Chenavari Toro Income Fund Limited

(a closed-ended investment company limited by shares incorporated under the laws of Guernsey with registered number 59940)

Condensed Unaudited Interim Financial Statements

For the period from 1 October 2019 to 31 March 2020

Potential investors are “qualified eligible persons” and “Non-United States Persons” within the meaning of the US Commodity Futures Trading Commission Regulation 4.7.

Chenavari Credit Partners LLP (the “Portfolio Manager”) is registered as a commodity pool operator (“CPO”) with the Commodity Futures Trading Commission (the “CFTC”) and is a member of the National Futures Association (“NFA”) in such capacity under the U.S. Commodity Exchange Act, as amended (“CEA”). With respect to the Company, the Portfolio Manager has claimed an exemption pursuant to CFTC Rule 4.7 for relief from certain disclosure, reporting and recordkeeping requirements applicable to a registered CPO. Such exemption provides that certain disclosures specified in section 4.22 (c) and (d) of the regulation are not in its Condensed Unaudited Financial Statements and Interim Report.

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

Commodity Exchange Affirmation Statement

Commodity Exchange Affirmation Statement Required by the Commodity Exchange Act, Regulation §4.22 (h).

I, Loic Fery, hereby affirm that, to the best of my knowledge and belief, the information contained in this Interim Report and Unaudited Interim Financial Statements is accurate and complete.

Loic Fery

Chief Executive Officer and representative of the Managing Member of Chenavari Credit Partners LLP, Commodity Pool Operator of the Company.

23 July 2020

Highlights for the period from 1 October 2019 to 31 March 2020

- The net asset value ("NAV") total return for the period from 1 October 2019 to 31 March 2020 (the "Period") (with dividends reinvested) was -21.09%[1] and the share price total return (with dividends reinvested) was -25.54%[2] (30 September 2019: 11.68% and 16.77% respectively).

- During the Period, the Company's NAV per Ordinary Share ("Share"), excluding dividends distributed, decreased by 24.18% (30 September 2010: 3.06%) to close at 76.43 cents (30 September 2019: 100.81 cents).

- The Company declared two dividends in respect of the Period ended 31 March 2020: 2 cents per Share paid on 01 April 2020 for the quarter ended 31 December 2019 and 1.5cents per share is payable on 08 June for the quarter ended 31 March 2020. On 29 November 2019 a dividend of 2 cents per Share was paid for the quarter ended 30 September 2019.

- The Company's mid-market share price at 31 March 2020 was 58.25 cents (30 September 2019: 82.25 cents), representing a discount to NAV of 23.79%[3] (30 September 2019: 18.41%).

- The loss for the Period was €63.2 million (31 March 2020: €15.6 million profit), or 20.30 cents loss per Share (31 March 2019: 4.79 cents profit per Share), taking into account recognition of the following significant items:

    - total loss of €60.90 million (31 March 2019: income of €20.78 million)
    - total operating expenses of €2.19 million. (31 March 2019: €5.03 million)
    - financing costs of €0.1 million. (31 March 2019: 0.1 million)

- At 31 March 2020, the NAV was €231.6 million (30 September 2019: €316.2 million), and its free cash holdings were €10.1 million (30 September 2019: €14.8 million).

[1] 31 March NAV per share of 76.43 cents plus 30.44 cents inception to date reinvested distributions (total 106.87 cents) versus 100.81 NAV per share plus 34.62 cents reinvested (total 135.43cents) at 30 September 2019 (106.87-135.43)/135.43 =-21.09%

[2] 31 March mid-market share price of 58.25 cents plus 28.94 cents inception to date reinvested distributions (total 87.19 cents) versus 82.25 cents plus 34.85 cents reinvested (total 117.10 cents) at 30 September 2019 (87.19-117.10)/117.10 =-25.54%

[3] Listed mid-market share price per Bloomberg of 58.25 cents versus calculated NAV per share per the Statement of Financial position of 76.43 cents (76.43-58.25)/76.43 =23.79%

Corporate Summary
For the Period from 1 October 2019 to 31 March 2020

The Company
Chenavari Toro Income Fund Limited (the "Company" or "Toro") is a closed-ended Collective Investment Scheme registered pursuant to The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended (the "Law") and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission (the "Commission"). The Company's Ordinary Shares (the "Shares") were admitted to trading on the Specialist Fund Segment ("SFS") of the London Stock Exchange and The International Stock Exchange (formerly Channel Islands Security Exchange Authority Limited) ("TISE") on 8 May 2015.

Investment objective and policy
The investment objective of the Company is to deliver an absolute return from investing and trading in asset backed securities ("ABS") and other structured credit investments in liquid markets, and investing directly or indirectly in asset backed transactions including, without limitation, through the origination of credit portfolios.

Investment policy
The Company seeks to invest in a diversified portfolio of exposures to predominantly European based obligors. The Company's investment strategies are:

The Opportunistic Credit Strategy – the Company invests or trades opportunistically in primary and secondary market Asset Backed Securities and other structured credit investments including private asset backed finance investments.

The Originated Transactions Strategy – the Company invests in transactions on a buy-to-hold basis, via a variety of means, including, without limitation, Warehouse Credit Facilities, which can originate credits that may be refinanced in structured credit markets as well as other financing opportunities.

Originated transactions
The Company invests in Originators which establish securitisation vehicles and retain the requisite Retention Securities in such vehicles pursuant to the EU Risk Retention Requirements and/or, in future, the U.S. Risk Retention Regulations. In exchange for its capital and participation facilitating retention compliant origination transactions, the Company expects to receive enhanced returns relative to direct investment in structured credit investments (such as CLOs). Such returns may take the form of additional returns from fees, fee rebates or other financial accommodations agreed by parties who may benefit from the Company's involvement depending upon the asset class of a securitisation vehicle.

Eligible investments
Each investment shall, as of the date of acquisition by the Company, be a debt obligation (including, but not limited to, a bond or loan), a share or equity security, a hybrid instrument, derivative instrument or contract or an equitable or other interest. In addition, the Company may from time to time have surplus cash (for example, following the disposal of an acquired investment). Cash held by the Company pending investment or distribution will be held in either cash or cash equivalents, including but not limited to money market instruments or funds, bonds, commercial paper or other debt obligations with banks or other counterparties provided such bank or counterparty has an investment grade credit rating (as determined by any reputable rating agency selected by the Company on the advice of the Portfolio Manager).

Target returns and dividend policy
On the basis of market conditions, whilst not forming part of its investment objective or investment policy, the Company targets a NAV total return (including dividend payments) of 9 to 11 per cent per annum over three to five years once the Company is fully invested. From May 2017, the Company's dividend target was increased from 5 cents to 8 cents per annum payable quarterly in March, June, September and December of each year. Relative to this target return, dividends of 3.5 cents per Share were declared with respect to the Period. The portfolio manager, in accordance with the Board decided to reduce the second dividend for the Period from 2 cents to 1.5 cents following the COVID-19 impact on mark-to-market and collection from investments.

On 08 June 2020, as part of a series of new initiatives with the intention of narrowing the share price discount to NAV, the Company announced an enhanced dividend policy targeting a quarterly dividend yield of 2.5 per cent (by reference to NAV) equating to a targeted annualised dividend yield of 10 per cent (by reference to NAV). The Company's net target return remains 9 to 11 per cent per annum.

The dividend and net target return targets stated above are targets only and are not a profit forecast. There can be no assurance that these targets will be met, and they should not be taken as an indication of the Company's expected future results.

Corporate Summary (continued)
For the Period from 1 October 2019 to 31 March 2020

Asset values
At 31 March 2020, the Company's NAV was €231.6 million (30 September 2019: €316.2 million) with the NAV per Share amounting to 76.43 cents (30 September 2019: 100.81 cents). The Company publishes its NAV on a monthly basis. The NAV is calculated as the Company's assets at fair value less liabilities, measured in accordance with International Financial Reporting Standards ("IFRS").

As a consequence of the global financial markets' crisis arising from the COVID-19 pandemic outbreak, the Company's assets experienced significant marked-to-market volatility which created an additional estimation uncertainty, as mentioned in note 3. In particular, the European leveraged loans and the European CLO market have been materially affected by price dislocation, which is further discussed in the Chairman's Statement on pg8.

Duration
The Company has an indefinite life.

Website
The Company's website address is http://www.chenavaritoroincomefund.com/

Listing information
The Company's Shares are admitted to trading on the SFS and TISE.

The International Securities Identification Number ("ISIN") of the Euro Shares is GG00BWBSDM98 and the SEDOL is BWBSDM9.

The mid-market closing price quoted on the SFS at 31 March 2020 was 58.25 cents per Share.

The average closing price of the Shares over the Period was 77.36 cents per Share.

General Information

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Frederic Hervouet (Non-executive Chairman)
John Whittle (Non-executive Director)
Roberto Silvotti (Non-executive Director)

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* Formerly Estera Administration (Guernsey) Limited, name change effective 06 April 2020

Chairman's Statement

Introduction

On behalf of the Board, I am pleased to present Chenavari Toro Income Fund Limited's Mid-Year Report and Unaudited Financial Statements for the period ending 31 March 2020.

Financial Performance

The Company's share price was 58.25 cents as of 31 March 2020 trading then at a discount to NAV of 23.79%.

During the period from 1 October 2019 to 31 March 2020, the Company's share price total return was -25.54% (dividends reinvested).

Over the Period the Company generated a loss of €63.2 million or a loss of 20.30 cents per share.

The NAV per share was 76.43 cents at 31 March 2020 (30 September 2019: 100.81 cents)

The Company's NAV decreased during the Period by -21.09% (dividends reinvested).

Dividends

During the Period, the Company declared dividends of 4 cents in total, comprising of two dividends of 2 cents in line with its dividend target of 8 cents per annum per Share. Taking into account the average share price of €0.7736, this resulted in a dividend yield of 5.17%. Following the COVID-19 impact on investments to 31 March and the uncertainties surrounding future impacts, the dividend declared after the Period end was reduced to 1.5 cents.

Performance of the Investment Portfolio

The activity of the fund this first half of the year has been dominated by the impact of the COVID 19 crisis. Toro NAV fell 22.2% in the first quarter of 2020, including a €0.02 per share quarterly dividend distribution. Losses were almost evenly split between Direct Origination Strategy and Public ABS Strategy.

Marks on some of the transactions related to the Private Asset Backed Strategy and to the Direct Origination Strategy (together c. 22% of the Company NAV) were kept unchanged from December 2019, as there was no material observable element justifying a mark down of these positions in the context of COVID-19 as at the end of the quarter.

Within the Public ABS strategy, the CLO exposure was impacted by the sharp repricing of credit markets, especially leveraged loans (as the S&P European Leveraged Loan Index Leveraged dropped c.15% in March), exacerbated by fund outflows, margin calls on leveraged positions and low levels of liquidity inherent to the asset class. AAA, BBB, BB, B European CLO positions held within Toro were marked down in March to a weighted average price of 93.4%, 77%, 60.1% and 44.8% respectively.

Regarding the Direct Origination Strategy, in November 2019 pre-COVID 19, Taurus acquired a 5% vertical slice of Bosphorus 5, the first CLO managed by Commerzbank Debt Fund Management implementing Environmental, Social and Governance (ESG) criteria. The vertical risk retention including management fees rebate with reasonable leverage was offering an attractive risk/reward investment, especially as the alternative, horizontal risk retention at the equity level kept suffering from an unattractive CLO arbitrage.

During that quarter Toro fully exited its positions related to Project Alderney where Toro provided capital to a new warehouse alongside SME Capital to originate new loans to the UK SME mid-market segment. Following a six month ramp up period, the portfolio manager felt the strategy was not scalable and diversified enough for a CLO take-out. New origination was stopped, and the divestment was successfully completed achieving a modest but positive IRR of 4.6%.

In March 2020, the impact of the COVID-19 crisis within the Direct Origination Strategy was severe. Taurus suffered from losses on the leveraged loans facility (-3.6% NAV) and price revisions on the CLO retention positions which were revised down 33.3% month over month. In April, following remaining uncertainty on collections, the main asset of Private Asset Backed Strategy was conservatively mark down (by extending future timing and increasing haircut and discount factor) by 26% (-1.98% NAV).

Chairman's Statement (Continued)

Performance of the Investment Portfolio (continued)
Chenavari CLO Manager, for whom Taurus does the risk retention on five CLOs, has been reducing risk in the names where the pandemic impact was likely to be the most significant and whose recovery would be the longest and most uncertain. This explains why Taurus exposure to the most impacted industries (Hotel, Gaming & Leisure, Retail, and Consumer Transportation) stood at 9.8% in Taurus vs 12.8% for the European CLO universe in March. The Chenavari CLO team also was able to swap out several high-price, typically lower coupon fallen angels, which ratings had migrated towards CCC, creating constraints for the CLOs. This negative price impact was compensated by taking selected risk in the mid to high-80s in more cyclical names like construction, spare parts and chemicals which the team believed would rebound faster than other industries.

Leverage on the Company had been reduced to 1.0x at the end of March and the cash position was c.€20m and expecting to double over the following weeks on the back of CLO payments, unwind of warehouse where margin calls had to be paid back.

