank of England and other regulators on the appropriate framework for the market's development. Mr Varotsis holds an MBA from the Stanford Graduate School of Business, a diplôme from the Institut d'Études Politiques de Paris and a diplôme from the Institut Supérieur de Gestion

COMPANY INFORMATION

Volta Finance Limited
Company registration number: 45747 (Guernsey, Channel Islands)

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

Website: www.voltafinance.com

Investment Manager
AXA Investment Managers Paris S.A.
Tour Majunga La Défense 6 Place de la Pyramide
92800 Puteaux
France

Administrator and Company Secretary[1]
BNP Paribas Securities Services S.C.A., Guernsey Branch[2]
BNP Paribas House
St Julian's Avenue
St Peter Port
Guernsey
GY1 1WA
Channel Islands

Corporate Broker and Corporate Finance Advisor
Cenkos Securities plc
6.7.8 Tokenhouse Yard London
EC2R 7AS
United Kingdom

Depositary[3]
BNP Paribas Securities Services S.C.A., Guernsey Branch[2]
BNP Paribas House
St Julian's Avenue
St Peter Port
Guernsey
GY1 1WA
Channel Islands

Independent Auditor
KPMG Channel Islands Limited
Glategny Court
Glategny Esplanade
St Peter Port
Guernsey
GY1 1WR
Channel Islands

Legal advisors as to English Law
Herbert Smith Freehills LLP
Exchange House
Primrose Street
London
EC2A 2EG
United Kingdom

Listing agent (Euronext Amsterdam)
ING Bank N.V.
Bijlmerplein 888
1102 MG Amsterdam
The Netherlands

Legal advisors as to Dutch Law
De Brauw Blackstone Westbroek N.V.
Claude Debussylaan 80
PO Box 75084
1070 AB Amsterdam
The Netherlands

Registrar
Computershare Investor Services (Guernsey) Limited
C/o Queensway House Hilgrove Street
St Helier
Jersey
JE1 1ES
Channel Islands

Legal advisors as to Guernsey Law
Mourant Ozannes
Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey
GY1 4HP
Channel Islands

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

Listing Information
The Company's Ordinary shares are listed on Euronext Amsterdam and the premium segment of the London Stock Exchange's Main Market for listed securities. The ISIN number of the Company's listed shares is GG00B1GHHH78 and the tickers for the relevant markets are listed below:
- Euronext Amsterdam Stock Exchange, Euro quote: VTA.NA
- London Stock Exchange, Euro quote: VTA.LN
- London Stock Exchange, Sterling quote: VTAS.LN

GLOSSARY

Definitions and explanations of methodologies used:

Terms	**Definitions**
ABS	asset-backed securities.
AGM	Annual General Meeting.
ABS Residual positions	residual income positions, which are a sub-classification of ABS, being backed by any of the following: residential mortgage loans; commercial mortgage loans; automobile loans; student loans; credit card receivables; or leases.
AIC	the Association of Investment Companies, of which the Company is a member.
AIC Code 2016	the AIC Code of Corporate Governance for Guernsey Companies.
AIC Code 2019	the AIC Code of Corporate Governance effective from 1 January 2019.
AIC Guide	the AIC Corporate Governance Guide for Investment Companies for Guernsey resident companies
AFM	the Netherlands Authority for the Financial Markets (the “Autoriteit Financiële Markten” or “AFM”), being the financial markets supervisor in the Netherlands.
AIFM	Alternative Investment Fund Manager, appointed in accordance with the AIFMD.
AIFMD	the Alternative Investment Fund Managers Directive.
Annualised cash flow yield	Calculated as sum of coupons over the last financial year divided by opening NAV.
APM	We assess our performance using a variety of measures that are not specifically defined under IFRS as adopted by the EU and are therefore termed. The APMs that we use may not be directly comparable with those used by other companies. The APMs disclosed in the Annual Report and Audited Financial Statements reflect those measures used by management to measure performance. These APMs provide readers with important additional information and will enable comparability of performance in future periods. The calculation methodology of each APM has been disclosed on pages 68 to 69.
Articles	the Articles of Incorporation of the Company.
AXA IM, Investment Manager or Manager	AXA Investment Managers Paris S.A.
Bank Balance Sheet transactions	synthetic transactions that permit banks to transfer part of their exposures such as exposures to corporate loans, mortgage loans, counterparty risks, trade finance loans or any classic and recurrent risks banks take in conducting their core business.
BNP Paribas	BNP Paribas Securities Services S.C.A. Guernsey Branch.
Board	the Board of Directors of the Company.
Capitalised Manager Vehicle or CMV	a CMV is a long-term closed-ended structure which is established to act as a CLO manager and to also provide capital in order to meet risk retention obligations when issuing a CLO and also to provide warehousing capabilities.
Cash Corporate Credit deals	structured credit positions predominantly exposed to corporate credit risks by direct investments in cash instruments (loans and/or bonds).
CCC Equity	Cash Corporate Credit Equity
Cenkos, Corporate Broker or Broker	Cenkos Securities plc.
CLOs or CLO	Collateralised Loan Obligations.
Company or Volta	Volta Finance Limited, a close-ended limited liability company registered in Guernsey under the Companies (Guernsey) Law 2008 (as amended) with registered number 45747
CPR	Constant prepayment rate
CRS	Common Reporting Standard
Discount - APM	calculated as the NAV per share as at 31 July 2019 less Volta’s closing share price on Euronext Amsterdam as at that date, divided by the NAV per share as at that date.
Dividend yield - APM	calculated as total dividends paid during the financial period divided by the share price as at 31 July 2019.
ECB	European Central Bank
EU	The European Union
EU PRIIPs rules	The European Union rules in relation to packaged retail and insurance- based investment products.
Euronext Amsterdam	Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V.
EPS	Earnings per share
FAFVTPL	Financial assets at fair value through profit and loss
FATCA	United States of America Foreign Accout Tax Compliance Act
Financial year	the period from 1 August 2018 to 31 July 2019.
FRC	Financial Reporting Council (United Kingdom).
GAV	Gross Asset Value includes: all of the assets in the Company’s portfolio revalued to the month-end fair value, as adjusted for any amounts due to/from brokers/counterparties; all of the Company’s cash; all open derivative positions revalued to the month-end fair value, net of any margin amounts paid or received.
GFC	Global Financial Crisis 2008
GFSC	Guernsey Financial Services Commission
GFSC code	The GFSC Code of Corporate Governance
IGA	Intergovernmental Agreement
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IFRS 9	International Financial Reporting Standards 9, “Financial Instruments”
IFRS 15	International Financial Reporting Standards 15, “Revenue from Contracts with Customers
IMA	Investment Management Agreement
Investment Manager	AXA Investment Managers Paris S.A acting as investment manager of the Company.
IRR	internal rate of return.
JP Morgan Pricing Direct	an independent valuation service which is a wholly-owned subsidiary of JPMorgan Chase & Co.
KPMG	KPMG Channel Islands Limited
Memorandum	the Memorandum of Incorporation of the Company.
NAV	net asset value.

GLOSSARY (CONTINUED)

