VOLTA FINANCE LIMITED

ANNUAL REPORT AND ACCOUNTS 2016

VOLTA FINANCE LIMITED (THE "COMPANY" OR "VOLTA") IS A CLOSED-ENDED LIMITED LIABILITY INVESTMENT COMPANY THAT PURSUES A DIVERSIFIED INVESTMENT STRATEGY ACROSS STRUCTURED FINANCE ASSETS.

Contents

Volta at a Glance	01
Chairman's Statement	02
Investment Manager's Report	04
Report of the Directors	09
Risk Committee Report	12
Principal Risk Factors	13
Corporate Governance Report	16
Audit Committee Report	20
Directors' Remuneration Report	22
Statement of Directors' Responsibilities	23
Independent Auditor's Report	24
Statement of Comprehensive Income	27
Statement of Financial Position	28
Statement of Changes in Shareholders' Equity	29
Statement of Cash Flows	30
Notes to the Financial Statements	31
Corporate Summary	54
Legal and Regulatory Disclosures	56
Board of Directors	58
Management, Administration and Advisors	60
Glossary	61
Notice of Meeting	63

FORWARD-LOOKING STATEMENTS

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

These forward-looking statements speak only as at the date of this 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.

VOLTA AT A GLANCE

THE INVESTMENT OBJECTIVES OF VOLTA ARE TO PRESERVE ITS CAPITAL ACROSS THE CREDIT CYCLE AND TO PROVIDE A STABLE STREAM OF INCOME TO ITS SHAREHOLDERS THROUGH DIVIDENDS THAT IT EXPECTS TO DISTRIBUTE ON A QUARTERLY BASIS. VOLTA SEEKS TO ACHIEVE ITS INVESTMENT OBJECTIVES BY PURSUING A DIVERSIFIED INVESTMENT STRATEGY ACROSS STRUCTURED FINANCE ASSETS.

3.8%
NAV performance per share (with dividends re-invested at NAV) for the twelve months to 31 July 2016[1]

2.4%
Share price performance (dividends re-invested) for the twelve months to 31 July 2016[1]

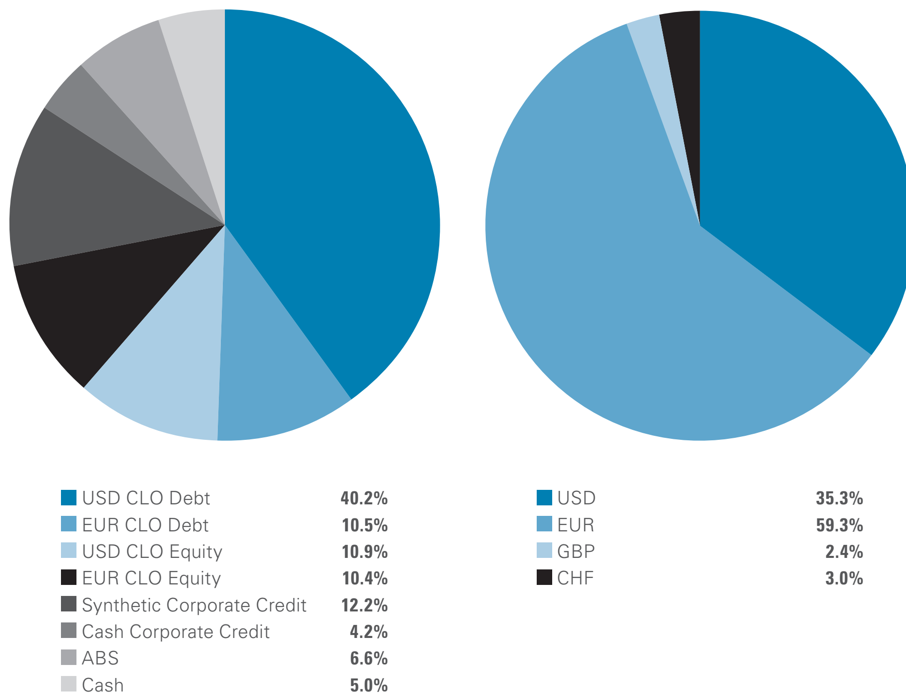
11.1%
Annualised share price performance (dividends re-invested) from inception to 31 July 2016[1]

10.3%
Projected portfolio IRR (under standard AXA IM scenarios, including the gearing effect of the Repo)[1]

9.1%
Dividend yield for the twelve months ended 31 July 2016 based on the share price as at 31 July 2016[1]

13.8%
Discount between share price and NAV per share as at 31 July 2016[1]

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



Asset allocation	
USD CLO Debt	40.2%
EUR CLO Debt	10.5%
USD CLO Equity	10.9%
EUR CLO Equity	10.4%
Synthetic Corporate Credit	12.2%
Cash Corporate Credit	4.2%
ABS	6.6%
Cash	5.0%

Currency exposure	
USD	35.3%
EUR	59.3%
GBP	2.4%
CHF	3.0%

1 Please see the Glossary on pages 61 and 62 for an explanation of the terms used above and elsewhere within this report.

2 The asset allocation is presented as a percentage of gross assets and includes all assets held as at 31 July 2016, but excludes uncalled commitments to purchase assets. Cash is presented as the net cash balance available as at 31 July 2016, net of amounts due to and from 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

When I last wrote to you in the spring of 2016, it was a period of great uncertainty in financial markets as investors pondered a series of challenges such as slowing global growth and heightened political risks. Such periods often sow the seeds of better returns subsequently, and so it has proven this time. Over the twelve month period to 31 July 2016, Volta has produced a total return of 3.8% (net asset value, dividends re-invested), but this hides a story of two halves. The first six months witnessed a negative return but the second half of the financial year produced a total return of 9.2%.

This recent, improved NAV performance has been accompanied by a narrowing of the discount of the share price to NAV from nearly 20% at the half-year point to less than 14% at the end of July, such that the return to Shareholders in the second half was 18.2%. By way of context, the total return to Shareholders from inception in 2006 to the end of July was 11.1% per annum.

Whilst stability has returned to markets and this has led to a sharp recovery in the values of many of our Company's assets, this stability is based on extreme and unorthodox monetary policy, the consequences of which are unknown. This coincides with the re-emergence of political uncertainty in both our main investment areas, Europe and the US. We are in an upside-down world where "bad news" is interpreted as "good" as it must surely, investors reason, lead to yet more central bank stimulus. Certainly, this has proven to be true in recent months as additional stimulus has been seen from the European, Japanese and UK authorities in the face of news such as the Brexit vote. Just as surely, markets have risen as investors stretch further and further for yield and return.

Whilst none of us can know when and how this will end, it seems unlikely to have a happy ending for the many over-extended investors.

In the face of such risks, a company comprising a well diversified set of investments with relatively stable and predictable cash flows and a skilled investment manager offers an attractive home for capital. Your Board believes that Volta contains these characteristics, even with its credit focus. It also currently pays a dividend yield of close to 9%, more than fully underpinned by underlying cash receipts. In a world where short-term euro interest rates are negative, Volta exhibits an attractive risk/return profile, albeit Volta is not a low risk investment. From the feedback that we receive, we know that this view is shared by many of our Shareholders and the listing on the London Stock Exchange has stimulated appetite for the Company from a range of new investors. Provided the share price discount to NAV continues to narrow, we hope that the stage may be set for the Company to be able to grow through share issuance in due course, enabling it to take advantage of attractive opportunities when our Investment Manager identifies them. This process would be beneficial for existing Shareholders as the expense ratio should fall further, diversification should be enhanced and the liquidity in the shares should increase. The Board has already stated that any such issuance would not occur at a discount to NAV and I would reiterate this stance.

In the meantime, the portfolio is well diversified and has been adjusted nimbly over the last twelve months. Volta has entered into a repurchase facility ("Repo facility") with Société Générale for $45 million which has enabled the Company to leverage its

exposure to certain assets. To be clear, this was not done just to chase return by increasing the aggregate investment risk profile of the Company. Rather, it has allowed our Investment Manager to target the portfolio towards the relatively more attractive opportunities available in the debt tranches of CLOs. The Board closely monitors the effect of this Repo facility and the Company's use of leverage should not be viewed as structural but will, instead, be used opportunistically and tactically through time.

There have been some notable operational changes during the year. On 1 July 2016, Volta appointed Cenkos Securities ("Cenkos") as corporate broker and corporate finance advisor after a thorough selection process. Three brokers were selected for interview from a long list of six who had been invited to respond to a proposal exercise. The Board was unanimous in the selection of Cenkos who, we believe, are well placed to work with our Company on the next stages of its development. It is early days but initial signs are very encouraging.

More recently, the Company has announced a change to the frequency of dividend payments from semi-annual to quarterly. The intention is to provide investors with an attractive and regular source of income towards the end of each calendar quarter. The first such quarterly dividend, of 15 cents per share, was paid on 27 September 2016. Given the growing representation of UK investors on the Shareholder register, the Company has also announced that it will pay dividends in either euros or, if Shareholders so elect, in the equivalent amount of sterling.

In the autumn of 2015, Graham Harrison was appointed as a Director of the Company. Graham is a highly experienced investment professional and director and has already made his mark on the proceedings of the Board. Recently, Joan Musselbrook indicated her intention to retire as a Director during 2017. As a result, the Nomination Committee will meet in late November to consider the matter fully and determine the next course of action. In September 2016, the Nomination Committee reviewed the independence of Joan and Paul Varotsis, both of whom have served on the Board for more than nine years. The Committee remains of the view that both Directors are fully independent and fully supports their re-election at the forthcoming AGM.

Both the Risk Committee and the Audit Committee have been busy in recent months with additional work concerning the changes introduced by the FRC to the UK Code of Corporate Governance, most particularly those concerning the Viability Statement which is made on pages 10 and 11 of this annual report. The work around the assumptions used and stress testing performed is described within the Viability Statement and was useful in gaining insight into the embedded risk profile of the portfolio.

After a few years of frenzied regulatory change, the pace now seems to be slowing. However, recently, additional regulatory and political uncertainty has been introduced by the UK vote in favour of Brexit. Whilst the immediate impact on the NAV of Volta was very minor, it is still too early to understand whether Brexit has any long-term, meaningful implications for our Company from a structural perspective. Guernsey is already a "third country" in relation to the EU and Volta maintains a stock exchange listing in both the UK and the Netherlands. Therefore, it appears well placed relative to many peers and it seems unlikely that there will be any materially adverse implications. Nonetheless, the Board will monitor developments very closely and report to you on any notable implications should they arise.

Looking forward, some caution is warranted towards the steady ascent by investment markets. That said, the underlying fundamentals underpinning our Company's assets remain strong and default rates remain low and stable. That means that the cash flows that ultimately drive Shareholder returns remain robust and attractive and should continue to support and cover the Company's dividend yield. Therefore, whilst our Company is unlikely to be immune to any short-term sell-off in asset markets, it should exhibit relatively defensive characteristics and our Investment Manager is well positioned to take advantage of any investment opportunities that arise.

I look forward to reporting to you again early in 2017.

PAUL MEADER
CHAIRMAN
28 OCTOBER 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 annual period (NAV performance at 3.8%, dividends re-invested in the NAV), while modest, reflects the moderate stress that occurred for most equity or credit markets for the same period. This performance could be compared with the performance of the US loan market (S&P LSTA Index) at 2.4% or with that of the European loan market (S&P ELLI Index) at 1.7%, for the same period, although Volta targets significantly higher returns than those provided by these markets. At the time of writing this report Volta's 2016 year-to-date NAV performance is 8.8%, after 10.0% in 2015 and 12.4% in 2014. The annualised performance for Shareholders since inception of Volta as at the end of July 2016 was 11.1%.
- During the annual period, our assets continued to produce significant cash flows (net of Repo costs) of €33.8 million or 11.7% of the end of period NAV. It is worth mentioning that cash flows received from our assets were on a growing trend during the period mainly thanks to re-investment in higher coupon debt instruments.
- During the period we continued to rotate the portfolio. We sold assets valued for a total of €41.5 million (at an average yield of 5.6%) and purchased assets to the value of €117.3 million (with a projected yield at purchase of 11.0%).
- As at the end of July, the projected IRR of our assets, including the $45.0 million repurchase facility that was initially put in place in March 2015 for $30.0 million and further increased by $15.0 million to $45.0 million in September 2015, was 10.3%. Relative to a share price in the area of €7, the gross projected return on Volta's shares is close to 11.5%.

Overall, through the annual period, Volta has been able to benefit from the breadth of its mandate, significantly increasing the projected yield of its assets while maintaining a good level of diversification. Periods such as this last twelve months, exhibiting some volatility but no fundamental and significant credit issues, are positive for Volta on a medium-term basis.

For the next annual period we acknowledge some uncertainties (a modest deterioration of US loan quality, the vote for Brexit, a still modest growth in Europe) but we continue to expect these issues to have only modest impacts on an already softer economic environment. In our view, the pace of corporate credit defaults in the US is expected to increase again, but not to above historic norms and we expect it to stay below the historical average in Europe. Our conviction is that the Company's current and prospective investments already largely discount the actual consequences that we expect from the current economic environment, although we are conscious that market volatility could rise from time to time. We expect this environment to continue being supportive for Volta.

OVERVIEW ON THE ANNUAL PERIOD ENDED 31 JULY 2016

This annual 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 €117.3 million* in 30 assets at an average projected yield of 11.0% (14 CLO Debt, seven CLO Equity, four Bank Balance Sheet transactions, two ABS Debt assets, two ABS Residual assets and one CLO Warehouse);
- sold 18 assets for the equivalent of €41.5 million* at an average projected yield of 5.6%;
- had 19 assets called or that matured (fully or partially) for the equivalent of €43.1 million; and
- added $15.0 million to the repurchase agreement put in place in March 2015 to leverage the CLO Debt. This brings the total amount drawn under the Repo to $45.0 million.

* These amounts exclude two intraday trades for an aggregate of €3.9 million that do not reflect normal investment activity.

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 without significantly changing the composition of the portfolio and the overall balance of risks.

It is worth noting that, except for two ABS Debt assets (one exposed to US RMBS and another to Spanish RMBS) and two ABS Residual assets (one exposed to French leases and another to Spanish auto loans), Volta continued to invest predominantly in assets with corporate credit exposures.

Although the portfolio produced a modest return during the period, mostly due to some price declines in USD CLO debt and equity, 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 modelling Volta's assets.
- Volta's assets generated €33.8 million of interest or coupons over the period (net of Repo costs), an increase of €0.4 million relative to the previous annual period.
- Thanks to re-investments, we have been able to significantly increase the expected future performance of Volta without having to consider more risky assets.

OVERALL PAST PERFORMANCE

The positive performance in terms of NAV per share for the annual period is in line with the good fundamentals of Volta's assets, our ability to benefit from the flexible mandate that governs Volta's investment approach and also reflects our ability to trade opportunistically and leverage the most stable part of our 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 July 2016 the performance was as follows (annualised figures):

	One year %	Five years %	Since Volta's inception %
NAV performance (including dividends paid and re-invested at NAV)	3.8	20.3	5.5
Share performance (dividends re-invested in shares)*	**2.4**	**23.6**	**11.1**
S&P 500 (total return)*	5.6	13.4	6.7
MSCI European (total return)*	(11.6)	7.8	1.7
US High Yield Bonds (H0A0 Index)*	4.9	6.0	7.2
US Loans Market (S&P LSTA Index)*	2.4	4.1	4.4
European High Yield Bonds (HE00 Index)*	3.6	8.1	7.3
European Loans Market (S&P ELLI Index)*	1.7	5.5	4.1

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

* Figures given by Bloomberg using the Total Return Analysis ("TRA") function.

Overall, the performance of an investor re-investing their dividends in the Company's shares (11.1% annualised return as at 31 July 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.