Outlook:
The drop in economic activity due to the COVID-19 crisis is widely expected to be followed by elevated defaults over the next 6 to 12 months. However, there are multiple factors specific to this credit cycle which will likely impact the level of default rates and the performance of CLO. Starting with the negative factors:

- A total or partial loss of revenues will translate into a significant reduction of EBITDA (with a disruption of the normal working capital cycle and high levels of payment reversals for some sectors) leading to a rapid deterioration of financial metrics, exacerbated by initially optimistic adjusted EBITDA forecasts Many companies will struggle to access liquidity and existing resources could be exhausted quickly

- As 87% of the European leveraged loans market consists of covenant light ("cov-lite") loans, there is both limited control for lenders and ability to force sponsors to inject more capital, potentially leading to a lower recovery in the case of default

- Unlike the previous crisis, borrowers will not benefit from lower interest rates

However other factors, also particular to this cycle, are likely to mitigate potential defaults and losses:

- Unprecedented monetary and fiscal responses were quick, aggressive and relatively coordinated. Such remarkable policy measures flooded the markets with liquidity and will go a long way to support households and businesses impacted by a massive contraction of revenues

- No maturity wall in the coming years for leveraged loans (no loans maturing in the Toro CLOs for instance in 2020 and 2021), which means there is limited refinancing risk

- Cov-lite loans provide more flexibility and buy time for companies

- Incredibly low rates for an extended period will act as a floor on expected recovery

As global economic activity has been experiencing a deep trough, it is telling us little about the permanent or long-term damages and risks that lie ahead at time of the writing. On the other hand, the quick and commensurate policy response have prevented a negative feedback loop and credit markets seemed to be ready to rebound quickly from their March lows.

The effects of the shutdown on corporate fundamentals will become clearer in the coming months and at the time we write we expect the worsening fundamentals will lead to continued pressure on companies' balance sheet, pushing CCC exposure higher while defaults spike and CLO junior cash flows are diverted.

Against this background and given the existing high exposure to CLO in Toro (over 60% of NAV), the portfolio manager will be cautious and highly selective regarding new investments, looking for diversification and favouring consumer risk if an opportunity arises.

Chairman's Statement (Continued)

Outlook: (continued)
In a view to improve the liquidity of the fund, in May 2020, the Company has hired Andrew Cade from Hudnall Capital to facilitate transactions with potential new investors. Andrew has a strong experience with working with a small number of managers who are specialists in Infrastructure, Insurance, Shipping and now Credit. Prior to setting up Hudnall, he was Head of Distribution at International Asset Management, a specialist hedge fund of fund manager and has over 15 years of experience with listed funds at ABN Amro, SG and ING Barings.

On 08 June 2020, the Board announced a series of new initiatives with the intention of narrowing the share price discount to NAV. These initiatives are as follows:

1. An enhanced dividend policy: The Company is targeting a quarterly dividend yield of 2.5 per cent. (by reference to NAV) equating to a targeted annualised dividend yield of 10 per cent. (by reference to NAV). The Company's net target return remains 9-11 per cent. per annum.
2. The continued rebalancing of the investment strategy towards tradable securities, as well as the realisation of illiquid assets.
3. The implementation of quarterly special distributions of available excess cash: at the end of each calendar quarter until 31 December 2020, the Company will maintain a maximum cash balance in its portfolio of 10 per cent. of NAV and will distribute all excess cash above this balance arising in the portfolio as special dividends on a quarterly basis.

Frederic Hervouet
Non-executive Chairman
Date: 23 July 2020

Portfolio Manager's Report

Performance

During the Period, the Company NAV performance was -21.09% (dividends reinvested)

The month-on-month NAV performance since inception was the following (with dividends reinvested at NAV):

Year	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2015	**4.53%**	-	-	-	-	2.06%	0.15%	0.45%	0.64%	0.28%	0.02%	0.52%	0.34%
2016	**3.86%**	(0.34%)	(2.44%)	0.69%	0.92%	0.95%	(0.04%)	0.29%	1.13%	1.23%	0.54%	0.67%	0.24%
2017	**9.30%**	1.41%	0.88%	1.21%	0.56%	0.30%	1.49%	0.28%	0.49%	0.51%	0.98%	0.33%	0.48%
2018	**6.76%**	1.37%	0.41%	0.09%	0.39%	0.40%	(0.81%)	1.14%	0.47%	0.76%	2.31%	(0.04%)	0.10%
2019	**10.65**%	1.15%	0.66%	1.06%	1.90%	0.68%	0.74%	1.62%	0.41%	0.53%	(0.12%)	0.43%	1.11%
2020	**(22.20%)**	1.22%	(0.54%)	(22.72%)									

Since inception, the Company has paid the following dividends:

Period ending	**Dividend (cents per Share)**
30 September 2015 (1 dividend)	2.00
30 September 2016 (4 dividends)	6.50
30 September 2017 (4 dividends)	6.75
30 September 2018 (4 dividends)	8.00
30 September 2019 (4 dividends)	8.00
31 March 2020 (2 dividends)	3.5

Portfolio breakdown

As of 31 March 2020, the Company's investment, gross of leverage, represented 95.54% of the NAV.

The NAV allocation as of 31 March 2020 was as follows:

Asset class breakdown	**31 March 2020 % NAV**	**30 September 2019 % NAV**
Equity (including Taurus Originator)	48.73%	43.26%
Arbitrage CLO	26.46%	42.49%
Preferred equity	10.35%	9.15%
Repurchase agreements	8.20%	-
Non-performing loan	7.56%	5.53%
Residential mortgage-backed security	3.94%	5.64%
Senior loan	1.27%	0.89%
Balance sheet CLO	0.81%	2.57%
Equity securities	0.50%	0.35%
Consumer ABS	0.39%	0.30%
Commercial mortgage-backed security	-	0.92%
Whole loan	-	0.03%
Derivative financial liabilities	(12.67%)	(6.08%)
Cash and cash equivalents	4.36%	4.69%
Due to/from broker, accruals, other receivables and prepayments	0.10%	(9.74%)
Total	**100.00%**	**100.00%**

In relation to the Period, the Company declared dividends totalling 3.5 cents per Share. Dividend payments in the Period totalled 4 cents per Share as the dividend for the 3 month period ending 30 September 2019 (relating to the previous financial period) was paid in the Period and the dividend for the 3 month period ending 31 March 2020 was declared and paid after the end of the Period.

During the Period, the Company repurchased 10,646,641 Shares via one Tender Offer (01 October 2018 to 31 March 2019: 8,625,72 shares via one Tender Offer) and at 31 March 2020 the Company had 302,995,983 Shares in issue with 58,454,017 held in treasury (30 September 2019: 311,231,862 Shares in issue with 50,218,138 held in treasury).

Portfolio Manager's Report (continued)

Portfolio breakdown (continued)

The geographical breakdown of the underlying assets is as follows:

	31 March 2020	30 September 2019
Geographic breakdown	**% NAV**	**% NAV**
Spain	22.28%	18.26%
France	12.52%	12.17%
Germany	10.48%	13.10%
Great Britain	9.20%	11.31%
USA	8.73%	11.29%
Netherlands	6.59%	7.03%
Ireland	5.84%	7.08%
Italy	1.12%	1.72%
Portugal	0.35%	0.41%
Other European Union	-	5.57%
Other	18.49%	17.11%
Cash and cash equivalents	4.30%*	4.69%
Due to/from broker, accruals, other receivables and prepayments	0.10%	(9.74%)
Total	**100.00%**	**100.00%**

*includes forward FX contracts which are included within the Derivative financial liabilities on the above asset class breakdown table.

Investment Strategy

Public ABS Strategy: The Company invests and trades opportunistically in primary and secondary ABS markets to seek out opportunities that aim to unlock significant value from ABS investments that the Portfolio Manager considers to be mispriced by the market relative to their intrinsic value. This asset class experienced mark-to-market volatility linked to the pandemic crisis.

Private Asset Backed Finance Strategy: Through the Portfolio Manager, the Company leverages on the extensive relationships it has with European Banks and retail credit firms in order to gain access and invest in private asset backed finance transactions that are otherwise unlisted and difficult to source.

Direct Origination Strategy: The Company invests primarily, on a buy-to-hold basis, in Originators of securitisation vehicles by retaining the requisite Retention Securities in such vehicles, pursuant to the relevant risk retention requirements in the EU or the US. This strategy benefits from a liquidity premium and 'alpha' by participating in the origination, as well as enhanced economics on the retained interests, with further added value derived from the team's sourcing and structuring capabilities. Additional investment opportunities may also include providing warehouse credit facilities.

Gearing

The Company may use borrowings from time to time for the purpose of short term bridging, financing Share buy backs, repurchase agreements with market counterparties or managing working capital requirements, including hedging facilities. Cash borrowings can contribute alongside other forms of leverage to increase the level of gearing of the Company. The Company may also use gearing to increase potential returns to Shareholders. In the past, the Portfolio Manager has employed leverage against senior tranches of ABS to enhance their returns, and expects it will continue to do so, where the economic terms offered by counterparties can increase potential returns to Shareholders. As of 31 March 2020, the gearing of the Company was approximately 122.55%. (30 September 2019: 110.58%)

Overview

During the half year ended 31 March 2020, the Company's NAV reinvested was down 21.09%, including a €0.04 per share dividend distribution, mainly due to the impact of the COVID-19, with losses almost evenly split between Direct Origination Strategy and Public ABS Strategy.

Portfolio Manager's Report (continued)

Overview (continued)
Within the Originator entity, Taurus Corporate Finance ("Taurus"), part of the Direct Origination Strategy, Taurus acquired a 5% vertical slice of Bosphorus 5 which was priced in Q4 2019. This was the first CLO managed by Commerzbank Debt Fund Management implementing Environmental, Social and Governance (ESG) criteria. In Q4 2019, the Fund also fully exited its positions related to Project Alderney where Toro provided capital to a new warehouse alongside SME Capital to originate new loans to the UK SME mid-market segment. Following a six month ramp up period, the Portfolio Manager felt the strategy was not scalable and diversified enough for a CLO take-out.

During the period, total payment on the five subordinated tranches including the rebate of the management fees accounted for €12m during the period. Annualised payment on the retention pieces of TCLO 2, 3, 4, 5 and Bosphorus 4 was 21.6%, 21.8%, 22.1%, 21.3% and 22.0% respectively (21.7% gross annualised return on an aggregate basis)

Within the Public ABS Strategy, performance in Q4 2019 was mainly driven by the volatility of CLO spreads, especially on the lower part of the capital structure. Overall, new issue CLO supply was robust in 2019, exceeding market expectations despite lower new loan supply, challenging equity arbitrage, deteriorating underlying portfolios and widening cost of debt. 72 transactions printed in 2019, reaching a fresh €29.8bn post-crisis record.

In Q1 2020, the CLO exposure was impacted by the sharp re-pricing of credit markets, especially leveraged loans as the S&P European Leveraged Loan Index Leveraged dropped c.15% in March. Consequently, as a levered play on leveraged loans, the Euro CLO market experienced a sharp price correction at the end of the quarter which was exacerbated by fund outflows, margin calls on leveraged positions and low levels of liquidity inherent to the asset class. In only three weeks, even AAA CLO spreads widened suddenly to 350bps while in comparison it took over a year to reach this level in the 2009 crisis. Consequently, AAA, BBB, BB, B European CLO positions held within Toro were marked down in March to a weighted average price of 93.4%, 77%, 60.1% and 44.8% respectively. In April, however, European CLO tranches rebounded in sympathy with broader credit markets on the back of unprecedented monetary and fiscal responses which have been quick, aggressive and relatively coordinated. Such remarkable policy measures have flooded the markets with liquidity and go a long way to support households and businesses impacted by a massive contraction of revenues.

Within the *Private Asset Backed Finance Strategy*, the performance was mainly driven by the remarking and significant quarterly payment on the Irish RMBS equity piece in Q4 2019.

Outlook
The drop in economic activity due to the COVID-19 crisis is widely expected to be followed by elevated defaults throughout the rest of 2020 and beyond. However, there are multiple factors specific to this credit cycle which will likely impact the level of default rates and the performance of CLO. Starting with the negative factors:

-A total or partial loss of revenues will translate into a significant reduction of EBITDA (with a disruption of the normal working capital cycle and high levels of payment reversals for some sectors) leading to a rapid deterioration of financial metrics, exacerbated by initially optimistic adjusted EBITDA forecasts

-Many companies will struggle to access liquidity and existing resources could be exhausted quickly

-As 87% of the European leveraged loans market consists of cov-lite loans, there is both limited control for lenders and ability to force sponsors to inject more capital, potentially leading to a lower recovery in the case of default

-Unlike the previous crisis, borrowers will not benefit from lower interest rates

While other factors, also particular to this cycle, are likely to mitigate potential defaults and losses:

-Substantial policy support has been put in place to sustain corporates during the shutdowns. Liquidity has never been so abundant as the combination of the European Central Bank's generous TLTRO program and government guarantees on corporate bank loans (worth 10%–15% of gross domestic product in some countries) should sustain the flow of credit to corporates during the shutdowns and prevent a sharp rise in corporate defaults

Portfolio Manager's Report (continued)
Outlook (continued)

Factors likely to mitigate potential defaults and losses: (continued)

-Government support programmes including payroll support are also a key bridge for companies to weather the lockdown and move to a gradual recovery

-No maturity wall in the coming years for leveraged loans (no loans maturing in the Toro CLOs for instance in 2020 and 2021), which means there is limited refinancing risk

-Cov-lite loans provide more flexibility and buy time for companies

-Incredibly low rates for an extended period will act as a floor on expected recovery

The first phase of the COVID-19 shock is ending as the world's largest economies appear to be past the peak of infection levels. The lockdown has put most non-essential business activities on a standstill while consumer spending has contracted sharply. As global economic activity is experiencing a deep trough, it tells us little about the permanent or long-term damages and risks that lie ahead.

On the other hand, the quick and commensurate policy response has prevented a negative feedback loop and credit markets have thus rebounded quickly from their March lows. Parts of the market, notably consumer ABS and RMBS, have hardly sold off and current levels do not reflect much stress to the underlying portfolios resulting from the COVID-19 payment holidays or potentially a substantial rise in unemployment. The CLO market was the only sector which had witnessed selling pressure and appears more balanced. The effects of the shutdown on corporate fundamentals will become clearer in the coming months and worsening fundamentals will lead to continued pressure on companies' balance sheet, pushing CCC exposure higher while defaults spike and CLO junior cash flows are diverted. Against this background and given the existing high exposure to CLO in Toro (over 60% of NAV), the Manager will be cautious and highly selective regarding new investments, looking for diversification and favouring consumer risk if an opportunity arises.