NAV performance - APM	calculated as the increase in the NAV per share plus the total dividends paid per share during the financial period/financial year, with such dividends paid being re-invested at NAV, as a percentage of the NAV per share as at 31 July 2019
NAV total return	NAV total return per share is calculated as the movement in the NAV per share plus the total dividends paid per share during the financial year, with such dividends paid being re-invested at NAV, as a percentage of the NAV per share as at year end.
Ordinary shares	Ordinary shares of no par value in the share capital of the Company
O&G Crisis	Oil and Gas Crisis 2014
Projected portfolio IRR	calculated as the gross projected future return on Volta's investment portfolio as at 31 July 2019 under standard AXA IM assumptions, after taking into account the effect of direct leverage from the Repo on the overall investment portfolio returns.
Prospectus	Final prospectus dated 4 December 2006.
REO	Real Estate Owned
Repo	repurchase agreement entered into with Société Générale.
RMBS	residential mortgage-backed securities, which are a sub-classification of ABS.
SCC BBS	Synthetic Corporate Credit Bank Balance Sheet
SG	Société Générale S.A.
Share or Shares	all classes of the shares of the Company in issue.
Shareholder	Any Ordinary Shareholder
Share price performance	the percentage increase or decrease in the share price on Euronext Amsterdam plus the total dividends paid per share during the reference period, with such dividends re-invested in the shares. Obtained from Bloomberg using the TRA function.
Sharpe ratio	the Sharpe ratio is a measure of risk-adjusted return and is calculated as the average return earned, based on the published monthly Estimated NAVs as adjusted for dividends paid, in excess of three-month Euribor, as an assumed risk-free rate, per unit of volatility or total risk (measured as the standard deviation of the adjusted monthly Estimated NAVs).
SME	small and medium-sized enterprises.
SOFP	Statement of Financial Position
State Street	State Street Custody Services (Guernsey) Limited
Synthetic Corporate Credit deals	structured credit positions predominantly exposed to corporate credit risks by synthetic contracts.
Underlying Assets	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.
UK code	UK Corporate Governance Code
US	United States of America
USD	United States Dollar
Warehouse	a Warehouse is a short-term structure put in place before a CLO happens in order to accumulate assets in order to facilitate the issue of the CLO. A Warehouse is leveraged and can be marked to market.
WAL	weighted average life.

NOTICE OF MEETING (CONTINUED)

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

Notice of the thirteenth Annual General Meeting of the Company
In accordance with the Company's Articles of Incorporation (the "Articles"), notice is hereby given that the thirteenth Annual General Meeting of the Company will be held at the Company's registered office, BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey GW1 1WA, Channel Islands, at 9:00am (London time) on 6 December 2019.

Agenda

Ordinary business

To consider and, if thought fit, pass the following as Ordinary Resolutions:

(1) To adopt the audited financial statements of the Company for the year ended 31 July 2019, including the reports of the Board of Directors of the Company (the "Board") and the Auditor (together the "Accounts").

(2) To re-appoint KPMG Channel Islands Limited of Glategny Court, Glategny Esplanade, St Peter Port, Guernsey GY1 1WR as the Company's Auditor to hold office until the conclusion of the next AGM.

(3) To authorise the Board to negotiate and fix the remuneration of the Auditor in respect of the year ending 31 July 2020.

(4) To re-elect Graham Harrison as an Independent Director of the Company. Mr Harrison has been a Director of the Company since October 2015 and has served as the Company's Risk Committee Chairman since June 2017. For further information on Mr Harrison, please refer to pages 73 and 74 of the Annual Report.

(5) To re-elect Stephen Le Page as an Independent Director of the Company. Mr Le Page has been a Director of the Company since October 2014 and has served as the Company's Audit Committee Chairman since then. For further information on Mr Le Page, please refer to pages 73 and 74 of the Annual Report.

(6) To re-elect Paul Meader as an Independent Director of the Company. Mr Meader has been a Director of the Company since May 2014 and has served as Chairman of the Company since November 2015. For further information on Mr Meader, please refer to pages 73 and 74 of the Annual Report.

(7) To re-elect Atosa Moini as an Independent Director of the Company. Ms Moini has been a Director of the Company since June 2017. For further information on Ms Moini, please refer to pages 73 and 74 of the Annual Report.

(8) To re-elect Paul Varotsis as an Independent Director of the Company. Mr Varotsis has been a Director of the Company since its inception in 2006 and has served as the Company's Senior Independent Director since December 2015. For further information on Mr Varotsis, please refer to pages 73 and 74 of the Annual Report.

(9) To approve the quarterly dividend payments each March, June, September and December.

Special Business

To consider and, if thought fit, pass the following as Special Business:

Special Resolution

(10) **THAT** in accordance with Article 5(7) of the Articles, the Board be and is hereby authorised to issue equity securities (within the meaning of the Articles) as if Article 5(2) of the Articles did not apply to any such issue, provided that this power shall be limited to the issue of up to a maximum number of 3,658,058 Ordinary shares (being not more than 10% of the number of Ordinary shares in issue as at the date of this notice) or such other number being not more than 10% of the Ordinary shares in issue at the date of the AGM, whether in respect of the sale of shares held as treasury shares, the issue of newly created shares or the grant of rights to subscribe for, or convert securities into, shares which, in accordance with the Listing Rules, could only be issued at or above net asset value per share (unless offered pro rata to existing Shareholders or pursuant to further authorisation by Shareholders). This authority will expire on the conclusion of the next AGM of the Company unless previously renewed, varied or revoked by the Company at a general meeting, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired. For further information, please see Note 10.