Since the financial crisis of 2008/2009, Volta's portfolio has been significantly reshaped and, for the last five years, we have been able to perform strongly but with low volatility. The volatility of the Monthly NAV performances over this period, at 8.9%, has been far below the volatility of classic equity indices, although delivering greater performance.

VOLTA PORTFOLIO AS AT THE END OF JULY 2016

As at the end of July 2016, Volta held assets divided among four asset classes: CLOs, Synthetic Corporate Credit deals, Cash Corporate Credit deals and ABS. An analysis of Volta's asset allocation is presented in the "At a glance" section on page 1 of the annual report.

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

During the period we:

- continued investing in Bank Balance Sheet transactions (because they bring diversification to the portfolio and are less sensitive to current market stress than CLO tranches);
- favoured euro CLO Equity tranches relative to US ones, as we expect the European loan market to outperform the US, at least through a lower default rate; and
- continued to invest in USD CLO Debt tranches that are offering some premium relative to equivalent euro tranches.

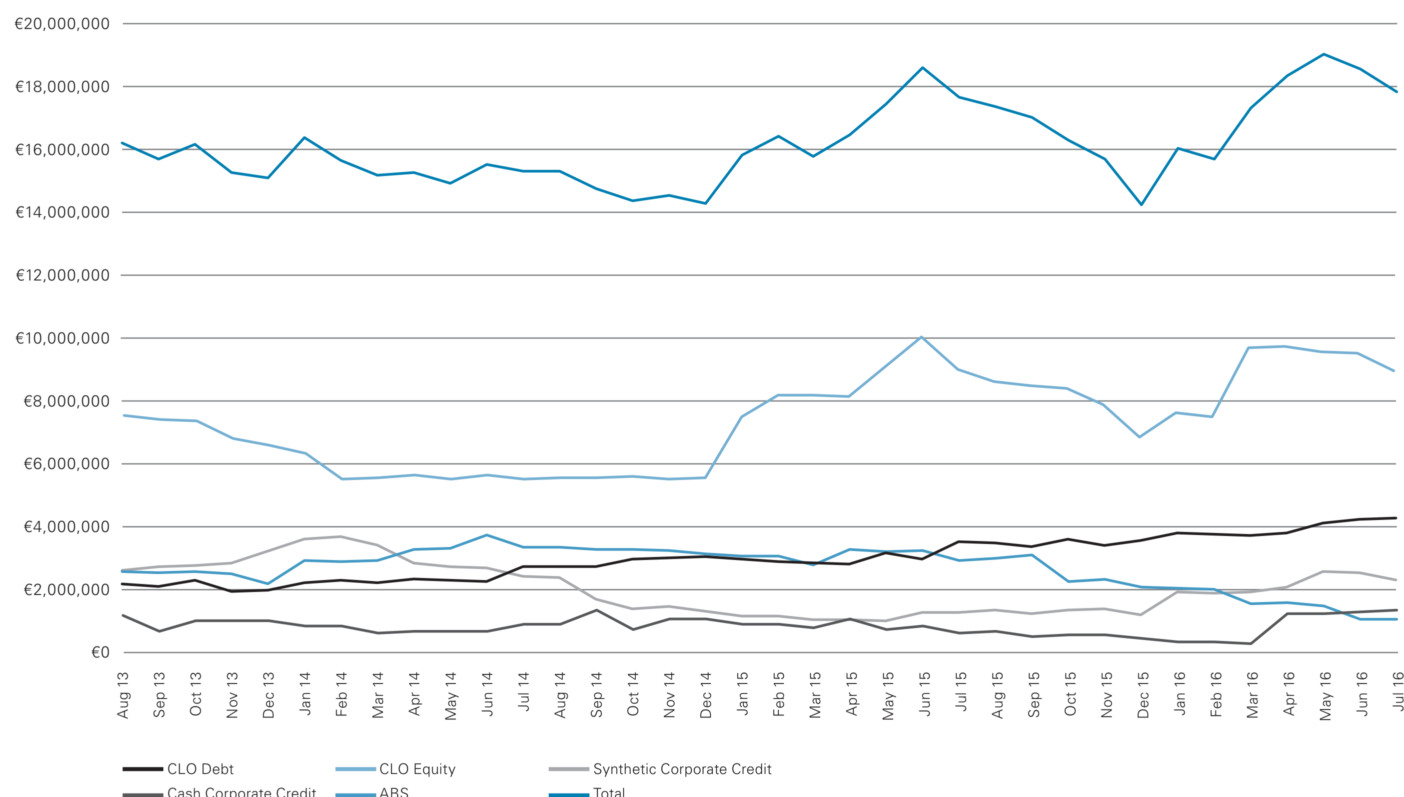
It is worth noting that the rotation of the portfolio from older CLO Debt tranches to more recently issued ones is contributing significantly to the increase in interest and coupons received from our CLO Debt assets.

INVESTMENT MANAGER'S REPORT CONTINUED

VOLTA PORTFOLIO AS AT THE END OF JULY 2016 CONTINUED

CLO Debt tranches are now a significant and growing contributor to the cash flows received:

SIX-MONTHLY ROLLING AMOUNT OF INTEREST AND COUPONS GENERATED OVER THE LAST THREE YEARS, NET OF REPO COSTS DEDUCTED FROM CLO DEBT INTEREST



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

The majority of Volta's new investments during the annual period were CLO Debt tranches. Approximately 68% of Volta's investments, as at 31 July 2016, were assets issued in the last five 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 July 2016 are provided below with some comments. These projected returns are based on 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/duration (years)	Comments
CLO	USD/EUR CLO Equity 1.0	6.8	12.8	2.8	Cash flows from these deals are diminishing. WAL may be lower if deals are called earlier.
CLO	USD/EUR CLO Equity 2.0	14.5	9.6	3.0	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.
CLO	USD/EUR CLO Debt 1.0	15.1	6.2	3.0	The projected IRR and WAL only assume calls when there is no more arbitrage available for the Equity. 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.
CLO	USD/EUR CLO Debt 2.0	35.6	10.1	3.7	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	CLO Warehouse	—	N/A	N/A	No warehouse at the end of this period.
Synthetic Corporate Credit	Bank Balance Sheet transactions	12.2	9.6	3.6	Very diversified asset class.
Cash Corporate Credit	Equity	3.0	9.0	1.8	Very diversified asset class including two loan funds and one German SME deal.
Cash Corporate Credit	Debt	1.2	16.0	0.9	One emerging market credit CDO rated A/Aa2 which is the next tranche to amortise.
ABS	Residual positions	3.8	8.0	6.0	Mix of UK RMBS, Spanish auto loan and a French lease transaction.
ABS	ABS Debt	2.8	10.0	5.0	Mix of US RMBS and Spanish RMBS.

According to the above calculations, the overall projected IRR on Volta's assets as at the end of July 2016 before taking into account the effect of the Repo was approximately 9.4% (using 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 14% of NAV) direct leverage that Volta had in place as at the end of July 2016 via the Repo, the projected yield on the Company's NAV is close to 10.3%.

The above projected overall IRR also does not take into account the potential for approximately 20% 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 nine 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. Taking these considerations into account, as well as the possibility that the CLO managers might refinance assets following their investment period, we could foresee an IRR between 11% and 14% for the CLO 2.0 Equity tranches that we have purchased so far.

Through the annual period Volta sold part of its 1.0 CLO Debt portfolio (the remaining portfolio having a projected IRR at 6.2% at the end of July) to re-invest in 2.0 CLO Debt tranches. We will pursue this strategy going forward in order to increase Volta's future performance.

* These projections are for illustrative purposes only and 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.

INVESTMENT MANAGER'S REPORT CONTINUED

OUTLOOK FOR THE REMAINDER OF 2016 AND 2017

Early in 2016, credit and equity markets saw rising volatility and saw sharp falls in the first few months of 2016 and then again, for a few days, after the Brexit vote. Our view, which is now largely shared by most market participants and priced in, is that we are going to continue seeing an increase in the pace of defaults in US High Yield (both high yield bonds and loans). We expect this to be due mainly to the Oil & Gas and Energy sectors, although some other sectors are going to contribute to the increase (including retail for example). However we expect the increase in default rate to remain modest (probably towards the historical average of defaults in the US loan market, around 3% on a twelve-month rolling basis). For the same period we do not foresee any significant increase in the default rate in the European loan market, 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 from time to time prices of these assets could suffer some volatility. In the past, these episodic volatile periods have been beneficial to Volta thanks to our ability to re-invest.

There are a number of well documented risks facing the global economy and global capital markets, including over-extended credit conditions in China, Brexit, geopolitical issues in the Middle East, and the Eastern Europe situation, but we do not expect, at the time of writing, these uncertainties to impact the way developed economies are growing.

During the second half of this annual period, Volta was able to invest in assets with, on average, a projected IRR in the area of 10.7%. We expect to continue to be able to capitalise on the same kinds of opportunities in the 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 underlying corporate credit 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;
- to maintain a level of expected return in line with the Company's objectives; and
- to manage the Company's liquid resources in order to be able to meet its payment obligations.

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 mandate as Volta's Investment Manager is to invest in assets that should be able to produce stable revenue (which can support attractive distributions to Shareholders) through investing and structuring investments adapted to the prevailing market circumstances. This has been illustrated during this period through the investment, as an example, in European CLO equity tranches or in bank balance sheet transactions. We will continue to draw upon the experience of our teams in the structured finance department of AXA IM and their ability to take advantage of investment opportunities across the different segments of the structured finance markets in order to meet Volta's objectives.

AXA INVESTMENT MANAGERS PARIS
28 OCTOBER 2016

REPORT OF THE DIRECTORS

The Directors present their report and the audited financial statements for the year ended 31 July 2016. In the opinion of the Directors, the annual report and audited financial statements taken as a whole are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

INCORPORATION

The Company is a limited liability company registered in Guernsey under the Companies (Guernsey) Law, 2008 (as amended) with registered number 45747.

ACTIVITIES

The Company is a closed-ended investment company with the objective of investing, among other asset types, in the following main asset classes: CLO, Synthetic Corporate Credit, Cash Corporate Credit and ABS. Further information regarding the Company and its activities is provided in the Corporate Summary on pages 54 and 55.

RESULTS AND DIVIDENDS

During the financial year the Company's NAV decreased by €9.9 million or €0.28 per share. The net comprehensive income for the year, determined under International Financial Reporting Standards ("IFRS"), amounted to €12.6 million.

The Directors have declared a quarterly dividend payable on 22 December 2016 of €0.16 per share to those Shareholders on the register on 2 December 2016. This is in addition to the interim dividends of €0.31 per share paid in April 2016 and €0.15 per share paid in September 2016.

REPURCHASE AGREEMENT WITH SOCIÉTÉ GÉNÉRALE

In September 2015, the Company increased the size of the repurchase agreement ("Repo") with Société Générale ("SG") from USD 30.0 million to USD 45.0 million. Under the terms of the Repo, SG has provided the Company with finance secured against a portfolio of USD CLO Debt securities. Please refer to Note 13 to the financial statements for further details.

RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the Company are described within the Principal Risk Factors section of the annual report on pages 13 to 15 and Note 21 in the financial statements.

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIFM DIRECTIVE" OR "AIFMD")

The AIFM Directive seeks to regulate managers (''AIFMs'') of alternative investment funds (''AIFs'') that are marketed or managed in the European Economic Area. In compliance with the AIFMD, the Company has appointed AXA IM to act as its AIFM and has appointed State Street Custody Services (Guernsey) Limited ("SSCSGL") to act as its Depositary. Please see the legal and regulatory disclosures section on page 56 for further information.

RISK RETENTION PROVISION – THE EUROPEAN UNION RISK RETENTION REQUIREMENTS AND THE US RISK RETENTIONS RULES

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

In Europe, amongst other things, such provisions restrict an investor who is subject to the EU risk retention and due diligence requirements from investing in securitisations unless: (i) the originator, original lender or sponsor in respect of the relevant securitisation has explicitly disclosed that it will retain, on an ongoing basis, a net economic interest of not less than 5% of certain specified credit risk tranches or securitised exposures; and (ii) it is able to demonstrate that it has undertaken appropriate due diligence in respect of various matters, including but not limited to its risk position, the underlying assets and (in the case of certain types of investors) the relevant originator or sponsor. Failure to comply with one or more of the requirements may result in various penalties and/or corrective actions to be taken.

In the US, the final rules implementing the risk retention provisions of the Dodd–Frank Act of 2010 requires sponsors of securities collateralised by mortgages or loans to retain 5% of the credit risk according to US GAAP. These provisions were designed to ensure that the sponsor has "skin in the game" and is penalised if the performance of the securitisation is poorer than expected. The effective date of these provisions is 24 December 2015 for mortgage-backed securities and 24 December 2016 for other asset-backed securities.

Implementation of the EU and US risk retention requirements 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. Conversely, new investment opportunities may become available to the Company, depending upon how CLO managers structure future CLO issuances in order to comply with the risk retention requirements.

UNITED STATES OF AMERICA FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA")

Guernsey has entered into an Intergovernmental Agreement ("IGA") with the US Treasury in order to comply with FATCA for enhanced reporting of tax information. Under the IGA, the Company is regarded as a Foreign Financial Institution ("FFI") resident in Guernsey. The Board continues to monitor developments in the rules and regulations arising from the implementation of FATCA in conjunction with its tax advisors.

REPORT OF THE DIRECTORS CONTINUED

COMMON REPORTING STANDARD

The "Common Reporting Standard" ("CRS") is a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. As a consequence of the regulations introduced by the States of Guernsey to implement the CRS, the Company will be required to report certain tax information to the Guernsey income tax office in respect of investors resident in other CRS participating jurisdictions. That information will be transmitted by the Guernsey income tax office to the relevant foreign tax authorities. Please see the legal and regulatory disclosures section on page 57 for further information.

GOING CONCERN

The Company currently has only a limited amount of debt financing (USD 45 million as at the financial year-end date). The Company's current cash holdings and projected cash flows are sufficient to cover current liabilities and projected liabilities. The Directors have considered the impact of financial market conditions at the financial year-end date and subsequently and have concluded that any reasonably foreseeable adverse future investment performance would not have a material impact on the Company's ability to meet its liabilities as they fall due. After making appropriate enquiries, the Directors are therefore of the opinion that the Company remains a going concern and are satisfied that it is appropriate to continue to adopt the going concern basis in preparing the Company's financial statements.

VIABILITY STATEMENT

In accordance with the AIC Code, the Directors have assessed the prospects of the Company over the three-year period from the date of approval of this report. In making this assessment they have taken into account the prospects of the Company, including the Company's current financial position, current market conditions, the principal risks facing the Company, as described within the Principal Risk Factors section of the annual report on pages 13 to 15, and also the risks arising from the Company's financial instruments set out in Note 21 to the financial statements, and their potential impact on its future development.

The Directors consider a period of three years to be appropriate given the inherent uncertainties of financial markets in general and the Company's investment universe in particular. In selecting this period the Directors also considered the financial and regulatory environment within which the Company operates, the Company's assets and liabilities, the Company's historic and projected performance and the weighted average life and expected turnover of the portfolio.

The investment objectives of the Company are to seek to preserve capital across the credit cycle and to provide a stable stream of income to its Shareholders through dividends that it expects to distribute on a quarterly basis. The Company's investment performance depends upon the performance of the structured finance assets in which it invests which, in turn, are dependent upon the performance of the Underlying Assets, which are described in the Corporate Summary on page 54 and the Summary Document published on the Company's website. Consequently, the Company's investment performance is also dependent upon the performance of the Investment Manager when executing its investment strategy. The Directors, in assessing the viability of the Company, paid particular attention to the risks inherent in the Underlying Assets together with those faced by structured finance assets and the Investment Manager as well as the Investment Manager's management of the Company's liquidity and of its leverage through the Repo. The Company's Risk Committee operates a risk management framework which is intended to identify, measure, monitor and report to the Board upon key investment related risks and the controls employed to manage and mitigate these risks. The Audit Committee and the Board as a whole review other risks applicable to the Company. The Directors meet regularly with the Investment Manager to review the Company's performance and to maintain appropriate oversight of the Investment Manager through a constructive and well informed relationship.

