FAIR OAKS
CAPITAL

FAIR OAKS INCOME FUND LIMITED

INTERIM REPORT AND UNAUDITED CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

Contents

Highlights

- Total NAV return of 3.1% and share price return of 5.6% generated over the interim period, outperforming both the US bank loan and high yield indices.
- Board announced intention to pay monthly dividends of 0.7 US cents, supplemented by a larger twelfth interim dividend. Dividends of 4.2 US cents per ordinary share have been paid in respect of the interim period.
- Strong interest from investors. US$89 million of ordinary share capital was raised during the interim period and an additional US$102 million was raised in August 2015 through the issue of a new C share class.
- Investment Adviser continues to believe that the Master Fund's strategy has the potential in the current market environment to generate attractive returns.

Financial Highlights	**30 June 2015 (unaudited)**	**31 December 2014 (audited)**
Total Net Assets	US$206,170,850	US$124,215,131
Net Asset Value per ordinary share	US$0.9730	US$1.0204
Share price	US$1.0230	US$1.0430
Premium to Net Asset Value	5.14%	2.21%

Summary Information

Principal Activity

Fair Oaks Income Fund Limited ("the Company" or "FOIF") was registered in Guernsey under the Companies (Guernsey) Law, 2008 on 7 March 2014. The Company's registration number is 58123 and it is regulated by the Guernsey Financial Services Commission as a registered closed ended collective investment scheme. The Company is listed and began trading on the Specialist Fund Market of the London Stock Exchange on 12 June 2014.

The Company is a feeder fund and will pursue its investment objective and policy by investing in FOIF LP (the "Master Fund"), in which the Company is a limited partner, the only other limited partner being the Founding Partner. The general partner of the Master Fund is Fair Oaks Income Fund GP Limited (the "General Partner"). Consequently, the Company's investment objective and policy mirror those of the Master Fund.

Fair Oaks Founder LP, a Guernsey limited partnership has been established to act as the Founder Limited Partner of the Master Fund.

Investment Objective and Policy

The investment objective of the Company is to generate attractive, risk-adjusted returns, principally through income distributions.

The investment policy of the Company is to seek exposure to US and European Collateralised Loan Obligations ("CLOs") or other vehicles and structures which provide exposure to portfolios consisting primarily of US and European floating-rate senior secured loans and which may include non-recourse financing.

If at any time the Company holds any uninvested cash, the Company may also invest, on a temporary basis, in the following Qualifying Short Term Investments:

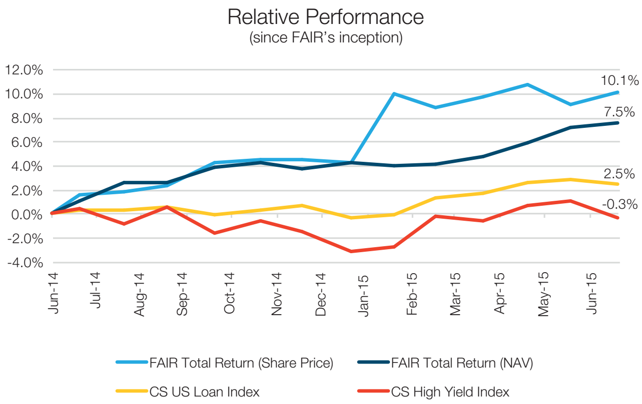
- cash or cash equivalents;
- government or public securities (as defined in the Financial Conduct Authority ("FCA") Rules);
- money market instruments;
- bonds;
- commercial paper; or
- other debt obligations with banks or other counterparties having a "single A" (or equivalent) or higher credit rating as determined by any internationally recognised rating agency selected by the Board (which may or may not be registered in the EU).

The aggregate amount deposited or invested by the Company with any single bank or other non-government counterparty (including their associates) shall not exceed 20% of the Net Asset Value ("NAV") at the time of investment. The Company cannot make any other types of investments without shareholder consent to a change of investment policy by ordinary resolution at a general meeting of the Company.

Chairman's Statement

Introduction

The Company ended the first half of 2015 on a strong footing: investor demand supported two additional share offerings in February and May 2015 and the Company declared and paid a total of 4.2 US cents in dividends in respect of the six months ended 30 June 2015. The Company generated a total Net Asset Value ("NAV") return of 3.1% (6.4% annualised) over the period. The total return based on share price was 5.6% (11.6% annualised). The Company outperformed the US bank loan and high yield indices both in terms of NAV and share price performance in the period and since inception.



Source: Credit Suisse and Bloomberg

Cash flow and dividends

The Master Fund received US$9.3 million of cash flows in the first half of 2015 from its investments and an additional US$6.0 million in July 2015. The Company has declared and paid a 0.7 US cents, per share, monthly dividend during the period (a total of 4.2 US cents per share declared total to the end of June 2015).

Material events

On 16 January 2015, the Directors of the Company declared an interim dividend in respect of the period from IPO on 12 June 2014, to the Company's year ended 31 December 2014 of 4.25 US cents per share. The Directors also announced that the Company would change the frequency of its dividends from quarterly to monthly starting immediately.

On 30 January 2015, the Directors of the Company announced that the General Partner had applied to reinvest into the Company's ordinary shares an amount equivalent to 25% of the advisory and management fees paid to Fair Oaks Capital Limited during 2014. As a consequence, 169,446 new shares were issued on 2 February 2015 at US$0.9779, being the NAV per share as at 31 December 2014 minus the 2014 dividend to which the new shares were not entitled.

On 16 February 2015, the Directors of the Company announced the issuance of 40,000,000 new ordinary shares. On 18 February 2015, the Directors of the Company announced the issuance of an additional 5,000,000 new ordinary shares.

On 4 March 2015, the Company announced that a fund advised by Coller Capital Limited had purchased the entire holding of 34,298,425 ordinary shares in the Company previously held by GLI Finance Limited.

