VOLTA FINANCE LIMITED

INTERIM REPORT AND ACCOUNTS

FOR THE PERIOD 1 AUGUST 2015 TO 31 JANUARY 2016

CONTENTS

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 taking into account all information currently available concerning, among other things, the investment objectives and investment policies, financing strategies, investment performance, results of operations, financial condition, liquidity prospects, dividend policy and targeted dividend levels of the Company, the development of its financing strategies and the development of the markets in which it, directly and through special purpose vehicles, will invest in and issue securities and other instruments. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, not all of which are known or are within the Company's or the Investment Manager's control. Forward-looking statements are not guarantees of future performance. The Company's actual investment performance, results of operations, financial condition, liquidity, dividend policy and dividend payments and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the investment performance, results of operations, financial condition, liquidity, dividend policy and dividend payments of the Company and the development of its financing strategies are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that may cause differences include, but are not limited to: changes in economic conditions generally and in the structured finance and credit markets particularly; fluctuations in interest and currency exchange rates, as well as the degree of success of the Company's hedging strategies in relation to such changes and fluctuations; changes in the liquidity or volatility of the markets for the Company's investments; declines in the value or quality of the collateral supporting many of the Company's investments; legislative and regulatory changes and judicial interpretations; changes in taxation; the Company's continued ability to invest its cash in suitable investments on a timely basis; the availability and cost of capital for future investments; the availability of suitable financing; the continued provision of services by the Investment Manager and the Investment Manager's ability to attract and retain suitably qualified personnel; and competition within the markets relevant to the Company.

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

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

VOLTA AT A GLANCE

The investment objectives of Volta Finance Limited (the "Company" or "Volta") are to preserve its capital across the credit cycle and to provide a stable stream of income to its Shareholders through dividends that it expects to distribute on a semi-annual basis. The Company seeks to achieve its investment objectives by pursuing a diversified investment strategy across structured finance assets.

(5.0%)

NAV performance per share (with dividends added back) for the six months to 31 January 2016[1]

(13.5%)

Share price performance (dividends re-invested) for the six months to 31 January 2016[1]

9.6%

Annualised share price performance (dividends re-invested) from inception to 31 January 2016[1]

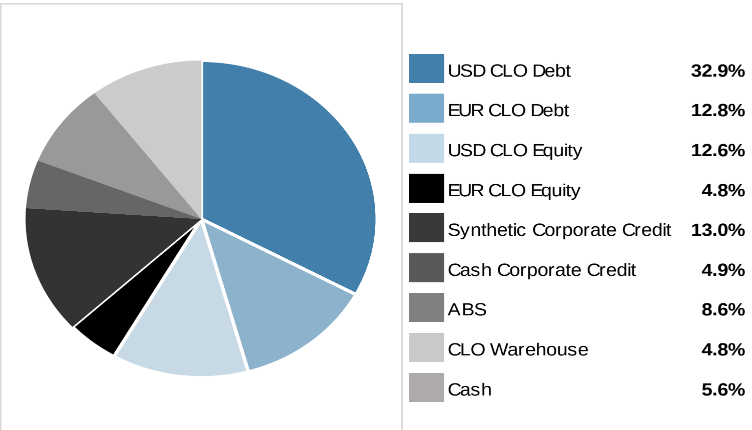
11.4%

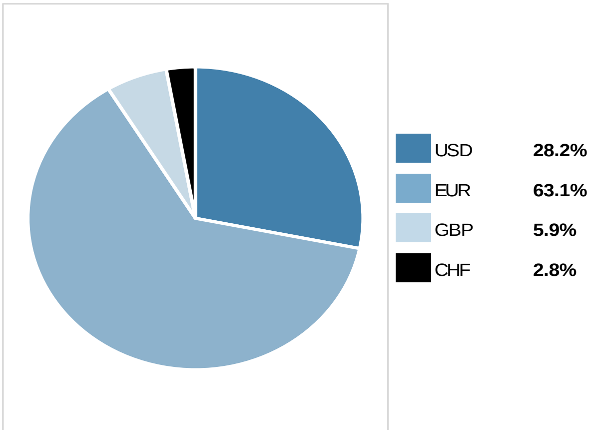
Projected portfolio IRR (under standard AXA IM scenarios, including the effect of the Repo)[1]

10.3%

Annualised historical dividend yield on the share price for the six months to 31 January 2016[1]

ASSET ALLOCATION[2] AND CURRENCY EXPOSURE[3] AS AT 31 JANUARY 2016





[1] Please see the Glossary on page 49 for an explanation of the terms used above and elsewhere within this report.

[2] The asset allocation is presented as a percentage of GAV and includes all assets held as at 31 January 2016, but excludes uncalled commitments to purchase assets. Cash is presented as the cash balance available as at 31 January 2016, net of: amounts due to brokers; coupons receivable; and revaluation of derivative positions.

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

CHAIRMAN'S STATEMENT

Dear Shareholder,

It is with great pleasure that I write to you for the first time as Chairman of Volta Finance. I was appointed as Chairman on 23 November 2015, taking over the reins from Jim Gilligan. Jim acted as Chairman for over five years, a period of considerable transition for the Company, and I would like to put on record my, and the rest of the Board's, thanks to Jim for his hard work, able stewardship and wise counsel. He will be missed.

I am delighted to welcome Graham Harrison to the Board. During the last 30 years Graham has garnered a wealth of experience in investment markets and risk management as well as having served on a number of listed company boards. Graham is already making his mark and we look forward to his further contribution in the future.

The six-month period to 31 January 2016 saw growing uncertainty in the global outlook and this was reflected in sharp falls in many asset markets and considerable volatility. This has continued beyond the period end. Credit markets generally, and the Company's assets specifically, have not been immune to that. It is always a disappointment to lose money but the net asset value per share return of negative 5.0% for the six-month period (with dividends paid added back) is a creditable performance against both the opportunity set and Volta's peers.

Most of us think in calendar years and, during 2015 as a whole, Volta generated a total return on net assets of 10.0%, which is an excellent outcome, even if that was front-loaded to the first half of the year. These encouraging returns for 2015 and the dampened losses in recent months are, I believe, a true reflection of the diversification embedded in the portfolio, the relatively conservative orientation of the portfolio and the skills of AXA IM, our Investment Manager.

Of course, the share price experience is as important to Shareholders as the net asset value. During the period, the share price underperformed the intrinsic value of the Company and, as a result, the discount to net asset value widened to nearly 20% as at 31 January 2016. Again, this is disappointing but understandable given the wider market circumstances. The share prices of all credit and income companies have underperformed in recent months and those in structured credit, such as Volta, have been particularly hit. That said, from what I and the rest of the Board can see, we believe that this level of discount materially overstates the risks inherent in the portfolio. A number of your Board have bought shares in recent months reflecting, I hope, our conviction.

There are many tools at our disposal to address the discount to NAV. The primary one, we believe, is to ensure that you, the Shareholders, can fully understand the nature of your Company's exposures, opportunities and risks. We try hard to be transparent in what is inevitably a complex asset class. In addition, since the listing of the Company on the London Stock Exchange, efforts to engage with Shareholders have been redoubled and considerable time has been spent by Serge Demay and François Touati of AXA IM on behalf of the Company to this end. We thank them for this. During 2016 I intend to take an active role in meeting with Shareholders as well and look forward to meeting as many of you as possible. If, for some reason, we have failed to meet with you and a meeting would be helpful, please do contact us at voltafinance@sannegroup.com.

A notable consequence of the discount is the impact on the yield of the Company to new Shareholders. During the period, the Company paid a dividend of €0.31 per share and has declared a further dividend of €0.31 per share for the period ending 31 January 2016, payable on 19 April 2016. Based on the share price at the end of January 2016 of €6.04, this implies a yield of 10.3% (versus a yield of 8.3% on the net asset value). I would note that the approach by the Company to dividends remains relatively conservative and that both cash flows and implied portfolio returns once again more than covered the dividends paid. Given the painful experience in recent months of so many global companies, from miners to food retailers, I am hesitant of tempting fate. However, your Board believes that, absent a material shock, Volta's dividends remain both attractive and sustainable.

The Board and its committees have been very active over the recent period. In particular, the Risk Committee, now in the capable hands of Joan Musselbrook as Chair, has spent considerable time enhancing the Board's visibility of the portfolio and its inherent risks. Where meaningful and possible, the Board now has better reporting to monitor and mitigate the Company's risks. This is all the more important now that the Company has taken on some leverage through the repurchase facility with Société Générale totalling $45 million. This risk oversight has also assisted the work needed for the recently introduced changes in the UK Corporate Governance Code on which we will be reporting to you fully in the annual report. The Audit Committee has overseen new work streams around operational controls, including detailed due diligence visits to the Company's Administrator and the Depositary, and has begun a process of making the financial statements of the Company more understandable and meaningful.

Last, but not least, the Nomination Committee has been active in managing Board succession. I would note that two of the Directors, being Paul Varotsis and Joan Musselbrook, have served more than the nine years recommended by the UK Code. The Committee and the Board have considered this in some detail. We are certain that their continued service is in the best interests of Shareholders. The Board has been going through an orderly refreshment process over the last few years which has brought new skills and perspectives. But important too is a detailed understanding of complex assets, the Manager, our portfolio and "corporate memory". I have no doubt whatsoever that Paul and Joan remain fully independent and bring enormous value to these areas. Nonetheless, Joan and Paul, along with all other Directors, have agreed henceforth to present themselves for annual re-election so, quite properly, you as Shareholders can decide.

CHAIRMAN'S STATEMENT

Looking forward, as noted in the Investment Manager's Report on page 4, the recent dislocations in markets are throwing up attractive opportunities. Relatively high quality structured finance assets are now yielding double digits under our Manager's reasonable assumptions. The implied IRR of the portfolio is 10.4% and this grows to 11.4% based on the net asset value of the Company, reflecting the impact of the repurchase facility. Currently, markets are discomforted by uncertainties around global growth, the slide into negative interest rates and global politics. It is somewhat surprising to me how quickly markets slid from relative euphoria to considerable negativity. But periods of uncertainty are precisely the moments in markets that sow the seeds for future positive returns and recent activity by AXA IM has sought to capitalise upon that.

I look forward to writing to you again later in 2016 in the annual report.

Paul Meader
Chairman
21 March 2016

INVESTMENT MANAGER'S REPORT

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

Key messages from the Investment Manager

- Volta's performance for the period (NAV performance at (5.0%)), while negative, reflects the somewhat **defensive stance that we adopted during previous periods**. This performance could be compared with the performance of the US Loan Market (S&P LSTA Index) at (4.1%) or with that of the US High Yield Bond Market indices (ML US High Yield Index) at (7.9%), for the same period, although Volta targets significantly higher returns than those provided by these markets.
- During the period, Volta's assets continued to produce significant cash flows: €15.7 million, 11.5% (annualised) of the end of period NAV. It is worth mentioning that **cash flows receivable from Volta's assets were on a growing trend** at the end of the six-month period mainly thanks to reinvestment in higher coupon debt instruments.
- During the period we continued to rotate the portfolio. We sold assets valued at a total of €11.3 million (at an average yield of 5.3%) and **purchased assets to the value of €50.6 million (with a projected yield at purchase of 11.4%).**
- As at the end of January, the projected IRR of Volta's net assets, including the $45.0 million repurchase facility we put in place in March 2015, was 11.4%. Relative to a share price in the area of €6, the **gross projected yield of Volta's shares is close to 14.2%.**
- We believe that the current stresses evident in credit and equity markets, as well as in some portions of structured finance markets, are a normal consequence of oversupply (mainly in commodity sectors). In accordance with our view for some time, we continue to expect that this will continue to affect overall economic growth but not to a point that is going to cause a marked deterioration from the current softer economic environment. In our view, the pace of corporate credit defaults in the US is expected to increase, but not above historical norms and we expect it to stay below historical average in Europe. Our conviction is that the investments that we hold and may continue to add to Volta already largely discount the actual consequences that we expect from the current economic environment, although we are conscious that market volatility could lead to even more distressed prices. As far as we can judge at the time of writing, we see very good investment opportunities for Volta which we intend to scale into but, as always, with a conservative approach.

OVERVIEW ON THE SIX-MONTH PERIOD ENDED 31 JANUARY 2016

This six-month period was marked by considerable portfolio activity against a backdrop of increasing volatility in prices and spreads in credit markets. During this period, Volta:

- **invested the equivalent of €50.6 million in thirteen assets at a projected yield of 11.4%** (five CLO Debt, two CLO Equity, three Bank Balance Sheet transactions, two ABS and one CLO Warehouse);
- sold five assets for the equivalent of €11.3 million at a projected yield of 5.3%;
- had five assets called for the equivalent of €15.9 million; and
- added $15.0 million to the repurchase agreement put in place in March 2015 to leverage the CLO Debt bucket. This brings the total repo drawn to $45.0 million.

Volta continued to rotate its portfolio from pre-2008 crisis assets to more recently issued deals in order to increase the projected IRR of the overall portfolio.

It is worth noting that, except for one ABS portfolio, Volta continued to invest predominantly in assets with corporate credit exposures.

Although the portfolio produced a negative return during the period, we believe that the portfolio performed robustly, as highlighted below:

- Volta's underlying credit portfolio did not suffer particularly. As usual some defaults occurred in the underlying credit portfolio but at a pace that is far below the standard projected default rate that we use when modeling Volta's assets;
- Volta's assets generated €15.7 million of interest or coupons over the period, almost unchanged relative to the previous six-month period.

The negative performance for the period was the consequence of the widening by 170bp, on average, of the discounted rate of Volta's assets. Thanks to re-investment at higher projected IRRs, we have been able to increase significantly the expected future performance of Volta without having been forced to consider more risky assets.

INVESTMENT MANAGER'S REPORT

OVERALL PAST PERFORMANCE

The relatively modest decline in NAV per share for the six-month period is in line with expectations given the good fundamentals of Volta's assets, AXA IM's ability to benefit from the flexible mandate that governs Volta's investment philosophy and also reflects AXA IM's ability to sell or leverage the most stable part of the Volta portfolio.