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

The Directors have considered income, expenditure and NAV projections for the Company during the three-year viability review period, firstly under the assumption that current conditions persist for the entire period, then under various adverse scenarios, including some that are severe but plausible, and including scenarios under which default rates are assumed to increase significantly to higher levels than any previously experienced by the Company and adverse market conditions are assumed to impact the market value and liquidity of the Company's portfolio assets in a similar way to the 2008/2009 crisis. One scenario modelled sought to identify the circumstances required in order to cause the Company to run out of cash, but these circumstances were considered to be implausible. Each model assumed that the portfolio would react to changes in underlying factors in a similar way to that experienced in the past. The Directors made the assumption that the Investment Manager would actively and conservatively manage the portfolio in the event of a downturn. The Directors noted that in the plausible adverse scenarios, while the Company's objective of preserving capital across the credit cycle may well not be met, projected income exceeded projected expenses and cash flow was also projected to be sufficient to maintain stable dividend payments to Shareholders over the period. In the event that the Company's income were to fall short of these projections, the Directors note that the Company's viability could be supported by cash flows from asset sales and by reducing, or even eliminating, dividend payments.

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

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

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

DIRECTORS

The Directors who held office during the financial year and up to the date of approval of this report were:

James Gilligan (resigned 23 November 2015)
Graham Harrison (appointed 20 October 2015)
Stephen Le Page
Paul Meader
Joan Musselbrook
Paul Varotsis

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

	31 July 2016 Number of shares	31 July 2015 Number of shares
G Harrison	**3,414**	—
S Le Page	**12,771**	4,072
P Meader	**20,064**	11,941
J Musselbrook	**133,142**	128,603
P Varotsis	**153,030**	143,987

DISCLOSURE OF INFORMATION TO AUDITOR

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

AUDITOR

KPMG Channel Islands Limited served as Auditor during the financial year and has expressed its willingness to continue in office. A resolution to re-appoint KPMG Channel Islands Limited as Auditor will be put to the forthcoming 2016 AGM.

COMPANY SECRETARY

The Company Secretary is Sanne Group (Guernsey) Limited of Third Floor, La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey GY1 1WG, Channel Islands.

By order of the Board

SANNE GROUP (GUERNSEY) LIMITED
COMPANY SECRETARY
28 OCTOBER 2016

RISK COMMITTEE REPORT

The Risk Committee presents its report for the year ended 31 July 2016.

TERMS OF REFERENCE

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

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

- to review and monitor the effectiveness of the Company's risk management and internal control procedures pertaining to the investment portfolio, focusing on identifying and overseeing those investment portfolio related risks that might impact upon the performance of the Company's NAV and/or shares, and to report its findings to the Board;
- the development and maintenance of a risk matrix, incorporating risk mitigation measures, to assist the Committee in identifying, recording and monitoring the key risks faced by the Company;
- to have regard to all risks that may be identified, including those identified in the Principal Risk Factors section on pages 13 to 15;
- the recommendation of investment risk limits and tolerances to the Board and regular review of the suitability of those adopted;
- monitoring compliance with those investment risk limits and tolerances and notifying the Board of any breaches or material concerns on a timely basis; and
- monitoring compliance with operational and regulatory requirements relating to the Company's investment portfolio and notifying the Board of any breaches or material concerns on a timely basis.

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

DELEGATION OF DUTIES

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

COMPOSITION

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

ACTIVITIES

During the financial year ended 31 July 2016 the Committee met on seven occasions, including a due diligence visit to the Investment Manager in May 2016.

The Committee reviews both quantitative and qualitative metrics in relation to the categories of risk which are relevant to the Company's overall activities, the particular characteristics of the Company's investments and the Company's investment objectives. These metrics are generally provided to the Committee by the Investment Manager but, from time to time, the Committee may also be provided with information by its Company Secretary or its corporate broker. In all cases the Committee monitors the quality of the data to satisfy itself as to the validity and appropriateness of the data.

The Committee constructively challenges the Investment Manager in relation to matters of investment risk.

The Committee ensures that the risk matrix is kept up-to-date in response to the evolving strategy and risk environment of the Company. Risks that were previously deemed irrelevant or non-material are periodically reviewed to ensure that they remain irrelevant or non-material.

In the early part of 2016 the Committee undertook a thorough review of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. Its conclusions were reported to and accepted by the Board. This work is reflected in the Principal Risk Factors section on pages 13 to 15.

The Committee has worked jointly with the Audit Committee to develop a framework for the analysis required for the Board to make the Viability Statement included on pages 10 and 11 of this report. This work included scenario and stress case modelling produced by the Investment Manager at the Committees' request.

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

JOAN MUSSELBROOK
CHAIR OF THE RISK COMMITTEE
28 OCTOBER 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 annual report, as well as their own personal circumstances, and consult with their financial and tax advisors before making a decision to invest in the Shares.

Prospective investors should be aware that the value of the Shares may decrease, any dividend income from them may not reach targeted levels or may decline, and investors may not get back their invested capital. In addition, the market price of the Shares may be significantly different from the underlying value of the Company's net assets. The NAV of the Company as determined 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 principal risks and uncertainties are those that the Company believes are material, but these risks and uncertainties may not be the only ones that the Company and its Shareholders may face. Additional risks and uncertainties, including those that the Company is not aware of or currently views as insignificant, may also result in decreased revenues, increased expenses or other events that could result in a decline in the value of the Shares. A more comprehensive list of the risks faced by the Company may be found in the Summary Document that is posted on the Company's website.

STRATEGIC RISKS

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

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

PRINCIPAL RISK FACTORS CONTINUED

STRATEGIC RISKS CONTINUED

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

PREVENTABLE RISKS

These are the risks that the Board believes should be substantially mitigated by the Company's controls. The Board has defined limits for various metrics in order to monitor and control the following preventable risks, which are reviewed by the Risk Committee on at least a quarterly basis.

PRINCIPAL RISKS	IMPACT, TOLERANCE, CONTROLS AND MITIGATION
LIQUIDITY AND GOING CONCERN – The risk that the Company is unable to meet its payment obligations and is unable to continue as a going concern for the foreseeable future.	If the Company were to be unable to meet its obligations as they fell due, the impact on the Company would be severe, although this risk is remote. Consequently, the Company monitors this risk and the potential threats to the liquidity of the portfolio. The availability of liquid resources is a high priority for both the Risk Committee and the Board. On a day-to-day basis, the Investment Manager monitors cash flow and payment obligations carefully and retains sufficient cash and/or liquid assets available to meet its obligations.

PRINCIPAL RISKS	IMPACT, TOLERANCE, CONTROLS AND MITIGATION
LIQUIDITY AND GOING CONCERN CONTINUED–	The Investment Manager also monitors and reports to the Risk Committee on the market liquidity of the portfolio. Cash demands may arise from collateralisation and payment obligations under the Repo; margin calls and other payment obligations on hedging agreements and any other derivatives the Company might enter into; and other payment obligations such as ongoing expenses.
OPERATIONAL RISK – The risk that the Company, through its service providers, fails to meet its contractual and/or legal or regulatory reporting obligations, resulting in sanctions, financial penalties and/or reputational damage.	The potential impact of this risk is considered to range from low to high, depending on the particular obligation. Regardless of the level of risk, the Company has a very low tolerance level for operational risk. The Company relies upon the procedures and controls at its third-party service providers and carries out regular due diligence to ensure that those procedures and controls are working effectively. The Board receives detailed annual reports on operational performance from all its main service providers and requires them to report any breaches related to the Company immediately. The Board also carries out periodic due diligence visits to key service providers, including the Investment Manager, the Depositary and the Administrator.
VALUATION OF ASSETS – The risk that the Company's assets are incorrectly valued.	Whilst there might be no immediate direct impact on the Company from incorrect valuation of the Company's assets in its monthly Estimated NAV reports and annual and interim financial reports, this is considered to be a very high risk area due to the potential impact on the Company's share price and actions that could arise from the provision to the market of materially inaccurate valuation data. Any material valuation error is reported to investors. The Company's controls over the valuation of its assets are described in Note 4 in the financial statements.
INVESTMENT MANAGER RISKS – The risk that the Investment Manager may execute its investment strategy poorly.	The Investment Manager is part of a very large organisation with deep resources. It manages a number of other funds in the same asset classes as the Company and has a strong track record over a long period in the Company's asset classes.
Key person risk.	The Investment Manager has large teams and deep resources of skills to replace key individuals.
The risk that the Investment Manager resigns, goes out of business or exits the Company's asset classes.	The Investment Manager must give six months' notice before resigning which would help mitigate the disruption caused by any need to appoint a new manager.

EXTERNAL RISKS

These are risks that are largely outside of the Company's control, but of which investors should be cognisant.

PRINCIPAL RISKS	IMPACT, TOLERANCE, CONTROLS AND MITIGATION
LEGAL AND REGULATORY RISK – The risk that changes in the legal and regulatory environment, including changes in tax rules or interpretation, might adversely affect the Company, such as changes in regulations governing asset classes that could impair the Company's ability to hold or re-invest in appropriate assets and lead to impairment in value and or performance of the Company.	The impact of legal and regulatory change, including tax change, could potentially be high. The Investment Manager continuously monitors the legal and regulatory environment in which the Company operates in order to enable the Company to continue to adapt to any legal and regulatory changes by investing in new asset classes and/or new investment structures in response to such changes. The Investment Manager and the Administrator report to the Board at least semi-annually regarding any relevant upcoming regulatory and tax changes and on an ad hoc basis if appropriate.

CORPORATE GOVERNANCE REPORT

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

The Company is a member of the AIC and has elected to follow the AIC Code, as revised in February 2015. The AIC Code has been endorsed by the FRC as an alternative means for their members to meet their obligations in relation to the UK Corporate Governance Code (the "UK Code"). The Company is not required to apply the Dutch Corporate Governance Code. The Guernsey Financial Services Commission ("GFSC") has also issued a Code of Corporate Governance (the "GFSC Code"), which applies to the Company. Compliance with the AIC Code is deemed to satisfy compliance with the GFSC Code. A full version of the AIC Code can be found on the AIC's website: https://www.theaic.co.uk.

STATEMENT OF HOW THE PRINCIPLES OF THE AIC CODE ARE APPLIED

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

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code throughout the financial year ended 31 July 2016, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

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

PORTFOLIO COMPOSITION

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

THE BOARD

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

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

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

Each of Mr Le Page and Mr Meader is a director of Highbridge Multi-Strategy Fund Limited (formerly BlueCrest AllBlue Fund Limited), an investment company whose shares are listed on the London Stock Exchange. The Board reviewed this matter at the time of Mr Le Page's appointment to the Board and concluded that this cross-directorship does not impair either Director's independence.

THE BOARD CONTINUED

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

The Board reviews at least annually whether there are other factors that potentially affect the independence of the independent members of the Board or involve meaningful conflicts of interest for them with the Company. Prospective investors in the Company's shares should note that other companies may define "independence" differently. The individual independence status of the Directors was last reviewed and confirmed by the Board on 20 September 2016.

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

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

COMMITTEES OF THE BOARD

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

AUDIT COMMITTEE

Please see the Audit Committee's separate report on page 20 for details of its composition, responsibilities and activities.

RISK COMMITTEE

Please see the Risk Committee's separate report on page 12 for details of its composition, responsibilities and activities.

NOMINATION COMMITTEE

The Nomination Committee currently comprises Mr Meader (Chairman), Mr Harrison, Mr Le Page, Ms Musselbrook and Mr Varotsis. Only Independent Directors may serve on the Nomination Committee. The Committee meets at least once each year and considers the size, structure, skills and composition of the Board. The Committee considers retirements, re-appointments and appointments of additional or replacement Directors and makes recommendations to the Board in this respect with particular consideration of the rotation provisions set out in the Company's Memorandum and Articles of Incorporation. The Committee has considered the question of Board tenure and has concluded that there should not be a specific maximum time in position for a Director or Chairman. Instead, the Committee keeps under review the balance of skills of the Board and the knowledge, experience, length of service and performance of the Directors and focuses on maintaining the right mix of skills and a balance between bringing in new Directors with fresh ideas and preserving corporate knowledge and experience. When recommending new Directors for appointment to the Board, diversity of gender, age, ethnicity and cultural background are taken into consideration in accordance with the Company's diversity policy. The Nomination Committee met twice during the financial year.

It was agreed at a meeting of the Nomination Committee on 8 September 2015 that each Director will stand for annual re-election.

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

The Committee has engaged an independent third party, Trust Associates Ltd, to carry out a review of the performance of the Board. As at the date of this report, the findings of this review are not yet available. However, it is the intention of the Committee to consider any recommendations of the review as soon as possible, and a report on the findings and recommendations of the review will be provided in the July 2017 annual report.

CORPORATE GOVERNANCE REPORT CONTINUED

COMMITTEES OF THE BOARD CONTINUED

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises Mr Varotsis (Chairman), Mr Le Page, Mr Meader and Ms Musselbrook. Only Independent Directors may serve on the Remuneration Committee. The Committee meets at least once each year to review the remuneration of the Directors and make recommendations to the Board in this respect. The independent third-party review of the Board referred to above will also provide input to the Committee's recommendations for remuneration of the Directors, but as noted above the review findings are not yet available. The remuneration of the Directors was last reviewed by the Committee on 20 October 2016 and, pending receipt of the independent review findings, it was proposed that the Directors' remuneration should be maintained at its current level. The Remuneration Committee met twice during the financial year.

COMMITTEE COMPOSITION AND TERMS OF REFERENCE

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

ATTENDANCE

There were nine Board meetings held during the financial year ended 31 July 2016. The attendance record of each of the Directors was as follows:

	Number of attendances/ number of meetings held during the service period of each Director
J Gilligan (resigned 23 November 2015)	2/2
G Harrison (appointed 20 October 2015)	8/8
P Meader	9/9
J Musselbrook	7/9
P Varotsis	7/9
S Le Page	9/9

There were seven Risk Committee meetings, five Audit Committee meetings, two Nomination Committee meetings and two Remuneration Committee meetings held during the financial year ended 31 July 2016. The attendance record of each of the Committee members was as follows:

	Number of attendances/number of meetings held during the period (where applicable i.e. where the relevant Director was a Committee member as at the date of the meeting)			
	Audit Committee	Risk Committee	Nomination Committee	Remuneration Committee
J Gilligan (resigned 23 November 2015)	2/2	2/2	2/2	2/2
G Harrison (appointed 20 October 2015)	3/3	5/5	0/0	0/0
P Meader	2/2	7/7	2/2	2/2
J Musselbrook	5/5	7/7	2/2	2/2
P Varotsis	5/5	7/7	2/2	2/2
S Le Page	4/5	2/3	1/2	1/2

INVESTMENT MANAGEMENT AGREEMENT AND CONTINUED APPOINTMENT OF THE INVESTMENT MANAGER

Details of the fees payable to the Investment Manager are disclosed in Note 22 within the financial statements.

As previously stated, the Board reviews the performance of the Investment Manager on a regular basis and considers whether or not the continued appointment of the Investment Manager is in the best interests of the Company. The continued appointment of the Investment Manager was most recently reviewed and agreed by the Board on 20 September 2016. If the Company elects to terminate the appointment of the Investment Manager without cause and without giving the Investment Manager two years' advance notice, the Company may do so upon not less than 60 days' prior written notice, but will be required to pay a termination fee to the Investment Manager. The termination fee shall be to compensate the Investment Manager for the Management Fees and Incentive Fees that the Investment Manager might have earned had the appointment of the Investment Manager not been terminated prior to the end of the two-year notice period.