On 7 May 2015, the Directors of the Company announced the issuance of 45,000,000 new ordinary shares.

Subsequent events

On 4 August 2015, the Directors of the Company announced that a prospectus, dated 3 August 2015, had been published in respect of a placing programme of new Ordinary and/or C shares in the Company and the launch of a placing of up to 200 million C shares at an issue price of US$1 per placing share.

On 13 August 2015, the Company announced the issue had raised US$95 million (before costs and expenses) through the issue of 95 million new C shares at an issue price of US$1 per placing share.

On 17 August 2015, the Company announced a further placing of 6,800,000 new C shares raising a further US$6.8 million (before costs and expenses).

Professor Claudio Albanese
Chairman

27 August 2015

Investment Adviser's Report

Fair Oaks Capital Limited (the "Investment Adviser") considers CLOs one of the most attractive investment opportunities in credit markets at the moment given low expected default rates and CLOs' efficient long term, non-mark to market, floating-rate financing.

The Investment Adviser continues to believe that in order to efficiently risk manage a portfolio of CLO investments, it is critical to understand and monitor each underlying loan portfolio, negotiate and fully understand the documentation, maintain a close relationship with the CLO manager, monitor each transaction on an ongoing basis and continue to manage the CLO portfolio to proactively manage overlap and default risk.

The Investment Adviser further believes that the Master Fund's focus on control positions will be a key driver of returns. In addition to supporting the Master Fund's negotiating position with CLO managers and underwriting banks, reducing fees and expenses, control secures the optimal amortisation of each CLO investment. The independence of the General Partner of the Master Fund and the Investment Adviser from the CLO managers also guarantee that there are no conflicts of interest when deciding whether to amortise a CLO.

Bank loan market overview

As at the end of June 2015, the US loan market twelve month rolling default rate by number of issuers stood at 0.81%[1]. The Credit Suisse Leveraged Loan Index returned 2.9% in the first half of 2015[2]. We expect that US loan default rates will continue to be low in the near future even as defaults among Oil & Gas issuers push the default rate up. Borrowers in the coal sector have also contributed to the increasing default rate (two of the four defaults in the US S&P/LSTA Index in the first half of 2015 were coal producers) and are likely to continue to underperform. As at 30 June 2015, and according to S&P/LSTA, the bank loan index suggested an implied default rate of 3.9%.

As we discussed in the Annual Report and Financial Statements, we believe that increased bank loan price volatility is now a structural feature of the market due primarily to technical factors such as the importance of retail funds as the marginal buyer or seller in the loan market. The loan market's reaction to global events (e.g. Greek debt negotiations, oil price swings, China's slowdown) can benefit CLOs, as their closed-ended nature and lack of mark-to-market requirements allow them to take advantage of dips in loan prices.

CLO market overview

After a record level of US CLO new issue volume in 2014, CLO supply has continued to be strong in 2015. The market expects 2015 US CLO new issue volume to reach US$100-110 billion, with European CLO issuance at €20 billion[3].

We believe that the main reasons for the lack of activity in Europe continue to be the impact of risk retention regulations, weaker economic fundamentals and the challenges of ramping up portfolios in a significantly smaller primary and secondary loan market. We continue to believe that the arbitrage available in US CLOs is superior. The discount margin of the Credit Suisse Western European Leveraged Loan Index was 5.15% vs 5.24% for the Credit Suisse Leverage US Loan Index as at 30 June 2015. Furthermore, we believe that despite wider headline AAA spreads in the US, the weighted average cost of funding for US CLOs can be lower than for European CLOs due to more efficient US CLO structures (US CLOs have more diverse asset pools and are, as a result, able to issue a larger proportion of cheaper AAA and AA notes).

Portfolio update

The Master Fund acquired four additional investments in three new CLOs in the first half of the year. In terms of gross portfolio exposure, the Master Fund had, as at the end of June, exposure to 783 issuers, with an average loan spread of USD Libor + 4.5%[4]. The weighted average exposure to single borrowers was 0.3%. The top ten borrowers represented an aggregated 7.5% exposure, with the largest representing 1.0% of the gross portfolio. The long-term financing of the underlying CLOs had a weighted average cost of USD Libor + 2.2%[4].

[1] Source: S&P Capital IQ LCD

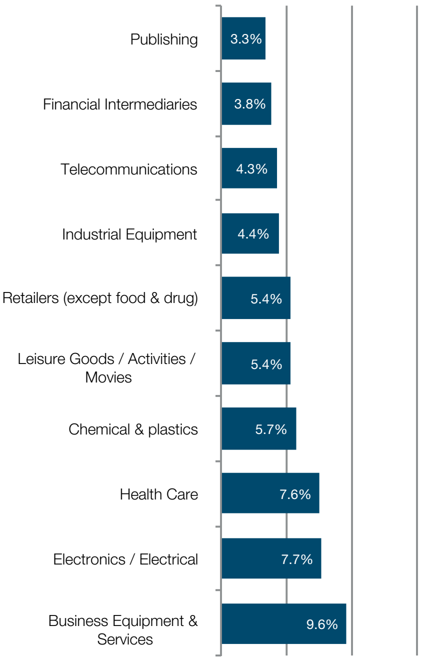
[2] Source: Credit Suisse

[3] Source: S&P Capital IQ LCD

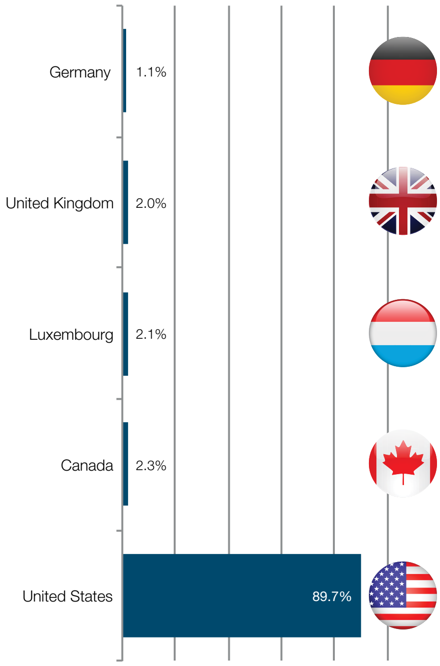
[4] Source: Monthly CLO trustee reports. The weighted average loan spread includes the impact of Libor floors.