As a listed company investing mainly in US dollar and euro corporate assets, Volta's performance can be compared with both equity and high yield bond or loan indices. As at the end of January 2016 the performance was as follows[1] (annualised figures except for the six-month period):

	6 months	1 year	5 years	Since Volta's inception
	%	%	%	%
NAV performance (including dividends paid and re-invested at NAV)	(5.0)	1.8	21.0	5.1
Share performance (dividends re-invested in shares)*	**(13.5)**	**4.7**	**21.4**	**9.6**
S&P 500 (dividends re-invested in shares)*	(6.8)	(0.7)	15.1	6.6
MSCI European (dividends re-invested in shares)*	(13.4)	(4.4)	6.0	2.4
US High Yield Bonds (H0A0 Index)*	(7.9)	(6.8)	7.1	7.7
US Loans Market (S&P LSTA Index)*	(4.1)	(1.7)	4.1	4.6
European High Yield Bonds (HE00 Index)*	(3.3)	(1.4)	6.9	8.0
European Loans Market (S&P ELLI Index)*	(0.2)	4.0	5.2	4.2

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

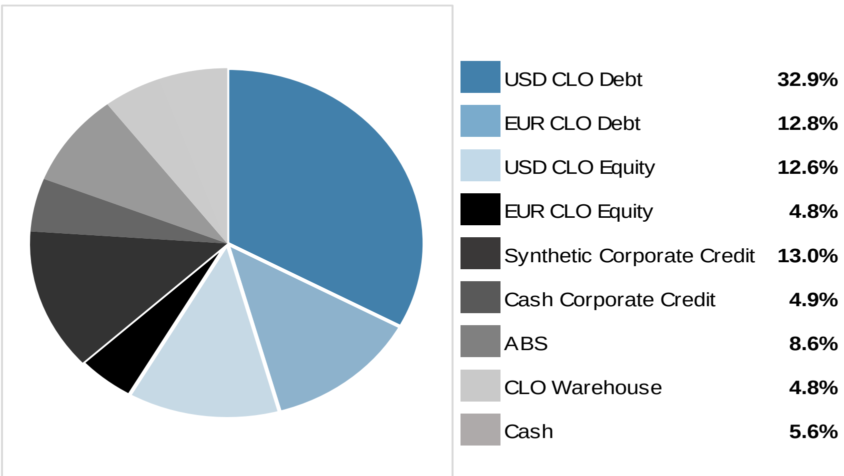
* Figures given by Bloomberg using the TRA function.

Overall, the performance of an investor re-investing their dividend in the Company's shares (9.6% annualised return as at 31 January 2016 since Volta's launch in December 2006) can be favourably compared to the performance of the large equity indices and high yield bond or loan indices referenced in the table above for the same period.

VOLTA PORTFOLIO AS AT THE END OF JANUARY 2016

As at 31 January 2016, Volta held assets divided among four asset classes: CLOs, Synthetic Corporate Credit deals, Cash Corporate Credit deals and ABS.

The vast majority of the portfolio's assets as at 31 January 2016 had exposure to underlying portfolios of corporate credit positions (loans, bonds and CDS issued by, or on, corporate entities).



INVESTMENT MANAGER'S REPORT

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

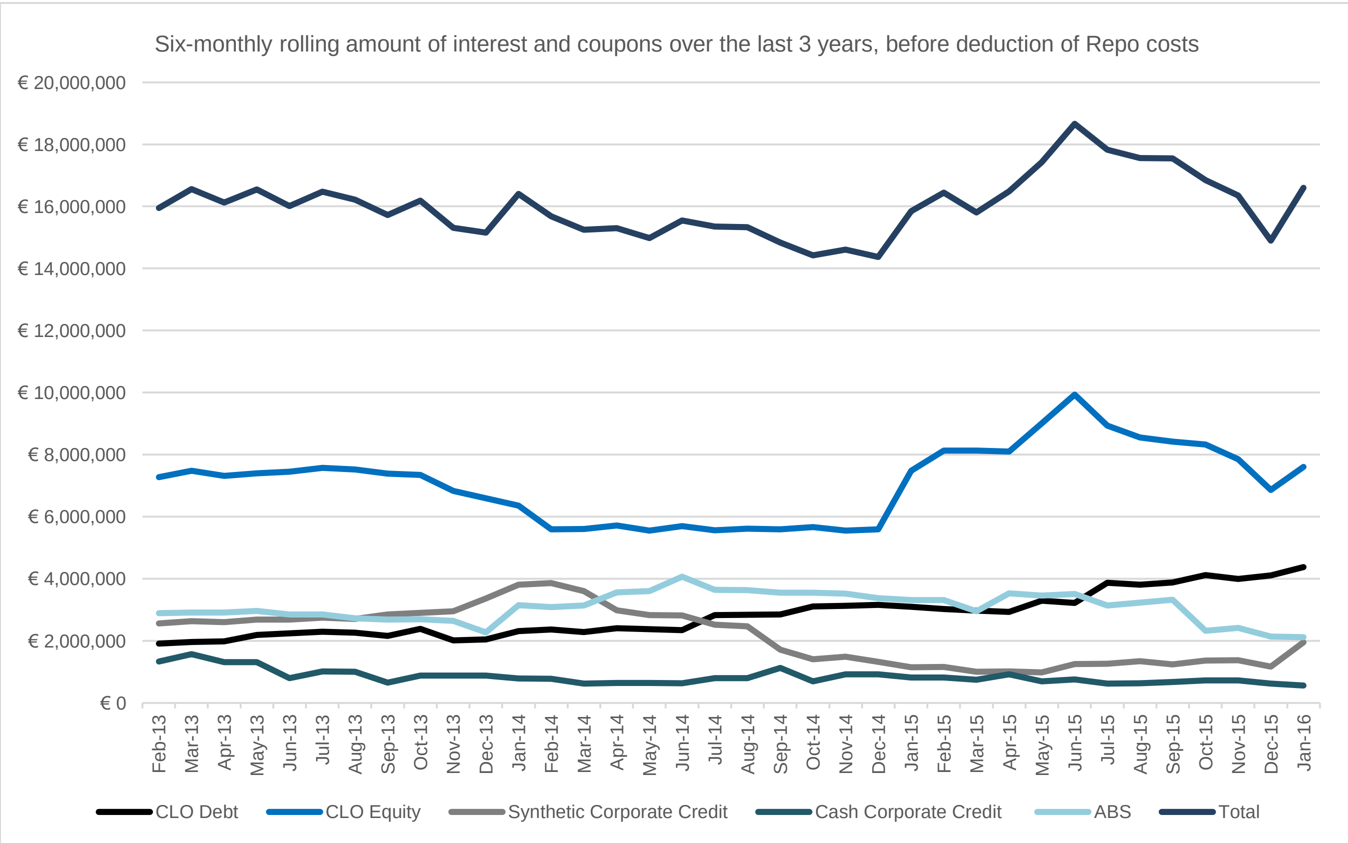
		31 January 2016	31 July 2015
Main asset class	Sub-classification	**%**	%
CLO	USD Equity tranches	**12.6**	16.5
	EUR Equity tranches	**4.8**	4.9
	USD Debt tranches	**32.9**	37.1
	EUR Debt tranches	**12.8**	14.2
	CLO Warehouse transactions	**4.8**	—
Synthetic Corporate Credit	Equity tranches	**—**	—
	Debt tranches	**—**	—
	Bank Balance Sheet transactions	**13.0**	9.5
Cash Corporate Credit	Equity tranches	**3.6**	3.6
	Debt tranches	**1.3**	1.2
ABS	Mortgage Residual positions	**5.1**	4.8
	Debt tranches	**3.5**	1.4
Cash	(Net of amounts due to brokers)	**5.6**	6.8

* GAV of €318.2 million originally reported in Volta's monthly report as at 31 January 2016 and GAV of €330.2 million originally reported as at 31 July 2015. The valuation of each asset class takes into account the valuation of the individual assets and of the derivatives hedging the asset class.

The way that the portfolio evolved through the six-month period was in line with our intention to:

- continue investing in Bank Balance Sheet transactions (because they bring diversification to the portfolio and are less sensitive to current market stress than CLO tranches); and
- favour euro CLO Equity tranches relative to US ones, as we expect an increase in default rates in the US relative to Europe.

It is worth noting that the rotation of the portfolio from older CLO Debt tranches to more recently issued ones is contributing significantly to the increase in interest and coupons received from Volta's CLO Debt assets. CLO Debt tranches are now a significant and growing contributor to the cash flows received:



INVESTMENT MANAGER'S REPORT

Going forward, the increased weight of cash flows coming from CLO Debt assets should provide an ever more stable source of income to Volta.

The majority of Volta's new investments during the semi-annual period were CLO Debt tranches. Approximately 58% of Volta's investments, as at 31 January 2016, were assets issued in the last four years, replacing assets issued before 2008.

PROJECTED IRR ON VOLTA'S PORTFOLIO

In order to give Shareholders an understandable and comparable perspective regarding Volta's asset valuations, projected returns on Volta's assets as of the end of January 2016 are provided below with some comments. These projected returns are based on our standard assumptions regarding default rates, recovery rates and prepayment rates of underlying asset classes.

Main asset class	Sub-asset class	% of GAV	Projected IRR (%)*	Projected WAL (years)*	Comments
CLO	USD/EUR CLO 1.0 Equity	8.7	13.2	3.0	Cash flows from these deals have started to diminish. Most of the USD deals are expected to be called in the coming one to two years.
	USD/EUR CLO 2.0 Equity	8.7	12.9	3.3	The projected IRR does not take into account the performance of CLO managers in avoiding default in the current environment nor the possibility of reducing the liability cost of these CLOs.
	USD/EUR CLO 1.0 Debt	20.3	7.2	3.3	The projected IRR and WAL do not take into account the fact that these tranches may be called, particularly the US ones. Depending on the timing of the call, projected IRRs could be 0.5% to 1.0% higher. The projected IRR also does not take account of the impact of the use of the Repo facility.
	USD/EUR CLO 2.0 Debt	25.4	11.9	5.0	The projected IRR and WAL are based upon the assumption that these tranches will be called two years after the end of the re-investment period of each CLO. The projected IRR does not take account of the impact of the Repo facility.
	CLO Warehouse	4.8	13.0	0.3	Only one European warehouse investment as at 31 January 2016.
Synthetic Corporate Credit	Bank Balance Sheet transactions	13.0	9.4	3.0	One of the four deals in which Volta invested was called early. The pipeline is strong enough to replace maturing assets and even grow the asset class at IRRs in the 9% to 10% range.
Cash Corporate Credit	Equity	3.6	9.0	1.7	Very diversified asset class including two loan funds and one German SME deal.
	Debt	1.3	14.6	0.8	One emerging market credit CDO rated A/Aa3 which is the next tranche to amortise.
ABS	Mortgage Residual positions	5.1	8.0	5.0	Projected IRR is based, in our view, on relatively conservative projected cash flows.
	ABS Debt	3.5	10.0	5.0	A US mortgage debt fund co-managed by AXA IM and Ellington.

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

According to the above calculations, the overall projected IRR on Volta's assets as at the end of January 2016 was approximately 10.4% (considering the standard assumption that the ratings, and hence weighted average rating factors ("WARF"), of a portfolio of corporate credit exposures appropriately reflects the probability of default on a medium to long-term basis), a significant increase from the average of 8.7% for the portfolio as at the end of July 2015 (under the same assumptions).

Taking into account the $45.0 million (or approximately 15% of NAV) direct leverage that Volta had in place as at the end of January 2016, **the projected yield on the Company's NAV is close to 11.4%.**

The above projected overall IRR also does not take into account the potential for approximately 25% of Volta's assets, which are currently priced below par, to be called prior to the relevant scheduled maturity dates. If such CLO Debt tranches were to be called in advance of their scheduled dates, performance would be significantly improved thanks to an earlier principal payment at par (coming from significantly below par at current valuations).

This IRR is also based on the assumption that the CLO Equity tranches will suffer from defaults at the underlying loan portfolio level in line with historical averages. During the last eight years, defaults in the CLOs selected for Volta by AXA IM occurred at a pace significantly below the historical average as measured by the WARF of the underlying loan portfolio. The 12.9% average IRR shown above for the CLO 2.0 Equity tranches that we have purchased during the last three years does not take into account the added value that might be expected from the CLO managers we selected, nor the opportunity that the cost of debt for the CLOs could be reduced through time. Taking these considerations into account, as well as the possibility that the CLO managers might refinance assets following the re-investment period, we could foresee an IRR between 12% and 15% for the CLO 2.0 Equity tranches that we have purchased so far.

A SPECIFIC FOCUS ON VOLTA'S MAIN ASSET CLASS: CLO TRANCHES

CLO tranches, both debt and equity, are the main asset class of Volta, representing 68% of Volta's asset base as of the end of January 2016.

As mentioned under Outlook For 2016 below, we expect defaults to be confined to the energy sector. For instance, Oil & Gas ("O&G") represented circa 4.5% of the US Loan market as at the end of January 2016 but only roughly 2.5% of Volta's underlying loan exposure. The vast majority of this exposure is coming from US CLOs as European CLOs have no significant exposure to O&G. In order to give Shareholders a better understanding of the consequences of the occurrence of defaults in this industry, we have decided to present two sets of projected cash flows (expressed as the "Projected IRR") for Volta's US CLO tranches:

- a first set of cash flows, the "base case", in which we do not project a specific default pattern per industry (assuming that defaults in the O&G industry, even though significant, are not going to dramatically change the pace at which defaults are going to occur through time; we thus use the standard hypothesis that is to say that defaults occur in accordance with historical observation, depending on the WARF of each underlying loan portfolio, using a recovery rate at 70%); and
- a second set of Projected IRRs, the "O&G Stress" case, in which we assume that half of the loans coming from O&G and the metals and mining ("M&M") industries (to be conservative) are going to default in the coming two years, the rest of the underlying loan portfolio suffering defaults in line with historical observation (depending on the WARF).

For the O&G and M&M industries we assume a low recovery rate at 50% of par, as these industries have been highly leveraged. We also slightly reduced the recovery rate for the other loans in this stress scenario from 70% to 65% (below the historical track record of US loans which had an average recovery of between 70% and 80%). Under the "base case" scenario we assume a prepayment rate of 30% for the underlying loan portfolios, but only 25% under the "O&G stress" scenario to reflect some stress in the overall ability of companies to refinance their debt.