Currently, the Company's investment guidelines state that "the Company will not engage in portfolio transactions (e.g. the purchase or sale of securities) with the Investment Manager acting on a principal basis or with accounts or funds for which the Investment Manager acts as discretionary investment manager (although this restriction does not prohibit investments by the Company in AXA IM Managed Products)." From time to time, this restriction may limit the Company's ability to take certain investment opportunities that it would otherwise be able to take. Consequently, the Board intends to amend the Company's investment guidelines and the Investment Management Agreement at the next available opportunity to clarify that "the Company will not engage in portfolio transactions (e.g. the purchase or sale of securities) with the Investment Manager acting on a principal basis. Indirect purchases or sales of securities (e.g. purchases and sales carried out through an independent counterparty) between the Company and accounts or funds for which the Investment Manager acts as discretionary investment manager are authorised provided they comply with the policies and procedures developed by the Investment Manager in order to eliminate or mitigate conflicts of interest and to ensure that the Company is treated in an equitable manner." In order to identify, prevent or manage and follow up any conflict of interest, the Investment Manager has set up a conflict of interest policy that is available on the following website: www.axa-im.fr.

INVESTOR RELATIONS

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

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

AUDIT COMMITTEE REPORT

The Audit Committee presents its report for the year ended 31 July 2016.

TERMS OF REFERENCE

The Board has established terms of reference for the Audit Committee (the "Committee") governing its responsibilities, authorities and composition (the "Terms of Reference"). As stated in the Corporate Governance Report, the Company applies the AIC Code and accordingly the terms of reference of the Committee comply with the AIC Code.

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

- reviewing and monitoring the effectiveness of the Company's financial reporting and internal control procedures;
- monitoring the integrity of the financial statements of the Company, including its annual report and interim report and any other formal announcement relating to its financial performance;
- reviewing significant financial reporting issues, estimates and judgements;
- reviewing the Company's accounting policies to ensure that they remain appropriate and are applied consistently;
- monitoring the statutory audit of the annual report and the independent review of the Company's interim report by its Auditor;
- reviewing the Auditor's performance, independence and objectivity;
- reviewing and making recommendations to the Board regarding the appointment, re-appointment or removal of the Auditor together with the terms of engagement and level of remuneration of such Auditor;
- reviewing and making recommendations to the Board regarding the appointment of the Auditor to perform non-audit related services together with the terms of engagement and level of remuneration for such services;
- reviewing such significant financial information contained in other documents or regulatory returns as the Audit Committee might deem appropriate from time to time, particularly announcements considered to contain price-sensitive information; and
- reporting to the Board on the Committee's activities and how it has discharged its responsibilities.

DELEGATION OF DUTIES

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

COMPOSITION

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

ACTIVITIES

During the financial year ended 31 July 2016 the Committee met on five occasions and met with the Auditor on each such occasion. In addition, the Chairman of the Committee has met separately with the Executive Director responsible for the Company's audit on four further occasions. The Committee receives and reviews the Company's quarterly management accounts and the annual and interim reports and financial statements, including the reports of the Investment Manager and Auditor contained therein.

In the Committee's opinion, the principal risk of misstatement in the Company's financial reporting arises from the valuation of its investments. In order to mitigate this risk, the Company:

- employs independent external parties with expertise in valuation to review the valuations of certain investments on a semi-annual basis and to report whether or not such valuations appear reasonable; and
- reviews the Investment Manager's valuation assumptions to ensure that such assumptions are reasonable and to ensure that the valuations are consistent with such assumptions.

The Committee reviews the independent reports and the Investment Manager's valuation assumptions prior to the publication of the Company's annual and interim reports. In carrying out the review of the valuations included in this report, the Board visited the Investment Manager in May 2016, to review and discuss, in detail, the valuation sources and process. The results of these activities were satisfactory and the Committee has concluded that the investment valuations in this report are fairly stated in accordance with the Company's accounting policies.

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

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

ACTIVITIES CONTINUED

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

The Auditor, KPMG Channel Islands Limited ("KPMG") presents its audit plan to the Committee prior to each such audit. KPMG provided the Committee with an overview of their audit strategy and plan for the year ending 31 July 2016 at a meeting in June 2016. KPMG advised that it considered the valuation of investments to be a significant audit risk due to the risks inherent in this area, as in previous years.

KPMG has been the Company's Auditor since 2006, first auditing the annual report for the period ended 31 July 2007, and therefore the audit of this annual report is its tenth audit of the Company. The Company benefits from this service continuity as KPMG is able to utilise staff with detailed knowledge of the Company's investment portfolio and its operations. While such staff continuity is beneficial to the Company, the Committee has noted, as reported in previous years, the developments concerning the rotation of audit firms and audit tendering promulgated by the UK's FRC and the European Union. Since these developments are not directly applicable to the Company, and considering the benefits highlighted earlier in this paragraph and the fact that the Committee's assessment of KPMG found their performance to be satisfactory, the Committee decided not to recommend a tender for the current audit of the Company. However, the Committee will continue to monitor the position, the quality of KPMG's audit and the standard of its performance and will consider whether or not to tender the Company's audit during the year ending 31 July 2017.

The Committee and KPMG work together to ensure that the independence and objectivity of the Auditor is maintained. In its formal communications with the Committee, KPMG confirms its compliance with all applicable independence and ethical requirements, including, among other things, ensuring periodic rotation of the lead audit director, who is subject to rotation after five years of service. It is noted that a new lead audit director was appointed for the audit of the 2015 annual report. The Committee has formally reviewed this confirmation, which includes a summary of KPMG's controls to ensure compliance with professional and regulatory standards on independence, and has also noted the level and nature of non-audit services provided during the year. The Committee has concluded from this review, and in the light of its knowledge and experience gained through the actual performance of KPMG's work, that the Auditor remains independent and objective. Details of the fees paid to KPMG for its services are set out in Note 9 on page 36.

When the Auditor is engaged to perform non-audit related work, the Committee safeguards the Auditor's objectivity and independence by ensuring that the staff members who perform such work are separate from the staff members who perform the audit. Where it is considered to be necessary, this is achieved by engaging staff from a different office to that of the audit staff. In addition, the Committee considers non-audit fees and services when assessing the independence of the Auditor.

The Committee assessed KPMG's performance based upon the following factors, amongst others: KPMG's demonstration of knowledge of the Company and its investment portfolio; KPMG's demonstration of experience of auditing similar investment entities; the expertise and qualifications of the personnel assigned to the audit; KPMG's demonstration of independence and integrity during its conduct of the audit; and KPMG's communications to the Committee. The Committee has concluded that KPMG's performance continues to be highly satisfactory.

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

STEPHEN LE PAGE
CHAIRMAN OF THE AUDIT COMMITTEE
28 OCTOBER 2016

DIRECTORS' REMUNERATION REPORT

Each of Mr Harrison, Mr Le Page, Mr Meader, Ms Musselbrook and Mr Varotsis has signed a letter of appointment with the Company setting out the terms of their appointment. Under the terms of these letters the Chairman is entitled to receive an annual fee of €120,000. Each of the other Directors is entitled to receive an annual fee of €60,000, plus an additional fee of €10,000 per meeting for each of the first four meetings of the Board attended in person by such Director in any calendar year. Such fees are payable quarterly in arrears.

Each Director receives 30% of his or her Director's fee in the form of newly issued shares at a share price equal to the average per share closing price of the shares on Euronext Amsterdam over the 60 consecutive Euronext Amsterdam trading days preceding the date of issuance. The Directors are obliged to retain those shares for a period of no less than six months from their respective dates of issuance.

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

The total amounts of Directors' remuneration for the financial year ended 31 July 2016 are shown in the table below. Differences between the remuneration levels of individual Directors other than the Chairman may arise during any financial year due to the timing of when Directors attend meetings in each calendar year and the difference between the calendar year and the Company's financial year, which ends on 31 July.

Director	Cash €	Shares €	Total €
J Gilligan (resigned 23 November 2015)	26,250	11,250	37,500
G Harrison (appointed 20 October 2015)	74,870	32,087	106,957
S Le Page	70,000	30,000	100,000
P Meader	70,175	30,002	100,177
J Musselbrook	77,000	33,000	110,000
P Varotsis	70,000	30,000	100,000
Total Directors' remuneration	388,295	166,339	554,634

The share element of the Directors' remuneration, amounting to €166,339, was issued as follows:

Director	Shares issued during the year	Shares issued after the year end	Total
J Gilligan (resigned 23 November 2015)	1,630	—	1,630
G Harrison (appointed 20 October 2015)	3,414	1,544	4,958
S Le Page	3,078	1,544	4,622
P Meader	3,302	1,324	4,626
J Musselbrook	3,505	1,544	5,049
P Varotsis	3,009	1,544	4,553
Total	17,938	7,500	25,438

The current Directors continue to hold these shares and no disposals of shares have been made by them to date.

All remuneration of the Directors is set out above. There was no performance related compensation.

None of the Directors is subject to a service contract under which any compensation would be payable upon loss of office.

PAUL VAROTSIS
CHAIRMAN OF THE REMUNERATION COMMITTEE
28 OCTOBER 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE FINANCIAL STATEMENTS

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

The Companies (Guernsey) Law, 2008 (as amended) requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008 (as amended). They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

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

PAUL MEADER
CHAIRMAN
28 OCTOBER 2016

STEPHEN LE PAGE
CHAIRMAN OF THE AUDIT COMMITTEE

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VOLTA FINANCE LIMITED

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

OPINION ON FINANCIAL STATEMENTS

We have audited the financial statements (the "financial statements") of Volta Finance Limited (the "Company") for the year ended 31 July 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Shareholders' Equity, the Statement of Cash Flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as issued by the IASB. In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2016 and of its total comprehensive income for the year ended;
- have been properly prepared in accordance with International Financial Reporting Standards as issued by the IASB; and
- comply with the Companies (Guernsey) Law, 2008.

OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

The risks of material misstatement detailed in this section of this report are those risks that we have deemed, in our professional judgement, to have had the greatest effect on: the overall audit strategy; the allocation of resources in our audit; and directing the efforts of the engagement team. Our audit procedures relating to these risks were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of these risks, and we do not express an opinion on these individual risks.

In arriving at our audit opinion above on the financial statements, the risk of material misstatement that had the greatest effect on our audit was as follows:

VALUATION OF INVESTMENTS (€324,141,161 OR 112% OF NET ASSET VALUE)

Refer to the Audit Committee report on page 20, Note 2e (Basis of preparation – Use of estimates and judgements), Note 3b (Significant accounting policies – Financial instruments), Note 4 (Determination of fair values), and Note 21 (Financial risk management).

- The risk – The Company invests in a portfolio primarily comprised of four main asset classes – collateralised loan obligations ("CLO"), synthetic corporate credit securities ("SCC"), cash corporate credit securities ("CCC") and asset-backed securities ("ABS"), with exposure to both European and US credit markets. The fair values of these investments are based on price quotes obtained by the Company's Investment Manager from arranging banks, other market participants, or independent pricing providers (the 'Price Quotes'), models generated by the Investment Manager (the 'Internally Generated Models') or Net Asset Values of the Company's holdings in other funds from the third party administrator of such funds (the 'NAV') (81%, 8%, and 11%, respectively). Price Quotes are indicative and may not represent prices traded in an active market. Investments priced using Internally Generated Models are determined using valuation techniques such as a discounted cash flow model approach or with reference to prices of comparable instruments. For investments fair valued at Price Quotes and Internally Generated Models, the Company engages the services of independent third parties to review the reasonableness of the fair values and key inputs/ assumptions used to determine the fair value of these investments. The valuation of the Company's investments is considered a significant area of our audit, given that it represents the majority of the net assets of the Company and in view of the significance of estimates and judgements that may be involved in the determination of fair value.
- Our response – Our audit procedures with respect to the Company's investments included, but were not limited to, testing of the design and implementation of the Investment Manager's controls in relation to the valuation of investments, evaluating the prices provided by arranging banks, other market participants, or independent pricing providers and, where relevant, assessing the appropriateness of valuation techniques adopted and inputs used.

  For investments fair valued using Price Quotes, we used our own Valuation Specialist to assist us with the assessment of the quality and integrity of the price quotes provided by the arranging banks, other market participants, or independent pricing providers, through a combination of independent comparison to available price quotes from independent sources, benchmarking to similar instruments, or applying a discounted cash flow model using contractual terms and market data.

  For investments priced using Internally Generated Models, on a sample basis, our own Valuation Specialist considered the nature of the investment and their knowledge of market practice for the valuation of such an investment to assess the appropriateness of the valuation technique adopted. Further, on a sample basis, our Valuation Specialist compared the key inputs and assumptions, such as collateral performance, default rates, prepayment rates, discount rates and market interest rates used in the Internally Generated Models to market data sources and formed an independent valuation.

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

  We also considered the Company's disclosures (see Note 2e) in relation to the use of estimates and judgements in determining the fair value of investments and the Company's investment valuation policies and fair value disclosures (see Notes 3b, 4 and 21) for compliance with International Financial Reporting Standards as issued by the IASB.

OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Materiality is a term used to describe the acceptable level of precision in financial statements. Auditing standards describe a misstatement or an omission as "material" if it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The auditor has to apply judgement in identifying whether a misstatement or omission is material and to do so the auditor identifies a monetary amount as "materiality for the financial statements as a whole".

The materiality for the financial statements as a whole was set at €5,400,000. This has been calculated using a benchmark of the Company's net asset value (of which it represents approximately 2%).

We agreed with the Audit Committee to report to it all corrected and uncorrected misstatements we identified through our audit with a value in excess of €270,000, in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

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

Whilst the audit process is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather we plan the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant depth of work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the Responsible Individual, to subjective areas of the accounting and reporting process.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

DISCLOSURES OF PRINCIPAL RISKS

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

- the directors' Viability Statement on pages 10 and 11, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the Company continuing in operation over the three years to July 2019; or
- the disclosures in Note 2 of the financial statements concerning the use of the going concern basis of accounting.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under International Standards on Auditing (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

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

Under the Companies (Guernsey) Law, 2008, we are required to report to you if, in our opinion:

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

Under the Listing Rules we are required to review the part of the Corporate governance report on pages 16 to 19 relating to the Company's compliance with the eleven provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF VOLTA FINANCE LIMITED

SCOPE OF REPORT AND RESPONSIBILITIES

THE PURPOSE OF THIS REPORT AND RESTRICTIONS ON ITS USE BY PERSONS OTHER THAN THE COMPANY'S MEMBERS AS A BODY

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Statement of Directors' Responsibilities set out on page 23, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and ISAs (UK and Ireland). Those standards require us to comply with the UK Ethical Standards for Auditors.