Investment Adviser's Report (continued)

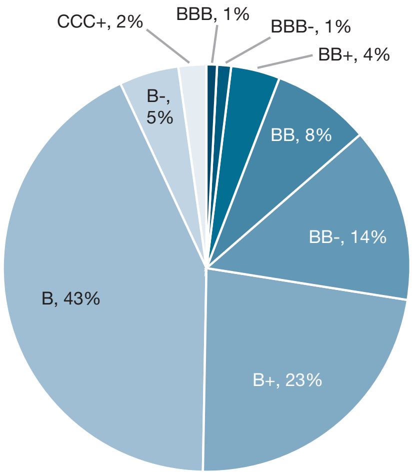
Industry Diversity (%)



Geography & Currency (%)



S&P Rating Distribution



Source: Fair Oaks Capital Limited. Based on weighted exposure to CLOs and the disclosure of portfolio information in the CLOs' monthly trustee reports

Outlook

We expect the low default environment in the US loan market to continue. However, we expect technical factors to increase loan price volatility, benefitting the Master Fund's CLO income note investments as a consequence of CLO's closed-ended nature, lack of mark-to-market triggers and ability to benefit from dips in loan prices as they continually re-invest loan prepayments.

We continue to believe that the Master Fund's strategy is particularly attractive in the current market environment and has the potential to generate strong returns in 2015 for a number of reasons:

- The relative value of US senior secured loans is attractive given the strong economic environment in the US and recent technical pressure on loan prices due to potential interest rate increases. We do not see any reason to increase our (sub 5%) exposure to European issuers. We expect defaults in the US loan market to continue to be lower given stronger GDP growth, higher consumer confidence and spending and healthy interest coverage. In addition, we believe that the weighted average cost of CLO financing in the US market can be similar or superior to that available in European CLOs;
- The high volume of CLO issuance in the US market and the limited number of CLO equity investors create attractive opportunities for the Master Fund;
- The General Partner's and the Investment Adviser's involvement in the initial portfolio selection and monitoring of CLO loan portfolios has already and should continue to benefit the Master Fund by enabling it to avoid deteriorating loans and industry sectors;
- The General Partner's and Investment Adviser's sourcing and structuring of the Master Fund's investments have resulted in substantially lower CLO fees and expenses for the Master Fund's investors than its peers; and
- The General Partner's independence and alignment of interests will allow the Master Fund to benefit from its control strategy, as exemplified by the liquidation of T2 Income CLO in January 2015.

The Investment Adviser estimates that, based on valuations as at 30 June and the original base acquisition IRR, the effective interest rate in the Master Fund's investments is 13.9%. The Company's full year net income will be a function of the Master Fund's effective interest rate and the speed of capital draw-down.

Fair Oaks Capital Limited
27 August 2015

Principal Risks and Uncertainities

The Company is a feeder fund investing substantially all of its assets into the Master Fund. Its principal risks include operational, investment and financial risks. These risks, and the way in which they are managed, are described in more detail under the heading 'Principal Risks and Uncertainties' within the Directors' Report in the Company's Annual Report for the period ended 31 December 2014. The Company's principal risks and uncertainties have not changed materially since the date of that report and are not expected to change materially for the remainder of the Company's financial year.

Responsibility Statement

We confirm that to the best of our knowledge:

- these Unaudited Condensed Financial Statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as required by DTR 4.2.4.
- the Chairman's Statement, the Investment Adviser's Report, together with the Unaudited Condensed Financial Statements, meet the requirements of an interim management report, and include a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the six month period ended 30 June 2015 and their impact on the Interim Unaudited Condensed Financial Statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place during the six month period ended 30 June 2015 and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board by:

Professor Claudio Albanese
Chairman

27 August 2015

Independent Review Report to Fair Oaks Income Fund Limited

Introduction

We have been engaged by Fair Oaks Income Fund Limited (the "Company") to review the Unaudited Condensed set of Financial Statements (the "Financial Statements") in the half-yearly financial report for the six months ended 30 June 2015 which comprises the Condensed Statement of Comprehensive Income, Condensed Statement of Changes in Shareholders' Equity, Condensed Statement of Financial Position, Condensed Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Condensed set of Financial Statements.

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

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the Annual Financial Statements of the Company are prepared in accordance with IFRSs. The Condensed set of Financial Statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 I*nterim Financial Reporting ("IAS 34").*

Our responsibility

Our responsibility is to express to the Company a conclusion on the Condensed set of Financial Statements in the half-yearly financial report based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Financial Statements in the half-yearly financial report for the six months ended 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34 and the DTR of the UK FCA.

Dermot A. Dempsey
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants
Guernsey

27 August 2015

Condensed Statement of Comprehensive Income (Unaudited)

For the six month period ended 30 June 2015

	Note	1 January 2015 to 30 June 2015 (unaudited) US$	For the period from 7 March 2014 (date of incorporation) to 31 December 2014 (audited) US$
Revenue			
Net gains on financial assets at fair value through profit or loss	5	5,207,128	5,175,980
Investment income		2,421	4,155
Net foreign exchange loss		(1,848)	(1,917)
Total revenue		**5,207,701**	**5,178,218**
Expenses			
Investment adviser fees	6	177,241	154,511
Audit fees		21,474	51,486
Administration fees	6	84,323	71,375
Directors' fees and expenses	6	73,124	106,299
Other expenses		126,462	121,598
Total operating expenses		**482,624**	**505,269**
Total comprehensive income for the period		**4,725,077**	**4,672,949**
Basic and Diluted Earnings per ordinary share	9	**0.0283**	**0.0400**

All items in the above statement derive from continuing operations.