At the end of the 6-month period, Toro's NAV was split between the three strategies as follows: 26.7% in Public ABS, 9.9% in Private Asset Backed Finance and 56.0% in Direct Origination strategies, before the conservative important mark down made in April NAV on the main asset of Private Asset Backed Finance mentioned earlier in the chairman's statement.

Chenavari Credit Partners LLP
Portfolio Manager

23 July 2020

Statement of Principal Risks and Uncertainties

Summary

An investment in the Shares is only suitable for institutional investors and professionally advised private investors who understand and 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 from such an investment. Furthermore, an investment in the Shares should constitute part of a diversified investment portfolio. It should be remembered that the price of securities and the income from them can go down as well as up.

The Directors review the principal risks facing the Company on an ongoing basis and these risks, and the controls in place to mitigate them, are reported and discussed at Board meetings. The Directors have carried out a robust assessment of the principal risks facing the Company and consider the following to be the most material risks relating to an investment in the Shares:

Risk	Mitigation
1. Exogenous market shocks Large and unexpected shocks to the economy such as the recent COVID-19 pandemic, can create spikes in defaults. These shocks can compound some of the principal risks, not least fund performance, collateral risk, product liquidity and operational risk.	Ex-Ante, the Portfolio Manager will analyse stress scenarios and use derivative instruments to try and hedge the tail risk scenario that this type of shock could have. The Portfolio Manager notes that the ABS product tends to be resilient to local market moves but can underperform in these tail scenarios. The Portfolio Manager is well experienced in using derivatives to hedge. The Portfolio Manager will manage leverage cautiously such that there is low risk of an enforced unwind. Ex-Post this cash management will be a focus of the Portfolio Manager. Once the fund leverage and cash has stabilised, the Portfolio Manager will look to deploy capital and take advantage of these situations. The Board will keep investors appraised of the Portfolio Manager’s assessment of the impact of a pandemic such as COVID-19 on the Company’s assets, including its impact on investment valuations and liquidity management. The Risk Committee has reviewed the arrangements put in place by key service providers to ensure continuity of service to the Company and is currently satisfied that they are sufficient. This will be kept under regular review.
2. Share price discount The price of the Company’s shares may trade at a discount relative to the underlying net asset value of the shares.	The Board continually monitors the Company’s share price discount or premium to the published NAV and regularly consults with the Company’s brokers regarding share trading volumes, significant buyers and sellers, and comparative data from the Company’s peer group. In order to manage the discount, the Board announced on 22 November 2018 its intention to repurchase annually, for the next five years, at least 10 per cent of the Company’s issued share capital (excluding any Shares currently held in treasury), via a single or a series of tender offers. During the Period the Company completed 1 tender offer for 5 per cent of the shares in issue in February 2020.

Risk	Mitigation
3. Portfolio Manager risk The Company is dependent on the expertise of the Portfolio Manager and their respective key personnel to evaluate investment opportunities and to implement the Company's investment objective and investment policy.	The Board has instructed the Portfolio Manager to conduct the Company's investment related activities in compliance with applicable law, the Company's investment objectives and guidelines and the Company's contractual obligations. The Management Engagement Committee carried out its review of the performance and capabilities of the Portfolio Manager at its meeting on 17 January 2020 and confirmed that the continued appointment of the Portfolio Manager is deemed to be in the best interest of shareholders.
4. Fund performance The Company is exposed to several market factors, including asset appreciation/depreciation in the underlying collateral (see the "Collateral Risk" section below). Unrealised performance can be affected by the sentiment of the market, supply/demand of asset types, expectations on unemployment, GDP growth, credit cycle and stability of the Eurozone. Because the liquidity of the instruments is relatively low, prices will tend to be sticky, but can be at risk of sudden falls in price when momentum of sentiment is strong enough and certain pools of investors are forced to liquidate. The timing of these technical factors can be quite out of sync with fundamentals.	The Company is closed ended and has a tight limit on leverage. It is well setup to ride out any short-term dislocations in pricing without being forced to liquidate investments at technically distressed prices. This is achieved by employing hedging strategies using liquid instruments. This reduces the beta of the portfolio compared to some of its peers. During the Period a significant proportion of the Company's portfolio was invested in CLO debt. Despite recent poor performance of this asset class the Portfolio Manager was able to protect downside risk through good asset selection and management of the portfolio.
5. Collateral risk (default, recovery, prepayment) Investment Instruments purchased by the Company are linked to the credit performance of the underlying Collateral. This means that defaults or credit losses in the Collateral may adversely impact the performance of the company, the NAV and the value of the Shares.	The Portfolio Manager actively examines the underlying collateral exposure of its investments. Mitigations are made by looking at macro hedging instruments and analysing underlying issuer concentrations. The Portfolio Manager will look to strip out exposures to issuers where it has less fundamental conviction. Alongside the fundamental credit analysis, the structural features of the transaction are also assessed. This includes a review of the payment waterfall, the subordination of the proposed investment instrument, the extent of the reserve fund, the amortisation profile and extension risk. Fundamental default risk has been increasing during the year as the credit cycle matures. This is evidenced by increased net debt/EBITDA levels, an increase in the issue of 'covenant-lite' loans and an increase in downgrades of high yield debt. As a result, risk management has increased its focus on issuer default risk sensitivity analysis and continues to maintain this scrutiny during the COVID-19 pandemic.
6. Product liquidity The illiquid nature of some Asset Backed Securities, originated credit investments, CLO securities and retention securities held within the portfolio may result in significant asset price fluctuations during times of market volatility. Assets may be difficult to sell and the price may be at a discount from the outstanding principal amount.	The Company has strict limits on the proportion of listed versus non-listed investments that can be held within the portfolio, and these limits are monitored daily. During the Period the Portfolio Manager reduced exposure to private origination and increased exposure to more liquid products such as CLO 2.0. In response to the global COVID-19 pandemic, the Portfolio Manager has further rebalanced the investment strategy towards tradable securities, with a focus on investment in liquid and tradable European ABS/CLO, as well as the realisation of illiquid assets.

Risk	Mitigation
7. Direct lending As part of the private asset backed finance strategy, the Company has diversified away from classic secondary corporate loans and residential mortgages into new asset classes. Examples include or have included investment in Spanish real estate and direct investment in marine vessels via a trade finance deal. Such investments expose the Company to new types of investment risk, including political and macroeconomic factors. The illiquidity of such investments may make them difficult to dispose of at fair value and there may be a significant period between the date that an investment is made and the date that any capital gain or loss on such investment is realised.	The Company mitigates liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of bank deposits and loans. The Company is closed-ended and not subject to the need to liquidate holdings quickly in order to meet redemptions. During the year origination in direct lending has been low and profit has been taken on existing positions.
8. Valuation risk Investments are valued in accordance with the Company's Valuation Policy which is compiled with reference to key principles comprising; independence, transparency, consistency and relevance. The policy documents the pricing process and timeline, with particular reference to difficult to value securities, and sets out escalation procedures.	The Sub-Administrator maintains the official, independent books and records of the Company, and values each investment asset in accordance with the Valuation Policy and the Company documentation. The Board has established a Valuation Committee to review the valuation of illiquid investment instruments, particularly where a valuation is provided by a single counterparty or where the Portfolio Manager's risk officer recommends a more conservative valuation than that provided by a counterparty. The Portfolio Manager has also engaged Duff & Phelps, Ltd ("Duff & Phelps"), and Houlihan & Lockey on behalf of the Company, as valuation advisors to provide additional assessments of valuations for certain transactions and has engaged IHS Markit to provide external valuations on retention CLO equity. The Valuation Committee remains ultimately responsible for the determination of the Fair Value of each transaction but may consider Duff & Phelps' and Houlihan & Lockey's input in making such determinations. Specifically, Duff & Phelps have not provided estimated ranges of Fair Value for the Company's interests as of 31 March 2020 (one transaction as at 30 September 2019), Houlihan & Lockey provided estimated ranges for one transaction (none for 30 September 2019). As a result of the work undertaken by the Audit Committee, the Board is satisfied that the valuation of financial assets at fair value through profit or loss is correctly stated in the Financial Statements.
9. IT security Inappropriate access to customer or Company data leading to loss of sensitive information may result in a material adverse effect on the Company's financial condition, reputation and investor confidence.	The Company's service providers maintain cyber security policies. These are reviewed by the AIFM as part of its oversight responsibilities and reported to the Board on a quarterly basis, including any breaches of information security. Service providers perform regular testing of their cyber security controls to ensure that they remain robust.

Risk	Mitigation
10. Brexit Risk Risks of a disorderly exit of the United Kingdom from the European Union exist, either directly as a result of significant trade and operational disruption or indirectly as a result of a general market downturn.	In this scenario, it is anticipated that the majority of the Company's investments would be affected indirectly, since they are continental assets with a low market beta risk.

Statement of Directors' Responsibilities

We confirm that to the best of our knowledge:

- These Condensed Unaudited Interim Financial Statements have been prepared in accordance with International Accounting Standard 34;

- The interim management report (comprising the Chairman's Statement and Portfolio Manager's Report) meets the requirements of an interim management report, and includes 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 period from 1 October 2019 to 31 March 2020 and their impact on the Unaudited Interim 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 period from 1 October 2019 to 31 March 2020 and that have materially affected the financial position or performance of the entity during that period.

This responsibility statement was approved by the Board of Directors on 23 July 2020 and is signed on its behalf by:

Frederic Hervouet
Non-executive Chairman

23 July 2020

Independent Review Report to Chenavari Toro Income Fund Limited

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 31 March 2020 which comprises the Condensed Unaudited Statement of Comprehensive Income, the Condensed Unaudited Statement of Financial Position, the Condensed Unaudited Statement of Changes in Equity, the Condensed Unaudited Statement of Cash Flows, the Condensed Unaudited Schedule of Investments and related notes 1 to 23. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities
The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim 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 Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, 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 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 condensed set of financial statements in the interim financial report for the six months ended 31 March 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Emphasis of matter – Material uncertainty related to level 3 investment valuation
We draw attention to Note 3 and Note 8 of the financial statements, which describe the effects of the uncertainties created by the coronavirus (COVID-19) pandemic on the valuation of the Company's level 3 investments. The outbreak has caused extensive disruption to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the value of the unquoted investments. Our conclusion is not modified in respect of this matter.

Use of our report
This report is made solely to the company 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. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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 formed.

Deloitte LLP
Recognised Auditor
St Peter Port, Guernsey
23 July 2020

Condensed Unaudited Statement of Comprehensive Income
For the period ended 31 March 2020

	Notes	1 October 2019 to 31 March 2020 €	1 October 2018 to 31 March 2019 €
Income			
Net (loss)/gain on financial assets and financial liabilities held at fair value through profit or loss	12	(61,188,170)	20,729,189
Interest income		18,939	-
Other income		270,698	48,429
Total (loss)/income		**(60,898,533)**	**20,777,618**
Expenses			
Management fees	4 (c)	1,460,725	1,568,331
Performance fees	4 (c)	-	2,902,235
Administration fees	5 (b)	51,936	39,921
Sub-administration fees	5 (c)	70,558	78,379
Custodian and brokerage fees	5 (d)	18,363	17,965
Legal fees		34,978	34,218
Directors’ fees	4(a)	78,700	76,991
Audit fees		47,803	46,765
AIFM fees	4 (c)	38,476	37,640
Recharged fee		219,201	-
Other operating expenses		167,342	230,570
Total operating expenses		**2,188,082**	**5,033,015**
Financing costs			
Interest expense		131,861	146,668
(Loss)/profit for the period		**(63,218,476)**	**15,597,935**
Other comprehensive income		**-**	**-**
Total comprehensive (loss)/income		**(63,218,476)**	**15,597,935**
(Loss)/earnings per Share			
Basic and diluted	9	(20.30) cents	4.79 cents

All items in the above statement derive from continuing operations.

The Condensed Unaudited Schedule of Investments and notes to the financial statements are an integral part of the financial statements.

Condensed Unaudited Statement of Financial Position
As at 31 March 2020

	Notes	31 March 2020	30 September 2019
Assets		**€**	**€**
Financial assets at fair value through profit or loss	8,11	251,336,894	352,031,829
Due from broker	13	615,297	8,775,237
Other receivables and prepayments	14	124,483	9,801
Cash and cash equivalents		10,107,141	14,837,232
Total assets		**262,183,815**	**375,654,099**
Equity			
Share capital and share premium	16	354,752,496	354,752,496
Treasury Reserve		(49,340,017)	(40,270,143)
Retained (deficits)/earnings		(73,839,095)	1,681,352
Total equity		**231,573,384**	**316,163,705**
Current liabilities			
Financial liabilities at fair value through profit or loss	8,11	30,090,984	19,917,167
Due to broker	13	10,220	35,471,879
Accrued expenses	15	509,227	4,101,348
Total current liabilities		**30,610,431**	**59,490,394**
Total equity and liabilities		**262,183,815**	**375,654,099**
Shares outstanding	16	302,995,983	313,627,456
NAV per share	10	76.43 cents	100.81 cents

Non-executive Chairman: Frederic Hervouet
Date: 23 July 2020

Non-executive Director: John Whittle
Date: 23 July 2020

The Condensed Unaudited Schedule of Investments and notes to the financial statements are an integral part of the financial statements.