STEVEN D STORMONTH
FOR AND ON BEHALF OF KPMG CHANNEL ISLANDS LIMITED
CHARTERED ACCOUNTANTS AND RECOGNISED AUDITORS
GLATEGNY COURT
GLATEGNY ESPLANADE
ST PETER PORT
GUERNSEY
GY1 1WR
28 OCTOBER 2016

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2016

	Notes	1 August 2015 to 31 July 2016 €	1 August 2014 to 31 July 2015 €
Operating income and financing charges			
Net gain on financial assets at fair value through profit or loss		**18,879,822**	67,205,372
Net foreign exchange gain/(loss), including net gain/(loss) on foreign exchange derivatives, but excluding net foreign exchange gains on financial assets at fair value through profit or loss		**291,456**	(8,176,915)
Net gain on interest rate derivatives		—	21,807
Interest expense on repurchase agreement	13	**(869,805)**	(202,599)
Net bank interest expense and charges		**(97,878)**	(15,491)
		18,203,595	58,832,174
Operating expenditure			
Investment Management Fees	22	**(4,124,762)**	(3,860,378)
Investment Manager Performance Fees	22	—	(4,973,769)
Directors' remuneration and expenses	7	**(572,277)**	(547,671)
Legal fees		**(54,132)**	(120,376)
Company secretarial, administration and accountancy fees	8	**(284,151)**	(301,790)
Audit, audit related and non-audit related fees	9	**(157,651)**	(182,772)
Insurance		**(47,572)**	(61,856)
Custodian fees		**(124,793)**	(60,842)
Portfolio valuation and administration fees		**(18,706)**	(26,042)
Non-recurring costs: London listing expenses		—	(849,076)
Other operating expenses		**(234,639)**	(210,662)
		(5,618,683)	(11,195,234)
Profit and total comprehensive income for the year		**12,584,912**	47,636,940
Earnings per share			
Basic and diluted earnings per share	11	**€0.3446**	€1.3053

		Number of shares	Number of shares
Weighted average number of shares outstanding			
Basic and diluted	11	**36,518,575**	36,495,380

OTHER COMPREHENSIVE INCOME

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

The Notes on pages 31 to 53 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2016

	Notes	31 July 2016 €	31 July 2015 €
ASSETS			
Current assets			
Financial assets at fair value through profit or loss	12	**324,141,161**	307,310,444
Derivatives	14	**1,236,789**	—
Cash and cash equivalents		**10,925,201**	38,133,120
Trade and other receivables	15	**4,962,796**	387,689
TOTAL ASSETS		**341,265,947**	345,831,253
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17	—	—
Share premium	18	**33,989,102**	33,840,763
Warrants	19	**1,410,000**	1,410,000
Other distributable reserves	20	**146,252,956**	168,894,228
Accumulated gain	20	**107,628,039**	95,043,127
TOTAL SHAREHOLDERS' EQUITY		**289,280,097**	299,188,118
LIABILITIES			
Current liabilities			
Loan financing received under repurchase agreement	13	**40,275,000**	27,312,000
Interest payable on loan financing	13	**114,960**	66,428
Derivatives	14	—	253,577
Trade and other payables	16	**11,595,890**	19,011,130
TOTAL LIABILITIES		**51,985,850**	46,643,135
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**341,265,947**	345,831,253
NAV per share outstanding			
Basic and diluted		**€7.9215**	€8.1956

These financial statements on pages 27 to 53 were approved by the Board of Directors on 28 October 2016 and were signed on its behalf by:

PAUL MEADER
CHAIRMAN

STEPHEN LE PAGE
CHAIRMAN OF THE AUDIT COMMITTEE

The Notes on pages 31 to 53 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 JULY 2016

	Notes	Share premium €	Warrants €	Other distributable reserves €	Accumulated gain €	Total €
Balance at 31 July 2014		33,676,690	1,410,000	191,155,819	47,406,187	273,648,696
Total comprehensive income for the year		—	—	—	47,636,940	47,636,940
Issue of Ordinary Shares to Directors	17, 18	164,073	—	—	—	164,073
Dividends paid in cash	10, 20	—	—	(22,261,591)	—	(22,261,591)
Balance at 31 July 2015		33,840,763	1,410,000	168,894,228	95,043,127	299,188,118
Total comprehensive income for the year		—	—	—	12,584,912	12,584,912
Issue of Ordinary Shares to Directors	17, 18	148,339	—	—	—	148,339
Dividends paid in cash	10, 20	—	—	(22,641,272)	—	(22,641,272)
Balance at 31 July 2016		**33,989,102**	**1,410,000**	**146,252,956**	**107,628,039**	**289,280,097**

The Notes on pages 31 to 53 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2016

	Notes	1 August 2015 to 31 July 2016 €	1 August 2014 to 31 July 2015 €
Cash flows used in operating activities			
Total comprehensive income for the year		**12,584,912**	47,636,940
Adjustments for:			
Net gain on financial assets at fair value through profit or loss		**(18,879,822)**	(67,205,372)
Net movement in unrealised (gain)/loss on revaluation of derivatives		**(1,490,366)**	83,250
Interest expense on repurchase agreement		**869,805**	202,599
Foreign exchange loss on retranslation of repurchase agreement		**(321,305)**	(874,032)
Decrease/(Increase) in trade and other receivables		**27,921**	(29,933)
(Decrease)/Increase in trade and other payables, excluding amounts due to brokers		**(1,484,469)**	2,008,512
Directors' fees paid in the form of shares		**148,339**	164,073
Net cash used in operating activities		**(8,544,985)**	(18,013,963)
Cash flows (used in)/from investing activities			
Coupons and dividends received		**33,625,242**	33,341,505
Purchase of financial assets at fair value through profit or loss		**(127,048,412)**	(99,332,202)
Proceeds from sales and redemptions of financial assets at fair value through profit or loss		**84,938,476**	96,884,306
Net cash (used in)/from investing activities		**(8,484,694)**	30,893,609
Cash flows (used in)/from financing activities			
Dividends paid		**(22,641,272)**	(22,261,591)
Proceeds from loan financing under repurchase agreement		**13,284,305**	28,186,032
Interest paid on repurchase agreement		**(821,273)**	(136,171)
Net cash (used in)/from financing activities		**(10,178,240)**	5,788,270
Net increase in cash and cash equivalents		**(27,207,919)**	18,667,916
Cash and cash equivalents at the beginning of the year		**38,133,120**	19,465,204
Cash and cash equivalents at the end of the year		**10,925,201**	38,133,120

The Notes on pages 31 to 53 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2016

1. REPORTING ENTITY

Information regarding the Company and its activities is provided in the Corporate Summary on page 54.

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

2. BASIS OF PREPARATION

A) STATEMENT OF GOING CONCERN

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

B) STATEMENT OF COMPLIANCE

The financial statements, which give a true and fair view, have been 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") and are in compliance with the Companies (Guernsey) Law, 2008 (as amended).

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 year 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 year 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.

Non-mandatory New Accounting Requirements not yet adopted

The Company has not early adopted any New Accounting Requirements that are not mandatory except for IFRS 9, as disclosed in the financial statements for the year ended 31 July 2014. All other non-mandatory New Accounting Requirements are either not yet permitted to be adopted, or would have no material effect on the reported performance, financial position or disclosures of the Company and consequently have neither been adopted nor listed.

C) 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.

D) 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.

E) 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 21 – Financial risk management.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2016

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

A) FOREIGN CURRENCIES

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

Foreign currency exchange differences arising on retranslation of monetary items are recognised in the income statement under the heading of "Net foreign exchange (loss)/gain, including net (loss)/gain on foreign exchange derivatives, but excluding net foreign exchange gains on investments".

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

B) FINANCIAL INSTRUMENTS

Recognition

Financial assets and financial liabilities are initially recognised in the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of a given instrument. Routine purchases and sales of financial instruments are recognised on the trade date. Gains and losses are recognised from that date.

Derecognition

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

Classification and measurement

The Company classifies its financial assets and financial liabilities into categories in accordance with IFRS 9.

Financial assets at fair value through profit or loss

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

Derivative financial instruments – financial assets and financial liabilities at fair value through profit or loss

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

Loan financing received under repurchase agreement

The Company entered into a repurchase agreement ("Repo") with Société Générale ("SG") during the previous financial year under the terms of which SG provided the Company with finance secured against a portfolio of USD CLO Debt securities. The scheduled repayment date is 18 March 2020. However, the Repo may be terminated by either party with repayment becoming due within one year. The finance proceeds received are classified as a financial liability at amortised cost and presented within current liabilities.

Collateral delivered under repurchase agreement

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

3. SIGNIFICANT ACCOUNTING POLICIES CONTINUED

C) SHARE CAPITAL

Ordinary Shares, Class B Ordinary Share and Class C Ordinary Shares (together the "Ordinary Shares")

The Company's Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary Shares and share options are recognised as a deduction in equity and are charged to the share premium account. The initial set-up costs of the Company were charged to the share premium account.

D) NET GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

Interest income is recognised on the due date of such income. Dividend income is recognised in the income statement on the date the Company's right to receive payments is established, which is usually the ex-dividend date.

E) EARNINGS PER SHARE

The Company presents basic and diluted earnings per share ("EPS") data for its Ordinary Shares. Basic EPS is calculated by dividing the profit or loss attributable to Ordinary Shareholders by the weighted average number of Ordinary Shares outstanding during the period. The diluted EPS is calculated by adjusting the profit or loss attributable to Ordinary Shareholders for the effects of all dilutive potential Ordinary Shares, which comprise the warrants issued to the Investment Manager. For further details, please see Note 11.

F) TAXATION

The Company is classified as exempt for taxation purposes under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (as amended) and as such incurs a flat fee (presently GBP 1,200 per annum). No other taxes were incurred in Guernsey during the period.

G) DIVIDENDS PAYABLE

Dividends payable on the Company's shares are recognised in the Statement of Changes in Shareholders' Equity when declared by the Directors or, where applicable, when approved by the Shareholders. During the financial year, the Directors considered payment of a dividend on a semi-annual basis (and since the reporting date on a quarterly basis), having regard to various considerations, including the financial position of the Company. The payment of any dividend by the Company is subject to the satisfaction of a solvency test as required by the Companies (Guernsey) Law, 2008 (as amended).

H) OFFSETTING

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

I) SEGMENT REPORTING

The Board has considered the requirements of IFRS 8 – "Operating Segments". The Company has entered into an Investment Management Agreement with the Investment Manager under which the Investment Manager is responsible for the management of the Company's investment portfolio, subject to the overall supervision of the Directors. Subject to its terms and conditions, the Investment Management Agreement requires the Investment Manager to manage the Company's investment portfolio in accordance with the Company's investment guidelines as in effect from time to time and as published on the legal and financial information section of the Company's website in the document entitled "Information to be disclosed to investors in relation to the AIFM Directive".

The Board has delegated the day-to-day implementation of the Company's investment strategy to its Investment Manager, giving the Investment Manager full authority to act on behalf of the Company in its capacity as Investment Manager, including the authority to purchase and sell securities and other investments and to carry out other actions as appropriate to give effect thereto. However, the Board retains full responsibility to ensure that the Investment Manager adheres to its mandate and may also modify the definition of what constitutes a Target Asset Class from time to time, provided that the cash flows from Underlying Assets directly or indirectly supporting any new Target Asset Class are derived principally from Underlying Assets. Moreover, the Board is fully responsible for the appointment and/or removal of the Investment Manager. 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.

J) SHARE-BASED PAYMENT TRANSACTIONS

Directors receive 30% of their fees in respect of any period in the form of newly issued shares. The share-based payment awards vest immediately as the Directors are not required to satisfy a specified vesting period before becoming unconditionally entitled to the instruments granted. The fair value of equity-settled share-based payment awards is based on the average closing share price for the 60 Euronext Amsterdam trading days preceding the date of issuance. These are recognised as a Directors' fee, with a corresponding increase in equity.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2016

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.

All CLO Debt securities are valued using prices obtained from an independent pricing source, Pricing Direct. This represents a change in valuation methodology from the methodology previously used and was adopted for valuing Volta's CLO Debt securities in the Estimated NAVs and financial reports from February 2016 onwards. As at 31 July 2015 and until January 2016, all CLO Debt securities were valued on the basis of non-binding quoted prices received on a monthly basis from the arranging bank or other market participants. The prices obtained from Pricing Direct are derived from observed traded prices where these are available, but may be based upon non-binding quoted prices received by Pricing Direct from arranging banks or other market participants, or a combination thereof, where observed traded prices are unavailable. The valuation methodology applied to all of the Company's other financial assets is as follows: where market prices are available from a third party in a liquid market, financial assets are valued monthly on the basis of such market prices; where such market prices are not available, financial assets are valued monthly on a mark-to-model basis. The majority of the Company's portfolio (excluding its CLO Debt securities) is valued on the basis of non-binding quoted prices received on a monthly basis from the arranging bank or other market participants.

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

The Investment Manager reviews the market prices received from third parties for reasonableness against its own valuation models and may adjust 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.

Fund investments are valued using the NAV provided by the underlying fund administrator. 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 the majority of the Company's investment portfolio as at 31 July 2016 and have concluded that they were fair and reasonable.

Volta's policy is to publish its Estimated NAV on as timely a basis as possible in order to provide Shareholders with appropriately up-to-date NAV information. As at the date of publication of its Estimated NAV as at 31 July 2016, approximately 12.6% of Volta's Estimated NAV comprised investments in funds for which the relevant NAVs as at the month-end date were not yet available. Subsequent to the Estimated NAV publication date, up-to-date NAV information was received for all fund investments. Consequently, such investments in funds are valued in the Statement of Financial Position using the up-to-date NAV for each fund. It should be noted that one of Volta's fund investments (Crescent European Speciality Lending Fund, representing 0.8% of Volta's NAV) provides NAV information only on a calendar quarter basis. Consequently, as at 31 July 2016, the valuation of this investment was based upon the underlying fund NAV as at 30 June 2016.

4. DETERMINATION OF FAIR VALUES CONTINUED

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

Asset	**% of NAV as at 31 July 2016**	% of NAV as at 31 July 2015	Valuation methodology
ABS Residual – (ALBA 2006-2; SANCF*)	**3.4%**	5.3%	Discounted projected cash flow model-based valuation using a discount rate of 8% (2015: 8%) for Alba 2006-2 and 11% for SANCF (2015: n/a). Alba 2006-1 and Alba 2007-1 were sold during the year.
CCC Equity – (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%).
SCC BBS – (ROOF RBCZ 2015*; Premium Green Series 2015-8*; Start X CLO*)	**3.9%**	—	Discounted projected cash flow model-based valuation using discount rates within a range of 8% to 12%, constant default rates within a range of 0.5% to 1.1%, prepayment rates within a range of 10% to 20% and recovery rates within a range of 56% to 60%.
Investments in funds – (Bank Deleveraging Opportunity Fund; St Bernard Opportunity Fund; Tennenbaum Opportunities Fund V; Bank Capital Opportunity Fund; and Crescent European Speciality Lending Fund)	**12.6%**	11.7%	Valued using the NAV provided by the underlying fund administrators.
Recently purchased assets – (Jubilee 2016-17 subordinated notes; Babson 2016-2 subordinated notes; Fintake European Leasing DAC)	**3.2%**	5.0%	Being purchased either within less than one month of the relevant reporting date, or being purchased within less than six months of the relevant reporting date and being still within the ramp-up phase (i.e. not yet fully invested), these assets were valued at cost.
Total as a percentage of NAV	**23.7%**	22.6%	

* The investments in SANCF, ROOF RBCZ 2015, Premium Green Series 2015-8 and Start X CLO are valued at the lower of the result from the discounted projected cash flow and par value plus accrued interest.

5. PUBLISHED ESTIMATED NAV RECONCILIATION

The key measure used by the Board to assess the Company's performance is the monthly 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 the Company's portfolio revalued to the month-end fair value, as adjusted for any amounts due to/from brokers; all of the Company'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 deductions for the liability due under the Repo and any accrued interest thereon and also excludes the deduction for the liability due to the Investment Manager. 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 July 2016 and that contained in these financial statements.

	31 July 2016 €
Published Estimated NAV as at 31 July 2016	**287,446,220**
Adjustments:	
– Cash balances held at RBSI	**273,133**
– Prepayments of operating expenses	**35,850**
– Accruals for expenses not taken into account in the published Estimated NAV	**(535,073)**
– Amendments to prices used in the published Estimated NAV	**1,852,367**
– Adjustments to valuations of funds to use the up-to-date underlying NAVs as at 31 July 2016*	**207,600**
NAV per Statement of Financial Position at 31 July 2016	**289,280,097**

* As at 31 July 2016, approximately 12.6% 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 July 2016, the most recently available fund NAVs for underlying fund investments were as at 30 June 2016 for 11.8% of Volta's Estimated NAV and as at 31 March 2016 for 0.8% of Volta's Estimated NAV.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2016

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 Manager. 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.