The accompanying notes on pages 11 to 21 form an integral part of the Unaudited Condensed Financial Statements.

Condensed Statement of Changes in Shareholders' Equity (Unaudited)

For the six month period ended 30 June 2015

	Note	Share capital US$	Retained earnings US$	Total equity US$
At 1 January 2015		119,542,182	4,672,949	124,215,131
Issue of ordinary shares during the period	8	88,245,563	–	88,245,563
Total comprehensive income for the period		–	4,725,077	4,725,077
Dividends paid during the period	4	–	(11,014,921)	(11,014,921)
At 30 June 2015 (unaudited)		**207,787,745**	**(1,616,895)**	**206,170,850**

Audited	Note	Share capital US$	Retained earnings US$	Total equity US$
At 7 March 2014 (date of incorporation)		–	–	–
Issue of ordinary shares during the period	8	119,542,182	–	119,542,182
Total comprehensive income for the period		–	4,672,949	4,672,949
At 31 December 2014 (audited)		**119,542,182**	**4,672,949**	**124,215,131**

The accompanying notes on pages 11 to 21 form an integral part of the Unaudited Condensed Financial Statements.

Condensed Statement of Financial Position (Unaudited)

At 30 June 2015

	Note	30 June 2015 (unaudited) US$	31 December 2014 (audited) US$
Assets			
Cash and cash equivalents		44,211,220	331,830
Prepayments		15,809	37,242
Financial assets at fair value through profit or loss	5	177,023,783	123,902,137
Total assets		**221,250,812**	**124,271,209**
Liabilities			
Securities purchased payable		15,000,201	–
Other payables		79,761	56,078
Total liabilities		**15,079,962**	**56,078**
Net assets		**206,170,850**	**124,215,131**
Equity			
Retained earnings		(1,616,895)	4,672,949
Share capital	8	207,787,745	119,542,182
Total equity		**206,170,850**	**124,215,131**
Net asset value per ordinary share		0.9730	1.0204
Number of ordinary shares	8	**211,898,362**	**121,728,916**

The Unaudited Condensed Financial Statements on pages 7 to 21 were approved and authorised for issue by the Board of Directors on 27 August 2015 and signed on its behalf by:

Professor Claudio Albanese
Chairman

Jon Bridel
Director

The accompanying notes on pages 11 to 21 form an integral part of the Unaudited Condensed Financial Statements.

Condensed Statement of Cash Flows (Unaudited)

For the six month period ended 30 June 2015

	Note	1 January 2015 to 30 June 2015 (unaudited) US$	For the period from 7 March 2014 (date of incorporation) to 31 December 2014 (audited) US$
Cash flows from operating activities			
Total comprehensive income for the period		4,725,077	4,672,949
Adjustments for:			
Decrease/(increase) in prepayments and other receivables		21,433	(37,242)
Increase in other payables		23,683	56,078
Net (gains)/losses on financial assets at fair value through profit or loss	5	(5,207,128)	(5,175,980)
		(436,935)	**(484,195)**
Distribution income		6,586,898	–
Purchase of investments*		(84,499,862)	(206,924,456)
Sale of investments		44,998,647	122,496,724
Net cash flow used in operating activities		**(33,351,252)**	**(84,911,927)**
Cash flows from financing activities			
Ordinary shares issued**		88,245,563	85,243,757
Dividends paid during the period		(11,014,921)	–
Net cash flow from financing activities		**77,230,642**	**85,243,757**
Net increase in cash and cash equivalents		43,879,390	331,830
Cash and cash equivalents at beginning of period		331,830	–
Cash and cash equivalents at end of period		**44,211,220**	**331,830**

* Purchase of investments excludes non-cash purchases of US$Nil (31 December 2014: US$34,298,425).
** Excludes non-cash in specie transfer of US$Nil (31 December 2014: US$34,298,425), please refer to Note 8.

The accompanying notes on pages 11 to 21 form an integral part of the Unaudited Condensed Financial Statements.

Notes to the Unaudited Condensed Financial Statements

For the six month period ended 30 June 2015

1. GENERAL INFORMATION

The Company was incorporated and registered in Guernsey under the Companies (Guernsey) Law, 2008 on 7 March 2014. The Company's registration number is 58123 and it is regulated by the Guernsey Financial Services Commission as a registered closed ended collective investment scheme. The Company is listed and began trading on the Specialist Fund Market of the London Stock Exchange on 12 June 2014.

The Company makes its investments through FOIF LP (the "Master Fund"), in which the Company is a limited partner, the only other limited partner being the Founding Partner and the general partner of the Master Fund is Fair Oaks Income Fund GP Limited (the "General Partner"). The Master Fund invests in a portfolio consisting primarily of Collateral Loan Obligations ("CLOs"). The Company may also invest in Qualifying Short Term Investments if at any time the Company holds any uninvested cash.

With effect from 15 May 2014, Fair Oaks Capital Limited (the "Investment Adviser") was appointed as the Investment Adviser.

2. PRINCIPAL ACCOUNTING POLICIES

Basis of preparation and statement of compliance

These Unaudited Condensed Financial Statements ("Financial Statements") have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting', the Listing Rules of the London Stock Exchange ("LSE") and applicable legal and regulatory requirements. They do not include all the information and disclosures required in Annual Financial Statements and should be read in conjunction with the Company's Annual Audited Financial Statements for the period ended 31 December 2014.

Given that this is the Company's first interim period, and in the absence of any significant seasonality which may impact the results of the Company, the Directors have elected to present the results for the period ended 31 December 2014 for comparative purposes.