NOTICE OF MEETING (CONTINUED)

Ordinary Resolution

(11) **THAT** the Company be generally and unconditionally authorised to make market purchases, for the purposes of Section 315 of the Companies (Guernsey) Law, 2008 (as amended), of Ordinary shares in the Company on such terms and in such manner as the Directors may from time to time determine, provided that:

(a) the maximum number of Ordinary shares hereby authorised to be acquired is 5,483,429, representing not more than 14.99% of the issued Ordinary share capital of the Company as at the date of this notice;

(b) the minimum price (excluding expenses) payable by the Company for each Ordinary share is €0.01. The maximum price (excluding expenses) which may be paid for any such Ordinary share is the higher of (i) an amount equal to 105% of the average of the middle market quotations for an Ordinary share in the Company as derived from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased; and (ii) the amount stipulated by Article 3(2) of the EU Buy-back and Stabilisation Regulation (2016/1052/EU) being the higher of the price of the last independent trade and the highest current independent bid for an Ordinary share in the Company on the trading venues where the market purchases by the Company pursuant to the authority conferred by this resolution will be carried out (provided that limb (ii) shall not apply where the purchases would not bear the risk of breaching the prohibition on market abuse);

(c) the authority hereby conferred shall expire at the end of the next Annual General Meeting of the Company unless previously renewed, varied or revoked by the Company in general meeting; and

(d) the Company may make a contract to purchase the Ordinary shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority, and may purchase its Ordinary shares in pursuance of any such contract.

Notes

1. The Company's Accounts were published on 25 October 2019.
2. Copies of the Company's Memorandum and Articles of Incorporation and its 201X Accounts are available for inspection at the Company's registered office during normal business hours and are available on request free of charge from the Company Secretary, BNP Paribas Securities Services S.C.A. Guernsey Branch, BNP Paribas House, St Julian's Avenue, St Peter Port, Guernsey GY1 1WA, Channel Islands (guernsey.bp2s.volta.cosec@bnpparibas.com) and from the Listing Agent, ING Bank N.V., Bijlmerplein 888, 1102 MG Amsterdam, The Netherlands, or from the Company's website (www.voltafinance.com).
3. Only those investors holding Ordinary shares as at 9:00am (London time) on 4 December 2019 shall be entitled to attend and/or exercise their voting rights attached to such shares at the AGM.
4. Investors holding Ordinary shares via a broker/nominee who wish to attend or to exercise the voting rights attached to the shares at the AGM should contact their broker/nominee as soon as possible.
5. Should the Class B Shareholder being entitled to vote wish to attend or exercise the voting rights attached to the share at the AGM they should contact the Company Secretary as soon as possible.
6. A Shareholder who is entitled to attend, speak and vote at the AGM is entitled to appoint one or more proxies to attend, speak and vote instead of him or her. A proxy need not be a member of the Company.
7. More than one proxy may be appointed provided each proxy is appointed to exercise the rights attached to different shares.
8. The quorum requirements for the conduct of Ordinary Business and Special Business are set out under Article 17 of the Articles.
9. In accordance with the Articles, the notice period for an AGM of the Company is 21 clear calendar days (plus 24 hours deemed service of notice).
10. Article 5 of the Articles requires that where Ordinary shares are issued, or rights to subscribe for, or convert any securities into, Ordinary shares are granted, wholly for cash, or where Ordinary shares are sold out of treasury wholly for cash, either Shareholder approval must be sought to make a non-pre-emptive offer or a pre-emptive offer must be made to all existing Shareholders.

For and on behalf of
BNP Paribas Securities Services S.C.A., Guernsey Branch
Company Secretary
25 October 2019