The table below shows the results of these two scenarios:

	Volta weight (% of GAV)	Projected IRR "base case"	Projected IRR "O&G stress""
USD CLO Debt	33.0%	10.7	10.5
USD CLO Equity	12.6%	13.0	9.7

The very modest decrease in the projected IRR for the USD CLO Debt tranches does not correspond to any loss at the level of the CLO Debt tranches that Volta holds, but corresponds to a lower contribution to performance from the pull-to-par effect as the tranches are expected to be paid later (due to the decrease in underlying loan prepayment rate). The decrease in the projected IRR for USD CLO Equity tranches is relatively modest in the context of the whole portfolio and, even with this kind of stressed scenario, Volta's USD CLO Equity portfolio is expected to deliver a performance in the area of 10%.

INVESTMENT MANAGER'S REPORT

The rest of Volta's portfolio is, basically, not directly impacted by the defaults that might occur in the O&G or M&M industries but we do expect the main impact for Volta from this kind of stress to be an increase in the projected IRR at which we are able to source new assets. In this kind of scenario, some defaults coming from one or two specific but limited industries could, in the end, be positive for Volta as we may benefit from better investment opportunities. Typically during the last six months we have been able to purchase assets with a projected IRR, on average, at 11.4%, more than 1.5% above the level for the previous six-month period. Considering that Volta still has 42% of its asset base made up of assets issued prior to 2008 that are less sensitive to current market stress or are maturing, the positive effect of re-investment should more than compensate for the negative impact of the current exposure to these specific industries.

OUTLOOK FOR 2016

During the second half of 2015, credit and equity markets saw rising volatility and became highly volatile in the first few months of 2016. Our view is that we are going to see an increase in the pace of defaults in US High Yield (both High Yield Bond and Loan markets) due mainly to the O&G sector although some other sectors are going to contribute to the increase (including M&M and retail). The historical average of defaults in the US Loan market (being the underlying market of 49% of Volta's assets) is slightly less than 3% per year. It is currently around 1.6% over the last twelve months. We expect default rates in the US Loan market to be in the area of 3% to 4% for 2016 and 2017, slightly above the historical average (O&G represents circa 4.5% of the US Loan market). For the same period we do not foresee any significant increase in the default rate in the European Loan market (being the underlying market of 19% of Volta's assets), which we expect to maintain a default rate below the historical average.

This kind of default pattern for the US and European loan markets should not materially affect the cash flows expected from Volta's portfolio, although prices of these assets could continue to suffer some volatility.

There are a number of well documented risks facing the global economy and global capital markets, including excessive Bank Balance Sheets in China, geopolitical issues in the Middle East and Eastern Europe as well as the Greek situation, but we do not expect, at the time of writing, these uncertainties to impact the way developed economies are managed.

During the last quarter of 2015 Volta was able to invest in assets with, on average, a projected IRR in the area of 11% (a mix of assets with IRRs of 8% to 15%). We expect to continue to be able to capitalise on the same kinds of opportunities in future, focusing mainly on:

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

When conducting the overall investment strategy, the Company seeks to pursue the following objectives:

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

One way to achieve such objectives could be to add some fixed-rate sensitivity once term rates rise from current levels and to purchase protection against credit spread widening if at some point in time we foresee some turbulence in credit markets.

We consider that our responsibility 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 and structuring investments adapted to the prevailing market circumstances. This has been illustrated during this period through the investment in CLO Warehouses and the extension of the repurchase agreement. We will continue leveraging the experience of our teams in the structured finance department of AXA IM and their ability to take advantage of investment opportunities across the different segments of the structured finance markets in order to meet Volta's objectives.

AXA INVESTMENT MANAGERS PARIS

21 March 2016

PRINCIPAL RISK FACTORS

SUMMARY

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

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

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

Risks relating generally to the Company and its investments

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

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

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

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

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

The Company is exposed to direct leverage resulting from the repurchase transaction that it has entered into with Société Générale ("SG").

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

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

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

The Company may be required to post margin payments with respect to derivative transactions and/or financing transactions and/or may be required to pay cash amounts demanded to satisfy commitments on certain assets. In such circumstances, the limited liquidity of its assets may increase the risk of being unable to satisfy such requests.

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

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

The Company will be subject to interest rate risk. Rising interest rates may adversely affect the market value of some of the Company's investments and the Company's cost of borrowing and declining interest rates may affect the return on available re-investment opportunities.

Hedging transactions may limit gains or result in losses.

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

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

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

The Company will be exposed to foreign exchange risk.

PRINCIPAL RISK FACTORS

Risks relating generally to the Company and its investments (continued)

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

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

The valuation of the Company's assets may depend upon significant judgements, estimates and assumptions that affect their reported values. Such judgements, estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The realisable value of the Company's assets may differ significantly from these estimates.

Risks relating to the Investment Manager

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

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

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

Potential tax risks

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

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

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

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

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

Regulatory risks

Regulatory changes could impair the ability of the Investment Manager to manage the investments of the Company or limit the Company's ability to market future issuances of its Shares and may adversely affect the Company's ability to carry out its investment strategy and achieve its investment objectives. Implementation of the US and EU risk retention provisions may adversely affect the CLO market and may result in a reduction in the investment universe available to the Company, thereby adversely affecting the Company's ability to carry out its investment strategy and achieve its investment objectives.

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE FINANCIAL STATEMENTS

Each of the Directors, whose names and functions are listed on page 47, confirms that, to the best of their knowledge and belief:

- the unaudited condensed set of interim financial statements has been prepared in accordance with IAS 34 – "Interim Financial Reporting" and gives a true and fair view of the assets, liabilities, financial position and performance of the Company; and
- the Chairman's Statement and the Investment Manager's Report constitute Volta's interim management report for the six-month period ended 31 January 2016, which contains a fair review of that period as required by Section 5:25d of the Financial Supervision Act of the Netherlands and a fair review of the information required by 4.2.7R and 4.2.8R of the FCA's Disclosure and Transparency Rules and includes an indication of important events that have occurred during the first six months of the financial year and the effect thereof on the interim financial statements, and a description of the principal risks and uncertainties in the remaining six months of the financial year.

This Statement of Directors' Responsibilities was approved by the Board of Directors on 24 March 2016 and was signed on its behalf by:

Stephen Le Page
Chairman of the Audit Committee
24 March 2016

Graham Harrison
Independent Director

Website maintenance and integrity

- The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation governing the preparation and dissemination of financial statements

- Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT REVIEW REPORT
TO VOLTA FINANCE LIMITED

Introduction
We have been engaged by the Company to review the unaudited condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2016 which comprise the Unaudited Condensed Statement of Comprehensive Income, the Unaudited Condensed Statement of Financial Position, the Unaudited Condensed Statement of Changes in Shareholders' Equity and the Unaudited Condensed Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the unaudited condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement letter dated 27 January 2016 to assist the Company in meeting the requirements of the Financial Supervision Act of the Netherlands and the Disclosure and Transparency Rules (the "DTR") of the UK's Financial Conduct Authority (the "UK FCA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

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

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

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

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the unaudited condensed set of financial statements in the half-yearly financial report for the six months ended 31 January 2016 is not prepared, in all material respects, in accordance with IAS 34, Section 5:25d of the Financial Supervision Act of the Netherlands and the DTR of the UK FCA.

Steven D Stormonth
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditor
Glategny Court, Glategny Esplanade, St Peter Port, Guernsey GY1 1WR
24 March 2016

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 JANUARY 2016

	Notes	**1 August 2015 to 31 January 2016 €**	1 August 2014 to 31 January 2015 €
Operating income			
Net (loss)/gain on financial assets at fair value through profit or loss		**(8,924,226)**	40,117,339
Net foreign exchange loss, including net loss on foreign exchange derivatives, but excluding net foreign exchange gains on financial assets at fair value through profit or loss		**(2,480,787)**	(6,642,393)
Net gain on interest rate derivatives		**—**	21,807
		(11,405,013)	33,496,753
Operating expenditure			
Investment Management Fees	20	**(2,190,067)**	(2,029,718)
Investment Manager Performance Fees	20	**—**	(3,379,232)
Directors' remuneration and expenses	7	**(235,014)**	(219,126)
Legal fees		**(24,606)**	(229,478)
Company secretarial, administration and accountancy fees	8	**(148,403)**	(147,167)
Audit, audit related and non-audit related fees		**(86,950)**	(129,023)
Insurance		**(32,652)**	(29,118)
Custodian fees		**(108,227)**	(30,136)
Portfolio valuation and administration fees		**(11,539)**	(13,579)
Net bank interest expenses and charges		**(26,501)**	(5,092)
Other operating expenses		**(152,448)**	(132,914)
		(3,016,407)	(6,344,583)
Operating (loss)/profit for the period		**(14,421,420)**	27,152,170
Financing charges			
Interest expense on repurchase agreement		**(396,920)**	—
Total comprehensive (loss)/income for the period		**(14,818,340)**	27,152,170
Earnings per share			
Basic and diluted (loss)/earnings per share	10	**(€0.4058)**	€0.7441

		Number of shares	Number of shares
Weighted average number of shares outstanding			
Basic and diluted	10	**36,513,159**	36,490,452

Other comprehensive income

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

The Notes on pages 18 to 43 form part of these unaudited condensed interim financial statements.

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2016

	Notes	**31 January 2016 €**	31 July 2015 (audited) €
ASSETS			
Financial assets at fair value through profit or loss	11	**299,556,508**	307,310,444
Trade and other receivables		**1,260,331**	387,689
Cash and cash equivalents		**16,686,628**	38,133,120
TOTAL ASSETS		**317,503,467**	345,831,253
SHAREHOLDERS' EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	**—**	—
Share premium	16	**33,909,977**	33,840,763
Warrants	17	**1,410,000**	1,410,000
Other distributable reserves	18	**157,574,343**	168,894,228
Accumulated gain	18	**80,224,787**	95,043,127
TOTAL SHAREHOLDERS' EQUITY		**273,119,107**	299,188,118
LIABILITIES			
Current liabilities			
Loan financing received under repurchase agreement	12	**41,539,500**	27,312,000
Interest payable on loan financing	12	**113,345**	66,428
Derivatives	13	**80,738**	253,577
Trade and other payables	14	**2,650,777**	19,011,130
TOTAL LIABILITIES		**44,384,360**	46,643,135
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**317,503,467**	345,831,253
NAV per share outstanding			
Basic and diluted		**€7.4795**	€8.1956

These financial statements on pages 14 to 43 were approved by the Board of Directors on 24 March 2016 and were signed on its behalf by:

Stephen Le Page
Chairman of the Audit Committee

Graham Harrison
Independent Director

The Notes on pages 18 to 43 form part of these unaudited condensed interim financial statements.

UNAUDITED CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 31 JANUARY 2016

	Notes	Share premium	Warrants	Other distributable reserves	Accumulated gain	Total
		€	€	€	€	€
Balance at 31 July 2014 (audited)		33,676,690	1,410,000	191,155,819	47,406,187	273,648,696
Total comprehensive income for the period		—	—	—	27,152,170	27,152,170
Issue of Ordinary Shares to Directors	15, 16	67,588	—	—	—	67,588
Dividends paid in cash	9, 18	—	—	(10,947,506)	—	(10,947,506)
Balance at 31 January 2015		33,744,278	1,410,000	180,208,313	74,558,357	289,920,948
Balance at 31 July 2015 (audited)		33,840,763	1,410,000	168,894,228	95,043,127	299,188,118
Total comprehensive income for the period		—	—	—	(14,818,340)	(14,818,340)
Issue of Ordinary Shares to Directors	15, 16	69,214	—	—	—	69,214
Dividends paid in cash	9, 18	—	—	(11,319,885)	—	(11,319,885)
Balance at 31 January 2016		**33,909,977**	**1,410,000**	**157,574,343**	**80,224,787**	**273,119,107**

The Notes on pages 18 to 43 form part of these unaudited condensed interim financial statements.

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 JANUARY 2016

	1 August 2015 to 31 January 2016	1 August 2014 to 31 January 2015
	€	€
Cash flows from operating activities		
Total comprehensive (loss)/income for the period	**(14,818,340)**	27,152,170
Adjustments for:		
Net loss/(gain) on financial assets at fair value through profit or loss	**8,924,226**	(40,117,339)
Net movement in unrealised loss on revaluation of derivatives	**(172,839)**	(445,963)
Interest expense on repurchase agreement	**396,920**	—
Foreign exchange loss on retranslation of repurchase agreement	**648,000**	—
Increase in trade and other receivables	**(7,904)**	(31,674)
(Decrease)/Increase in trade and other payables, excluding amounts due to brokers	**(1,331,232)**	3,941,534
Directors' fees paid in the form of shares	**69,214**	67,588
Net cash used in operating activities	**(6,291,955)**	(9,433,684)
Cash flows from investing activities		
Coupons and dividends received	**15,732,424**	15,760,527
Purchase of financial assets at fair value through profit or loss	**(65,663,108)**	(46,969,989)
Proceeds from sales and redemptions of financial assets at fair value through profit or loss	**32,866,535**	56,885,890
Net cash (used in)/from investing activities	**(17,064,149)**	25,676,428
Cash flows from financing activities		
Dividends paid	**(11,319,885)**	(10,947,506)
Proceeds from loan financing under repurchase agreement	**13,579,500**	—
Interest paid on repurchase agreement	**(350,003)**	—
Net cash from/(used in) financing activities	**1,909,612**	(10,947,506)
Net (decrease)/increase in cash and cash equivalents	**(21,446,492)**	5,295,238
Cash and cash equivalents at the beginning of the period	**38,133,120**	19,465,204
Cash and cash equivalents at the end of the period	**16,686,628**	24,760,442

The Notes on pages 18 to 43 form part of these unaudited condensed interim financial statements.

1. REPORTING ENTITY

The Company is a closed-ended limited liability company registered under the Companies (Guernsey) Law, 2008 (as amended) (the “Law”) with registered number 45747. The Company is an authorised collective investment scheme in Guernsey and is therefore subject to ongoing supervision by the Guernsey Financial Services Commission. The Company’s Ordinary Shares are listed on the Euronext Amsterdam Stock Exchange and the premium segment of the London Stock Exchange's Main Market for listed securities. Volta’s home member state for the purposes of the EU Transparency Directive is the Netherlands. As such, Volta is subject to regulation and supervision by the Netherlands Authority for the Financial Markets (the “Autoriteit Financiële Markten” or “AFM”), being the financial markets supervisor in the Netherlands. The registered office of the Company is Third Floor, La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey GY1 1WG, Channel Islands.