Condensed Unaudited Statement of Changes in Equity
For the period ended 31 March 2020

	Notes	Retained earnings/(deficits) €	Share capital and share premium €	Treasury reserve €	Total €
At 30 September 2019		**1,681,352**	**354,752,496**	**(40,270,143)**	**316,163,705**
Loss for the period		(63,218,476)	-	-	(63,218,476)
Repurchase of shares	16	-	-	(9,069,874)	(9,069,874)
Declared dividends to equity shareholders	18	(12,301,971)	-	-	(12,301,971)
At 31 March 2020		**(73,839,095)**	**354,752,496**	**(49,340,017)**	**231,573,384**

	Notes	Retained earnings/(deficits) €	Share capital and share premium €	Treasury reserve €	Total €
At 30 September 2018		**(5,556,006)**	**354,752,496**	**(29,335,832)**	**319,860,658**
Profit for the period		15,597,935	-	-	15,597,935
Reissue of shares	16			419,190	419,190
Transfer from treasury reserve on settling of performance fees	4(c)	-	-	1,377,036	1,377,036
Repurchase of shares	16	-	-	(7,194,723)	(7,194,723)
Declared dividends to equity shareholders	18	(12,953,002)	-	-	(12,953,002)
At 31 March 2019		**(2,911,073)**	**354,752,496**	**(34,734,329)**	**317,107,094**

The Condensed Unaudited Schedule of Investments and notes to the financial statements are an integral part of the financial statements.

Condensed Unaudited Statement of Cash Flows
For the period ended 31 March 2020

	1 October 2019 to 31 March 2020	1 October 2018 to 31 March 2019
	€	**€**
Cash flows from operating activities		
(Loss)/profit for the period	(63,218,476)	15,597,935
Adjustments for non-cash items and working capital:		
Purchase of investments*	(120,827,263)	(46,893,178)
Disposal and paydowns of investments*	170,507,845	47,493,652
Net loss/(gain) on financial assets and financial liabilities held at fair value through profit or loss	61,188,170	(20,729,189)
Decrease in amounts due from brokers	8,159,940	6,447,119
Increase in other receivables and prepayments	(114,682)	(120,062)
Decrease in amounts due to brokers	(35,461,659)	(2,414,082)
(Decrease)/increase in accrued expenses	(3,592,121)	1,177,139
Net cash inflow from operating activities	**16,641,754**	**559,334**
Cash flows from financing activities		
Redemption of Shares during the Period	(9,069,874)	(7,194,723)
Dividends to equity shareholders	(12,301,971)	(12,953,002)
Net cash outflow from financing activities	**(21,371,845)**	**(20,147,725)**
Net decrease in cash and cash equivalents	(4,730,091)	(19,588,391)
Cash and cash equivalents at beginning of the period	14,837,232	38,863,722
Cash and cash equivalents at end of the period	**10,107,141**	**19,275,331**

* Investments relate to the main revenue producing activity of the Company, hence classified as operating activities.

The Condensed Unaudited Schedule of Investments and notes to the financial statements are an integral part of the financial statements.

Condensed Unaudited Schedule of Investments, at Fair Value
As at 31 March 2020

	Europe	France	Germany	Great Britain	Ireland	Italy	Netherlands	Portugal	Spain	U.S.A	Other	Total	NAV
	€	€	€	€	€	€	€	€	€	€	€	€	%
Financial assets at fair value through profit or loss													
Equity securities													
Mortgage portfolio	-	-	-	-	1,910,800	-	-	-	-	-	-	1,910,800	0.83%
Equities securities total	**-**	**-**	**-**	**-**	**1,910,800**	**-**	**-**	**-**	**-**	**-**	**-**	**1,910,800**	**0.83%**
Debt securities													
Arbitrage CLO		10,160,173	8,814,275	9,420,036	964,011	1,429,315	5,833,501	45,288	2,812,931	9,181,974	12,602,771	61,264,275	26.46%
Residential mortgage-backed security		-	4,642	1,013,586	7,489,230	-	-	618,082	-	-	-	9,125,540	3.94%
Balance sheet CLO		-	-	-	-	-	-	-	1,883,971	-	-	1,883,971	0.81%
Consumer ABS		-	-	-	-	-	-	-	894,000	-	-	894,000	0.39%
Senior loan		-	-	-	2,938,627	-	-	-	-	-	-	2,938,627	1.27%
Non-performing loan		-	-	-	-	-	-	-	17,497,721	-	-	17,497,721	7.56%
Preferred equity		-	-	-	-	-	-	-	23,966,307	-	-	23,966,307	10.35%
Equity*		20,477,225	17,209,609	12,687,118	1,214,654	1,569,838	10,099,566	146,163	5,025,810	12,632,243	31,813,427	112,875,653	48.73%
Debt securities total		**30,637,398**	**26,028,526**	**23,120,740**	**12,606,522**	**2,999,153**	**15,933,067**	**809,533**	**52,080,740**	**21,814,217**	**44,416,198**	**230,446,094**	**99.51%**
Derivative financial assets													
Repurchase agreements		3,465,042	3,027,012	2,180,033	374,767	242,954	1,856,772	-	1,263,053	2,689,790	3,880,577	18,980,000	8.20%
		3,465,042	**3,027,012**	**2,180,033**	**374,767**	**242,954**	**1,856,772**	**-**	**1,263,053**	**2,689,790**	**3,880,577**	**18,980,000**	**8.20%**
Financial assets at fair value through profit or loss total		**34,102,440**	**29,055,538**	**25,300,773**	**14,892,089**	**3,242,107**	**17,789,839**	**809,533**	**53,343,793**	**24,504,007**	**48,296,775**	**251,336,894**	**108.54%**

*Investment in the originator (Taurus) is presented in “Equity”.

Condensed Unaudited Schedule of Investments, at Fair Value
As at 31 March 2020

	Europe	France	Germany	Great Britain	Ireland	Italy	Netherlands	Portugal	Spain	U.S.A	Other	Total	NAV
	€	€	€	€	€	€	€	€	€	€	€	€	%
Financial liabilities at fair value through profit or loss													
Equity securities													
Mortgage portfolio	-	-	-	-	(763,603)	-	-	-	-	-	-	(763,603)	(0.33%)
Equities securities total	**-**	**-**	**-**	**-**	**(763,603)**	**-**	**-**	**-**	**-**	**-**	**-**	**(763,603)**	**(0.33%)**
Derivative financial liabilities													
Repurchase agreement	-	(5,109,824)	(4,795,496)	(3,994,539)	(597,231)	(639,833)	(2,537,519)	-	(1,738,556)	(4,289,136)	(5,474,103)	(29,176,237)	(12.60%)
Forward FX contracts	(151,144)	-	-	-	-	-	-	-	-	-	-	(151,144)	(0.07%)
Derivative financial liabilities total	**(151,144)**	**(5,109,824)**	**(4,795,496)**	**(3,994,539)**	**(597,231)**	**(639,833)**	**(2,537,519)**	**-**	**(1,738,556)**	**(4,289,136)**	**(5,474,103)**	**(29,327,381)**	**(12.67%)**
Financial liabilities at fair value through profit or loss total	**(151,144)**	**(5,109,824)**	**(4,795,496)**	**(3,994,539)**	**(1,360,834)**	**(639,833)**	**(2,537,519)**	**-**	**(1,738,556)**	**(4,289,136)**	**(5,474,103)**	**(30,090,984)**	**(13.00%)**
Total net investments	**(151,144)**	**28,992,616**	**24,260,042**	**21,306,234**	**13,531,255**	**2,602,274**	**15,252,320**	**809,533**	**51,605,237**	**20,214,871**	**42,822,672**	**221,245,910**	**95.54%**
Other assets and liabilities												**10,327,474**	**4.46%**
Net assets												**231,573,384**	**100.00%**

Condensed Schedule of Investments, at Fair Value
As at 30 September 2019

	Europe	France	Germany	Great Britain	Ireland	Italy	Netherlands	Portugal	Spain	U.S.A	Other	Total	NAV
	€	€	€	€	€	€	€	€	€	€	€	€	%
Financial assets at fair value through profit or loss													
Equity securities													
Mortgage portfolio	-	-	-	-	1,628,549	-	-	-	-	-	161,695	1,790,244	0.57%
Equities securities total	**-**	**-**	**-**	**-**	**1,628,549**	**-**	**-**	**-**	**-**	**-**	**161,695**	**1,790,244**	**0.57%**
Debt securities													
Commercial mortgage-backed security	-	-	-	2,919,463	-	-	-	-	-	-	-	2,919,463	0.92%
Arbitrage CLO	-	27,619,885	21,709,899	16,423,787	1,339,551	3,341,857	12,504,749	494,997	4,210,439	19,787,768	26,872,475	134,305,407	42.49%
Residential mortgage-backed security	-	-	20,643	1,066,283	15,928,040	-	-	803,127	-	-	-	17,818,093	5.64%
Balance sheet CLO	-	-	-	5,764,750	-	-	-	-	2,373,676	-	-	8,138,426	2.57%
Consumer ABS	-	-	-	-	-	-	-	-	939,000	-	-	939,000	0.30%
Senior loan	-	-	-	-	2,828,079	-	-	-	-	-	-	2,828,079	0.89%
Whole loan	-	-	-	-	-	-	-	-	-	-	100,655	100,655	0.03%
Non-performing loan	-	-	-	-	-	-	-	-	17,497,721	-	-	17,497,721	5.53%
Preferred equity	-	-	-	447,876	-	-	-	-	28,487,719	-	-	28,935,595	9.15%
Equity*	17,681,755	14,371,863	21,837,218	11,651,767	1,681,079	3,348,498	11,196,080	-	4,852,000	17,992,073	32,146,813	136,759,146	43.26%
Debt securities total	**17,681,755**	**41,991,748**	**43,567,760**	**38,273,926**	**21,776,749**	**6,690,355**	**23,700,829**	**1,298,124**	**58,360,555**	**37,779,841**	**59,119,943**	**350,241,585**	**110.78%**
Financial assets at fair value through profit or loss total	**17,681,755**	**41,991,748**	**43,567,760**	**38,273,926**	**23,405,298**	**6,690,355**	**23,700,829**	**1,298,124**	**58,360,555**	**37,779,841**	**59,281,638**	**352,031,829**	**111.35%**

*Investment in the originator (Taurus) is presented in "Equity".

Condensed Schedule of Investments, at Fair Value (continued)
As at 30 September 2019

	Europe	France	Germany	Great Britain	Ireland	Italy	Netherlands	Portugal	Spain	U.S.A	Other	Total	NAV
	€	€	€	€	€	€	€	€	€	€	€	€	%
Financial liabilities at fair value through profit or loss													
Equity securities													
Mortgage portfolio	-	-	-	-	(700,042)	-	-	-	-	-	-	(700,042)	(0.22%)
Equities securities total	**-**	**-**	**-**	**-**	**(700,042)**	**-**	**-**	**-**	**-**	**-**	**-**	**(700,042)**	**(0.22%)**
Derivative financial liabilities													
CDS	-	(426,282)	(295,014)	(524,481)	(65,572)	(98,346)	(327,788)	-	(98,395)	-	(622,778)	(2,458,656)	(0.78%)
TRS	-	-	-	-	-	-	-	-	-	(31,134)	-	(31,134)	(0.01%)
Repurchase agreement	-	(3,080,857)	(1,862,514)	(1,996,349)	(250,002)	(1,149,842)	(1,137,342)	-	(541,171)	(2,046,349)	(4,602,369)	(16,666,795)	(5.27%)
Forward FX contracts	(60,540)	-	-	-	-	-	-	-	-	-	-	(60,540)	(0.02%)
Derivative financial liabilities total	**(60,540)**	**(3,507,139)**	**(2,157,528)**	**(2,520,830)**	**(315,574)**	**(1,248,188)**	**(1,465,130)**	**-**	**(639,566)**	**(2,077,483)**	**(5,225,147)**	**(19,217,125)**	**(6.08%)**
Financial liabilities at fair value through profit or loss total	**(60,540)**	**(3,507,139)**	**(2,157,528)**	**(2,520,830)**	**(1,015,616)**	**(1,248,188)**	**(1,465,130)**	**-**	**(639,566)**	**(2,077,483)**	**(5,225,147)**	**(19,917,167)**	**(6.31%)**
Total net investments	**17,621,215**	**38,484,609**	**41,410,232**	**35,753,096**	**22,389,682**	**5,442,167**	**22,235,699**	**1,298,124**	**57,720,989**	**35,702,358**	**54,056,491**	**332,114,662**	**105.05%**
Other assets and liabilities												**(15,950,957)**	**(5.05%)**
Net assets												**316,163,705**	**100.00%**

Notes to the Condensed Unaudited Financial Statements

1. General information

Background information on the Company's activities can be found in the Company's prospectus dated 23 April 2015 and the Company's latest Audited Annual Financial Statements, both of which are available on our website address at http://www.chenavaritoroincomefund.com

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The Audited Annual Financial Statements of the Company are prepared in accordance with IFRS as adopted by the European Union, the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and applicable legal and regulatory requirements of the Law. The condensed set of financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting as adopted by the European Union".

The accounting policies adopted are consistent with those adopted in the Audited Annual Financial Statements for the year ended 30 September 2019 with the exception of below.

New standards, interpretations and amendments adopted

IFRS 16 Leases ("IFRS 16")

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provided a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially from its predecessor, IAS 17.

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. There was no impact on the financial statements as the Company holds no leases.

Other IFRS and amendments were issued and did not have a material impact on the financial statements:

Interpretations 23 uncertainty over tax treatments	01 January 2019
Prepayment Features with negative Compensation - Amendments to IFRS 9	01 January 2019
Long- term interest in Associates and Joint Ventures - Amendments to IAS 28	01 January 2019
Annual Improvements to IFRS Standards 2015 - 2017 Cycle	01 January 2019
Plan amendments, curtailment or Settlement - Amendments to IAS 19	01 January 2019

Other IFRS and amendments that are issue but not yet effective which are not envisaged to have a material impact on the financial statements:

Title	**Effective for periods beginning on or after**
Amendments to References to conceptual Framework in IFRS Standards	01 January 2020
IFRS 3 Business Combinations	01 January 2020
IFRS 17 Insurance Contracts	01 January 2021

2.2 Going concern

The Directors believe that it is appropriate to adopt the going concern basis in preparing the Financial Statements in view of its holding in cash and cash equivalents and investments as well as the income deriving from those investments, meaning the Company has adequate financial resources to meet its liabilities as they fall due.