The accounting policies applied in these Financial Statements are consistent with those applied in the Annual Audited Financial Statements for the period ended 31 December 2014, which were prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB. Having reassessed the principal risks, the Directors considered it appropriate to adopt the going concern basis of accounting in preparing these Financial Statements.

Significant judgements and estimates

There have been no changes to the significant accounting judgements, estimates and assumptions from those applied in the Company's Audited Annual Financial Statements for the period ended 31 December 2014.

New Accounting Standards effective and adopted

The IASB completed its Annual Improvements 2010-2012 Cycle and Annual improvements 2011-2013 Cycle in December 2013. These projects amended a number of existing standards and interpretations effective for accounting periods commencing on or after 1 July 2014.

The adoption of these amended standards has had no material impact on the Financial Statements of the Company.

Notes to the Unaudited Condensed Financial Statements
(continued)

For the six month period ended 30 June 2015

3. SEGMENTAL REPORTING

The Board has considered the requirements of IFRS 8 – "Operating Segments". The Company entered into an Investment Advisory Agreement with the Investment Adviser under which they provide investment advice and certain other services to the Company in relation to their investment portfolio, subject to the overall supervision of the Directors. Subject to its terms and conditions, the Investment Advisory Agreement requires the Investment Adviser to advise the Company to ensure their investment portfolio is in accordance with the Company's investment guidelines as in effect from time to time, 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 Adviser adheres to its mandate. Moreover, the Board is fully responsible for the appointment and/or removal of the Investment Adviser. Accordingly, the Board is deemed to be the "Chief Operating Decision Maker" of the Company.

In the Board's opinion, the Company is engaged in a single segment of business, being the investment into the Master Fund, a Guernsey registered Limited Partnership.

Segment information is measured on the same basis as that used in the preparation of the Company's Annual Audited Financial Statements.

The Company receives no revenues from external customers, nor holds any non-current assets, in any geographical area other than Guernsey.

4. DIVIDENDS

The Company intends to pay dividends to shareholders representing an amount in aggregate at least equal to the gross income from investments, which are received by the Company in the relevant financial period attributable to the Company's investment in the Master Fund, and Qualifying Short Term Investments less expenses of the Company.

The Company intends to declare eleven monthly dividends of a minimum of 0.7 US cents per ordinary share and a larger twelfth interim dividend such that, in the opinion of the Directors, substantially all net income generated by the Company in 2015 will be distributed to shareholders.

The Company declared the following dividends during the six month period ended 30 June 2015:

Period to	Payment date	Dividend rate per share (cents)	Net dividend payable (US$)	Record date	Ex-dividend date
31 December 2014	12 February 2015	4.25	5,173,479	30 January 2015	29 January 2015
31 January 2015	19 February 2015	0.70	853,289	6 February 2015	5 February 2015
28 February 2015	19 March 2015	0.70	1,168,288	6 March 2015	5 March 2015
31 March 2015	23 April 2015	0.70	1,168,288	10 April 2015	9 April 2015
30 April 2015	21 May 2015	0.70	1,168,288	8 May 2015	7 May 2015
31 May 2015	25 June 2015	0.70	1,483,289	12 June 2015	11 June 2015
		3.50	11,014,921		
30 June 2015	23 July 2015	0.70	1,483,289	10 July 2015	9 July 2015
		4.20	12,498,210		

Under Guernsey law, companies can pay dividends in excess of accounting profit provided they satisfy the solvency test prescribed by the Companies (Guernsey) Law, 2008. The solvency test considers whether a company is able to pay its debts when they fall due, and whether the value of a company's assets is greater than its liabilities. The Company passed the solvency test for each dividend paid.

Notes to the Unaudited Condensed Financial Statements

(continued)

For the six month period ended 30 June 2015

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company's financial risk management objectives and policies are consistent with those disclosed in the Annual Financial Statements as at and for the period ended 31 December 2014.

	30 June 2015 (unaudited) US$	31 December 2014 (audited) US$
Cost of financial assets at fair value through profit or loss at the start of the period	118,724,784	–
Purchases into the Master Fund at cost during the period*	39,500,000	118,724,784
Purchases of US Treasury Bills at cost during the period	60,000,063	122,498,097
Proceeds from sale of US Treasury Bills during the period	(44,998,647)	(122,496,724)
Realised loss on sale of US Treasury Bills	(1,215)	(1,373)
Cost of financial assets at fair value through profit or loss at the end of the period	173,224,985	118,724,784
Net unrealised gains on financial assets at the end of the period	3,798,798	5,177,353
Financial assets at fair value through profit or loss at the end of the period	**177,023,783**	**123,902,137**
Realised loss on sales during the period	(1,215)	(1,373)
(Decrease)/increase in unrealised gain during the period	(1,378,555)	5,177,353
Distributions received during the period	6,586,898	–
Net gains on financial assets at fair value through profit or loss	**5,207,128**	**5,175,980**

* the purchase of investments includes non-cash purchases of US$Nil (31 December 2014: US$34,298,425), please refer to Note 8.