The principal activity of the Company is investment in a diversified portfolio of structured finance assets. The Company’s investment objectives are to seek to preserve capital across the credit cycle and to provide a stable stream of income to its Shareholders through dividends that it expects to distribute on a semi-annual basis. Subject to the risk factors that are described in this annual report and financial statements (see Principal Risk Factors on pages 10 and 11 and Note 19), the Company’s strategy focuses on direct and indirect investment in, and exposures to, a variety of assets selected for the purpose of generating cash flows for the Company. The Company’s basic approach to investment in the underlying assets, as described in the Company’s Corporate Summary, is to invest in vehicles and arrangements that essentially provide exposure to portfolios of underlying assets. There can be no assurance that the Company will achieve its investment objectives.

Semi-annual unaudited condensed interim financial statements are prepared in addition to annual audited financial statements. The Directors have chosen not to present quarterly financial statements nor interim management statements.

2. BASIS OF PREPARATION

a) Statement of compliance

These unaudited condensed interim financial statements have been prepared in accordance with IAS 34 – “Interim Financial Reporting”. These unaudited condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Company as at and for the year ended 31 July 2015. The audited financial statements of the Company as at and for the year ended 31 July 2015 were prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

New accounting standards, amendments to existing standards and/or new interpretations of existing standards (separately or together, "New Accounting Requirements")

The Directors have assessed the impact, or potential impact, of all New Accounting Requirements. In the opinion of the Directors, there were no mandatory New Accounting Requirements applicable in the current period that had any material effect on the reported performance, financial position or disclosures of the Company. The Company did not early adopt any New Accounting Requirements during the period that were not mandatory. In the Directors’ opinion, there were no non-mandatory New Accounting Requirements that, if adopted, would have had any material effect on the reported performance, financial position or disclosures of the Company. Consequently, no mandatory New Accounting Requirements are listed.

b) Basis of measurement

These financial statements have been prepared on a historical cost basis except for the revaluation of financial instruments classified or designated at fair value through profit or loss. The methods used to measure fair value are further disclosed in Note 4.

c) Functional and presentational currency

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

2. BASIS OF PREPARATION (CONTINUED)

d) Use of estimates and judgements

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

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

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

- Note 4 – Determination of fair values; and
- Note 19 – Financial risk management.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these unaudited condensed interim financial statements are the same as those applied by the Company in its audited financial statements for the year ended 31 July 2015 and have been applied consistently to all periods presented in these financial statements.

4. DETERMINATION OF FAIR VALUES

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

Financial assets for which market prices are available from a third party in a liquid market are valued monthly on the basis of such market prices. The majority of the Company's portfolio is valued on the basis of valuations received on a monthly basis from the arranging bank or another market participant. In many cases, the arranging bank or market participant determines the valuation based on pricing models, which may or may not produce values that correspond to the prices that the Company could obtain if it sought to liquidate such positions. Such valuations generally involve subjective judgements on key model inputs, particularly default and recovery rates, and may not be uniform. Banks and other market participants may be unwilling to disclose all or any of the key model inputs or discount rates that have been used to produce such valuations and it is currently standard market practice to withhold such information. In such circumstances, the valuation continues to be sourced from such arranging bank, or other market participant, despite the lack of information on valuation assumptions.

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

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

Independent third parties have been engaged by the Board to review the valuations and/or valuation assumptions for certain investments as at 31 January 2016 and have concluded that they were fair and reasonable.

As at the date of publication of these financial statements, approximately 6.0% of Volta's NAV as stated in the statement of financial position comprised investments in funds for which the relevant NAVs as at the month-end date were not yet available. Volta's policy is to publish its NAV on as timely a basis as possible in order to provide Shareholders with appropriately up-to-date NAV information. Consequently, such investments in funds are valued using the most recently available NAV for each fund. As at 31 January 2016, the most recently available fund NAVs for underlying fund investments were as at 31 December 2015 for 5.4% of Volta's NAV and as at 30 September 2015 for 0.6% of Volta's NAV.

4. DETERMINATION OF FAIR VALUES (CONTINUED)

In accordance with Volta's valuation policy, the Company's GAV and NAV as at 31 January 2016 were calculated using prices received from arranging banks or brokers for all assets except for those assets noted below:

Asset	**% of NAV as at 31 January 2016**	% of NAV as at 31 July 2015	Valuation methodology
UK non-conforming ABS Mortgage Residual positions	**5.9%**	5.3%	Discounted projected cash flow model-based valuation using a discount rate of 8.0% (2015: 8.0%) for Alba 2006-2 and Alba 2007-1. Alba 2006-1 was sold during the period and Alba 2007-1 was sold in February 2016.
CVC warehouse transaction	**5.5%**	—	This is a warehouse transaction that is 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 probability of the success or failure of the CLO issuance, plus accrued income net of financing costs. No warehouse transactions were held as at 31 July 2015.
Bank Deleveraging Opportunity Fund	**5.4%**	5.0%	Valued using the NAV provided by the underlying fund manager.
St Bernard Opportunity Fund	**3.0%**	1.5%	Valued using the NAV provided by the underlying fund manager.
Tennenbaum Opportunities Fund V	**2.9%**	2.3%	Valued using the NAV provided by the underlying fund manager.
Bank Capital Opportunity Fund	**1.9%**	1.8%	Valued using the NAV provided by the underlying fund manager.
Crescent European Speciality Lending Fund	**0.6%**	1.1%	Valued using the NAV provided by the underlying fund manager.
Promise Mobility	**0.6%**	0.6%	Discounted projected cash flow model-based valuation using a discount rate of 12% (2015: 12%) and a recovery rate of 45% (2015: 45%).
Recently purchased assets	**—**	5.0%	Being purchased within less than one month of the relevant reporting date, these assets were valued at cost.
Total as a percentage of NAV	**25.8%**	22.6%	

5. PUBLISHED ESTIMATED NAV RECONCILIATION

The key measure used by the Board to assess the Company's performance is the Estimated NAV, which is prepared on a monthly basis together with the GAV by Sanne Group (Guernsey) Limited ("Sanne"). The published Estimated NAV includes: all of the assets in Volta's portfolio revalued to the month-end fair value, as adjusted for any amounts due to/from brokers; all of Volta's cash except for the balances that are held on the Company's accounts at Royal Bank of Scotland International ("RBSI"), which are maintained in order to facilitate the efficient payment of the Company's operating expenses and which are normally very small balances; all open derivative positions revalued to the month-end fair value, net of any margin amounts paid or received; a deduction for the liability due under the Repo, including accrued interest thereon; and an estimate of the amount payable as at the month-end to the Investment Manager with respect to Management Fees and, if applicable, Performance Fees, but excludes the Company's other liabilities. The published GAV includes all of the foregoing except for the deduction for the liability due under the Repo and also excludes any accrued interest thereon. The Estimated NAV and the GAV are published monthly by the Company. The table below shows a reconciliation between the Estimated NAV used by the Board and published as at 31 January 2016 and that contained in these financial statements.

	31 January 2016 €
Published Estimated NAV as at 31 January 2016	**274,358,551**
Adjustments:	
– Cash balances held at RBSI	**101,568**
– Prepayments of operating expenses	**71,650**
– Accruals for expenses not taken into account in the published Estimated NAV	**(462,607)**
– Amendments to prices used in the published Estimated NAV	**(803,778)**
– Adjustments to valuations of funds to use the up-to-date underlying NAVs as at 31 January 2016[1]	**(146,277)**
NAV per Statement of Financial Position at 31 January 2016	**273,119,107**

[1] As at 31 January 2016, approximately 11.0% of Volta's published Estimated NAV comprised investments in funds for which the relevant NAVs as at the month-end date are normally available only after Volta's Estimated NAV has already been published. Volta's policy is to publish its own Estimated NAV on as timely a basis as possible in order to provide Shareholders with appropriately up-to-date NAV information. Consequently, such investments in funds are valued using the most recently available NAV for each fund. As at the date of publication of the Estimated NAV as at 31 January 2016, the most recently available fund NAVs for underlying fund investments were as at 31 December 2015 for 10.4% of Volta's Estimated NAV and as at 30 September 2015 for 0.6% of Volta's Estimated NAV.

6. OPERATING SEGMENTS

The Board has considered the requirements of IFRS 8 – "Operating Segments". The Board is responsible for the determination of the Company's investment objectives and investment guidelines and has overall responsibility for overseeing the Company's activities, including oversight of the activities of the Investment Manager. In addition, the Board is fully responsible for the appointment and/or removal of the Investment Adviser. Accordingly, the Board is deemed to be the "Chief Operating Decision Maker" of the Company. In the Board's opinion, the Company is engaged in a single segment of business, being investment in a diversified portfolio of structured finance assets.

The Company is domiciled in Guernsey. However, none of the Company's investments are domiciled in Guernsey.

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

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

7. DIRECTORS' REMUNERATION AND EXPENSES

	1 August 2015 to 31 January 2016	1 August 2014 to 31 January 2015
	€	€
Directors' fees (cash element)	**157,295**	145,374
Directors' fees (equity element, settled during the period)	**36,214**	34,113
Directors' fees (equity element, settled after the period end)	**31,125**	33,475
Directors' expenses	**10,380**	6,164
	235,014	219,126

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

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

Sanne acts as Company Secretary, Administrator and Portfolio Administrator. Sanne also acted as the Company's Registrar until May 2015, when Computershare Investor Services (Guernsey) Limited was appointed as the Company's Registrar. Company secretarial, administration, accountancy and portfolio administration fees are incurred and billed on a time cost basis in accordance with Sanne's standard fee scales, subject to an annual cap of £220,000, with respect to the activities and responsibilities as set out in the Administration, Secretarial and Portfolio Administration Agreement. The amount charged to the Company under the terms of this agreement reached the cap in both the current and the prior period.

9. DIVIDENDS

The following dividends have been proposed and/or paid during the semi-annual period ended 31 January 2016 and during the prior periods:

	Dividend per share
	€
Dividend for the semi-annual period ended 31 January 2016 (to be paid on 19 April 2016)	**0.31**
Dividend for the semi-annual period ended 31 July 2015 (paid 12 December 2015)	0.31
Dividend for the semi-annual period ended 31 January 2015 (paid 7 April 2015)	0.31
Dividend for the semi-annual period ended 31 July 2014 (paid 9 December 2014)	0.30
Dividend for the semi-annual period ended 31 January 2014 (paid 22 April 2014)	0.30

10. EARNINGS PER SHARE ("EPS")

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

	1 August 2015 to 31 January 2016	1 August 2014 to 31 January 2015
	€	€
(Loss)/Profit for the purposes of basic EPS being net (loss)/profit attributable to equity holders	**(14,818,340)**	27,152,170

	Number	Number
Weighted average number of Ordinary Shares for the purposes of basic EPS	**36,513,159**	36,490,452
Dilutive effect of Ordinary Shares subject to warrants (exercisable at €10 per share)	**—**	—
Weighted average number of Ordinary Shares for the purposes of diluted earnings per share	**36,513,159**	36,490,452

The average market price, based on closing prices quoted on Euronext Amsterdam, for one Ordinary Share during the semi-annual period ended 31 January 2016 was €6.04 (€6.29 during the semi-annual period ended 31 January 2015).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial instruments at fair value through profit or loss are measured at fair value and changes therein are recognised in profit or loss.

	Six months ended 31 January 2016	Six months ended 31 July 2015	Six months ended 31 January 2015
	€	€	€
Fair value brought forward	**307,310,444**	277,163,302	256,293,502
Purchases	**50,633,987**	60,878,854	53,482,470
Sale and redemption proceeds received	**(32,866,535)**	(39,998,416)	(56,885,890)
Realised and unrealised movement in fair value, including accrued income and dividends receivable that are included in the investment fair values	**(25,521,388)**	9,266,704	24,273,220
Fair value carried forward	**299,556,508**	307,310,444	277,163,302

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

	31 January 2016	31 July 2015
	€	€
Pledged assets	**59,952,572**	47,408,091
Unpledged assets	**239,603,936**	259,902,353
Fair value carried forward	**299,556,508**	307,310,444

12. LOAN FINANCING RECEIVED UNDER REPURCHASE AGREEMENT

	31 January 2016	31 July 2015
	€	€
Loan financing received under repurchase agreement ("Repo")	**41,539,500**	27,312,000

The Company entered into a Repo on 16 March 2015 under the terms of which the counterparty Société Générale ("SG") provided the Company with finance of $30.0 million through the purchase of a portfolio of USD CLO Debt securities which are subject to repurchase every quarter. Interest was payable on amounts drawn under the Repo at the relevant three-month USD Libor rate plus a margin of 1.75%. On 18 September 2015, the Company entered into a further Repo with SG under the terms of which the Company has received financing of a further $15.0 million through the purchase by SG of an additional portfolio of USD CLO Debt securities. The Company took the opportunity to consolidate the terms of the new Repo with the existing Repo, such that interest is now payable on the entire financing under the Repo of $45.0 million (€41.5 million) at the relevant three-month USD Libor rate plus 1.70%.The proceeds from the Repo were principally used to purchase further USD CLO Debt securities.

As at 31 January 2016, the purchased securities and additional collateral comprised USD CLO Debt securities with an aggregate market value of $64.9 million (€59.9 million). As at 31 July 2015, the collateral comprised USD CLO Debt securities with an aggregate market value of $52.1 million (€47.4 million).

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

Interest paid under the Repo during the financial period totalled €350,003 (financial year ended 31 July 2015: €136,171) and accrued unpaid interest under the Repo as at 31 January 2016 was €113,345 (31 July 2015: €66,428).

13. DERIVATIVES

Foreign exchange swaps and options are held to hedge some of the currency exposure generated by US dollar assets held by the Company (see Note 19). The hedge has been 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 Citigroup, with a margin requirement being applicable upon revaluation of such transactions. The balance on the margin account is offset against the value of the foreign exchange derivative transactions open as at the period end.

	31 January 2016	31 July 2015
	€	€
Revaluation of foreign exchange forward and option positions	**(1,900,738)**	(1,173,577)
Net margin amount paid as at the period end	**1,820,000**	920,000
Net carrying value of derivative positions	**(80,738)**	(253,577)

14. TRADE AND OTHER PAYABLES

	31 January 2016	31 July 2015
	€	€
Investment Management Fees	**2,190,067**	1,830,659
Investment Manager Performance Fees	**—**	1,594,538
Directors' fees (cash payable)	**73,815**	77,000
Directors' fees (shares payable)	**31,125**	33,000
Amounts due to broker	**—**	15,029,121
Accrued expenses and other payables	**355,770**	446,812
	2,650,777	19,011,130

15. SHARE CAPITAL

Authorised

	31 January 2016 Number of shares	31 July 2015 Number of shares
Ordinary Shares of no par value each	**Unlimited**	Unlimited
Class B convertible Ordinary Share of no par value	**1**	1
Class C non-voting convertible Ordinary Shares of no par value each	**Unlimited**	Unlimited

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

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

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

Each class of share ranks pari passu with each other with respect to participation in the profits and losses of the Company. The Directors consider recommendation of a dividend on a semi-annual basis, having regard to various considerations, including the financial position of the Company and the solvency test as required by the Law. Subject to compliance with Section 304 of the Law, the Board may at any time declare and pay dividends.