The Directors review the principal risks and uncertainties, including COVID-19 evolvement, facing the Company on an ongoing basis. These risks, and the controls in place to mitigate them, can been found detailed on page 15. It is believed there are sufficient controls in place that these risks will not affect the ongoing viability of the Company.

Notes to the Condensed Unaudited Financial Statements (continued)

3. Critical accounting judgements and key sources of estimation uncertainty

With the exception of the additional key source of estimation uncertainty as detailed further below, there have been no other changes to the significant accounting judgements, estimates and assumptions from those applied in the Company's Audited Annual Financial Statements for the year ended 30 September 2019.

3.1 Additional key sources of estimation uncertainty

COVID-19 impact on the valuation of investment
On 11 March, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. The continued spread of COVID-19 has adversely impacted global commercial activity and contributed to significant volatility in the global financial markets. Although the extent of the impact, including the length or the severity, is difficult to assess, the closures/restrictions could have significant impact on market transaction activity, rental revenues, occupancy percentages and other important aspects associated with the Fund's investments.

As a result, these uncertainties have increased the estimation uncertainty over the value of the unquoted investments. The uncertainty is particularly acute for the level 3 investments where assumptions are made on mark to model valuations and other methodologies in the absence of readily available market evidence. At 31 March 2020, the Company holds level 3 investments of €167.7 million and the use of different assumptions could have a material impact on the valuation of these investments.

Note 8 outlines the Level 3 classifications and the analysis of the impacts of Level 3 investments on the performance of the Company.

4. Related parties

(a) *Directors' remuneration & expenses*
The Directors of the Company are remunerated for their services at such a rate as the Directors determine. The fee for Mr. Hervouet as Non-executive Chairman is £55,000 per annum. The fee for Mr. Whittle as Chairman of the Audit Committee is £45,000 per annum. The fee for Mr. Silvotti is £35,000 per annum.

During the Period ended 31 March 2020, Directors fee of €78,700 (31 March 2019: €76,991) were charged to the Company, of which €9,438 (30 September 2019: €9,801) was prepaid at the end of the Period.

(b) Shares held by related parties
As at 31 March 2020, the Directors held the following Shares in the Company.

Frederic Hervouet	240,000	(30 September 2019: 240,000)
John Whittle	37,091	(30 September 2019: 37,091)
Roberto Silvotti	1,641,632	(30 September 2019: 1,641,632)

Loic Fery is the representative of the managing partner of Chenavari Credit Partners LLP. Chenavari Credit Partners LLP acts as discretionary portfolio manager for Chenavari European Opportunistic Credit Master Fund LP and Chenavari Fixed Income Credit Opportunities Fund (the "Managed Accounts"). The Managed Accounts and Loic Fery hold 34.98% of the shares in the Company (30 September 2019: 35.28%)

Roberto Silvotti is a Director of Chenavari Investment Managers (Luxembourg) S.à.r.l (being a member of the Chenavari Financial Group) and Chenavari Multi Strategy Credit Fund SPC (a company under the management of Chenavari Investment Managers (Luxembourg) S.à.r.l). He forms part of the Concert Party which includes Chenavari Credit Partners LLP and related Chenavari Group companies, relevant Chenavari Partners and employees and the Managed Accounts. In total, this Concert Party holds approximately 51.17% of the shares of the Company (30 September 2019: approximately 52.286%) and is therefore deemed to have control over the Company through these shareholdings.

Notes to the Condensed Unaudited Financial Statements (continued)

4. Related parties (continued)

(c) AIFM and Portfolio Manager
The Company has appointed Carne Global AIFM Solutions (C.I.) Limited as the Company's external AIFM (this is not a related party but a service provider). The AIFM has delegated portfolio management to the Portfolio Manager. Under the terms of the AIFM Agreement, the AIFM is entitled to receive from the Company an annual fee, payable out of the assets of the Company, of £66,000. €38,476 (31 March 2019: €37,640) has been charged during the Period.

The AIFM and the Company have appointed the Portfolio Manager, Chenavari Credit Partners LLP, a member of the Chenavari Financial Group, as the external Portfolio Manager with delegated responsibility for portfolio management functions in accordance with the Company's investment objectives and policy, subject to the overall supervision and control of the Directors and the AIFM.

Under the terms of the Portfolio Management Agreement the Portfolio Manager is entitled to receive from the Company a portfolio management fee calculated and accrued monthly at a rate equivalent to one-twelfth of 1 per cent of the NAV per Share Class (before deducting the amount of that month's portfolio management fee and any accrued liability with respect to any performance fee).

Total portfolio management fees for the Period amounted to €1,460,725 (31 March 2019: €1,568,331) with €443,998 (30 September 2019: €266,711) outstanding at end of the Period.

The Portfolio Manager shall also be entitled to receive a performance fee in respect of each Class of Shares equal to 15 per cent. of the total increase in the NAV per Share of the relevant Class at the end of the relevant Performance Period (as adjusted to, (i) add back the aggregate value of any dividends per Share paid to Shareholders since the end of the Performance Period in respect of which a performance fee was last paid in respect of that Class (or the date of First Admission, if no performance fee has been paid in respect of that Class) and, (ii) exclude any accrual for unpaid performance fees) over the highest previously recorded NAV per Share of the relevant Class as at the end of the relevant Performance Period in respect of which a performance fee was last paid (or the NAV per Share of the relevant class as at First Admission (after deduction of launch costs), if no performance fee has been paid in respect of that Class of Shares) multiplied by the number of issued and outstanding Shares of that Class at the end of the relevant Performance Period, having made adjustments for numbers of Shares of that Class issued or repurchased during the relevant Performance Period.

Performance Period
Subject to any regulatory limitations, the Portfolio Manager has agreed that for a given Performance Period (i.e, each twelve month period ending 30 September each year) any performance fee shall be satisfied as to a maximum of 60 per cent in cash and as to a minimum (save as set out below) of 40 per cent by the issuance of new Euro Shares (including the reissue of treasury shares) issued at the latest published NAV per Share as a share based payment. At no time shall the Portfolio Manager (and/or any persons deemed to be acting in concert with it for the purposes of the Takeover Code) be obliged, in the absence of a relevant Whitewash Resolution having been passed, to receive further Shares where to do so would trigger a requirement to make a mandatory offer pursuant to Rule 9 of the Takeover Code.

Performance fees of €Nil (31 March 2019: €2,902,235) were charged in the Period. As at 31 March 2020, €Nil was payable (30 September 2019: €3,622,497). Cash of €3,622,497 and 2,395,594 shares (with a prevailing NAV at the date of transfer, being 30 September 2019, of €2,414,998) were paid to the Portfolio Manager in the Period, in relation to the Performance Fee for the period ended 30 September 2019.

An amount of €219,201 was recharged (at cost) by the Portfolio Manager during the period (31 March 2019: €112,478) to compensate for the marketing initiatives and time spent to increase the Company's profile and enhance the shares liquidity.

Notes to the Condensed Unaudited Financial Statements (continued)

5. Material agreements

The Company has funded investments with a value of €54,052,667 (30 September 2019: €73,211,323) via hybrid instruments or equity issued by legally segregated compartments of AREO S.à.r.l. ("Areo") and AREO II S.à.r.l. ("Areo II"), companies incorporated in Luxembourg under the Securitization Law of 2004. Areo and Areo II are majority owned by funds managed by the Chenavari group and are managed by a Board of Directors composed of a majority of independent directors that consider investment opportunities sourced by the Portfolio Manager. The Company is currently invested in six compartments of Areo and two compartments of Areo II, which it fair values in accordance with IFRS 13 as set out in the Company's accounting policies. The Portfolio Manager receives no fees from Areo or Areo II. Areo and Areo II are conduit special purpose vehicles sponsored by a member of the Chenavari Financial Group.

(a) Corporate Broker
J.P. Morgan Cazenove services are not based upon a retainer and will be charged accordingly for incremental costs. In the Period J.P. Morgan Cazenove services fees were £50,245.73 (31 March 2019: £15,480).

(b) Administration fee
Ocorian Administration (Guernsey) Limited (the "Administrator") serves as the Company's administrator and secretary. The Administrator is entitled to an annual asset-based fee calculated at a rate of 0.017 per cent per annum of NAV and subject to a minimum fee of £70,000 per annum. All fees are payable quarterly in advance. Administration fees for the period amounted to €51,936 (31 March 2019: €39,921) of which €65 was prepaid (30 September 2020: remained payable €5,309) at the end of the period. (Estera Administration (Guernsey) Limited changed its name to Ocorian Administration (Guernsey) Limited on 06 April 2020).

(c) Sub-administration fee
The Administrator has appointed U.S. Bank Global Fund Services (Ireland) Limited (the "Sub-Administrator") as the Company's Sub-Administrator. The Sub-Administrator is entitled to receive an annual asset-based fee from the Company of up to 0.073% per annum of NAV, excluding certain expenses. Sub-administration fees for the Period amounted to €70,558 (31 March 2019: €78,379) of which €22,749 (30 September 2019: €13,046) remained payable at the end of the Period.

(d) Custodian fee
J.P. Morgan Chase Bank N.A has been appointed to act as custodian to the Company and to provide custodial, settlement and other associated services to the Company. Under the provisions of the custodian agreement dated 27 April 2015 the Custodian is entitled to a safekeeping and administration fee on each transaction calculated using a basis point fee charge based on the country of settlement and the value of the assets together with various other payment/wire charges on outgoing payments, subject to an aggregate minimum fee of €31,500 per annum.

(e) AIFM and Portfolio Manager
Contractual arrangements relating to the AIFM and Portfolio Manager are detailed in note 4.

Notes to the Condensed Unaudited Financial Statements (continued)

6. Financial risk management

Throughout the investment process and following acquisition of an investment, the Portfolio Manager is proactive in identifying and seeking to mitigate transaction and portfolio risk.

The Portfolio Manager will be responsible for sourcing potential investments. The Portfolio Manager will not be required to, and generally will not, submit decisions concerning the discretionary or ongoing management of the Company's assets for the approval of the Board, except where such approval relates to an application of the investment guidelines or a conflict of interest.

Large and unexpected shocks to the economy such as the recent COVID-19 pandemic, can create adverse conditions such as:

- spikes in defaults/increase of default rate
- mark-to-market volatility
- price dislocation
- liquidity management issues,

These shocks can compound and impact transversally all the principal financial risks detailed below.

6.1 Credit risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. To the extent that the Portfolio is exposed to underlying concentrations in any one geographical region, borrower sector or credit or asset type, an economic downturn relating generally to such geographical region, borrower type or credit or asset type may result in an increase in underlying defaults or prepayments within a short time period.

The Portfolio is expected to carry leveraged exposure and an increase in credit losses with respect to any or all Collateral could reduce the Company's income (and thus the ability to pay dividends to Shareholders), the NAV and the value of the Shares.

None of the restrictions set out below shall apply to investments issued or guaranteed by the government of an OECD Member State.

In relation to investments made:

- no more than 20% of NAV shall be exposed to the credit risk of any underlying single transaction or issue;
  - As of 31 March 2020, the largest investment represents 7.56% of the NAV.

- the top five exposures to any transactions or issues shall not, in aggregate, account for more than 50% of NAV;
  - As of 31 March 2020, the top 5 investments represent 31.93% of the NAV.

- no more than 50% of NAV, in aggregate, shall be invested in unlisted investments;
  - As of 31 March 2020, 25.10% of the NAV is invested in unlisted investments.

Additionally, in each case, the restrictions set out above shall not apply to the Company's investment in Originators (the originator or sponsor of a CLO or a securitisation of a pools of consumer loan assets) but shall be applied on a look-through basis to the investments of such Originators; and

- no more than 20% of NAV, in aggregate, shall be exposed to transactions or issues where the underlying collateral is non-European.
  - As of 31 March 2020, 12.94% of the NAV is exposed to non-European underlying collateral.

Notes to the Condensed Unaudited Financial Statements (continued)

6. Financial risk management (continued)
6.1 Credit risk (continued)

The Company may use borrowings from time to time for the purpose of short term bridging, financing Share buy backs, repurchase agreements with market counterparties or managing working capital requirements, including hedging facilities.

- The Company has set a borrowing limit such that the Company's gearing shall not exceed 130% at the time of incurrence and deployment of any borrowing.
  - As of 31 March 2020, the gearing of the Company was approximately 122.55%[4].

In addition, the Company may from time to time have surplus cash (for example, following the disposal of an acquired investment). Cash held by the Company pending investment or distribution will be held in either cash or cash equivalents, including but not limited to money market instruments or funds, bonds, commercial paper or other debt obligations with banks or other counterparties provided such bank or counterparty has an investment grade credit rating (as determined by any reputable rating agency selected by the Company on the advice of the Portfolio Manager).

The Company manages the portfolio with appropriate diversification in terms of sectors and geographical breakdowns. As of 31 March 2020, and 30 September 2019, the breakdown of the NAV per asset class and geography was as follows:

	31 March 2020	**30 September 2019**
Asset class breakdown	**% NAV**	**% NAV**
Equity (including Taurus Originator)	48.73%	43.26%
Arbitrage CLO	26.46%	42.49%
Preferred equity	10.35%	9.15%
Repurchase agreements	8.20%	-
Non-performing loan	7.56%	5.53%
Residential mortgage-backed security	3.94%	5.64%
Senior loan	1.27%	0.89%
Balance sheet CLO	0.81%	2.57%
Equity securities	0.50%	0.35%
Consumer ABS	0.39%	0.30%
Commercial mortgage-backed security	-	0.92%
Whole loan	-	0.03%
Derivative financial liabilities	(12.67%)	(6.08%)
Cash and cash equivalents	4.36%	4.69%
Due to/from broker, accruals, other receivables and prepayments	0.10%	(9.74%)
Total	**100.00%**	**100.00%**

Geographic breakdown	**31 March 2020**	**30 September 2019**
Spain	22.28%	18.26%
France	12.52%	12.17%
Germany	10.48%	13.10%
Great Britain	9.20%	11.31%
USA	8.73%	11.29%
Netherlands	6.59%	7.03%
Ireland	5.84%	7.08%
Italy	1.12%	1.72%
Portugal	0.35%	0.41%
Other European Union	-	5.57%
Other	18.49%	17.11%
Cash and cash equivalents	4.30%*	4.69%
Due to/from broker, accruals, other receivables and prepayments	0.10%	(9.74%)
Total	**100.00%**	**100.00%**

*includes forward FX contracts which are included within the Derivative financial liabilities on the above asset class breakdown.