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 July 2016 €	1 August 2014 to 31 July 2015 €
Directors' fees (cash element)	**388,295**	373,073
Directors' fees (equity element, settled during the year)	**115,339**	126,890
Directors' fees (equity element, settled after the year-end)	**51,000**	33,000
Directors' expenses	**17,643**	14,708
	572,277	547,671

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 GBP 220,000 for the year ended 31 July 2016 (2015: GBP 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 prior years.

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

The audit fee for the financial year ended 31 July 2016 was €104,711 (2015: €128,007). Other than the interim review completed at a fee of €44,949 and professional tax services provided at a fee of €1,047, the fees for other non-audit services provided to the Company by the Auditor or its affiliates during the year were €6,944.

10. DIVIDENDS

The following dividends have been proposed and/or paid during the year ended 31 July 2016 and during the prior year:

	Dividend per share €
Quarterly dividend to be paid on 22 December 2016	**0.16**
Quarterly dividend (paid 27 September 2016)	0.15
Dividend for the semi-annual period ended 31 January 2016 (paid 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

On 12 August 2016, the Company announced that it had changed the expected frequency of its dividend distributions from semi-annual to quarterly and, as a result, the Company intends to make dividend distributions in March, June, September and December of each calendar year. The Directors consider recommendation of a dividend having regard to various considerations, including the financial position of the Company and the solvency test as required by the Companies (Guernsey) Law, 2008 (as amended). Subject to compliance with Section 304 of that law, the Board may at any time declare and pay dividends.

11. EARNINGS PER SHARE ("EPS")

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

	1 August 2015 to 31 July 2016 €	1 August 2014 to 31 July 2015 €
Profit for the purposes of basic EPS being net profit attributable to equity holders	**12,584,912**	47,636,940

	Number	Number
Weighted average number of Ordinary Shares for the purposes of basic EPS	**36,518,575**	36,495,380
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	**36,518,575**	36,495,380

The average market price, based on closing prices quoted on Euronext Amsterdam, for one Ordinary Share during the year ended 31 July 2016 was €6.58 (2015: €6.72).

12. 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.

	1 August 2015 to 31 July 2016 €	1 August 2014 to 31 July 2015 €
Fair value brought forward	**307,310,444**	256,293,502
Purchases	**121,117,641**	114,361,324
Sale and redemption proceeds received	**(88,468,894)**	(96,884,306)
Realised and unrealised movement in fair value, including accrued income and dividends receivable that are included in the investment fair values	**(15,818,030)**	33,539,924
Fair value carried forward	**324,141,161**	307,310,444

Investments subject to restrictions due to being pledged as security under the repurchase agreement, as further detailed in Note 13 below.

	31 July 2016 €	31 July 2015 €
Pledged assets	**77,137,130**	47,408,091
Unpledged assets	**247,004,031**	259,902,353
Fair value carried forward	**324,141,161**	307,310,444

13. LOAN FINANCING RECEIVED UNDER REPURCHASE AGREEMENT

	31 July 2016 €	31 July 2015 €
Loan financing received under repurchase agreement ("Repo")	**40,275,000**	27,312,000

The Company has entered into a Repo under the terms of which the counterparty Société Générale ("SG") provided the Company with finance through the purchase of a portfolio of USD CLO Debt securities which are subject to repurchase every quarter. Interest is payable on amounts drawn under the Repo at the relevant three-month USD Libor rate plus a margin of 1.70%. The Company initially drew down USD 30.0 million on 16 March 2015 and drew down a further USD 15.0 million on 18 September 2015. The proceeds from the Repo were principally used to purchase further USD CLO Debt securities.

As at 31 July 2016, the purchased securities and additional collateral comprised USD CLO Debt securities with an aggregate market value of USD 86.2 million (EUR 77.1 million). As at 31 July 2015, the collateral comprised USD CLO Debt securities with an aggregate market value of USD 52.1 million (EUR 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 incurred under the Repo during the financial year totalled €869,805 (31 July 2015: €202,599) and accrued unpaid interest under the Repo as at 31 July 2016 was €114,960 (31 July 2015: €66,428).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2016

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

	31 July 2016 €	31 July 2015 €
Revaluation of foreign exchange forward and option positions:		
– Citibank	**478,432**	(1,173,577)
– Merrill Lynch	**(39,380)**	—
– Crédit Agricole	**307,737**	—
Net margin amount paid as at the year end:		
– Citibank	**490,000**	920,000
Net carrying value of derivative positions	**1,236,789**	(253,577)

15. TRADE AND OTHER RECEIVABLES

	31 July 2016 €	31 July 2015 €
Prepayments and other receivables	**35,825**	63,746
Interest receivable	**1,396,553**	323,943
Amounts due from brokers	**3,530,418**	—
	4,962,796	387,689

16. TRADE AND OTHER PAYABLES

	31 July 2016 €	31 July 2015 €
Investment Management Fees	**1,934,696**	1,830,659
Investment Manager Performance Fees	—	1,594,538
Directors' fees (cash payable)	**119,000**	77,000
Directors' fees (shares payable)	**51,000**	33,000
Amounts due to brokers	**9,098,350**	15,029,121
Accrued expenses and other payables	**392,844**	446,812
	11,595,890	19,011,130

17. SHARE CAPITAL

AUTHORISED

	31 July 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. Each class of share ranks pari passu with each other with respect to participation in the profits and losses of the Company.

The Class B Share is identical in all respects to the Company's Ordinary Shares, except that it 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. Class C Shares were previously issued to the Investment Manager in respect of 50% of any Performance Fees payable under the terms of the Investment Management Agreement that was effective until 31 July 2014. All of the Class C Shares that were previously issued have been converted to Ordinary Shares upon sale by the Investment Manager to a party unaffiliated with the Investment Manager. Consequently, no Class C Shares are currently in issue, with the final remaining Class C Shares being converted into Ordinary Shares on 3 May 2016. There is currently no mechanism by which any Class C Shares will ever be issued in the future as any Performance Fees are payable entirely in the form of cash under the terms of the Investment Management Agreement that is currently effective.

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 year	24,813	—	—	24,813	—
Conversion of Class C Shares to Ordinary Shares	689,015	—	(689,015)	—	—
Balance at 31 July 2015	36,001,342	1	504,717	36,506,060	3,000,000
Issued to Directors during the year	22,489	—	—	22,489	—
Conversion of Class C Shares to Ordinary Shares	504,717	—	(504,717)	—	—
Balance at 31 July 2016	**36,528,548**	**1**	**—**	**36,528,549**	**3,000,000**

As at 31 July 2016, an aggregate amount of 466,234 (31 July 2015: 443,745) Ordinary Shares had been issued to the Directors on a quarterly basis in respect of 30% of their fees, of which 22,489 were issued during the year; these shares were issued to the Directors in respect of their fees during the year at €7.03, €6.43, €6.04 and €6.80 per share. The remaining 504,717 Class C Shares were converted into Ordinary Shares by the Investment Manager upon sale to an independent third party during the year.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2016

18. 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 year	164,073	—	—	164,073
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 year	148,339	—	—	148,339
Conversion of Class C Shares to Ordinary Shares	3,228,825	—	(3,228,825)	—
Balance at 31 July 2016	**33,989,102**	—	—	**33,989,102**

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.

19. WARRANTS

	31 July 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 year end	**€6.83**	€7.34
Theoretical value per warrant if exercised at year 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.

20. RESERVES

	Accumulated gain €	Other distributable reserves €
As at 31 July 2014	47,406,187	191,155,819
Total comprehensive income for the year	47,636,940	—
Scrip dividends paid	—	—
Dividends paid in cash	—	(22,261,591)
As at 31 July 2015	95,043,127	168,894,228
Total comprehensive income for the year	12,584,912	—
Scrip dividends paid	—	—
Dividends paid in cash	—	(22,641,272)
As at 31 July 2016	**107,628,039**	**146,252,956**

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 the law prevailing at that time and the Company's Articles. However, the Companies (Guernsey) Law, 2008 (as amended) became effective from 1 July 2008. Under this law, dividends may now be paid from any source, provided that a company satisfies the relevant solvency test as prescribed under the law and the Directors make the appropriate solvency declaration.

21. FINANCIAL RISK MANAGEMENT

The Board of Directors has established a Risk Committee to which it has delegated its responsibilities for reviewing and monitoring the effectiveness of the Company's risk management and internal control procedures pertaining to the investment portfolio. Nevertheless, the Board retains overall responsibility for the Risk Committee's activities and for the establishment and oversight of the Company's risk management framework. The Risk Committee's responsibilities and activities are described in the Risk Committee report on page 12.

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 insofar as is feasible. 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. 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;
- 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2016

21. FINANCIAL RISK MANAGEMENT CONTINUED

FAIR VALUE ESTIMATION CONTINUED

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

	31 July 2016			
	Level 1 €	**Level 2 €**	**Level 3 €**	**Total €**
Financial assets at fair value through profit or loss:				
– Securities	—	—	**324,141,161**	**324,141,161**
Financial assets at fair value through profit or loss:				
– Derivatives	—	**1,236,789**	—	**1,236,789**
	—	**1,236,789**	**324,141,161**	**325,377,950**

	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 assets 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. The Company has used prices from an independent pricing source, Pricing Direct, for all CLO Debt securities. The Company has used prices from market participants supported by valuation models developed by the Investment Manager for the majority of the remainder of the Company's investments, whilst fund investments are valued using the NAV provided by the underlying fund administrator and the Company has used a mark-to-model approach for the remaining investments to derive their fair value (see Note 4). The sources of these fair values are not considered to be publicly available information. Foreign exchange derivatives (open option positions and open foreign exchange swaps) are included within Level 2 as their prices are not publicly available but are derived from information that is publicly available.

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

	Fair value as at 1 August 2015 €	Purchases €	Sale and redemption proceeds €	Gains on sales €	Unrealised movement in fair value €	**Fair value as at 31 July 2016 €**
CLO – USD Equity	54,486,690	4,004,098	(12,124,536)	348,985	(9,549,685)	**37,165,552**
CLO – EUR Equity	16,263,932	21,157,200	(103,816)	—	(1,705,079)	**35,612,237**
CLO – USD Debt	122,354,690	41,037,138	(21,798,683)	(433,576)	(4,031,579)	**137,127,990**
CLO – EUR Debt	46,717,399	12,100,027	(20,745,459)	(208,381)	(2,073,316)	**35,790,270**
CLO Warehouse	—	15,500,000	(15,500,000)	—	—	**—**
SCC BBS	31,231,444	14,945,182	(3,140,543)	156,682	(1,674,845)	**41,517,920**
CCC Equity	11,878,842	787,527	(3,803,341)	—	1,583,000	**10,446,028**
CCC Debt	4,076,771	—	—	—	(58,569)	**4,018,202**
ABS Residual	15,822,312	6,424,000	(11,252,516)	2,859,133	(838,945)	**13,013,984**
ABS Debt	4,478,364	5,162,469	—	—	(191,855)	**9,448,978**
	307,310,444	121,117,641	(88,468,894)	2,722,843	(18,540,873)	**324,141,161**

21. FINANCIAL RISK MANAGEMENT CONTINUED

FAIR VALUE ESTIMATION CONTINUED

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 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	30,156,981	(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	114,361,324	(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 table above relates to investments held as at 31 July 2016 and 31 July 2015.

SENSITIVITY ANALYSIS

In the opinion of the Directors, the following analysis gives an approximation of the sensitivity of the different asset classes to market risk as at 31 July 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 quoted prices received from arranging banks or other market participants, or on a NAV provided by the underlying fund administrator, the sensitivity analyses are not necessarily based upon the assumptions used by such sources as these are not made available to the Company, as explained in Note 4.

The sensitivity of the fair values of most of the assets held by the Company to the traditional risk variables are not the most relevant in the current environment. For example, the sensitivity to interest rates is interdependent with other, more significant, market variables. This analysis reflects the sensitivity to some of the most relevant determinants of the risks associated with each asset class. While every effort has been made to assess the pertinent risk factors, there is no assurance that all the risk factors have been considered. Other risk factors could become large determinants of the fair value. For additional information please refer to the non-exhaustive list presented in the Principal Risk Factors on pages 13 to 15.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2016

21. FINANCIAL RISK MANAGEMENT CONTINUED

SENSITIVITY ANALYSIS CONTINUED

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 at 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 base case default rate (a decrease to 0.5 times the base case default rate would have approximately an equal and opposite impact, so this is not presented in the table below). For further information, the projected impact of a change in the default rate to 2.0 times the base case default rate is also presented in the table below.

(ii) The rate of occurrence of prepayments is measured by the constant prepayment rate ("CPR") at the underlying loan portfolio level. The base case scenario is to project a CPR at circa 30% per year for 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 approximately linear, so 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	6.8%	(2.8%)	(0.2%)	(5.4%)	(0.4%)	1.9%	0.1%
USD/EUR CLO 2.0 Equity	14.5%	(17.6%)	(2.6%)	(29.0%)	(4.2%)	1.5%	0.2%
USD/EUR CLO 1.0 Debt	15.1%	(0.1%)	—	(0.1%)	—	(0.6%)	(0.1%)
USD/EUR CLO 2.0 Debt	35.6%	(4.0%)	(1.4%)	(4.2%)	(1.5%)	(0.1%)	—
All CLO tranches	72.0%		(4.2%)		(6.1%)		0.2%

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 12.2% 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 9.6% decrease in the average prices of these assets, thereby leading to a 1.2% decrease in the GAV. An equal and opposite decrease in defaults as referred to above would be likely to lead to a 9.6% increase in the average prices of these assets, thereby leading to a 1.2% increase in the GAV.

		Impact of an increase in default rate to 1.5x historical average		Impact of a decrease in default rate to 0.5x historical average	
Asset class	% of GAV	Price impact	Impact on GAV	Price impact	Impact on GAV
SCC – BBS	12.2%	(9.6%)	(1.2%)	9.6%	1.2%

ABS Residual positions

As at 31 July 2016, the Company held three investments in this asset class (Alba 2006-2, Fintake European Leasing DAC and SANCF 2014-1 Class E, representing 1.9%, 1.0% and 0.9% of the GAV respectively).

For Alba 2006-2 the main risk associated with this position is considered to be the level of credit losses in the underlying UK non-conforming mortgage collateral. Considering the losses observed over the past financial year, the Directors believe it is reasonable to test an increase/decrease of 25% in the projected annual losses in the underlying collateral relative to the projected losses used to value the assets. If the projected losses on the underlying collateral were to increase by such amount, the fair value of these assets would be likely to decrease by 4.3% and would decrease the GAV by 0.1%. If the projected losses on the collateral were to decrease by such amount, the fair value of these assets would be likely to increase by 4.3% and would increase the GAV by 0.1%.

For Fintake European Leasing DAC, the main risk associated with this position is considered to be the level of credit losses in the underlying French leases collateral. No useful sensitivity can be derived yet as this position is still in the ramp-up phase.

For SANCF 2014-1 Class E, the main risk associated with this position is considered to be the rate of occurrence of prepayments in the underlying Spanish auto loans collateral. The test has been calibrated against the rate of occurrence of prepayments measured by the constant prepayment rate ("CPR") at the underlying portfolio level. An increase in the CPR from 5% to 10% would be likely to decrease the price by 2.1% and decrease the GAV by an insignificant amount.

21. FINANCIAL RISK MANAGEMENT CONTINUED

SENSITIVITY ANALYSIS CONTINUED

Cash Corporate Credit Equity transactions

As at 31 July 2016, the Company held three investments in this asset class (Tennenbaum Opportunities Fund V, Crescent European Specialty Lending Fund and Promise Mobility, representing 1.8%, 0.7% 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 sensitivity of these assets has been tested against 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 4.0% and decrease the GAV by 0.1%. Such a decrease in the level of defaults would be likely to increase the price by 4.0% and increase the GAV by 0.1%.