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 2014	35,287,514	1	1,193,732	36,481,247	3,000,000
Issued to Directors during the period	10,443	—	—	10,443	—
Conversion of Class C Shares to Ordinary Shares	689,015	—	(689,015)	—	—
Balance at 31 January 2015	35,986,972	1	504,717	36,491,690	3,000,000
Issued to Directors during the period	14,370	—	—	14,370	—
Balance at 31 July 2015	36,001,342	1	504,717	36,506,060	3,000,000
Issued to Directors during the period	9,702	—	—	9,702	—
Conversion of Class C Shares to Ordinary Shares	174,057	—	(174,057)	—	—
Balance at 31 January 2016	**36,185,101**	**1**	**330,660**	**36,515,762**	**3,000,000**

The IPO of Ordinary Shares on 20 December 2006 was priced at €10 per share. The following shares had subsequently been issued as at 31 January 2016: an aggregate amount of 1,193,732 Class C Shares had been issued to the Investment Manager in settlement of 50% of the Investment Manager's Performance Fees payable, of which 863,072 Class C Shares had been converted into shares Ordinary Shares upon sale to an independent third party, leaving the Investment Manager holding 330,660 Class C Shares as at 31 January 2016; an aggregate amount of 453,447 Ordinary Shares had been issued to the Directors on a quarterly basis in respect of 30% of their fees, of which 9,702 were issued during the period; an aggregate amount of 2,240,302 Ordinary Shares had been issued in respect of scrip dividends; and a private placement of 2,628,280 Ordinary Shares had been issued in May 2013. During the period, 9,702 Ordinary Shares were issued to the Directors in respect of their fees at €7.25 and €7.03 per share and 174,057 Class C Shares were converted into Ordinary Shares by the Investment Manager upon sale to an independent third party.

As at 31 January 2016 and at 31 July 2015, the Company held nil treasury shares.

16. SHARE PREMIUM ACCOUNT

	Ordinary Shares	Class B Share	Class C Shares	Total
	€	€	€	€
Balance at 31 July 2014	27,703,701	—	5,972,989	33,676,690
Issued to Directors during the period	67,588	—	—	67,588
Balance at 31 January 2015	27,771,289	—	5,972,989	33,744,278
Issued to Directors during the period	96,485	—	—	96,485
Conversion of Class C Shares to Ordinary Shares	2,744,164	—	(2,744,164)	—
Balance at 31 July 2015	30,611,938	—	3,228,825	33,840,763
Issued to Directors during the period	69,214	—	—	69,214
Conversion of Class C Shares to Ordinary Shares	1,574,326	—	(1,574,326)	—
Balance at 31 January 2016	**32,255,478**	**—**	**1,654,499**	**33,909,977**

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

17. WARRANTS

	31 January 2016	31 July 2015
Number of warrants issued at IPO (1:1 exercisable for C Shares)	**3,000,000**	3,000,000
Value of warrants at IPO	**€1,410,000**	€1,410,000
Exercise price	**€10**	€10
Exercise period – start date	**1 December 2008**	1 December 2008
Exercise period – end date	**31 December 2016**	31 December 2016
Closing price of Ordinary Shares at period end	**€6.04**	€7.34
Theoretical value per warrant if exercised at period end	**—**	—
Dilutive effect of warrants	**—**	—

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

18. RESERVES

	Accumulated gain	Other distributable reserves
	€	€
As at 31 July 2014	47,406,187	191,155,819
Total comprehensive income for the period	27,152,170	—
Dividends paid in cash	—	(10,947,506)
As at 31 January 2015	74,558,357	180,208,313
As at 31 July 2015	95,043,127	168,894,228
Total comprehensive loss for the period	(14,818,340)	—
Dividends paid in cash	—	(11,319,885)
As at 31 January 2016	**80,224,787**	**157,574,343**

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

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

19. FINANCIAL RISK MANAGEMENT

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

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

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

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return on risk. The Company's strategy for the management of market risk is driven by its investment objective to preserve capital 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 market risk is managed on a daily basis by the Investment Manager in accordance with the policies and procedures in place.

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

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities. Investments, whose values are based on quoted market prices in active markets and are therefore classified within Level 1, include active listed equities. The quoted price for these instruments is not adjusted;

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value estimation (continued)

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

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

The following tables analyse, within the fair value hierarchy, the Company's financial assets and liabilities (by class, excluding cash and cash equivalents, trade and other receivables and trade and other payables) measured at fair value at 31 January 2016 and 31 July 2015:

	31 January 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	€	**€**	**€**	**€**
Financial assets at fair value through profit or loss: – securities	**—**	**—**	**299,556,508**	**299,556,508**
Financial liabilities at fair value through profit or loss: – derivatives	**—**	**(80,738)**	**—**	**(80,738)**
	—	**(80,738)**	**299,556,508**	**299,475,770**

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

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value estimation – (continued)

The following table represents the movement in Level 3 instruments for the period ended 31 January 2016 by asset class:

	Fair value as at 1 August 2015	Purchases	Sale and redemption proceeds	Gains/(Losses) on sales	Unrealised movement in fair value	Fair value as at 31 January 2016
	€	€	€	€	€	€
CLO – USD Equity	54,486,690	2,455,748	(8,744,747)	(274,155)	(7,839,460)	**40,084,076**
CLO – EUR Equity	16,263,932	1,810,000	(58,251)	(38,096)	(2,563,569)	**15,414,016**
CLO – USD Debt	122,354,690	11,022,815	(13,027,981)	2,649,267	(18,636,807)	**104,361,984**
CLO – EUR Debt	46,717,399	1,880,519	(6,432,011)	286,433	(1,933,926)	**40,518,414**
CLO Warehouse	—	15,500,000	—	—	(310,000)	**15,190,000**
SCC Equity	—	—	—	—	—	**—**
SCC Debt	—	—	—	—	—	**—**
SCC BBS	31,231,444	11,329,956	(380,668)	37,095	(967,270)	**41,250,557**
CCC Equity	11,878,842	—	(1,801,369)	187,428	1,121,080	**11,385,981**
CCC Debt	4,076,771	—	—	—	16,233	**4,093,004**
ABS Residual	15,822,312	—	(2,421,508)	1,032,391	1,623,988	**16,057,183**
ABS Debt	4,478,364	6,634,949	—	—	87,980	**11,201,293**
	307,310,444	50,633,987	(32,866,535)	3,880,363	(29,401,751)	**299,556,508**

The following table represents the movement in Level 3 instruments for the year ended 31 July 2015 by asset class:

	Fair value as at 1 August 2014	Purchases	Sale and redemption proceeds	Gains/(losses) on sales	Unrealised movement in fair value	Fair value as at 31 July 2015
	€	€	€	€	€	€
CLO – USD Equity	46,539,036	8,345,868	(3,584,131)	2,624,059	561,858	**54,486,690**
CLO – EUR Equity	11,293,146	7,068,000	(550,514)	(360,031)	(1,186,669)	**16,263,932**
CLO – USD Debt	74,598,413	45,666,541	(16,426,667)	2,089,405	16,426,998	**122,354,690**
CLO – EUR Debt	58,642,006	—	(13,450,822)	321,770	1,204,445	**46,717,399**
CLO Warehouse	7,376,838	30,456,981	(40,081,890)	2,548,071	—	**—**
SCC Equity	968	—	—	—	(968)	**—**
SCC Debt	5,438,007	—	(5,601,965)	163,958	—	**—**
SCC BBS	15,579,515	19,818,312	(3,033,617)	(107,690)	(1,025,076)	**31,231,444**
CCC Equity	9,617,282	3,305,622	(1,886,158)	230,693	611,403	**11,878,842**
CCC Debt	3,420,476	—	—	—	656,295	**4,076,771**
ABS Residual	20,401,709	—	(12,268,542)	5,065,102	2,624,043	**15,822,312**
ABS Debt	3,386,106	—	—	—	1,092,258	**4,478,364**
	256,293,502	114,661,324	(96,884,306)	12,575,337	20,964,587	**307,310,444**

The appropriate fair value classification level is reviewed for each of the Company's investments at each year-end. Any transfers into or out of a particular fair value classification level is recognised at the beginning of the period following such re-classification at the fair value as at the date of re-classification. There were no such transfers between fair value classification levels during the year. All of the unrealised movement in fair value disclosed in the tables above relates to investments held as at 31 January 2016 and 31 July 2015.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis
In the opinion of the Directors, the following analysis gives an approximation of the sensitivity of the different asset classes to market risk as at 31 January 2016 that seems reasonable considering the current market environment and the nature of the Company's assets' main underlying risks. This sensitivity analysis presents an approximation of the potential effects of events that could have been reasonably expected to occur as at the reporting date. Where valuations were based upon prices received from arranging banks or other market participants, or on a NAV provided by the underlying fund manager, the sensitivity analyses are not necessarily based upon the assumptions used by such sources as these are not made available to the Company, as explained in Note 4.

The sensitivity of the fair values of most of the assets held by the Company to the traditional risk variables are not the most relevant in the current environment. For example, the sensitivity to interest rates is inter-dependent with other, more significant, market variables. This analysis reflects the sensitivity to some of the most relevant determinants of the risks associated with each asset class. While every effort has been made to assess the pertinent risk factors, there is no assurance that all the risk factors have been considered. Other risk factors could become large determinants of the fair value. For additional information please refer to the non-exhaustive list presented in the Principal Risk Factors on pages 10 and 11.

CLO tranches
Two of the main risks associated with CLO tranches are the occurrence of defaults and prepayments in the underlying portfolio. The Directors believe it is reasonable to test the sensitivity of these assets to the following reasonably possible changes to:

(i) The rate of occurrence of defaults at the underlying loan portfolio level. The base case scenario is to project defaults in line with the historical average default rate (circa 2.8% per year). A reasonably possible change in the default rate is considered to be a possible increase to 1.5 times the historical average (a decrease to 0.5 times the historical average would have approximately an equal and opposite impact, so this is not presented in the table below). For further information, the projected impact of a change in the default rate to 2.0 times the historical average is also presented in the table below.

(ii) The rate of occurrence of prepayments as measured by the constant prepayment rate ("CPR") at the underlying loan portfolio level. The base case scenario is to project a CPR in line with the historical average CPR (circa 30% per year for both the US and Europe). The Directors consider that reasonably possible changes in the CPR would be a decrease in the CPR of the underlying loan portfolios from 30% to 15% for US and from 30% to 10% for Europe. The impact of the CPR is very linear so that the impact of an opposite test would be likely to result in an equal and opposite impact.

		Impact of an increase in default rate to 1.5x historical average		Impact of an increase in default rate to 2.0x historical average		Decrease in CPR from 30% to 15% for US and from 30% to 10% for Europe	
Asset class	% of GAV	Price impact	Impact on GAV	Price impact	Impact on GAV	Price impact	Impact on GAV
USD/EUR CLO 1.0 Equity	8.7%	(5.8%)	(0.6%)	(11.0%)	(1.1%)	1.6%	0.2%
USD/EUR CLO 2.0 Equity	8.7%	(10.5%)	(1.1%)	(22.0%)	(2.2%)	0.0%	0.0%
USD/EUR CLO 1.0 Debt	20.3%	0.0%	0.0%	0.0%	0.0%	(1.2%)	(0.3%)
USD/EUR CLO 2.0 Debt	25.4%	(0.3%)	(0.1%)	(0.5%)	(0.1%)	(0.9%)	(0.3%)
All CLO tranches	63.1%		(1.8%)		(3.4%)		(0.4%)

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

Synthetic Corporate Credit Bank Balance Sheet transactions
The investments within this asset class (representing 13.0% of the GAV) are first-loss exposures to diversified portfolios of investment grade and sub-investment grade corporate credits. The Directors consider a reasonably possible change in the default rate to be a possible increase or decrease to 1.5 times or 0.5 times the historical average default rate. Such an increase in defaults would be likely to lead to a 6.0% decrease in the average prices of these assets, thereby leading to a 0.8% decrease in the GAV. An equal and opposite decrease in defaults as referred to above would be likely to lead to a 6.0% increase in the average prices of these assets, thereby leading to a 0.8% increase in the GAV.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity analysis – (continued)

ABS Mortgage Residual positions
As at 31 January 2016, the main risk associated with the UK non-conforming positions held by the Company (representing 5.1% of the GAV) is the level of credit losses in the underlying collateral. Considering the losses observed over the past semi-annual period, the Directors believe it is reasonable to test an increase/decrease of 25% in the projected annual losses in the underlying portfolio relative to the projected losses used to value the assets. If the projected losses on the UK non-conforming underlying portfolio were to increase by such amount, the fair value of these assets would be likely to decrease by 6.1% and would decrease the GAV by 0.3%. If the projected losses on the UK non-conforming underlying portfolio were to decrease by such amount, the fair value of these assets would be likely to increase by 4.8% and would increase the GAV by 0.2%.

Cash Corporate Credit Equity transactions
As at 31 January 2016, the Company held three investments in this asset class (Tennenbaum Opportunities Fund V, Crescent European Specialty Lending Fund and Promise Mobility, representing 2.5%, 0.5% and 0.5% of the GAV respectively). These assets have exposures to diversified portfolios of investment grade and sub-investment grade corporate credits. The main risks associated with these assets are the occurrence of defaults in the underlying portfolio and/or the severity of any such defaults. The Directors have tested the sensitivity of these assets to a reasonably possible change in the occurrence of defaults or the severity of any such defaults.

For Tennenbaum the test has been calibrated as a possible increase or decrease to 1.5 times or 0.5 times the historical average default rate. Such an increase in the level of defaults would be likely to decrease the price by 3.7% and decrease the GAV by 0.1%. Such a decrease in the level of defaults would be likely to increase the price by 3.7% and increase the GAV by 0.1%.