[4] Gearing is calculated as the sum of the Company's exposures to each position directly held, divided by the last published Net Asset Value (and for the avoidance of doubt, will include the full exposure held by the Company under any full recourse total return swap, but will exclude any borrowing arrangements that are limited-recourse to the Company, such as borrowings by an Originator).

Notes to the Condensed Unaudited Financial Statements (continued)

6. Financial risk management (continued)

6.1 Credit risk (continued)

The Company is also exposed to counterparty credit risk on forwards, cash and cash equivalents, amounts due from brokers and other receivable balances, as shown in the following tables:

31 March 2020	**Royal Bank of Scotland**	**Deutsche Bank**	**JP Morgan**	**Total**
S&P rating	**A-2**	**A-2**	**A-1**	
	€	**€**	**€**	**€**
Cash and cash equivalents	-	-	10,107,141	10,107,141
Due from broker	211,583	237,649	166,065	615,297
Total counterparty exposure	**211,583**	**237,649**	**10,273,206**	**10,722,438**
Net asset exposure %	**0.09%**	**0.10%**	**4.44%**	**4.63%**

30 September 2019	**Royal Bank of Scotland**	**Deutsche Bank**	**JP Morgan**	**Total**
S&P rating	**A-2**	**A-2**	**A-2**	
	€	**€**	**€**	**€**
Cash and cash equivalents	-	-	14,837,232	14,837,232
Due from broker	1,669,154	2,206,962	4,899,121	8,775,237
Total counterparty exposure	**1,669,154**	**2,206,962**	**19,736,353**	**23,612,469**
Net asset exposure %	**0.53%**	**0.70%**	**6.24%**	**7.47%**

* JP Morgan cash and cash equivalents represents cash held in a custodian account.

Offsetting financial assets and financial liabilities

The Company enters into transactions with a number of counterparties whereby the resulting financial instrument is subject to an enforceable master netting arrangement or similar agreement, such as an ISDA Master Agreement (a "Master Netting Agreement"). Such Master Netting Agreements may allow for net settlement of certain open contracts where the Company and the respective counterparty both elect to settle on a net basis. In the absence of such an election, contracts will be settled on a gross basis. All Master Netting Agreements allow for net settlement at the option of the non-defaulting party in an event of default, such as failure to make payment when due or bankruptcy.

There were no financial assets subject to offsetting, enforceable master netting agreements, as at 31 March 2020.

Notes to the Condensed Unaudited Financial Statements (continued)

6. Financial risk management (continued)

6.1 Credit risk (continued)

Offsetting financial assets and financial liabilities (continued)

The below tables present the Company's financial asset and liabilities subject to offsetting, enforceable master netting agreements.

Liabilities

As at 31 March 2020				**Related amount not offset in the Statement of Financial Position**		
Counterparty	**Gross amounts of recognised liabilities**	**Gross amounts offset in the Statement of Financial Position**	**Net amounts of liabilities presented in the Statement of Financial Position**	**Financial instruments**	**Cash collateral received/pledged**	**Net amount**
	€	**€**	**€**	**€**	**€**	**€**
Forward FX contracts						
Deutsche Bank	(151,144)	-	(151,144)	-	151,144	-
	(151,144)	**-**	**(151,144)**	**-**	**(151,144)**	**-**

Liabilities

As at 30 September 2019				**Related amount not offset in the Statement of Financial Position**		
Counterparty	**Gross amounts of recognised liabilities**	**Gross amounts offset in the Statement of Financial Position**	**Net amounts of liabilities presented in the Statement of Financial Position**	**Financial instruments**	**Cash collateral received/pledged**	**Net amount**
	€	**€**	**€**	**€**	**€**	**€**
Derivative contracts						
CDS						
JP Morgan	(2,458,656)	-	(2,458,656)	-	2,458,656	-
Total return Swap						
JPM	(31,134)	-	(31,134)	-	31,134	-
Forward FX contracts						
Deutsche Bank	(60,540)	-	(60,540)	-	60,540	-
	(2,550,330)	**-**	**(2,550,330)**	**-**	**2,550,330**	**-**

None of the financial assets and financial liabilities are offset in the Statement of Financial Position, as the Master Netting Agreements create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Company or counterparties. In addition, the Company and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Notes to the Condensed Unaudited Financial Statements (continued)

6. Financial risk management (continued)

6.2 Foreign currency risk

Foreign currency risk is the risk of gain or loss resulting from exposure to movements on exchange rates on investments priced in currencies other than the base currency of the Company. The Company does not actively take risk in foreign currency, but incurs it as a normal course of business and employs a series of economic hedges to minimise these risks.

The currency exposure as at 31 March 2020 is as follows:

Currency	Investments	FX Hedges	Cash	Other net liabilities	31 March 2020 Total exposure	31 March 2020 Total exposure	NAV impact for a +/- 10% FX rate move
	€	€	€	€	€	% NAV	%
GBP	4,890,485	(3,049,850)	15,956	98,854	1,955,445	0.00%	0.00%
USD	-	-	868,711	(77,745)	790,966	0.00%	0.00%
	4,890,485	**(3,049,850)**	**884,667**	**21,109**	**2,746,411**	**0.00%**	**0.00%**

The currency exposure as at 30 September 2019 was as follows:

Currency	Investments	FX Hedges	Cash	Other net liabilities	30 September 2019 Total exposure	30 September 2019 Total exposure	NAV impact for a +/- 10% FX rate move
	€	€	€	€	€	% NAV	%
CHF	-	-	1,152	-	1,152	0.00%	0.00%
GBP	16,063,096	(16,341,333)	12,884	(111,424)	(376,777)	(0.12%)	(0.01%)
USD	231,216	-	92,316	(124,691)	198,841	0.06%	0.01%
	16,294,312	**(16,341,333)**	**106,352**	**(236,115)**	**(176,784)**	**(0.06%)**	**0.00%**

6.3 Interest rate risk

Interest rate risk is the risk of gain or loss resulting from exposure to movements on interest rates. The Company does not actively take interest rate risk, but incurs it as a normal course of business and employs a series of hedges to minimise these risks. The Company mainly holds floating rate financial instruments which have little exposure to fair value interest rate risk as, when the short term interest rates increase, the interest on a floating rate note will increase. The value of assed backed securities may be affected by interest rate movements. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations on interest rates; however the underlying cash positions will not be affected.

Notes to the Condensed Unaudited Financial Statements (continued)

6. Financial risk management (continued)

6.3 Interest rate risk (continued)

The Company's continuing position in relation to interest rate risk is monitored by the Portfolio Manager.

	Fixed rate interest	Floating rate interest	Non-interest bearing
	€	€	€
31 March 2020			
Financial assets at fair value through profit or loss	28,297,775	176,140,625	46,898,494
Due from broker	-	615,297	-
Other receivables and prepayments	-	-	124,483
Cash and cash equivalents	-	10,107,141	-
Financial liabilities at fair value through profit or loss	(29,176,238)	-	(914,746)
Due to broker	-	(10,220)	-
Accrued expenses	-	-	(509,227)
	(878,463)	**186,852,843**	**45,599,004**
30 September 2019			
Financial assets at fair value through profit or loss	66,475,828	212,720,517	72,835,484
Due from broker	-	8,775,237	-
Other receivables and prepayments	-	-	9,801
Cash and cash equivalents	-	14,837,232	-
Financial liabilities at fair value through profit or loss	(19,156,583)	-	(760,584)
Due to broker	-	-	(35,471,879)
Accrued expenses	-	-	(4,101,348)
	47,319,245	**236,332,986**	**32,511,474**

6.4 Liquidity risk

A proportion of the Company's balance sheet is made up of assets and liabilities which may not be realisable as cash on demand. Under certain market circumstances already seen in the past, most of the portfolio which consists of ABS can become less liquid and the cost of unwinding may become significant. As a result an exposure to liquidity risk exists. This risk is mitigated by the closed-ended nature of the Company.

Notes to the Condensed Unaudited Financial Statements (continued)

6. Financial risk management (continued)

6.4 Liquidity risk (continued)

The table below analyses the Company's liabilities into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date.

	Less than 3 months	Greater than 3 months	Total
	€	€	€
31 March 2020			
Financial liabilities at fair value through profit or loss	(29,327,381)	(763,603)	(30,090,984)
Due to broker	(10,220)	-	(10,220)
Accrued expenses	(509,227)	-	(509,227)
	(29,846,828)	**(763,603)**	**(30,610,431)**
30 September 2019			
Financial liabilities at fair value through profit or loss	(60,540)	(19,856,627)	(19,917,167)
Due to broker	(35,471,879)	-	(35,471,879)
Accrued expenses	(4,049,502)	(51,846)	(4,101,348)
	(39,581,921)	**(19,908,473)**	**(59,490,394)**

The Company is all equity funded and has been established as a Registered Closed-ended Collective Investment Scheme. Other than in the circumstances and subject to the conditions set out in Part I of the prospectus, Shareholders will have no right to have their Shares redeemed or repurchased by the Company at any time. Shareholders wishing to realise their investment in the Company will normally therefore be required to dispose of their Shares through the secondary market.

6.5 Price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments and credit ratings of debt issuers in which the Company invests. Market price risk represents the potential loss the Company may suffer through price movements on its investments.

The Company is exposed to market price risk arising from the investments in equity securities, debt and derivatives.

The Portfolio Manager manages the Company's price risk and monitors its overall market positions on a daily basis in accordance with the Company's investment objective and policies. The Company's overall market positions are monitored on a quarterly basis by the Board of Directors.

As at 31 March 2020 a 5% movement in prices (with all other variables held constant) would have resulted in a change to the total net assets of €11,062,296 (30 September 2019: €16,605,733).

7. The current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks

The AIFM has delegated the portfolio management of the Company to the Portfolio Manager whilst retaining responsibility for the risk management functions for the Company in accordance with the AIFMD. The AIFM's overall risk management process monitors the consistency between the risk profile of the Company and the investment objective, policies and strategy of the Company.

The day to day management of the Company's risk is undertaken by the Portfolio Manager Risk Officer who is functionally and hierarchically separate from portfolio management, and who has full access to risk management information. The risk management systems also include risk reporting, the monitoring of risk limits, and breach alert and actions. The Risk Officer reports to the Risk Committee of the AIFM. The Risk Committee has ultimate responsibility for risk management and controls of the AIF and for reviewing their effectiveness on a regular basis, including taking appropriate remedial action to correct any deficiencies. The Risk Committee has determined the current risk profile of the AIF to be low. The AIFM has also implemented a risk management policy to identify generic risk types and to continuously review the limits and parameters used within the risk management system.

Notes to the Condensed Unaudited Financial Statements (continued)

8. Fair value of financial instruments

The fair values of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the period end date. The Company has adopted IFRS 13, 'Fair value measurement' and this standard requires the Company to price its financial assets and liabilities using the price in the bid-ask spread that is most representative of fair value for both financial assets and financial liabilities. If a significant movement in fair value occurs subsequent to the close of trading up to midnight on the period end date, valuation techniques will be applied to determine the fair value. No such event occurred. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

For financial assets and liabilities not traded in active markets the fair value is determined by using broker quotations where the broker is a recognised dealer in the respective position, valuation techniques and various methods including the use of comparable recent arm's length transactions, reference to other instruments that are substantially same, discounted cash flow analysis, option pricing models, alternative price sources including a combination of dedicated price feeds from recognised valuation vendors and application of relevant broker quotations where the broker is a recognised market maker in the respective position.

For instruments for which there is no active market, the Company may also use internally developed models, which are usually based on valuation methods and techniques generally recognised as a standard within the industry. Some of the inputs to these models may not be market observable and are therefore based on assumptions.

The level of the fair value hierarchy of an instrument is determined considering the inputs that are significant to the entire measurement of such instrument and the level of the fair value hierarchy within those inputs are categorised.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1: Quoted price (unadjusted) in an active market for an identical instrument.

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

Level 3: Valuation techniques using significant unobservable inputs. 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 for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

We note that as of 31 March 2020, there was unprecedented volatility in the capital markets caused by the impact of COVID-19 and very few transactions that weren't distressed. This has caused significant levels of uncertainty when estimating the value of investments using significant unobservable inputs and the use of different assumptions could have a material impact on the valuation of these investments.

At 31 March 2020, the valuations of a number of level 3 real estate transactions (Spanish real estate development, Spanish mortgage NPL and Irish Mortgage portfolio), representing 22% of the NAV have been kept unchanged from 31 December 2019 as there was no material observable and certain data points justifying a mark down of these positions in the context of COVID-19 as at the NAV date. Following the collection of more information after the statement of financial position date, the model inputs were adjusted which resulted in a change of Fair Value on the April NAV of a net -€3.35million.