The following table reconciles the Master Fund's financial assets at fair value through profit or loss to the Company's financial assets at fair value through profit or loss:

	30 June 2015 (unaudited) US$	31 December 2014 (audited) US$
Master Fund - Financial assets at fair value through profit or loss	181,292,607	123,326,800
Less: Master Fund net current assets	(19,269,025)	575,337
Company's investment into the Master Fund at the end of the period	**162,023,582**	**123,902,137**
Add: Company's investment of US Treasury Bills at the end of the period	15,000,201	–
Company's financial assets at fair value through profit or loss	**177,023,783**	**123,902,137**

Notes to the Unaudited Condensed Financial Statements

(continued)

For the six month period ended 30 June 2015

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS continued

The Company's unrealised gains/(losses) on investment in the period comprises the following:

Master Fund	30 June 2015 (unaudited) US$	31 December 2014 (audited) US$
Net unrealised gains on investments at the beginning of the period	5,177,353	–
Net unrealised gains on financial assets at fair value through profit or loss	7,892,591	5,137,030
Realised loss on financial assets at fair value through profit or loss	(2,257,004)	–
Net gains on derivative financial instruments and foreign exchange	500,165	799,006
Other income	173	186
Expenses	(927,582)	(758,869)
Distributions paid during the period	(6,586,898)	–
Net unrealised gains on investments at the end of the period	**3,798,798**	**5,177,353**

IFRS 13 requires that a fair value hierarchy be established that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are set as follows:

– Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments;

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

– Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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. 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 requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement. Observable data is considered to be that market data that is readily available, regularly distributed or updated, reliable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

Notes to the Unaudited Condensed Financial Statements

(continued)

For the six month period ended 30 June 2015

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS continued

The following table analyses within the fair value hierarchy, the Company's financial assets (by class, excluding cash and cash equivalents, other receivables and other payables) measured at fair value:

	30 June 2015 (unaudited)			
	Level 1 US$	**Level 2 US$**	**Level 3 US$**	**Total US$**
Assets:				
Financial assets at fair value through profit or loss	15,000,201	–	162,023,582	177,023,783
Total	**15,200,201**	**–**	**162,023,582**	**177,023,783**

	31 December 2014 (audited)			
	Level 1 US$	**Level 2 US$**	**Level 3 US$**	**Total US$**
Assets:				
Financial assets at fair value through profit or loss	–	–	123,902,137	123,902,137
Total	**–**	**–**	**123,902,137**	**123,902,137**

The fair values of financial assets which have been classified as level 1 of the fair value hierarchy, are based on unadjusted quoted market prices.

The investment in the Master Fund, which is fair valued at each reporting date, has been classified within Level 3 as it is not traded and contains unobservable inputs.

The following table presents the movement in level 3 instruments:

	30 June 2015 (unaudited) US$	**31 December 2014 (audited) US$**
Opening Balance	123,902,137	–
Purchases	39,500,000	118,724,784
Net (losses)/gains on financial assets held at fair value through profit or loss	(1,378,555)	5,177,353
Closing Balance	**162,023,582**	**123,902,137**

Transfers between Level 1, 2 and 3

There have been no transfers between levels during the six month period ended 30 June 2015. Transfers between levels of the fair value hierarchy are recognised as at the end of the reporting period during which the change has occurred.

Notes to the Unaudited Condensed Financial Statements

(continued)

For the six month period ended 30 June 2015

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS continued

The following table analyses within the fair value hierarchy, the Master Fund's financial assets (by class, excluding cash and cash equivalents, other receivables and other payables) measured at fair value:

	30 June 2015 (unaudited)			
	Level 1 US$	**Level 2 US$**	**Level 3 US$**	**Total US$**
Assets:				
Financial assets at fair value through profit or loss	–	12,266,427	169,026,181	181,292,608
Derivatives at fair value through profit or loss	–	54,229	–	54,229
Total	**–**	**12,320,656**	**169,026,181**	**181,346,837**

	31 December 2014 (audited)			
	Level 1 US$	**Level 2 US$**	**Level 3 US$**	**Total US$**
Assets:				
Financial assets at fair value through profit or loss	–	12,456,271	110,870,529	123,326,800
Derivatives at fair value through profit or loss	–	175,476	–	175,476
Total	**–**	**12,631,747**	**110,870,529**	**123,502,276**

The following table analyses within the fair value hierarchy the Company's assets and liabilities not measured at fair value but for which fair value is disclosed:

	30 June 2015 (unaudited)			
	Level 1 US$	**Level 2 US$**	**Level 3 US$**	**Total US$**
Assets:				
Cash and cash equivalents	44,211,220	–	–	44,211,220
Other receivables	–	15,809	–	15,809
Total	**44,211,220**	**15,809**	**–**	**44,227,029**
Liabilities:				
Securities purchased payable	–	15,000,201	–	15,000,201
Other payables	–	79,761	–	79,761
Total	**–**	**15,079,962**	**–**	**15,079,962**

	31 December 2014 (audited)			
	Level 1 US$	**Level 2 US$**	**Level 3 US$**	**Total US$**
Assets:				
Cash and cash equivalents	331,830	–	–	331,830
Other receivables	–	37,242	–	37,242
Total	**331,830**	**37,242**	**–**	**369,072**
Liabilities:				
Other payables	–	56,078	–	56,078
Total	**–**	**56,078**	**–**	**56,078**

Notes to the Unaudited Condensed Financial Statements

(continued)

For the six month period ended 30 June 2015

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS continued

The assets and liabilities included in the above tables are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

Cash and cash equivalents include deposits held with banks.

Other payables represent the contractual amounts and obligations due by the Company for settlement of trades and expenses.

The following table summarises the valuation methodologies used for the Company's investments categorised in level 3 as at 30 June 2015:

Security	Fair Value US$	Valuation methodology	Unobservable inputs	Ranges
Master Fund	162,023,582	NAV	Zero % discount	N/A

The Master Fund has engaged an independent third party to provide valuations for its CLO investments. The following table summarises, in the company's opinion, the valuation methodologies used by the independent third party to value the Master Fund's investments categorised in level 3 as at 30 June 2015:

Asset Class	Fair Value US$	Unobservable inputs	Ranges	Sensitivity to changes in significant unobservable inputs
Income Note CLOs				
United States of America	163,657,385	Probability of Default ("PD") Recovery Rate and Discount Rates	0 - 3% (2%) 65 - 75% (70%) 12 - 18% (16%)	If PD and discount rate increases, fair value will decrease If the recovery rate increases, fair value will increase
Europe	5,368,796	Probability of Default ("PD") Recovery Rate and Discount Rates	0 - 3% (2%) 65 - 75% (70%) 17%	If PD and discount rate increases, fair value will decrease If the recovery rate increases, fair value will increase