Crescent European Specialty Lending Fund is not yet fully drawn down and is consequently not yet fully invested as at 31 January 2016. Consequently, the Directors do not believe that it is feasible to test the sensitivity of the value of this investment.

As at 31 January 2016, the only remaining assets held by Promise Mobility were defaulted assets. Consequently, the valuation of Promise Mobility is sensitive only to the severity of the eventual losses incurred on such assets. Therefore, the test has been calibrated as an increase/decrease of 25% in the loss severity rate. Such an increase in the loss severity rate would be likely to decrease the price by 35.5% and decrease the GAV by 0.2%. Such a decrease in the level of defaults would be likely to increase the price by 30.7% and increase the GAV by 0.2%.

Cash Corporate Credit Debt transactions
As at 31 January 2016, the Company had one investment in this asset class (ICE 1). This investment (representing 1.3% of the GAV) benefits from a very high level of seniority relative to losses that could occur in the underlying portfolio and is consequently not sensitive to any reasonably possible changes in assumptions.

ABS Debt positions
As at 31 January 2016, the Company held only one investment in this asset class, St Bernard Opportunity Fund (representing 2.6% of the GAV). St Bernard is a complex fund and it has not been feasible for the Company to determine a simple stress test that could be implemented. However, it should be noted that, as at 31 January 2016 and over the last twelve months, St Bernard's volatility was 3.4% for an annual performance of 6.5% (the respective figures since inception of this fund are 5.5% volatility for an annualised performance of 13.0%). The Directors believe that this gives a reasonable indication of the risk profile of this investment.

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

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

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

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

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

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

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

Interest rate risk is analysed by the Investment Manager on a daily basis and is communicated 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. For further details of the projected IRR, as estimated using standard historical assumptions, please see the "Projected IRR on Volta's portfolio" section in the Investment Manager's Report. In the Directors' opinion, market interest rate risk on the Company's investments is not considered to be material when compared to the risk factors that are considered to be significant, as described in the sensitivity analysis given earlier.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk

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

The Company's policy is to partially hedge its currency risk on an overall portfolio basis. The Company may bear a level of currency risk that could otherwise be hedged where the Investment Manager considers that bearing such risks is advisable or is in the best interest of the Company considering the liquidity risk that is attached to any derivative contracts that could be used (e.g. margin calls on those contracts). At the end of January 2016 the Investment Manager had put into place arrangements to hedge into euro part of the Company's US dollar exposure associated with the US dollar-denominated assets. In order to reduce the risk of having to post a potentially unlimited amount of cash with respect to forward euro/US dollar foreign exchange swaps, the Investment Manager has capped and floored those amounts using short to mid-term options. Consequently, there is no guarantee that hedging the currency exposure generated by US dollar assets can continue to be performed in the future if volatility in the US dollar/euro cross rate is very high.

The exposures associated with the British pound sterling denominated residuals of ABS and the Swiss franc-denominated Synthetic Corporate Credit Bank Balance Sheet transactions are unhedged as at the end of January 2016 given the limited amount of exposure.

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

Currency risk profile as at 31 January 2016

	Denominated in EUR €	Denominated in USD €	Denominated in GBP €	Denominated in CHF €	Total €
Financial assets at fair value through profit or loss	**105,058,459**	**171,185,795**	**16,057,183**	**7,255,070**	**299,556,507**
Derivatives	**62,621,753**	**(62,702,492)**	**—**	**—**	**(80,738)**
Cash and cash equivalents	**6,391,192**	**9,619,339**	**340,588**	**335,509**	**16,686,628**
Trade and other receivables	**725,599**	**507,022**	**27,710**	**—**	**1,260,331**
Loan financing received under repurchase agreement	**—**	**(41,539,500)**	**—**	**—**	**(41,539,500)**
Interest payable on loan financing	**—**	**(113,345)**	**—**	**—**	**(113,345)**
Trade and other payables	**(2,478,352)**	**(5,539)**	**(166,885)**	**—**	**(2,650,776)**
	172,318,651	**76,951,281**	**16,258,596**	**7,590,579**	**273,119,107**

The following foreign exchange swaps and options were unsettled as at 31 January 2016:

Description of open positions	Nominal amount $	Average strike price ($/€)
Forward foreign exchange contracts (USD sold forward vs. EUR)	**93,000,000**	**1.12**
Long position – USD calls vs. EUR	**63,000,000**	**0.99**
Short position – USD puts vs. EUR	**63,000,000**	**1.25**

	Unrealised loss €
Aggregate revaluation loss	**(1,900,738)**
Margin accounts balance – amounts paid	**1,820,000**
Unsettled amount payable	**(80,738)**

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk – (continued)

Currency risk profile as at 31 July 2015

	Denominated in EUR €	Denominated in USD €	Denominated in GBP €	Denominated in CHF €	Total €
Financial assets at fair value through profit or loss	91,185,335	192,709,806	15,822,312	7,592,991	307,310,444
Derivatives	31,807,980	(32,061,557)	—	—	(253,577)
Cash and cash equivalents	19,216,083	9,661,609	8,805,226	450,202	38,133,120
Trade and other receivables	31,225	323,943	32,521	—	387,689
Loan financing received under repurchase agreement	—	(27,312,000)	—	—	(27,312,000)
Interest payable on loan financing	—	(66,428)	—	—	(66,428)
Trade and other payables	(3,729,413)	(15,060,690)	(221,027)	—	(19,011,130)
	138,511,210	128,194,683	24,439,032	8,043,193	299,188,118

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

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

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

Credit risk and counterparty risk

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. At the reporting date, the Company's financial assets exposed to credit risk are financial assets at fair value through profit or loss, open foreign exchange contracts and cash and cash equivalents.

The ABS positions could be split into three different sub-classes: a position in a fund mainly investing in US RMBS debt tranches (St Bernard Opportunity Fund), representing 30.0% of the fair value of this asset class and 2.6% of the GAV; a junior debt position in a Spanish auto loan securitisation (SANCF 2014-1 Class E), representing 11.1% of the fair value of this asset class and 1.0% of the GAV; and two residual income positions backed by UK non-conforming residential loans, representing 58.9% of the fair value of this asset class and 5.1% of the GAV. During the financial period, no particular events affected St Bernard Opportunity Fund. At the period end, the valuation of the two UK non-conforming residual positions reflects the assumption that recently observed cash flows, being the result of extra payments at the underlying level, might last for seven years.

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

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk and counterparty risk (continued)

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

As at 31 January 2016, the Company held 41 positions in debt tranches of CLOs accounting for 45.7% of Volta's end-of-year GAV. With the exception of one investment that is unrated but could be considered equivalent to a BB-rated tranche taking into account its level of subordination, the investments in debt tranches of CLOs have been in tranches initially rated between BB (second loss position) and BBB (generally third loss position). These positions, as for the residual holdings, have cash flows that are sensitive to the level of defaults and the percentage of assets rated CCC or lower in the underlying loan portfolio. Nevertheless, these tranches are structured to be able to absorb a higher level of defaults in the underlying loans portfolio than residual holdings, given their second, third and even higher loss ranking.

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

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

The Synthetic Corporate Credit bucket comprises first-loss positions in credit portfolios, representing 13.0% of Volta's end-of-period GAV. No particular events in the period affected the situation of these positions. Through these synthetic deals the Company is exposed to the credit of the counterparty of such deals.

The average remaining principal amounts of the positions held by Volta are shown in the table below. This table takes into account losses of principal amounts that could not be recouped. All positions that are first loss positions, namely CLO Equity, Bank Balance Sheet transactions, Cash Corporate Credit Equity and ABS, are accounted for by their market value; the other asset classes are accounted for by their principal amount; and US dollar principal amounts are translated to euro using the end-of-period cross rate.

	End-of-period principal amounts (€ million)					
	July 2013	January 2014	July 2014	January 2015	July 2015	January 2016
CLO Equity	45.2	55.1	65.2	77.0	70.6	70.9
CLO Debt	123.8	132.6	133.2	139.1	179.8	176.5
Synthetic Corporate Credit Equity	18.9	8.3	—	—	—	—
Synthetic Corporate Credit Debt	23.2	6.8	5.4	—	—	—
Bank Balance Sheet transactions	17.7	16.3	15.6	20.0	32.5	41.3
Cash Corporate Credit Equity	14.0	14.0	9.6	11.1	12.4	11.4
Cash Corporate Credit Debt	3.8	3.7	3.4	4.0	4.6	4.6
ABS	18.4	25.8	23.8	25.8	20.3	27.4
Cash and derivative positions	11.4	24.4	19.5	24.8	22.9	17.8
Total (including cash)	276.4	287.0	275.7	301.8	343.1	349.9
Total debt	—	—	—	—	(27.3)	(41.5)
Total principal net of debt (including cash)	276.4	287.0	275.7	301.8	315.8	308.4
Change before currency conversion impact	25.8	12.9	(7.4)	6.8	7.4	(8.5)
Effect of conversion into euro at end of period	3.1	(2.3)	(3.9)	19.3	6.6	1.1
Principal amount per share, net of debt (euro)	**7.83**	**7.91**	**7.81**	**8.27**	**8.65**	**8.44**

The decrease in the principal amount for the period is mainly due to the decrease in the market-value of the CLO equity.

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk, including counterparty risk (continued)

The Company may invest in forward foreign currency transactions, foreign currency options, total return swaps, credit default swaps and other derivatives with various financial institution counterparties for purposes of hedging or securing investment exposure to portfolios of diverse underlying reference obligations. The Company is exposed to counterparty credit risk in respect of these transactions. The Investment Manager employs various techniques to limit actual counterparty credit risk, including the requirement for cash margin payments or receipts for foreign currency derivative transactions on a weekly basis, or more frequently during periods of high volatility. As at the semi-annual period end, the Company's sole derivative counterparty was Citibank N.A., London Branch. Substantially all of the cash held by the Company is held at State Street Bank. Bankruptcy or insolvency by State Street Bank may cause the Company's rights with respect to the cash held there to be delayed or limited. The Company has entered into a repurchase agreement with Société Générale, which is over-collateralised as disclosed in Note 12. Bankruptcy or insolvency by Société Générale may cause the Company's rights with respect to the assets subject to the repurchase agreement to be delayed or limited.

The Company monitors its risk by monitoring the credit ratings of Citigroup Inc, State Street Bank, Société Générale and HSBC Bank as reported by Standard & Poor's, Moody's or Fitch, and analyses any information that could imply deterioration in the financial position of its counterparties. The long-term issuer credit ratings assigned to Citigroup Inc, State Street Bank, Société Générale and HSBC Bank by each of Moody's, Standard & Poor's and Fitch respectively are as follows:

	Credit ratings assigned by the ratings agencies as at the reporting date		
Counterparties	Moody's	Standard & Poor's	Fitch
Citigroup Inc	Baa1 (stable)	BBB+ (stable)	A (stable)
State Street Bank	Aa2 (possible upgrade)	AA- (stable)	AA (stable)
Société Générale	A2 (stable)	A (stable)	A (stable)
HSBC Bank	Aa2 (stable)	AA- (stable)	AA- (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 to derivatives

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

Concentration risk

The Company may be exposed at any given time to any one corporate credit, counterparty, industry, region, country or asset class or to particular services or asset managers (in addition to the Investment Manager). As a result it may therefore be exposed to a degree of concentration risk. However, the Board considers that the Company is, in general, very diversified and that concentration risk is therefore not significant.

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

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

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk, including counterparty risk (continued)

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 January 2016 % (based on GAV)**	As at 31 July 2015 % (based on GAV)
CLO	USD CLO Equity	**12.6**	16.5
	EUR CLO Equity	**4.8**	4.9
	USD CLO Debt	**32.9**	37.1
	EUR CLO Debt	**12.8**	14.2
	CLO Warehouse	**4.8**	—
Synthetic Corporate Credit	Synthetic Corporate Credit Equity	**—**	—
	Synthetic Corporate Credit Debt	**—**	—
	Bank Balance Sheet transactions	**13.0**	9.5
Cash Corporate Credit	Cash Corporate Credit Equity	**3.6**	3.6
	Cash Corporate Credit Debt	**1.3**	1.2
ABS	Mortgage Residual positions	**5.1**	4.8
	ABS Debt	**3.5**	1.4
Cash	(net of amounts due to brokers)	**5.6**	6.8

The table above shows exposures to asset type based on mark-to-market prices (based on GAV). Figures may not add up to 100% due to rounding. For further information regarding the Company's exposures to individual transactions and to individual investment managers, please refer to Note 23.

Indirect exposures to underlying concentrations can be complex and will vary by asset type and factors such as subordination. In general, the Company's investment portfolio is well diversified. The Company's principal concentration exposures are derived from its positions in CLO Equity tranches. Based on reports provided to the Investment Manager, the largest 20 underlying exposures aggregated across all the Company's CLO Equity tranches as at 31 January 2016 were:

Issuer name	Industry group	Average exposure of CLO Equity tranches %
First Data	Software	1.84
Altice Financing	Media	1.44
Ineos Group	Chemicals	1.20
Ziggo	Media	0.94
Valeant Pharmaceuticals	Pharmaceuticals	0.87
Lawson Software	Software	0.84
Sabre	Leisure time	0.84
Avaya	Telecommunications	0.80
American Airlines	Airlines	0.76
Hertz	Commercial services	0.70
Asurion	Insurance	0.69
Univision Communications	Media	0.66
Texas Competitive Electric	Electric	0.64
Mediacom	Media	0.63
Chrysler Group	Auto manufacturers	0.62
Oxea	Chemicals	0.57
Telenet	Telecommunications	0.56
AdvancePierre Foods	Food	0.56
Reynolds Group	Household products/wares	0.55
Community Health Systems	Healthcare services	0.55

Based on the current weighting of CLO Equity positions (17.4% of GAV), the default of one underlying loan representing 1% of all the CLO Equity underlying portfolios would cause a decline of approximately 0.5% of current GAV, which would occur upon liquidation of the relevant CLO Equity tranches (assuming a standard recovery rate of 70% and that CLO Equity positions represent, on average, a nine times leverage on the underlying loan portfolios). At the time of such default the impact on GAV would be mitigated by the fact that CLO Equity valuations take into account not only the liquidation value but also the ongoing payments from these positions. As a result, the Company has limited exposure to indirect concentration risk. Accumulating defaults at the level of the underlying credit portfolios, direct concentration, represents a greater risk to the Company.