Notes to the Condensed Unaudited Financial Statements (continued)

8. Fair value of financial instruments (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

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

The following tables show the Company's assets and liabilities at 31 March 2020 based on the hierarchy set out in IFRS 13:

		Level 1 2020 €	Level 2 2020 €	Level 3 2020 €	Total 2020 €
Assets					
Financial assets held for trading					
Equity securities					
	Europe: Equity	-	-	1,910,800	1,910,800
Debt securities					
	Europe: Private bond and equity*	-	-	55,742,865	55,742,865
	UK: Private bond and equity*	-	-	12,687,118	12,687,118
	USA: Private bond and equity*	-	-	12,632,243	12,632,243
	Other: Private bond and equity*	-	-	31,813,427	31,813,427
	Europe: ABS	-	33,460,189	24,986,951	58,447,140
	USA: ABS	-	9,181,974	-	9,181,974
	UK: ABS	-	9,420,036	1,013,586	10,433,622
	Other: ABS	-	12,602,771	-	12,602,771
	Europe: Money market loan	-	-	26,904,934	26,904,934
OTC derivatives					
	Repurchase agreement	-	18,980,000	-	18,980,000
Total assets		**-**	**83,644,970**	**167,691,924**	**251,336,894**
Liabilities					
Financial liabilities held for trading					
Equity securities					
	Europe: Equity	-	-	(763,603)	(763,603)
OTC derivatives					
	Forward FX contracts	-	(151,144)	-	(151,144)
	Repurchase agreement	-	(29,176,237)	-	(29,176,237)
Total liabilities			**(29,327,381)**	**(763,603)**	**(30,090,984)**

*This is the fair value of the subsidiary Taurus Corporate Financing LLP, as described in note 21. Taurus holds subordinated notes of TCLO 1, 2, 3, 4, 5, 6 and BOPHO 4 and 5 CLO valued at €108.88m, other debt securities through its investment into TCF Loan Warehouse Designated Activity Company 1, valued of €35.84m, repurchase agreements valued at (€18.98m) and other assets and liabilities of (€12.86m).

Notes to the Condensed Unaudited Financial Statements (continued)

8. Fair value of financial instruments (continued)

The following tables show the Company's assets and liabilities at 30 September 2019 based on the hierarchy set out in IFRS 13:

		Level 1 2019	Level 2 2019	Level 3 2019	Total 2019
Assets		**€**	**€**	**€**	**€**
Financial assets held for trading					
Equity securities					
	Europe: Equity	-	-	1,628,549	1,628,549
	Other: Equity	-	-	161,695	161,695
Debt securities					
	Europe: Private bond and equity*	-	-	74,968,493	74,968,493
	UK: Private bond and equity*	-	-	11,651,767	11,651,767
	USA: Private bond and equity*	-	-	17,992,073	17,992,073
	Other: Private bond and equity*	-	-	32,146,813	32,146,813
	Europe: ABS	-	74,398,180	34,385,404	108,783,584
	USA: ABS	-	19,787,768	-	19,787,768
	UK: ABS	-	16,423,787	9,750,495	26,174,282
	Other: ABS	-	26,872,476	-	26,872,476
	Europe: Money market loan	-	-	31,416,453	31,416,453
	UK: Money market loan	-	-	447,876	447,876
Total assets		**-**	**137,482,211**	**214,549,618**	**352,031,829**
Liabilities					
Financial liabilities held for trading					
Equity securities					
	Europe: Equity	-	-	(700,042)	(700,042)
OTC derivatives					
	CDS	-	(2,458,656)	-	(2,458,656)
	TRS	-	(31,134)	-	(31,134)
	Forward FX contracts	-	(60,540)	-	(60,540)
	Repurchase agreement	-	(16,666,795)	-	(16,666,795)
Total liabilities		**-**	**(19,217,125)**	**(700,042)**	**(19,917,167)**

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. Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently.

Notes to the Condensed Unaudited Financial Statements (continued)

8. Fair value of financial instruments (continued)

Thirty nine Level 3 investments were held during the Period.

Product type	Transaction	Fair value at 1 October 2019	Transfer (to)/from Level 2	Realised	Unrealised & FX	Purchases	Sales	Redemptions	Fair value at 31 March 2020
ARB CLO	16	17,497,721	-	-	-	-	-	-	17,497,721
RMBS	33	20,643	(20,643)	-	-	-	-	-	-
CONS ABS	37	939,000	(939,000)	-	-	-	-	-	-
EQUITY	43	161,695	-	(5,470,651)	6,020,598	-	(711,642)	-	-
RMBS	44	1,066,283	-	-	(52,697)	-	-	-	1,013,586
WHOLE LOAN	45	100,655	-	3,254	(4,760)	5,042	(104,191)	-	-
EQUITY	46	1,628,549	-	-	282,251	-	-	-	1,910,800
CMBS	52	2,919,463	-	-	(2,919,463)	-	-	-	-
BS CLO	59	5,764,750	-	195,216	45,917	-	(6,005,883)	-	-
RMBS	60	1,905,921	-	250,129	(150,497)	-	-	(612,711)	1,392,842
RMBS	61	653,485	-	-	(148,767)	-	-	-	504,718
RMBS	62	1,945,412	-	951,175	(1,787,586)	-	(1,109,001)	-	-
RMBS	63	4,186,197	-	5,692,433	(3,846,430)	-	(6,032,200)	-	-
RMBS	64	470,994	-	51,245	(52,810)	-	-	(469,429)	-
RMBS	65	1,397,490	-	58,039	(61,138)	-	-	(1,394,391)	-
RMBS	66	5,368,541	-	-	221,494	-	-	-	5,590,035
EQUITY	67	(700,043)	-	-	(63,560)	-	-	-	(763,603)
PREFERRED EQUITY	68	11,339,384	-	-	(303,836)	597,257	(3,000,000)	-	8,632,805
PREFERRED EQUITY	69	2,695,239	-	-	(93,379)	122,042	(2,723,902)	-	-
PREFERRED EQUITY	70	3,681,613	-	-	(85,089)	480,904	-	-	4,077,428
PREFERRED EQUITY	71	529,689	-	-	12,948	-	(202,111)	-	340,526
PREFERRED EQUITY	72	3,333,134	-	-	(74,461)	168,429	-	-	3,427,102
PREFERRED EQUITY	73	4,107,892	-	-	(89,922)	193,158	-	-	4,211,128
PREFERRED EQUITY	74	2,783,516	-	-	(60,666)	536,779	-	-	3,259,629
PREFERRED EQUITY	75	17,252	-	-	(143)	580	-	-	17,689
SENIOR LOAN	76	2,828,079	-	-	1,109	57,965	(5,434)	56,908	2,938,627
PREFERRED EQUITY	77	356,846	-	21,692	(7,086)	(7,644)	(363,808)	-	-
PREFERRED EQUITY	78	91,030	-	3,147	579	(1,950)	-	(92,806)	-
Investment in the originator	79	136,759,146	-	8,631,749	(41,015,241)	8,500,000	-	-	112,875,654
RMBS	80				1,634				1,634
		213,849,576	**(959,643)**	**10,387,428**	**(44,231,001)**	**10,652,562**	**(20,258,172)**	**(2,512,429)**	**166,928,321**

Notes to the Condensed Unaudited Financial Statements (continued)

8. Fair value of financial instruments (continued)

Product type	Transaction	Fair value at 1 October 2018	Transfer (to)/from Level 2	Realised	Unrealised & FX	Purchases	Sales	Redemptions	Fair value at 30 September 2019
ARB CLO	16	20,936,372	-	-	(3,438,651)	-	-	-	17,497,721
BS CLO	19	1,260,000	-	(6,245,654)	6,002,500	-	(1,016,846)	-	-
BS CLO	27	1,092,000	-	(3,946,800)	3,536,000	-	(681,200)	-	-
RMBS	33	17,356	-	-	3,287	-	-	-	20,643
ARB CLO	36	1,189,316	-	116,474	(696,898)	-	-	(608,892)	-
CONS ABS	37	894,000	-	-	45,000	-	-	-	939,000
EQUITY	43	151,770	-	-	9,925	-	-	-	161,695
RMBS	44	1,384,216	-	(39,674)	(239,355)	-	(38,904)	-	1,066,283
WHOLE LOAN	45	83,788	-	-	5,059	11,808	-	-	100,655
EQUITY	46	270,500	-	-	-	1,358,049	-	-	1,628,549
CMBS	49	14,268	-	(19,241)	24,569	-	(19,596)	-	-
CMBS	52	3,786,795	-	-	(867,332)	-	-	-	2,919,463
CMBS	53	59,902	-	-	(59,902)	-	-	-	-
RMBS	54	1,499,616	-	(325,045)	(94,925)	-	(1,079,646)	-	-
RMBS	55	7,468,706	-	2,883,935	(1,001,574)	4,545,823	(13,896,890)	-	-
ARB CDO	56	128,253	-	2,343,830	92,984	-	-	(2,565,067)	-
CONS ABS	57	2,593,382	-	287,140	563,846	-	(3,444,368)	-	-
RMBS	58	5,474,961	-	-	(1,352,560)	-	(4,122,401)	-	-
BS CLO	59	-	-	-	(45,917)	5,810,667	-	-	5,764,750
RMBS	60	-	-	-	161,089	1,744,832	-	-	1,905,921
RMBS	61	-	-	-	653,485	-	-	-	653,485
RMBS	62	-	-	686,185	1,790,876	199,489	-	(731,138)	1,945,412
RMBS	63	-	-	-	3,853,660	332,537	-	-	4,186,197
RMBS	64	-	2,913,798	(53,538)	45,061	527,262	(2,961,589)	-	470,994
RMBS	65	-	8,266,165	(67,840)	46,469	1,065,144	(7,912,448)	-	1,397,490
RMBS	66	-	-	-	3	5,368,538	-	-	5,368,541
EQUITY	67	-	-	-	(700,043)	-	-	-	(700,043)
PREFERRED EQUITY	68	-	14,925,682	-	(98,439)	1,112,141	(4,600,000)	-	11,339,384
PREFERRED EQUITY	69	-	1,962,096	-	29,520	703,623	-	-	2,695,239
PREFERRED EQUITY	70	-	3,900,261	-	(6,543)	187,895	(400,000)	-	3,681,613
PREFERRED EQUITY	71	-	1,296,857	-	(25,593)	318,425	(1,060,000)	-	529,689
PREFERRED EQUITY	72	-	2,856,500	-	24,023	677,611	(225,000)	-	3,333,134
PREFERRED EQUITY	73	-	3,105,066	-	32,393	1,105,433	(135,000)	-	4,107,892
PREFERRED EQUITY	74	-	2,457,470	-	10,996	315,050	-	-	2,783,516

Notes to the Condensed Unaudited Financial Statements (continued)

8. Fair value of financial instruments (continued)

Product type	Transaction	Fair value at 1 October 2018	Transfer (to)/from Level 2	Realised	Unrealised & FX	Purchases	Sales	Redemptions	Fair value at 30 September 2019
PREFERRED EQUITY	75	-	6,803	-	117	10,332	-	-	17,252
SENIOR LOAN	76	-	-	-	44,536	2,783,543	-	-	2,828,079
PREFERRED EQUITY	77	-	-	-	7,086	349,760	-	-	356,846
PREFERRED EQUITY	78	-	-	-	(579)	91,609	-	-	91,030
Investment in the originator	79	-	132,330,809	-	32,428,337	-	(28,000,000)	-	136,759,146
		48,305,201	**174,021,507**	**(4,380,228)**	**40,782,510**	**28,619,571**	**(69,593,888)**	**(3,905,097)**	**213,849,576**

Notes to the Condensed Unaudited Financial Statements (continued)

8. Fair value of financial instruments (continued)

Product type	**Description**
ARB CDO	Arbitrage CDO
ARB CLO	Arbitrage CLO
BS CLO	Balance sheet CLO
CMBS	Commercial mortgage-backed security
CONS ABS	Consumer asset-backed security
RMBS	Residential mortgage-backed security

As of 31 March 2020, 17 (30 September 2019: twenty nine) investments were categorised within Level 3 of the fair value hierarchy, representing 72.08% (30 September 2019: 67.64%) of the NAV.

ARB CLO - generally vulnerable to increase in default rate and loss severity of leveraged loans (primarily large cap corporates); though due to structural features, some tranches may benefit from moderate increase in defaults. The default rate and loss severity themselves are affected by state of global and regional economies and capital markets. Transaction 14 is further discussed below.

BS CLO - generally vulnerable to increase in default rate and loss severity of bank loans to SMEs. The default rate and loss severity themselves are affected by interest rates and state of local economy in particular growth.

CMBS - most of the pre-2008 deals consist of defaulted assets and have high asset concentration. This makes the deals sensitive to recovery rates (market value of commercial real estate) and ability of borrowers to refinance.

CONS ABS - generally sensitive to default rate and loss severity of consumers. The default rate and loss severity themselves are affected by state of local economy in particular unemployment.

RMBS - generally sensitive to default rate and loss severity of owner occupied and buy-to-let real estate. The default rate and loss severity themselves are affected by interest rates and state of local economy in particular unemployment. Transactions 44, 60, 61, 66 & 80 are further discussed below.

The below sensitivity analysis presents an approximation of the potential effects of events that could have occurred as at the reporting date.

Securities represented by transactions 68 to 76 were held at cost and no stress was available.

Transaction 16
The portfolio of NPL was stressed by increasing the discount rate to 10% versus the base case discount rate of 7.5%, the impact to the NAV in this scenario was 0.56%. The discount factor was increased to 10.5% and additional haircut to future collection was applied in April mark, resulting in a price decline of 26.17% to 0.4328.

Transaction 44
This portfolio of auto loans was stressed under a 14% default rate versus the base 12% default rate, the impact to the NAV in this scenario was 0.00%.

Notes to the Condensed Unaudited Financial Statements (continued)

8. Fair value of financial instruments (continued)

Transaction 60&61
This transaction is a public securitisation of Irish residential mortgage portfolio. Stress models consist of assessing the P&L impact of increasing the stressed discount rate to 19.50% from the base discount rate of 18%, the impact to the Company's NAV is 0.02%.

Transaction 66&80
This transaction consists of a portfolio of Irish residential mortgage including a pool of non-performing loans where the CDR curves were stressed by 1%. The impact to the NAV in this scenario was 0.11%.

Transaction 79
This transaction is the investment in the originator, Taurus Corporate Financing LLP. A 10% increase or decrease to the originator NAV price would have a 4.87% impact to the Company's NAV.