Notes to the Unaudited Condensed Financial Statements

(continued)

For the six month period ended 30 June 2015

6. RELATED PARTIES AND OTHER KEY CONTACTS

Transactions with Investment Adviser and Investment Portfolio Investor

Investment Adviser

Fair Oaks Capital Limited (the "Investment Adviser") is entitled to receive an investment advisory fee from the Company of 1% per annum of the net asset value of the Company, in accordance with the Investment Advisory Agreement dated 15 May 2014. The investment advisory fee is calculated and payable on the last business day of each month or on the date of termination of the agreement. The base management fee will be reduced to take into account any fees received by the Investment Adviser incurred by the Company in respect of its investment in the Master Fund (taking into account any rebates of such Management Fees to the Company) in respect of the same relevant period.

The Investment Adviser has agreed to reinvest and/or procure the reinvestment by the General Partner or by an Affiliate of it of (a) 25% of the fees which it receives annually from the Company pursuant to the Investment Advisory Agreement and (b) 25% of the Management Fee which the General Partner receives annually from the Master Fund in relation only to the Company's interest in the Master Fund by, in each case, subscribing for or procuring the subscription for ordinary shares issued by the Company at the then-prevailing Net Asset Value per ordinary share, provided that it shall instead use its best endeavours to purchase or procure the purchase of such ordinary shares in the secondary market in circumstances where, at the time of any such subscription or purchase, the ordinary shares are trading at a discount of 5% or more of the Net Asset Value per ordinary share of the period to which it relates. If, having used best endeavours as mentioned above, ordinary shares cannot be purchased on the secondary market, ordinary shares shall be subscribed for from the Company. The obligation to subscribe for or purchase or procure the subscription for or purchase of these ordinary shares shall be fulfilled by the Investment Adviser by no later than one month after the end of the relevant financial period of the Company. On 30 January 2015, the General Partner of the Master Fund reinvested US$165,701 into the Company's ordinary shares which is equivalent to 25% of the investment advisory and management fees paid to the Investment Adviser and the General Partner during the period ended 31 December 2014.

The investment advisory fee charged to the Company during the period amounted to US$177,241 (31 December 2014: US$154,511), of which US$38,605 remained outstanding at 30 June 2015 (31 December 2014: US$174). The Company also reimburses the Investment Advisor for all out-of-pocket expenses reasonably incurred in the performance of its duties.

The Investment Advisory agreement can be terminated by either party giving not less than 6 months written notice.

Transactions with Investment Adviser and Investment Portfolio Investor

Portfolio Investor

On 4 March 2015, a fund advised by Coller Capital Limited had purchased the entire holding of 34,298,425 ordinary shares in the Company previously held by GLI Finance Limited for US$32,326,266. Following this transaction, Coller Capital Limited became a major shareholder and was therefore classified as a Related Party.

Coller Capital Limited entered into a lock-in agreement under which it agreed until 16 August 2016 not to directly or indirectly transfer the legal and/or beneficial ownership or any interest therein in any of the shares owned by it, subject to certain agreed exceptions.

Other Material Contracts

Administrator

Praxis Fund Services Limited (the "Administrator") shall be entitled to receive a time based fee quarterly in arrears for all Company Secretarial services. The Administrator is also entitled to an annual fee of US$25,000, payable quarterly in arrears for Administration and Accounting services. During the period ended 31 December 2014, the Administrator was also entitled to a time cost fee of US$42,000 for services provided in relation to the establishment and launch of the Company and related entities.

Notes to the Unaudited Condensed Financial Statements

(continued)

For the six month period ended 30 June 2015

6. RELATED PARTIES AND OTHER KEY CONTACTS continued

Other Material Contracts continued

Custodian

The Royal Bank of Canada (Channel Islands) Limited (the "Custodian") has waived all fees on the basis that all assets are invested into the Master Fund.

Directors' Fees

The Company's Directors are entitled to a fee in remuneration for their services as Directors at a rate payable of £32,000 (or £37,000 if the Net Asset Value of the Company is greater than US$250 million at the beginning of any calendar quarter in which such fees are paid) each per annum.

The overall charge for the above-mentioned fees for the Company for the six month period ended 30 June 2015 and the amounts due at 30 June 2015 are as follows:

	1 January 2015 to 30 June 2015 (unaudited) US$	For the period from 7 March 2014 (date of incorporation) to 31 December 2014 (audited) US$
CHARGE FOR THE PERIOD		
Investment adviser fee	177,241	154,511
Administration fee	84,323	71,375
Directors' fees and expenses	73,124	106,299
OUTSTANDING FEES		
Investment adviser fee	38,605	174
Administration fee	9,405	6,079
Directors' fee	(620)	–

Shares held by related parties

The shareholdings of the Directors' in the Company were as follows:

	30 June 2015 (unaudited)	
Name	**No. of ordinary shares**	**Percentage**
Claudio Albanese (Chairman)	10,000	0.00%
Jon Bridel	10,000	0.00%
Nigel Ward	20,000	0.01%

	31 December 2014 (audited)	
Name	**No. of ordinary shares**	**Percentage**
Claudio Albanese (Chairman)	10,000	0.01%
Jon Bridel	10,000	0.01%
Nigel Ward	20,000	0.02%

As at 30 June 2015, the Investment Adviser, the General Partner and principals of the Investment Adviser and General Partner held an aggregate of 665,701 shares (31 December 2014: 500,000), which is 0.31% (31 December 2014: 0.41%) of the issued share capital.

Notes to the Unaudited Condensed Financial Statements

(continued)

For the six month period ended 30 June 2015

7. TAX STATUS

The Company is exempt from Guernsey income tax and is charged an annual exemption fee of £1,200 under The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989.