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

Maturity profile
The following tables show the legal maturity of the securities:

Maturity profile as at 31 January 2016

	Within one year	**One to five years**	**Over five years**	**Total**
	€	**€**	**€**	**€**
Financial assets				
Cash and cash equivalents	**16,686,628**	**—**	**—**	**16,686,628**
Financial assets at fair value through profit and loss	**15,476,101**	**55,561,573**	**228,518,834**	**299,556,508**
Trade and other receivables	**1,260,331**	**—**	**—**	**1,260,331**
	33,423,060	**55,561,573**	**228,518,834**	**317,503,467**
Financial liabilities				
Loan financing received under repurchase agreement	**—**	**—**	**(41,539,500)**	**(41,539,500)**
Derivative contracts	**(80,738)**	**—**	**—**	**(80,738)**
Interest payable on loan financing	**(113,345)**	**—**	**—**	**(113,345)**
Trade and other payables	**(2,650,777)**	**—**	**—**	**(2,650,777)**
	(2,844,860)	**—**	**(41,539,500)**	**(44,384,360)**

Maturity profile as at 31 July 2015

	Within one year	One to five years	Over five years	Total
	€	€	€	€
Financial assets				
Cash and cash equivalents	38,133,120	—	—	38,133,120
Financial assets at fair value through profit and loss	31,113,093	63,152,792	213,044,559	307,310,444
Trade and other receivables	387,689	—	—	387,689
	69,633,902	63,152,792	213,044,559	345,831,253
Financial liabilities				
Loan financing received under repurchase agreement	—	—	(27,312,000)	(27,312,000)
Derivative contracts	(253,577)	—	—	(253,577)
Interest payable on loan financing	(66,428)	—	—	(66,428)
Trade and other payables	(19,011,130)	—	—	(19,011,130)
	(19,331,135)	—	(27,312,000)	(46,643,135)

19. FINANCIAL RISK MANAGEMENT (CONTINUED)

Risks relating to leveraged exposure

The Company's investment strategy involves a high degree of exposure to the risks of leverage. Investors in the shares must accept and be able to bear the risk of investment in a highly leveraged investment portfolio. Predominantly the leverage is provided through investment in structured leveraged instruments (embedded leverage) with no recourse on the Company's assets, but the Company may also participate in direct leverage transactions with recourse and consequent increased liquidity needs such as the $45.0 million borrowing under the Repo, as detailed in Note 12.

Capital risk management

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

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

20. RELATED PARTY DISCLOSURE

Transactions with Directors and the Investment Manager

For disclosure of Directors' remuneration, please see Note 7. As at the period end, Directors' fees to be paid in cash of €73,815 (31 July 2015: €77,000) had been accrued but not paid. Directors' fees to be paid in shares of €31,125 (31 July 2015: €33,000) had been accrued but not paid and Directors' expenses of €161 (31 July 2015: €161) had been accrued but not paid.

As at 31 January 2016, the Directors of the Company controlled 0.89% (31 July 2015: 0.93%) of the voting shares of the Company.

Under the Investment Management Agreement, the Investment Manager is entitled to receive a Management Fee from the Company at a rate of 1.5% per annum on the Company's NAV, calculated for each semi-annual period ending on 31 July and 31 January on the basis of the Company's NAV at the end of the preceding period and payable semi-annually in arrears. During the semi-annual period the Investment Management Fees earned were €2,190,067 (semi-annual period ended 31 January 2015: €2,029,718). Investment Management Fees accrued but unpaid as at 31 January 2016 were €2,190,067 (31 July 2015: €1,830,659).

The Investment Manager is entitled to receive a Performance Fee from the Company if the Company's NAV increases during a semi-annual period by an amount that exceeds a specified threshold ("Threshold A") and if the cumulative amount of the NAV increase, if any, over the most recent six semi-annual periods exceeds another specified threshold ("Threshold B"). The formula is set out below.

The formula is to pay Performance Fees equal to the lesser of A and B below:

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

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

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

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

**Calculated on an annualised basis (ACT/ACT basis).

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

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

During the period no Performance Fees were earned (semi-annual period ended 31 January 2015: €3,379,232). As at 31 January 2016 no Performance Fees were accrued for (31 July 2015: €1,594,538).

20. RELATED PARTY DISCLOSURE – (CONTINUED)

Transactions with Directors and the Investment Manager (continued)

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

The Investment Manager earns Investment Management Fees directly from each of the above investment vehicles, in addition to its Investment Management Fees earned from the Company. However, with respect to the Company's investments in Bank Deleveraging Opportunity Fund, Bank Capital Opportunity Fund and St Bernard Opportunity Fund, there is no duplication of Investment Management Fees as adjustment for these investments is made in the calculation of the Investment Management Fees payable by the Company.

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

As at 31 January 2016, AXA Group Investors and AXA Assurances Vie Mutuelle together held 25.2% (31 July 2015: 24.9%) of the voting shares in the Company and funds managed by AXA IM for third-party investors owned 5.5% (31 July 2015: 5.5%) of the voting shares in the Company. AXA IM did not hold any voting shares in the Company for its own account as at 31 January 2016. Until 31 July 2013, Performance Fees were payable to the Investment Manager 50% in cash and 50% in the form of Class C Shares, which were required to be held for a minimum period of two years. As at 31 January 2016, the Investment Manager held 330,660 Class C Shares, all of which had been held for a period of two years.

21. COMMITMENTS

As at 31 January 2016, the Company had the following uncalled commitment outstanding:

Crescent European Specialty Lending Fund: €5,894,786

22. SUBSEQUENT EVENTS

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

- the CVC warehouse transaction completed the pricing of the associated CLO transaction on 17 March 2016 with a scheduled closing date of 31 March 2016;

- the Company has entered into the following investment transactions:

  - purchased five USD CLO Debt tranches for an aggregate of €14.8 million;

  - sold one ABS Mortgage Residual position for €8.8 million;

  - sold one EUR CLO Debt tranche for €1.8 million; and

  - committed €8.2 million to purchase the Equity tranche of the CVC CLO.

- the average projected yield of the above purchases and commitment is 13.1%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2016

23. INVESTMENT PORTFOLIO

The Company invests principally in financial instruments issued by special purpose vehicles. None of the Company's investments are considered to represent controlling interests in any such special purpose vehicle. A full list of the Company's investments is presented in the table below.

Issuer	ISIN	Investment manager	Main classification	Sub-classification	Currency	Value in EUR	Percentage of investment portfolio
CVC VI warehouse	000GB1121041	CVC Credit Partners	CLO	Warehouse	EUR	15,190,000	5.07%
Bank Deleveraging Opportunity Fund	FR0011525724	AXA IM Paris	Synthetic Corporate Credit	Bank Balance Sheet	EUR	14,750,380	4.92%
Wasatch CLO 2006-1 Subordinated Notes	USG94608AB57	Invesco	CLO	Equity	USD	9,144,464	3.05%
ALBA 2006-2 PLC residual income securities	XS0271780651	Oakwood	ABS	Residual	GBP	8,229,617	2.75%
Tennenbaum Opportunities Fund V	QS0002009890	Tennenbaum Capital Partners LLC	Cash Corporate Credit	Equity (fund)	USD	7,972,799	2.66%
Oak Hill ECP III Subordinated Notes	XS1227790844	Oak Hill	CLO	Equity	EUR	7,900,000	2.64%
ALBA 2007-1 PLC residual income securities	XS0301709621	Oakwood	ABS	Residual	GBP	7,827,566	2.61%
Black Diamond 2006-1 Class E Notes – BB debt	XS0282504280	Black Diamond Capital Management LLC	CLO	Debt	USD	7,466,560	2.49%
CIFC 2007-3 Class D Notes – BB debt	USG2189NAA93	CIFC	CLO	Debt	USD	7,340,271	2.45%
Black Diamond 2013-1 Subordinated Notes	USG11476AB76	Black Diamond Capital Management LLC	CLO	Equity	USD	7,146,179	2.39%
Adagio III CLO Class E Notes – BB debt	XS0262683971	AXA IM Paris	CLO	Debt	EUR	6,802,329	2.27%
ACAS CLO 2014-1 Class E Notes – BB debt	USG00673AA48	ACAM	CLO	Debt	USD	6,767,804	2.26%
Richmond Park CLO Class D Notes – BB debt	XS1000874302	GSO Blackstone	CLO	Debt	EUR	6,210,259	2.07%
CIFC 2006-2 B2L – BB debt	XS0279835614	CIMC	CLO	Debt	USD	6,109,932	2.04%
ACAS CLO 2015-2 Class E Notes – BB debt	USG0068AAA72	ACAM	CLO	Debt	USD	5,755,685	1.92%
CIFC 2007-2 Class D Notes – BB debt	USG21899AA00	CIFC	CLO	Debt	USD	5,599,096	1.87%
ACAS CLO 2013-1 Class E Notes – BB debt	USG0067AAA81	ACAM	CLO	Debt	USD	5,400,725	1.80%
Bank Capital Opportunity Fund	LU0648070216	AXA IM Paris	Synthetic Corporate Credit	Bank Balance Sheet	EUR	5,284,943	1.76%
ROOF 2015 1.4-9.1	XS1334455364	RBI CZ	Synthetic Corporate Credit	Bank Balance Sheet	EUR	5,070,878	1.69%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2016

Issuer	ISIN	Investment manager	Main classification	Sub-classification	Currency	Value in EUR	Percentage of investment portfolio
ICG 2014-2 E	USG47075AA76	ICG Capital	CLO	Debt	USD	4,817,611	1.61%
KKR CLO 12 Class E Notes	USG5277UAA90	KKR Financial Advisors II, LLC	CLO	Debt	USD	4,637,118	1.55%
Elvetia Finance 2015-1	XS1249420396	Major European Bank	Synthetic Corporate Credit	Bank Balance Sheet	CHF	4,528,751	1.51%
St Bernard Opportunity Fund – Series 3	QS0011132394	AXA IM Paris	ABS	Debt (fund)	USD	4,515,077	1.51%
ACAS CLO 2014-2 E – BB debt	USG00677AA51	ACAM	CLO	Debt	USD	4,388,313	1.46%
Limerock 1 Class D Notes – BB debt	USG55001AH71	Invesco	CLO	Debt	USD	4,225,387	1.41%
Carlyle HY Part IX Subordinated Notes	KYG1908R1048	Carlyle	CLO	Equity	USD	4,211,644	1.41%
ICE 1 Emerging CLO – A3 – AA debt	USG4746PAD09	ICE Canyon LLC	Cash Corporate Credit	Debt	USD	4,093,004	1.37%
Black Diamond 2013-1 Class D Notes – BB debt	USG11476AA93	Black Diamond Capital Management LLC	CLO	Debt	USD	3,970,585	1.33%
Golden Tree Loan Opp. 2007-4 Subordinated Notes	USG39607AC37	Golden Tree Asset Management LP	CLO	Equity	USD	3,877,020	1.29%
Jubilee 1 Class D Notes – BBB Debt	XS0292633533	Alcentra	CLO	Debt	EUR	3,813,750	1.27%
Premium Green BSN 2015-8	XS1322532000	CACIB	Synthetic Corporate Credit	Bank Balance Sheet	USD	3,738,201	1.25%
Oak Hill ECP 2007-2	XS0300349379	Oak Hill	CLO	Debt	EUR	3,699,433	1.23%
St Bernard Opportunity Fund – Series 3	QS0011132394	AXA IM Paris	ABS	Debt (fund)	USD	3,662,215	1.22%
Sands Point 2006-1 Subordinated Notes	USG7800DAA93	Guggenheim	CLO	Equity	USD	3,600,090	1.20%
Batallion CLO 2007-1 Class E Notes – BB debt	USG08889AF79	Brigade Capital Management	CLO	Debt	USD	3,571,289	1.19%
Batallion CLO 2007-1 Subordinated Notes	USG08887AA27	Brigade Capital Management	CLO	Equity	USD	3,553,935	1.19%
Arese 2013-6 Class E Notes – BB debt	XS0951555530	Arese Europe	CLO	Debt	EUR	3,526,776	1.18%
ICG 2014-3 D	USG47071AA62	ICG Capital	CLO	Debt	USD	3,499,178	1.17%
Euro Galaxy 2013-3 Class E Notes – BB debt	XS0996455472	PineBridge	CLO	Debt	EUR	3,462,998	1.16%
ACAS CLO 2015-2 Subordinated Notes	USG0068AAB55	ACAM	CLO	Equity	USD	3,323,160	1.11%
ICG 2015-2 – Class E	USG47091AA43	ICG Capital	CLO	Debt	USD	3,285,867	1.10%

Issuer	ISIN	Investment manager	Main classification	Sub-classification	Currency	Value in EUR	Percentage of investment portfolio
Venture 2007-9 Class E Notes – BB debt	USG93352AA33	MJX	CLO	Debt	USD	3,170,307	1.06%
Mountain View CLO X Class E Notes	USG63005AA37	Seix Investment Advisors LLC	CLO	Debt	USD	3,134,153	1.05%
SANCF 2014-1 E	ES0305053045	Banco Santander	ABS	Debt	EUR	3,024,000	1.01%
Arese 2013-6 Subordinated Notes	XS0951556850	Arese Europe	CLO	Equity	EUR	2,940,000	0.98%
Cordatus 2007-1 Class E Notes – BB debt	XS0304113235	CVC	CLO	Debt	EUR	2,851,395	0.95%
ACAS CLO 2015-1 Class E Notes – BB debt	USG0067UAA46	ACAM	CLO	Debt	USD	2,850,902	0.95%
Start 10 Mezzanine	XS1282736468	Standard Chartered	Synthetic Corporate Credit	Bank Balance Sheet	USD	2,758,432	0.92%
Clock Finance 2013	XS0908245037	Major European Bank	Synthetic Corporate Credit	Bank Balance Sheet	CHF	2,726,319	0.91%
Dorchester Park 2015-1 F – B debt	USG28175AB66	GSO Blackstone	CLO	Debt	USD	2,720,788	0.91%
Adagio III Class D Notes – BBB debt	XS0262683203	AXA IM Paris	CLO	Debt	EUR	2,491,469	0.83%
Laurelin 2 Class D Notes – BBB debt	XS0305010711	Golden Tree Asset Management LP	CLO	Debt	EUR	2,471,166	0.82%
ACAS 2012-1 Class E Notes – BB debt	USG00669AA28	ACAM	CLO	Debt	USD	2,416,795	0.81%
Carlyle GMSE 2013-1 Class E Notes – BB debt	XS0941552407	Carlyle	CLO	Debt	EUR	2,404,413	0.80%
Caravela 3	XS0945192762	European Bank	Synthetic Corporate Credit	Bank Balance Sheet	EUR	2,392,650	0.80%
Black Diamond 2012-1 Class D Notes – BB debt	USG1146TAA00	Black Diamond Capital Management LLC	CLO	Debt	USD	2,312,349	0.77%
Dorchester Park 2015-1 Sub	USG28175AC40	GSO Blackstone	CLO	Equity	USD	2,289,288	0.76%
Black Diamond 2014-1 Class D – BB debt	USG11496AA73	Black Diamond Capital Management LLC	CLO	Debt	USD	2,219,802	0.74%
CELF 2005-2 Class D Notes – BBB debt	XS0233121234	Carlyle Europe	CLO	Debt	EUR	2,178,900	0.73%
FlatIron CLO 2015-1 Class F Notes – B debt	USG3554YAB86	NYL Investors LLC	CLO	Debt	USD	2,169,285	0.72%
FLAT 2015-1 E	USG3554YAA04	NYL Investors LLC	CLO	Debt	USD	1,871,924	0.62%
Crescent European Specialty Lending Fund	QS0001117686	Crescent Capital Group	Cash Corporate Credit	Equity (fund)	EUR	1,741,378	0.58%
Promise Mobility 2006-1	DE000A0LDYP7	IKB	Cash Corporate Credit	Equity	EUR	1,671,801	0.56%
Cordatus 2014-III Subordinated Notes	XS1052142608	CVC	CLO	Equity	EUR	1,480,000	0.49%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 JANUARY 2016