		Impact of an increase in default rate to 1.5x historical average		Impact of a decrease in default rate to 0.5x historical average	
Asset class	% of GAV	Price impact	Impact on GAV	Price impact	Impact on GAV
CCC – Equity (Tennenbaum)	1.8%	(4.0%)	(0.1%)	4.0%	0.1%

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

As at 31 July 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; however, as these assumptions are very specific, a sensitivity for Promise Mobility is difficult to model.

Cash Corporate Credit Debt transactions

As at 31 July 2016, the Company had one investment in this asset class (ICE 1). This investment (representing 1.2% of the GAV) benefits from a very high level of seniority relative to losses that could occur in the underlying portfolio and is consequently not sensitive to any reasonably possible changes in assumptions.

ABS Debt positions

As at 31 July 2016, the Company held two investment in this asset class (St Bernard Opportunity Fund and AYT 11 Class B, representing 2.3% and 0.4% of the GAV respectively).

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 July 2016 and over the last twelve months, St Bernard's volatility was 1.7% for an annual performance of 0.8% (the respective figures since inception of this fund are 5.3% volatility for an annualised performance of 12.3%). The Investment Manager believes that this gives a reasonable indication of the risk profile of this investment.

AYT 11 Class B is sensitive to the call probability of the instrument. The Investment Manager's base case assumption is that this asset will be called in four years. An increase of one year to an assumed call date in five years' time would have decreased the price by 5.0% and decreased the GAV by an insignificant amount. However, it may be noted that this asset was sold subsequent to the period-end for a gain of €0.1 million.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2016

21. FINANCIAL RISK MANAGEMENT CONTINUED

VALUATION RISK CONTINUED

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.

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 July 2016 the Investment Manager had put into place arrangements to hedge into euro part of its US dollar exposure associated with the US dollar denominated assets. In order to reduce the risk of having to post a potentially unlimited amount of cash with respect to forward euro/US dollar foreign exchange swaps, the Investment Manager has capped and floored those amounts using short to mid-term options. Consequently, there is no guarantee that hedging the currency exposure generated by US dollar assets can continue to be performed in the future if volatility in the US dollar/euro cross rate is very high.

The 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 July 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.

21. FINANCIAL RISK MANAGEMENT CONTINUED

CURRENCY RISK CONTINUED

Currency risk profile as at 31 July 2016

``	Denominated in EUR €	Denominated in USD €	Denominated in GBP €	Denominated in CHF €	Total €
Financial assets at fair value through profit or loss	**110,449,631**	**198,749,110**	**6,535,737**	**8,406,683**	**324,141,161**
Derivative contracts	**63,432,129**	**(62,195,340)**	**—**	**—**	**1,236,789**
Cash and cash equivalents	**4,167,379**	**5,976,992**	**627,245**	**153,585**	**10,925,201**
Trade and other receivables	**4,962,796**	**—**	**—**	**—**	**4,962,796**
Loan financing received under repurchase agreement	**—**	**(40,275,000)**	**—**	**—**	**(40,275,000)**
Interest payable on loan financing	**—**	**(114,960)**	**—**	**—**	**(114,960)**
Trade and other payables	**(11,389,793)**	**(2,685)**	**(203,412)**	**—**	**(11,595,890)**
	171,622,142	**102,138,117**	**6,959,570**	**8,560,268**	**289,280,097**

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

Description of open positions	Nominal amount USD	Average strike price $/€
Forward foreign exchange contracts (USD sold forward vs. EUR)	**102,000,000**	**1.11**
Long position – USD calls vs. EUR	**63,000,000**	**1.06**
Short position – USD puts vs. EUR	**63,000,000**	**1.13**

	Valuation of derivative positions €
Aggregate revaluation gain	**746,789**
Margin accounts balance – amounts paid	**490,000**
Unsettled amount receivable	**1,236,789**

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 USD	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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2016

21. FINANCIAL RISK MANAGEMENT CONTINUED

CREDIT RISK AND COUNTERPARTY RISK

Credit and counterparty risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. At the reporting date, the Company's financial assets exposed to credit risk are financial assets at fair value through profit or loss, open foreign exchange contracts and cash and cash equivalents. The Company is exposed to counterparty risk regarding the performance of Société Générale under the terms of the Repo. The aggregate value of the Company's securities pledged as security under the Repo which are therefore exposed to such counterparty risk is disclosed in Note 12.

The positions in the CLO asset class are residual or mezzanine debt tranches of CLOs, which may suffer losses depending upon the level of losses that occur in the underlying loan portfolio and the rate at which such losses might occur. Residual tranches are the first tranche in a CLO capital structure that would suffer losses, followed by mezzanine tranches according to their relative levels of seniority. However, being term leveraged structures at a fixed margin, it is possible for residual tranches to generate more excess payments through re-investments when markets are under stress for relatively short periods than under normal circumstances. A residual position on a CLO also gives access to the amount that remains in the structure once the debt tranches are paid back (at maturity if the normal process of deleveraging the structure takes place, sooner if the deal is called by the residual holders). It can be possible to measure the principal amount of the underlying loan portfolios (defaulted loans are valued at their market value) against the principal amount of the outstanding CLO Debt tranches at any point in time.

Overall, for the 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. Such positions are negatively exposed to an increase in default rates, to an increase in the percentage of assets rated CCC or below and to a significant decrease in underlying loan prices. However, they strongly benefit from a historically cheap cost of leverage that was locked in before the 2008 crisis and they may also benefit from some of their intrinsic features, mainly the ability to re-invest diverted amounts and prepayments.

As at 31 July 2016, the Company held 42 positions in debt tranches of CLOs accounting for 50.7% of Volta's end-of-year GAV. 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.

Three of these positions (Adagio III, Centurion and Apidos) 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 ABS positions comprise five different investments: a position in a fund mainly investing in US RMBS debt tranches (St Bernard Opportunity Fund), representing 35.4% of the fair value of this asset class and 2.3% of the GAV; a junior debt position in a Spanish auto loan securitisation (SANCF 2014-1 Class E), representing 13.6% of the fair value of this asset class and 0.9% of the GAV; one residual income position backed by UK non-conforming residential loans (Alba 2006-2), representing 29.1% of the fair value of this asset class and 1.9% of the GAV; one French leases ABS Residual position (Fintake European Leasing DAC), representing 15.2% of the fair value of this asset class and 1.0% of the GAV; and one Spanish RMBS debt tranche (AYT 11 Class B) representing 6.6% of the fair value of this asset class and 0.4% of the GAV.

During the financial period, no particular events affected any of the Company's ABS positions. At the year end, the valuation of the single remaining UK non-conforming residual position 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 four positions: one loan fund (Tennenbaum), one private debt fund (Crescent), 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 year, no particular events affected the situation of any of these four positions. The Synthetic Corporate Credit bucket comprises first-loss positions in credit portfolios, representing 12.2% of the GAV. No particular events in the year affected the situation of these positions.

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

As previously stated, the Company has entered into a repurchase agreement with Société Générale, which is over-collateralised as disclosed in Note 13. 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.

21. FINANCIAL RISK MANAGEMENT CONTINUED

CREDIT RISK AND COUNTERPARTY RISK CONTINUED

Substantially all of the cash held by the Company is held at State Street Custody Services (Guernsey) Limited ("State Street"). Bankruptcy or insolvency by State Street may cause the Company's rights with respect to the cash held there to be delayed or limited.

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 financial year end, the Company's derivative counterparties were Citibank N.A., London Branch ("Citibank"); Crédit Agricole Corporate and Investment Bank ("Crédit Agricole"); and Merrill Lynch International ("Merrill Lynch").

The Company monitors its risk by monitoring the credit ratings of Citibank, Crédit Agricole, HSBC Bank, Merrill Lynch, Société Générale and State Street, and 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 current long-term issuer credit ratings assigned to each of these counterparties are as follows:

	Credit ratings assigned by the ratings agencies as at the reporting date		
Counterparties	Moody's	Standard & Poor's	Fitch
Citibank	A1 (stable)	A (positive)	A+ (stable)
Crédit Agricole	A1 (stable)	A (stable)	A (positive)
HSBC Bank	Aa2 (negative)	AA- (negative)	AA- (stable)
Merrill Lynch	—	A (positive)	A (positive)
Société Générale	A2 (stable)	A (stable)	A (stable)
State Street Bank	A1 (stable)	A (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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2016

21. FINANCIAL RISK MANAGEMENT CONTINUED

CONCENTRATION 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 July 2016 % (based on GAV)	As at 31 July 2015 % (based on GAV)
CLO	USD CLO Equity	**10.9**	16.5
	EUR CLO Equity	**10.4**	4.9
	USD CLO Debt	**40.2**	37.1
	EUR CLO Debt	**10.5**	14.2
Synthetic Corporate Credit	Bank Balance Sheet transactions	**12.2**	9.5
Cash Corporate Credit	Cash Corporate Credit Equity	**3.0**	3.6
	Cash Corporate Credit Debt	**1.2**	1.2
ABS	Mortgage Residual positions	**3.8**	4.8
	ABS Debt	**2.8**	1.4
Cash	(Net of amounts due to brokers)	**5.0**	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.

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 July 2016 were as follows (exposures stated as the gross exposure of the underlying CLO collateral pool, i.e. before taking into account the effect of leverage due to the relative subordination of the CLO tranche held by the Company):

Issuer name	Industry group	Average exposure of CLO Equity tranches % of GAV
Ineos Group	Chemicals	0.91%
First Data	Software	0.73%
Ziggo	Telecommunications	0.67%
Community Health Systems	Healthcare services	0.65%
Valeant Pharmaceuticals	Pharmaceuticals	0.52%
Texas Competitive Electric	Electric	0.47%
Dell International	Household products	0.47%
Altice Financing	Telecommunications	0.43%
Asurion	Banking, finance and insurance	0.42%
Nielsen Finance	Media	0.41%
TransDigm	Aerospace/defence	0.38%
Springer Science & Business	Media	0.36%
CeramTec	Ceramics manufacturing	0.35%
Wind Telecom	Telecommunications	0.34%
Charter Communications	Media	0.34%
Flint Group	Chemicals	0.33%
Revlon Consumer Products	Cosmetics/personal care	0.33%
Lawson Software	Software	0.33%
Telenet	Telecommunications	0.32%
Sabre	Leisure time	0.32%

Based on the current weighting of CLO Equity positions (21.3% of GAV), the default of one underlying loan representing 1% of all the CLO Equity underlying portfolios would cause a decline of approximately 0.7% 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 ten 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.

21. 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 13. Consequently, the Company would be unlikely to be able to sell these assets at short notice. In the event of such adverse liquidity conditions the Company might be unable to fund margin calls on its derivative positions and might consequently be unable to fund the payment of dividends. Liquidity risk is analysed by the Investment Manager on a daily basis and is communicated to and monitored by the Board through the quarterly business report.

MATURITY PROFILE

The following tables show the legal maturity of the securities:

Maturity profile as at 31 July 2016

	Within one year €	**One to five years €**	**Over five years €**	**Total €**
Financial assets				
Cash and cash equivalents	**10,925,201**	—	—	**10,925,201**
Financial assets at fair value through profit and loss	**2,181,682**	**50,840,987**	**271,118,492**	**324,141,161**
Derivative contracts	**1,236,789**	—	—	**1,236,789**
Trade and other receivables	**4,962,796**	—	—	**4,962,796**
	19,306,468	**50,840,987**	**271,118,492**	**341,265,947**
Financial liabilities				
Loan financing received under repurchase agreement	—	—	**40,275,000**	**40,275,000**
Interest payable on loan financing	**114,960**	—	—	**114,960**
Trade and other payables	**11,595,890**	—	—	**11,595,890**
	11,710,850	—	**40,275,000**	**51,985,850**

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)

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 to the Company's assets, but the Company may also participate in direct leverage transactions with recourse and consequent increased liquidity needs such as the USD 45 million drawn down under the Repo, as detailed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 JULY 2016

21. FINANCIAL RISK MANAGEMENT CONTINUED

CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Company. The Company's capital is represented by the Ordinary Shares, share premium account, other distributable reserves and accumulated gain reserve. The capital of the Company is managed in accordance with its investment policy, in pursuit of its investment objectives. The Company seeks to attain its investment objectives by pursuing a multi-asset class investment strategy, 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 year.

22. RELATED PARTY DISCLOSURE

TRANSACTIONS WITH DIRECTORS AND THE INVESTMENT MANAGER

For disclosure of Directors' remuneration, please see Note 7. As at the year end, Directors' fees to be paid in cash of €119,000 (31 July 2015: €77,000) had been accrued but not paid. Directors' fees to be paid in shares of €51,000 (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 July 2016, the Directors of the Company controlled 0.88% (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 year the Investment Management Fees earned were €4,124,762 (year ended 31 July 2015: €3,860,378). Investment Management Fees accrued but unpaid as at 31 July 2016 were €1,934,696 (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 year the Performance Fees earned were €nil (year ended 31 July 2015: €4,973,769). Performance Fees accrued but unpaid as at 31 July 2016 were €nil (31 July 2015: €1,594,538).

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 year end: Bank Deleveraging Opportunity Fund; Adagio III CLO PLC Class E Notes; Bank Capital Opportunity Fund; St Bernard Opportunity Fund (Series 3 and 4); Allegro CLO III Class D and E Notes, Adagio III CLO PLC Class D and E 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.

22. RELATED PARTY DISCLOSURE CONTINUED

TRANSACTIONS WITH DIRECTORS AND THE INVESTMENT MANAGER CONTINUED

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 July 2016, AXA S.A. group investors and AXA Assurances Vie Mutuelle together held 24.9% (31 July 2015: 24.9%) of the voting shares in the Company and AXA IM held 5.5% (31 July 2015: 5.5%) of the voting shares in the Company on behalf of funds managed by AXA IM for third-party investors. AXA IM did not hold any voting shares in the Company for its own account as at 31 July 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 July 2016, the Investment Manager held nil (31 July 2015: 504,717) Class C Shares.

23. COMMITMENTS

As at 31 July 2016, the Company had the following uncalled commitments outstanding:

- Crescent European Specialty Lending Fund (a Cash Corporate Credit Equity transaction exposed to sub-investment grade corporate credits); €5,107,259 remaining commitment from an original commitment of €7,500,000; and
- Fintake European Leasing DAC (an ABS Residual transaction exposed to French leases); €7,276,000 remaining commitment from an original commitment of €10,700,000.

24. SUBSEQUENT EVENTS

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

- the Company has entered into the following investment transactions:
  - committed to invest €10.0 million in a new European CLO warehouse transaction (€3.3 million drawn down to date);
  - purchased two USD CLO Equity tranches for the equivalent of €4.3 million;
  - purchased one EUR CLO Equity tranche for €3.8 million;
  - sold two USD CLO Debt tranches for an aggregate of the equivalent of €6.0 million;
  - sold two EUR CLO Debt tranches for €4.3 million;
  - sold one ABS Debt position for €1.7 million; and
  - sold one CCC Debt position for the equivalent of €4.4 million;
- a further drawdown of €0.3 million was called on the Company's investment in Crescent European Specialty Lending Fund; and
- on 12 August 2016, the Company announced that it has changed the expected frequency of its dividend distributions from semi-annual to quarterly and, as a result, the Company intends to make dividend distributions in March, June, September and December of each calendar year.

CORPORATE SUMMARY

THE COMPANY

Volta Finance Limited (the "Company" 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 registered office of the Company is Third Floor, La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey GY1 1WG, Channel Islands.