8. SHARE CAPITAL

The Company's ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction in equity and are charged to the share capital account, including the initial set up costs.

The authorised share capital of the Company is represented by an unlimited number of ordinary shares of nil par value and have the following rights:

(a) Dividends: Shareholders are entitled to receive, and participate in, any dividends or other distributions resolved to be distributed in respect of any accounting period or other period, provided that no calls or other sums due by them to the Company are outstanding.

(b) Winding Up: On a winding up, the shareholders shall be entitled to the surplus assets remaining after payment of all the creditors of the Company.

(c) Voting: Subject to any rights or restrictions attached to any shares, at a general meeting of the Company, on a show of hands, every holder of voting shares present in person or by proxy and entitled to vote shall have one vote, and on a poll every holder of voting shares present in person or by proxy shall have one vote for each share held by him, but this entitlement shall be subject to the conditions with respect to any special voting powers or restrictions for the time being attached to any shares which may be subject to special conditions. Refer to the Memorandum and Articles of Incorporation for further details.

Issued Share Capital

Ordinary shares

	30 June 2015 (unaudited)	
	Shares	**US$**
Share capital at the beginning of the period	121,728,916	119,542,182
Issued share capital	90,169,446	89,387,202
Share issue costs	–	(1,141,639)
Share capital at the end of the period	**211,898,362**	**207,787,745**

	31 December 2014 (audited)	
	Shares	**US$**
Share capital at the beginning of the period	–	–
Issued share capital*	121,728,916	121,908,119
Share issue costs	–	(2,365,937)
Share capital at the end of the period	**121,728,916**	**119,542,182**

* Includes non-cash in specie transfer of US$34,298,425 during the period.

Notes to the Unaudited Condensed Financial Statements (continued)

For the six month period ended 30 June 2015

9. EARNINGS PER SHARE

	1 January 2015 to 30 June 2015 (unaudited) Number of ordinary shares	For the period from 7 March 2014 (date of incorporation) to 31 December 2014 (audited) Number of ordinary shares
Weighted average number of ordinary shares	166,756,971	116,686,306
Profit for the financial period	US$4,725,077	US$4,672,949
Basic and diluted earnings per ordinary share	**US$0.0283**	US$0.0400

The weighted average number of ordinary shares as at 30 June 2015 is based on the number of ordinary shares in issue during the period under review, as detailed in Note 8.

10. CONTINGENT LIABILITIES AND COMMITMENTS

The Company entered into a Subscription Agreement on 27 May 2014 with the Master Fund and agreed to become a Limited Partner and made a commitment to the Master Fund of US$118,724,784 during the period ended 31 December 2014. During the six month period ended 30 June 2015, the Company made a further commitment to the Master Fund of US$39,500,000, making their total commitment, which was fully drawn at 30 June 2015 US$158,224,784.

At 30 June 2015, the Company had no further outstanding commitments.

11. SUBSEQUENT EVENTS

On 1 July 2015, the Company announced the sixth monthly interim dividend of 0.7 US cents per ordinary share was declared in respect of the month ended 30 June 2015 and was paid on 23 July 2015. The ex dividend date was 9 July 2015.

On 30 July 2015, the Company announced the seventh monthly interim dividend of 0.7 US cents per ordinary share was declared in respect of the month ended 31 July 2015 and was paid on 20 August 2015. The ex dividend date was 6 August 2015.

On 4 August 2015, the Company announced that a prospectus dated 3 August 2015 had been published in respect of the placing programme of new Ordinary and/or C shares in the Company up to an aggregate issue value of US$325 million.

On 4 August 2015, the Company also announced the launch of a placing of up to 200 million C shares at an issue price of US$1 per placing share.

On 13 August 2015, the Company announced the issue had raised US$95 million (before costs and expenses) through the issue of 95 million new C shares at an issue price of US$1 per placing share.

On 17 August 2015, the Company announced a further placing of 6,800,000 new C shares raising a further US$6.8 million (before costs and expenses).

As a result of these placings, the Company's issued share capital will consist of 101,800,000 C shares and 211,898,362 ordinary shares.

On 25 August 2015, the Company announced that the Master Fund had entered into binding contracts to acquire, in the primary market, US$28 million notional of equity notes, representing 73% of the total equity, and US$8.6 million notional of Class F notes of Shackleton 2015-VIII CLO, a new CLO backed by a portfolio of US broadly syndicated, secured loans.

There were no other significant events since the period end which would require revision of the figures or disclosures in the Interim Unaudited Condensed Financial Statements.

Management and Administration

Directors
Claudio Albanese (Independent non-executive Chairman)
Jon Bridel (Independent non-executive Director and Audit Committee Chairman)
Nigel Ward (Independent non-executive Director and Risk Committee Chairman)

Registered Office and Business Address
PO Box 296
Sarnia House
Le Truchot
St Peter Port
Guernsey GY1 4NA

Administrator and Secretary
Praxis Fund Services Limited
PO Box 296
Sarnia House
Le Truchot
St Peter Port
Guernsey GY1 4NA

Investment Adviser
Fair Oaks Capital Limited
67-68 Jermyn Street
London SW1Y 6NY

Registrar
Capita Registrars (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St Sampson
Guernsey GY2 4LH

Legal Advisers in Guernsey
Carey Olsen
Carey House
Les Banques
St Peter Port
Guernsey GY1 4BZ

Legal Advisers in United Kingdom
Stephenson Harwood LLP
1 Finsbury Circus
London EC2M 7SH

Custodian and Principal Bankers
Royal Bank of Canada (Channel Islands) Limited
Canada Court
Upland Road
St Peter Port
Guernsey GY1 3BQ

Bookrunner, Broker and Financial Adviser
Numis Securities Limited
10 Paternoster Square
London EC4M 7LT

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

FAIR OAKS
CAPITAL

PRODUCED BY TPA - GUERNSEY