Issuer	ISIN	Investment manager	Main classification	Sub-classification	Currency	Value in EUR	Percentage of investment portfolio
Acas CLO 2014-2 – Sub	USG00677AB35	ACAM	CLO	Equity	USD	1,476,960	0.49%
Oak Hill ECP 2007-2 Subordinated Notes	XS0300349700	Oak Hill	CLO	Equity	EUR	1,410,000	0.47%
ACAS CLO 2013-1 Class F Notes – B debt	USG0067AAB64	ACAM	CLO	Debt	USD	1,332,253	0.44%
ACAS CLO 2015-1 Class F Notes – B debt	USG0067UAB29	ACAM	CLO	Debt	USD	1,129,819	0.38%
Lightpoint Pan-European CLO Subordinated Notes	XS0282169803	Neuberger Berman	CLO	Equity	EUR	1,050,000	0.35%
FlatIron CLO 2015-1 Subordinated Notes	USG3554YAC69	NYL Investors LLC	CLO	Equity	USD	1,047,719	0.35%
Century 2007-14 Class C Notes – BBB debt	USG20669AA83	Lightpoint	CLO	Debt	USD	1,047,114	0.35%
Opera Structured Credit	XS0244258272	AXA IM Paris	CLO	Equity	EUR	634,016	0.21%
Leopard IV Class E Notes – BB debt	XS0251752472	M&G Investment Management Ltd	CLO	Debt	EUR	605,523	0.20%
Octagon 2007 Class D Notes – BB debt	USG67245AF09	Octagon Investment Partners	CLO	Debt	USD	601,484	0.20%
Black Diamond 2005-2 Class E Notes – BB debt	XS0232465202	Black Diamond Capital Management LLC	CLO	Debt	USD	549,588	0.18%
Prelude	XS0205131013	AXA IM Paris	CLO	Equity	USD	409,288	0.14%
Denali Capital 2005-V Subordinated Notes	USG62553AA35	Denali Capital LLC	CLO	Equity	USD	3,323	0.00%
Northwoods Capital 2007-8 Subordinated Notes	USG6666RAB18	Angelo Gordon	CLO	Equity	USD	554	0.00%
Lightpoint CLO V Subordinated Notes	USG5487GAG3 1	Neuberger Berman	CLO	Equity	USD	462	0.00%
Total investment portfolio value						**299,556,508**	100.00%

CORPORATE SUMMARY

THE COMPANY

Volta Finance Limited (the "Company", "Volta Finance" or "Volta") is a closed-ended limited liability company registered in Guernsey under the Companies (Guernsey) Law, 2008 (as amended) with registered number 45747.

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

INVESTMENT OBJECTIVES, POLICY 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 semi-annual basis. Subject to the risk factors that are described in the Principal Risk Factors section and in Note 19, it seeks to attain its investment objectives predominantly through diversified investments in structured finance assets. The investment strategy focuses on direct and indirect investments in, or exposures to, a variety of assets selected for the purpose of generating overall stable and predictable cash flows for the Company. The underlying assets principally targeted for direct and indirect investment (collectively, the "Underlying Assets") consist of: corporate credits; sovereign and quasi-sovereign debt; residential mortgage loans; commercial mortgage loans; automobile loans; student loans; credit card receivables; and leases. There can be no assurance that the Company will achieve its investment objectives.

The Company's approach to investment is through vehicles and arrangements that essentially provide leveraged exposure to portfolios of such Underlying Assets. In this regard, the Company reviews the investment strategy adopted by AXA Investment Managers Paris (the "Investment Manager" or "AXA IM") on a quarterly basis. The current investment strategy is to concentrate on the following Underlying Asset classes: CLO; Synthetic Corporate Credit; Cash Corporate Credit; and ABS. As at the financial period end and throughout the financial period, the Company held assets in its portfolio classified within each of these main asset types.

THE INVESTMENT MANAGER

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

ASSET VALUES

At 31 January 2016, the Company's NAV was €273.1 million, with the NAV per share amounting to €7.48. The Company publishes its NAV on a semi-annual basis and publishes its GAV and Estimated NAV monthly.

NAV is an expression of the total value of the Company that takes into account the current fair value of the Company's investments, accruals for debtors and the amount of the Company's liabilities. The Company's NAV at 31 January 2016 can be seen in the Statement of Financial Position on page 15 ("Total Shareholders' equity" line).

GAV is an expression of the Company's value that takes into account the fair value of the Company's assets less the estimated amount of accrued fees payable to the Investment Manager. GAV is used as the reference against which the Company's investment restrictions are measured. Estimated NAV is an expression of the Company's value that takes into account the fair value of the Company's assets less both the amount of any debt finance owed by the Company and the estimated amount of accrued fees payable to the Investment Manager. Estimated NAV, which is published by the Company on a more frequent basis than NAV, may be a useful point of reference as the Company's NAV is published only semi-annually.

DURATION

The Company has a perpetual life.

CORPORATE SUMMARY

WEBSITE

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

LISTING INFORMATION

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

As at 31 January 2016, the closing prices of the Company's listed shares were as follows:
Euronext Amsterdam – €6.04 per share; and
London Stock Exchange – €6.00 per share.

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

As at 31 January 2016, 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 3% or more of the issued share capital in the Company:

Registered Shareholder	Number of Ordinary Shares held	Percentage of Ordinary Shares held
Euroclear Nominees Limited	21,224,916	58.7%
The Bank of New York (Nominees) Limited	6,632,153	18.3%
Securities Services Nominees Limited	3,271,908	9.0%
State street Nominees Limited	1,773,164	4.9%

Pursuant to regulatory filings with the AFM: BNP Paribas S.A. held 3,875,000 Ordinary Shares amounting to 12.9% of the voting shares in the Company as at 20 December 2007; Amundi held 2,663,036 Ordinary Shares amounting to 7.5% of the voting shares in the Company as at 11 February 2015; and City Financial Investment Company held 1,089,772 Ordinary Shares amounting to 3.0% of the voting shares in the Company as at 3 March 2015. As the Company cannot be certain of the registered name under which these Shareholders hold their interests in Volta, the Company cannot currently verify whether or not such interests are represented in the above list of Shareholders holding 3% or more of the Company's issued share capital. Shareholdings held by AXA Group Investors, AXA Assurances Vie Mutuelle and AXA IM are disclosed in note 20 to the financial statements.

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

PROVISIONAL FINANCIAL CALENDAR

24 March 2016	Announcement of results for the semi-annual period ended 31 January 2016 and publication of the 2016 interim report
7 April 2016	Ex-dividend date
8 April 2016	Dividend record date
19 April 2016	Dividend payment date

BOARD OF DIRECTORS

BOARD OF DIRECTORS

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

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

03. Joan Musselbrook
Independent Director
Ms Musselbrook was Managing Director at MBIA UK Insurance Limited, a leading financial guarantor and provider of other specialised financial services. She was responsible for most of MBIA's Structured Finance business in Europe, including CDOs and ABS. She began her career at NatWest International Division in 1985 and remained with the NatWest Group in various positions until 2000, at which time she was a Director of the Asset Securitisation Group at Greenwich NatWest, with particular responsibility for CDOs. She joined MBIA Assurance S.A. as a Director in 2000 and was Managing Director of MBIA UK Insurance Limited from 2004 to 2006. Ms Musselbrook is a member of the Institute of Directors and holds a degree from the University of Oxford.

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

05. Graham Harrison
Independent Director *(appointed 20 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 2002 and provides investment advice to ultra-high net worth families, complex trust structures, charities and similar institutions. Mr Harrison has fund board experience spanning a wide range of asset classes including hedge funds, commodities, property, structured finance, equities, bonds and money market funds. Prior to setting up ARC, he worked for HSBC in its corporate finance division, specialising in financial engineering. Mr Harrison is a Chartered Wealth Manager and a Chartered Fellow of the Chartered Institute of Securities and Investment. He holds a BA in Economics from the University of Exeter and an MSc in Economics from the London School of Economics.

MANAGEMENT, ADMINISTRATION AND ADVISORS

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

Registered office
Third Floor, La Plaiderie Chambers
La Plaiderie
St Peter Port
Guernsey GY1 1WG
Channel Islands
Tel: +44 (0)1481 739810
E-mail: voltafinance@sannegroup.com
Website: www.voltafinance.com

Company Secretary, Administrator and Portfolio Administrator
Sanne Group (Guernsey) Limited
Third Floor, La Plaiderie Chambers
La Plaiderie
St Peter Port
Guernsey GY1 1WG
Channel Islands

Depositary
State Street Custody Services (Guernsey) Limited
PO Box 238
Dorey Court, Admiral Park
St Peter Port
Guernsey GY1 3PF
Channel Islands

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

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

Legal advisors as to Guernsey Law
Mourant Ozannes
1 Le Marchant Street
St Peter Port
Guernsey GY1 4HP
Channel Islands

Investment Manager
AXA Investment Managers Paris S.A.
Coeur Défense
Tour B – La Défense 4
100 Esplanade de Général de Gaulle
92932 Paris La Défense Cedex
France

Corporate broker
Liberum Capital Limited
Ropemaker Place, Level 12
25 Ropemaker Street
London
EC2Y 9LY
United Kingdom

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

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

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

GLOSSARY

Definitions and explanations of methodologies used:

"ABS" – asset-backed securities.

"AGM" – Annual General Meeting.

"AIC Code" – the AIC Code of Corporate Governance.

"AIC" – the Association of Investment Companies, of which the Company is a member.

"AIFM" – Alternative Investment Fund Manager, appointed in accordance with the AIFMD.

"AIFMD" – the Alternative Investment Fund Managers Directive.

"Annual return since inception to 31 January 2016" – as reported by Bloomberg using the TRA function.

"AXA IM" – AXA Investment Managers Paris S.A.

"Bank Balance Sheet transactions" – synthetic transactions that permit banks to transfer part of their exposures such as exposures to corporate loans, mortgage loans, counterparty risks, trade finance loans or any classic and recurrent risks banks take in conducting their core business.

"Board" – the Board of Directors of the Company.

"Business Day" – any day on which banks are open for business in the Cayman Islands, the United Kingdom and/or Guernsey and/or such other place or places as the Directors may from time to time determine.

"Cash Corporate Credit" deals – structured credit positions predominantly exposed to corporate credit risks by direct investments in cash instruments (loans and/or bonds).

"CLOs" or "CLO" – Collateralised Loan Obligations.

"Dividend yield on share price" – calculated as total dividends paid during the financial period divided by the share price as at 31 July 2015.

"ECB" – European Central Bank.

"Fed" – US Federal Reserve.

"GAV" – GAV is an expression of the Company's value that takes into account the fair value of the Company's assets less the estimated amount of accrued fees payable to the Investment Manager. GAV is used as the reference against which the Company's investment restrictions are measured.

"GFSC Code" – the Guernsey Financial Services Commission Financial Sector Code of Corporate Governance.

"IASB" – International Accounting Standards Board.

"IFRS" – International Financial Reporting Standards, as issued by the IASB.

"IRR" – internal rate of return.

"Law" – the Companies (Guernsey) Law, 2008 (as amended).

"Mortgage Residual positions" – residual income positions backed by UK non-conforming residential loans, which are a sub-classification of ABS.

"NAV performance per share" – calculated as the increase in NAV per share plus the total dividends paid per share during the financial year as a percentage of the NAV per share as at 31 July 2015.

"Projected portfolio IRR" – calculated as the projected future return on Volta's investment portfolio as at 31 January 2016 under standard historical assumptions, before taking into account the effect of direct leverage in Volta on the overall returns to the Company.

"Repo" – repurchase agreement entered into with Société Générale ("SG").

"Semi-annual financial period" – the period from 1 August 2015 to 31 January 2016.

"Shares" – all classes of the shares of the Company in issue.

"Share price performance" – the percentage increase in the share price on Euronext Amsterdam plus the total dividends paid per share during the financial year, with such dividends re-invested in the shares.

"Summary Document" – the non-comprehensive update of the Company's original Prospectus that was prepared by the Company pursuant to Rule 1.2.3(8) of the Prospectus Rules of the Financial Conduct Authority (the "FCA") in connection with the application for admission of all of the issued ordinary shares in the Company (the "Shares") to the premium listing segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange plc's Main Market ("Admission"). This document is available on Volta's website.

"Synthetic Corporate Credit" deals – structured credit positions predominantly exposed to corporate credit risks by synthetic contracts.

"Underlying Assets" – the underlying assets principally targeted for direct and indirect investment (collectively, the "Underlying Assets") consist of: corporate credits (investment grade, sub-investment grade and unrated); sovereign and quasi-sovereign debt; residential mortgage loans; commercial mortgage loans; automobile loans; student loans; credit card receivables; and leases.

"WARF" – weighted average ratings factor, which gives an indication of the probability of default.

"WAL" – weighted average life.