9. Earnings per Share - basic & diluted

The (loss)/earnings per Share - basic and diluted of (20.30) cents (31 March 2019: 4.79 cents) has been calculated based on the weighted average number of Shares of 311,369,778 (31 March 2019: 325,588,443) and a net loss of €63,218,476 (31 March 2019: gain of €15,597,935) over the Period. There were no dilutive elements to shares issued or repurchased during the Period.

10. NAV per Share

The NAV per share of 76.43 cents (30 September 2019: 100.81 cents) is determined by dividing the net assets of the Company attributed to the Shares of €231,573,384 (30 September 2019: €316,163,705) by the number of Shares in issue at 31 March 2020 of 302,995,983 (30 September 2019: 313,627,456).

11. Financial assets and financial liabilities at fair value through profit or loss

	31 March 2020	**30 September 2019**
	€	**€**
Financial assets at fair value through profit or loss :		
- Debt securities	6,605,256	8,303,307
- ABS	84,060,250	173,314,803
- Equity securities	1,910,800	1,790,244
- Investment in Taurus Corporate Financing LLP	112,875,654	136,759,146
- Money market loan	26,904,934	31,864,329
-Repurchase agreement	18,980,000	-
Total financial assets at fair value through profit or loss	**251,336,894**	**352,031,829**
Financial liabilities at fair value through profit or loss :		
- Equity securities	(763,603)	(700,043)
- CDS	-	(2,458,656)
- Forward FX contracts	(151,144)	(60,540)
- Repurchase agreement	(29,176,237)	(16,666,794)
- Total return swap	-	(31,134)
Total financial liabilities at fair value through profit or loss	**(30,090,984)**	**(19,917,167)**

Notes to the Condensed Unaudited Financial Statements (continued)

12. Net gain/(loss) on financial assets and financial liabilities held at fair value through profit or loss

	1 October 2019 to 31 March 2020	1 October 2018 to 31 March 2019
Net gain/(loss) on debt instruments at fair value through profit or loss	**€**	**€**
- Debt securities	449,636	1,285,396
- ABS	(30,822,340)	6,484,546
- Equity securities	825,386	(203,732)
- Investment in Taurus Corporate Financing LLP	(32,383,491)	12,358,987
- Listed options	(110,462)	-
- Money market loan	805,701	1,201,573
-Repo	9,937	-
-Reverse repo	4,176	-
- CDS	277,990	(436,879)
- Total Return Swap	(120,597)	-
Net (loss)/gain on debt instruments at fair value through profit or loss	**(61,064,064)**	**20,689,891**
Net gain/(loss) on foreign exchange and forward contracts	**€**	**€**
Realised loss on forward contracts	(65,361)	(958,785)
Unrealised (loss)/gain on forward contracts	(90,604)	230,876
Realised loss on foreign exchange	289,130	(4,215)
Unrealised gain on foreign exchange	(257,271)	771,422
Net (loss)/gain on foreign exchange and forward contracts	**(124,106)**	**39,298**
Net (loss)/gain on financial assets and liabilities at fair value through profit or loss	**(61,188,170)**	**20,729,189**

13. Due from and to brokers

	31 March 2020	30 September 2019
	€	**€**
Due from:		
Collateral and funding cash	590,964	8,729,195
Receivables for securities sold	24,333	46,042
	615,297	**8,775,237**
Due to:		
Collateral and funding cash	10,220	16,879
Payables for securities purchased	-	35,455,000
	10,220	**35,471,879**

14. Other receivables and prepayments

	31 March 2020	30 September 2019
	€	**€**
Directors	9,438	9,801
Administration Fee	65	-
Advisory Fee	4,757	-
Broker Commission	282	-
External Valuation Fee	1,972	-
Investor Services	35,105	-
Legal Fee	44,893	-
Listing Fee	4,131	-
Recharged Fee	**23,840**	**-**
	124,483	**9,801**

Notes to the Condensed Unaudited Financial Statements (continued)

15. Accrued expenses

	31 March 2020	30 September 2019
	€	€
Management fee	(443,998)	(266,711)
Performance fees	-	(3,622,497)
Administration fee	-	(5,309)
Audit fee	(36,095)	(51,846)
Sub-administration fee	(22,749)	(13,046)
Custodian fee	(6,385)	(6,398)
Other fee	-	(135,541)
	(509,227)	**(4,101,348)**

16. Share capital

The authorised share capital of the Company consists of an unlimited number of unclassified shares of no par value. The unclassified shares may be issued as, (a) Shares in such currencies as the Directors may determine; (b) C Shares in such currencies as the Directors may determine; and (c) such other classes of shares in such currencies as the Directors may determine in accordance with the Articles and the Law. Shares will be redeemable at the option of the Company and not Shareholders.

	Shares outstanding	Shares held in treasury	Total
As at 30 September 2019	313,627,456	47,822,544	361,450,000
SCRIP dividends paid out of treasury in period	15,168	(15,168)	-
Performance fee shares issued*			
Repurchase of shares	(10,646,641)	10,646,641	-
As at 31 March 2020	302,995,983	58,454,017	361,450,000

*Shares (with a prevailing NAV at the date of transfer, being 30 September 2019, €2,414,999) were paid to the Portfolio Manager in the prior Period, in relation to the Performance Fee for the period ended 30 September 2019.

Capital management
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets. There are currently no external capital requirements.

17. Segmental reporting

The Board is responsible for reviewing the Company's entire portfolio and considers the business to have a single operating segment. The Board's asset allocation decisions are based on a single, integrated investment strategy of investing in ABS and other structured credit investments in liquid markets and the Company's performance is evaluated on an overall basis.

The Company invests in a diversified portfolio. The fair value of the major financial instruments held by the Company and the equivalent percentages of the total value of the Company are reported in the Schedule of Investments.

Notes to the Condensed Unaudited Financial Statements (continued)

18. Dividend policy

Subject to compliance with the Companies (Guernsey) Law, 2008 (as amended) and the satisfaction of the solvency test, the Company intends to distribute all its income received from investments, net of expenses, by way of dividends on a quarterly basis with dividends declared in January, April, July and October each year and paid in March, July, September and December. The Company declared a dividend of 2 cents per Share in October 2019 (November 2018:2 cents) for the prior period from 1 July 2019 to 30 September 2019, which paid on 29 November 2019. The Company declared a dividend of 2 cents per Share in February 2020 (January 2019: 2 cents per Share) for the Period from 1 October 2019 to 31 December 2019; the dividend was payable on 01 April 2020. The Company declared a dividend of 1.5 cents per Share in April 2020 (May 2019: 2 cents per Share) for the Period from 1 January 2020 to 31 March 2020; the dividend will be paid on 08 June 2020.

On 08 June 2020, as part of a series of new initiatives with the intention of narrowing the share price discount to NAV, the Company announced an enhanced dividend policy targeting a quarterly dividend yield of 2.5 per cent (by reference to NAV) equating to a targeted annualised dividend yield of 10 per cent (by reference to NAV). The Company's net target return remains 9 to 11 per cent per annum.

Under the Companies (Guernsey) Law, 2008 (as amended), companies can pay dividends in excess of accounting profit provided they satisfy the solvency test prescribed by the Companies Law. 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.

19. Derivative financial instruments

The Company holds the following derivative instruments:

CDS
These are derivative contracts referencing an underlying credit exposure, which can either be a single credit issuer or a portfolio of credit issuers. The Company pays or receives an interest flow in return for the counterparty accepting or selling all or part of the risk of default or failure to pay of a reference entity on which the swap is written. Where the Fund has bought protection the maximum potential payout is the value of the interest flows the Company is contracted to pay until the maturity of the contract.

For short CDS positions, where the Company has sold protection, the maximum potential payout in the event of a default of the underlying instrument is the nominal value of the protection sold.

The market for CDS may from time to time be less liquid than debt securities markets. Due to the lower amount of cash required to hold a position in the CDS versus cash bond markets, the opposite has shown to be true during times of market illiquidity. In relation to CDS where the Company sells protection the Company is subject to the risk of a credit event occurring in relation to the reference issuer. Furthermore, in relation to CDS where the Company buys protection, the Company is subject to the risk of the counterparty of the CDS defaulting.

Listed options (equity options)
A listed option is a derivative financial instrument that establishes a contract between two parties concerning the buying or selling of an asset at a reference price during a specified time frame. During this time frame, the buyer of the option gains the right, but not the obligation, to engage in some specific transaction on the asset, while the seller incurs the obligation to fulfil the transaction if so requested by the buyer.

Forward FX contracts
Forward FX contracts entered into by the Company represent a firm commitment to buy or sell an underlying currency at a specified value and point in time based upon an agreed or contracted quantity. The realised/unrealised gain or loss is equal to the difference between the value of the contract at trade date and the value of the contract at settlement date/period-end date and is included in the Statement of Comprehensive Income.

Notes to the Condensed Unaudited Financial Statements (continued)

19. Derivative financial instruments (continued)

The following table shows the Company's derivative position as at 31 March 2020.

	Financial assets at fair value	Financial liabilities at fair value	Notional amount	Maturity
	€	€	€	
Forward FX contracts				
EUR buy	-	(151,143)	2,898,706	23 April 2020
	-	**(151,143)**	**2,898,706**	

The following table shows the Company's derivative position as at 30 September 2019:

	Financial assets at fair value	Financial liabilities at fair value	Notional amount	Maturity
	€	€	€	
CDS buy protection	-	(2,458,656)	18,750,000	20 December 2024
Total Return Swap	-	(31,134)	(10,000,000)	20 December 2019
Forward FX contracts				
GBP sell	-	(60,540)	(16,280,793)	19 December 2019
EUR buy	-	-	16,280,793	19 December 2019
	-	**(2,550,330)**	**8,750,000**	

20. Securities sold under agreements to repurchase and securities purchased under agreements to resell

Securities sold under agreements to repurchase ("repurchase agreements") and securities purchased under agreements to resell ("reverse repurchase agreements") are treated as collateralised financing transactions. The financing is carried at the amount at which the securities were sold or acquired plus accrued interest, which approximates fair value. It is the Company's policy to deliver securities sold under agreements to repurchase and to take possession of securities purchased under agreements to resell.

As of 31 March 2020, there are six repurchase and reverse repurchase agreements in place (at 30 September 2019: one).

Main terms of the repurchase and reverse repurchase agreements in place as of 31 March 2020:

Notional	Rate	Maturity
(8,115,434)	0.75%	19 June 2020
(13,670,693)	0.75%	19 June 2020
(7,396,800)	0.55%	20 June 2020
10,000,000.00	N/A - Internal trade with Taurus	10 April 2020
3,880,000.00	N/A - Internal trade with Taurus	17 September 2020
5,100,000. 00	N/A - Internal trade with Taurus	20 June 2020

Notes to the Condensed Unaudited Financial Statements (continued)

21. Interests in other entities

List of subsidiaries

Taurus Corporate Financing LLP (the "Originator") meets the definition of a subsidiary in accordance with IFRS 10. The subsidiary is a fully owned subsidiary of the Company and is measured at fair value through profit or loss. The subsidiary carrying value per the financial statements is shown below:

	Carrying value
	€
Taurus Corporate Financing LLP	112,875,654

The Board determined that the Subsidiary meets the definition of an investment entity as set out under IFRS 10 and that therefore the Subsidiary should measure its investments in TCF Loan Warehouse 1 Designated Activity Company and TCF Loan Warehouse 3 Designated Activity Company (the "Warehouses") at fair value rather than consolidate their results. The Warehouses are fully owned subsidiaries of the Subsidiary and were measured at fair value through profit or loss.

In accordance with IFRS 12 paragraph 19, the Company is also required to disclose the following information:

(i) Name; Taurus Corporate Financing LLP

(ii) Place of business;
P.O. Box 286
Floor 2
Trafalgar Court
Les Banques
St. Peter Port
Guernsey
GY1 4LY

(iii) Ownership interests held; 100%

The Company is also required to disclose the following additional information for unconsolidated subsidiaries of a subsidiary which is an investment entity:

Name:	TCF Loan Warehouse 1 Designated Activity Company	TCF Loan Warehouse 3 Designated Activity Company
Place of Business:	3rd Floor,	3rd Floor
	Kilmore House,	Kilmore House
	Park Lane,	Park Lane
	Spencer Dock,	Spencer Dock
	Dublin 1,	Dublin 1
	Ireland	Ireland
Ownership interests held:	100%	100%

Notes to the Condensed Unaudited Financial Statements (continued)

22. Post balance sheet events

On 30 April 2020 the Company announced a dividend of 1.5 cents per Ordinary Share for the quarter ending 31 March 2020 which was paid on 08 June 2020.

On 08 June 2020, the Board announced a series of new initiatives with the intention of narrowing the share price discount to NAV. These initiatives are as follows:

1. An enhanced dividend policy: The Company is targeting a quarterly dividend yield of 2.5 per cent. (by reference to NAV) equating to a targeted annualised dividend yield of 10 per cent. (by reference to NAV). The Company's net target return remains 9-11 per cent. per annum.
2. The continued rebalancing of the investment strategy towards tradable securities, as well as the realisation of illiquid assets.
3. The implementation of quarterly special distributions of available excess cash: at the end of each calendar quarter until 31 December 2020, the Company will maintain a maximum cash balance in its portfolio of 10 per cent. of NAV and will distribute all excess cash above this balance arising in the portfolio as special dividends on a quarterly basis.

Following the ongoing uncertainty that still prevailed on Level 3 assets valuation in the light of COVID-19 crisis, the company marked down one main asset of the Private Asset Backed Lending strategy by 26%, generating a consequent NAV decrease of -1.98% in April.

The Spanish Real Estate Development assets were also revalued in April, based on updated information on unit sold and pending costs as well as outstanding senior debt. These data inclusion resulted in an increase mark of 104.78%, generating a NAV increase of 0.53%

There are no other events subsequent to the Period to report.

23. Approval of the financial statements

The financial statements were approved for issue to shareholders by the Directors on 23 July 2020.