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

INVESTMENT OBJECTIVES

The Company's investment objectives are to seek to preserve capital across the credit cycle and to provide a stable stream of income to its Shareholders through dividends that it expects to distribute on a quarterly basis. Subject to the risk factors that are described in the Principal Risk Factors section and in Note 21, it seeks to attain its investment objectives predominantly through investment in a diversified portfolio of structured finance assets. The Company's investment strategy focuses on direct and indirect investments in, and exposures to, a variety of assets selected for the purpose of generating cash flows for the Company. The assets that the Company may invest in either directly or indirectly include but are not limited to corporate credits; sovereign and quasi-sovereign debt; residential mortgage loans; commercial mortgage loans; automobile loans; student loans; credit card receivables; leases; and debt and equity interests in infrastructure projects (the "Underlying Assets").

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

THE INVESTMENT MANAGER

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

ASSET VALUES

At 31 July 2016, the Company's NAV was €289.3 million, with the NAV per share amounting to €7.9215. 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 July 2016 can be seen in the Statement of Financial Position on page 28 ("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.

DURATION

The Company has a perpetual life.

WEBSITE

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

LISTING INFORMATION

The Company's Ordinary Shares are listed on 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 number of the Company's listed shares is GG00B1GHHH78 and the ticker for both markets is VTA.

As at 31 July 2016, the closing prices of the Company's listed shares were as follows:

- Euronext Amsterdam – €6.83 per share; and
- London Stock Exchange – €6.80 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 July 2016, so far as the Directors are aware, no person other than those listed below and those parties disclosed in Note 22 to the financial statements was interested, directly or indirectly, in 5% or more of the issued share capital in the Company:

Registered Shareholder	Number of Ordinary Shares held	Percentage of Ordinary Shares held
Euroclear Nominees Limited	20,332,834	55.7%
The Bank of New York (Nominees) Limited	5,985,072	16.4%
Securities Services Nominees Limited	2,000,000	5.5%

Pursuant to regulatory filings: 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 7.4% 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 5% or more of the Company's issued share capital. Shareholdings held by AXA S.A. group investors, AXA Assurances Vie Mutuelle and AXA IM are disclosed in Note 22 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, except for the holder of the Class B Share, an affiliate of AXA S.A., which has the right to appoint a Director to the Board.

PROVISIONAL FINANCIAL CALENDAR

28 October 2016	Announcement of results for the financial year ended 31 July 2016 and publication of the 2016 annual report
29 November 2016	Annual General Meeting
1 December 2016	Ex-dividend date
2 December 2016	Dividend record date
22 December 2016	Dividend payment date

LEGAL AND REGULATORY DISCLOSURES

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIFM DIRECTIVE" OR "AIFMD")

The AIFM Directive seeks to regulate managers (''AIFMs'') of alternative investment funds (''AIFs'') that are marketed or managed in the European Economic Area. In compliance with the AIFMD, the Company has appointed AXA IM to act as its AIFM and has appointed State Street Custody Services (Guernsey) Limited ("SSCSGL") to act as its Depositary.

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

Information on the investment strategy, geographic and sector investment focus, and principal exposures is included in the Investment Manager's Report and Note 21 to the financial statements. None of the Company's assets are subject to special arrangements arising from their illiquid nature. Note 21 to the financial statements sets out the risk profile and risk management systems in place.

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

STAFFING AND REMUNERATION DISCLOSURES REGARDING THE AIFM

REMUNERATION PAID FOR 2016 TO ALL STAFF EMPLOYED BY THE AIFM, SPLIT INTO FIXED AND VARIABLE REMUNERATION PAID

	Total
Fixed remuneration (€)	59,453,761
Variable remuneration (€)	28,302,604
Number of staff	874

AGGREGATE REMUNERATION PAID FOR 2016 TO SENIOR MANAGEMENT AND MEMBERS OF STAFF WHOSE ACTIONS HAVE A MATERIAL IMPACT ON THE RISK PROFILE OF VOLTA

	Senior management	Other members of staff with material impact	Total
Fixed remuneration (€)	2,374,243	12,385,174	14,759,417
Variable remuneration (€)	3,023,820	14,946,469	17,970,289
Number of staff	17	114	131

Notes:

The population is based on all current employees of AXA Investment Managers Paris.

Senior management includes Board members and other senior management.

"Other members of staff with material impact" includes those in control functions and other investment management functions.

Fixed remuneration is composed of base salary and any other fixed allowances paid between August 2015 and July 2016.

Variable remuneration is awarded in 2016 in relation to performance year 2015.

Variable remuneration is composed of discretionary total variable pay (including immediate cash and deferred remuneration) and discretionary AXA Group long-term incentives.

All remuneration information is exclusive of social charges.

COMMON REPORTING STANDARD

On 13 February 2014, the Organisation for Economic Co-operation and Development released the "Common Reporting Standard" ("CRS") designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. To date, 101 jurisdictions have signed the multilateral competent authority agreement ("Multilateral Agreement") that activates this automatic exchange of FATCA-like information in line with the CRS. Pursuant to the Multilateral Agreement, certain disclosure requirements may be imposed in respect of certain investors in the Company who are, or are entities that are controlled by one or more, residents of any of the signatory jurisdictions. It is expected that, where applicable, information that would need to be disclosed will include certain information about investors, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. Both Guernsey and the UK have signed up to the Multilateral Agreement, but the US has not signed the Multilateral Agreement.

Early adopters of the Multilateral Agreement (including Guernsey) have pledged to work towards the first information exchanges taking place by September 2017. There are 54 jurisdictions that will report under the Multilateral Agreement in 2017. A further 47 jurisdictions will begin information exchanges starting in 2018.

As a consequence of the regulations introduced by the States of Guernsey to implement the CRS, the Company will be required to report certain tax information to the Guernsey income tax office in respect of investors resident in other CRS participating jurisdictions. That information will be transmitted by the Guernsey income tax office to the relevant foreign tax authorities.

The Company may require that Members provide, and the Company (and any authorised third-party agent or delegate of the Company) shall be entitled to use and disclose, any information or documentation in relation to Members and, if and to the extent required, the direct and indirect beneficial owner(s) (if any) of Shares in the Company held by Members (if any), as may be necessary or desirable for the Company to comply with any reporting or other obligations and/or prevent or mitigate the withholding of tax under relevant law or other law.

The Board continues to monitor developments in the rules and regulations arising from the implementation of CRS in conjunction with its tax advisors.

BOARD OF DIRECTORS

01

04

02

05

03

01. 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.

02. STEPHEN LE PAGE

INDEPENDENT DIRECTOR

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

03. PAUL MEADER

CHAIRMAN AND INDEPENDENT DIRECTOR

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

04. 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.

05. PAUL VAROTSIS

SENIOR INDEPENDENT DIRECTOR

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

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

CORPORATE BROKER AND CORPORATE FINANCE ADVISOR
CENKOS SECURITIES PLC
6.7.8 Tokenhouse Yard
London
EC2R 7AS
United Kingdom

INDEPENDENT AUDITOR
KPMG CHANNEL ISLANDS LIMITED
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 for Guernsey Companies.
“AIC”	the Association of Investment Companies, of which the Company is a member.
“AFM”	the Netherlands Authority for the Financial Markets (the “Autoriteit Financiële Markten” or “AFM”), being the financial markets supervisor in the Netherlands.
“AIFM”	Alternative Investment Fund Manager, appointed in accordance with the AIFMD.
“AIFMD”	the Alternative Investment Fund Managers Directive.
“Articles”	the Articles of Incorporation of the Company.
“AXA IM”	AXA Investment Managers Paris S.A.
“Bank Balance Sheet transactions”	synthetic transactions that permit banks to transfer part of their exposures such as exposures to corporate loans, mortgage loans, counterparty risks, trade finance loans or any classic and recurrent risks banks take in conducting their core business.
“Board”	the Board of Directors of the Company.
“Cash Corporate Credit” deals	structured credit positions predominantly exposed to corporate credit risks by direct investments in cash instruments (loans and/or bonds).
“CLOs” or “CLO”	Collateralised Loan Obligations.
“Discount”	calculated as the NAV per share as at 31 July 2016 less Volta’s closing share price on Euronext Amsterdam as at that date, divided by the NAV per share as at that date.
“Dividend yield on share price”	calculated as total dividends paid during the financial period divided by the share price as at 31 July 2016.
“Euronext Amsterdam”	Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V.
“FRC”	Financial Reporting Council (United Kingdom)
“Financial year”	the period from 1 August 2015 to 31 July 2016.
“GAV”	the calculation methodology for the GAV is described in Note 5 on page 35.
“IRR”	internal rate of return.
“Memorandum”	the Memorandum of Incorporation of the Company.
“Mortgage Residual positions”	residual income positions backed by UK non-conforming residential loans, which are a sub-classification of ABS.
“NAV”	net asset value.
“NAV performance per share”	calculated as the increase in the published Estimated 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 2016.

GLOSSARY CONTINUED

"Projected portfolio IRR"	calculated as the projected future return on Volta's investment portfolio as at 31 July 2016 under standard AXA IM assumptions, after taking into account the effect of direct leverage from the Repo on the overall investment portfolio returns.
"Repo"	repurchase agreement entered into with Société Générale ("SG").
"RMBS"	residential mortgage-backed securities.
"Shares"	all classes of the shares of the Company in issue.
"Share price performance"	the percentage increase or decrease in the share price on Euronext Amsterdam plus the total dividends paid per share during the financial year, with such dividends re-invested in the shares. Obtained from Bloomberg using the TRA function.
"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.

NOTICE OF MEETING

FOR THE YEAR ENDED 31 JULY 2016

VOLTA FINANCE LIMITED

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

NOTICE OF THE TENTH ANNUAL GENERAL MEETING OF THE COMPANY

In accordance with the Company's Articles of Incorporation (the "Articles"), notice is hereby given that the tenth Annual General Meeting of the Company will be held at the Company's registered office, Third Floor, La Plaiderie Chambers, La Plaiderie, St Peter Port, GY1 1WG Channel Islands, at 10:00am (London time) on 29 November 2016.

AGENDA

ORDINARY BUSINESS

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

(1) To adopt the audited financial statements of the Company for the year ended 31 July 2016, including the reports of the Directors of the Company (the "Directors") and the Auditor (the "Accounts").

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

(3) To authorise the Board to negotiate and fix the remuneration of the Auditor in respect of the year ending 31 July 2017.

(4) To re-elect Graham Harrison as an Independent Director of the Company. Mr Harrison has been a Director of the Company since October 2015. For further information on Mr Harrison, please refer to page 59 of the annual report.

(5 To re-elect Stephen Le Page as an Independent Director of the Company. Mr Le Page has been a Director of the Company since October 2014. For further information on Mr Le Page, please refer to page 59 of the annual report.

(6) To re-elect Paul Meader as an Independent Director of the Company. Mr Meader has been Chairman of the Company since November 2015. Prior to that he had been a Director of the Company since May 2014. For further information on Mr Meader, please refer to page 59 of the annual report.

(7) To re-elect Joan Musselbrook as an Independent Director of the Company. Ms Musselbrook has served on the Board since its inception in 2006. For further information on Ms Musselbrook, please refer to page 59 of the annual report.

(8) To re-elect Paul Varotsis as an Independent Director of the Company. Mr Varotsis has served as the Company's Senior Independent Director since December 2015 and has served on the Board since its inception in 2006. For further information on Mr Varotsis, please refer to page 59 of the annual report.

(9) To ratify the decision of the Board to change the Company's dividend payment frequency from semi-annual to quarterly each March, June, September and December such that the Company's investment objectives are now to preserve its capital across the credit cycle and to provide a stable stream of income to its Shareholders through dividends that it expects to distribute on a quarterly basis and to note that the following dividends should be considered as relating to the financial year ended 31 July 2016: the semi-annual dividend of €0.31 paid in April 2016; the quarterly dividend of €0.15 paid in September 2016 and the quarterly dividend of €0.16 payable in December 2016.

SPECIAL RESOLUTIONS

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

(10) THAT in accordance with Article 5(7) of the Articles, the Board be and are hereby authorised to issue equity securities (within the meaning of the Articles) as if Article 5(2) of the Articles did not apply to any such issue, provided that this power shall be limited to the issue of up to a maximum number of 3,653,604 Ordinary Shares (being not more than 10% of the number of Ordinary Shares in issue as at the date of this notice) or such other number being not more than 10% of the Ordinary Shares in issue at the date of the AGM, whether in respect of the sale of shares held as treasury shares, the issue of newly created shares or the grant of rights to subscribe for, or convert securities into, shares which, in accordance with the Listing Rules, could only be issued at or above net asset value per share (unless offered pro rata to existing Shareholders or pursuant to further authorisation by Shareholders). This authority will expire on the conclusion of the next AGM of the Company unless previously renewed, varied or revoked by the Company at a general meeting, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired. For further information, please see Note 10 overleaf.

NOTICE OF MEETING CONTINUED

FOR THE YEAR ENDED 31 JULY 2016

AGENDA CONTINUED

SPECIAL RESOLUTIONS CONTINUED

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

(a) the maximum number of Ordinary Shares hereby authorised to be acquired is 5,476,753, representing not more than 14.99% of the issued Ordinary Share capital of the Company as at the date of this notice;

(b) the minimum price (excluding expenses) payable by the Company for each Ordinary Share is 1% of the average of the mid-market values of the Ordinary Shares of that class in the Company for the five business days prior to the date of the market purchase;

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

(d) the authority hereby conferred shall expire at the end of the next Annual General Meeting of the Company or, if earlier, on 28 February 2018 unless previously renewed, varied or revoked by the Company in general meeting; and

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

NOTES

1. The Company's Accounts were published on 28 October 2016.
2. Copies of the Company's Memorandum and Articles of Incorporation and its 2016 Accounts are available for inspection at the Company's registered office during normal business hours and are available on request free of charge from the Company Secretary, Sanne Group (Guernsey) Limited, Third Floor, La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey GY1 1WD, Channel Islands (e-mail: voltafinance@sannegroup.com) and from the Listing Agent, ING Bank N.V., Bijlmerplein 888, 1102 MG Amsterdam, The Netherlands or from the Company's website (www.voltafinance.com).
3. Only those investors holding Ordinary Shares as at 10:00am (London time) on 25 November 2016 shall be entitled to attend and/or exercise their voting rights attached to such shares at the AGM.
4. Investors holding Ordinary Shares via a broker/nominee who wish to attend or to exercise the voting rights attached to the shares at the AGM should contact their broker/nominee as soon as possible.
5. Should the Class B Shareholder being entitled to vote wish to attend or exercise the voting rights attached to the share at the AGM they should contact the Company Secretary as soon as possible.
6. A Shareholder who is entitled to attend, speak and vote at the AGM is entitled to appoint one or more proxies to attend, speak and vote instead of him or her. A proxy need not be a member of the Company.
7. More than one proxy may be appointed provided each proxy is appointed to exercise the rights attached to different shares.
8. The quorum requirements for the conduct of Ordinary Business and Special Business are set out under Article 17 of the Articles.
9. In accordance with the Articles, the notice period for an AGM of the Company is 21 clear calendar days (plus 24 hours deemed service of notice).
10. Article 5 of the Articles requires that where Ordinary Shares are issued, or rights to subscribe for, or convert any securities into, Ordinary Shares are granted, wholly for cash, or where Ordinary Shares are sold out of treasury wholly for cash, either Shareholder approval must be sought to make a non-pre-emptive offer or a pre-emptive offer must be made to all existing Shareholders.

For and on behalf of

SANNE GROUP (GUERNSEY) LIMITED
COMPANY SECRETARY
28 OCTOBER 2016

consultancy, design and production by
designportfolio
design-portfolio.co.uk @WeAre_DP

Design Portfolio is committed to planting trees for every corporate communications project, in association with Trees for Cities.

VOLTA FINANCE LIMITED
Third Floor, La Plaiderie Chambers
La Plaiderie
St Peter Port
Guernsey GY1 1WG
Channel Islands

Tel: +44 (0)1481 739811
E-mail: voltafinance@sannegroup.com
Website: www.voltafinance.com