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 2018 to 31 March 2019

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 Investment 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 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 annual 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 annual 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 Statement Affirmation 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.

27 June 2019

Highlights for the period from 1 October 2018 to 31 March 2019

- During the period from 1 October 2018 to 31 March 2019 (the "Period"), the Company's net asset value ("NAV") per Ordinary Share ("Share") increased by 1.16% net of dividends (year to 30 September 2018: decrease of 2.03%) to close at 98.95 cents (30 September 2018: 97.82 cents).

- The NAV performance, dividends reinvested, was 5.35% during the Period. Dividends of 4 cents per Share were paid during the Period, with 2 cents per Share related to the quarter to 30 September 2018 and 2 cents per Share related to the quarter to 31 December 2018. On 1 May 2019 the Company announced a further dividend payment of 2 cents per Share for the quarter to 31 March 2019.

- The Company's mid-market share price at 31 March 2019 was 79.25 cents (30 September 2018: 78.00 cents), representing a discount to NAV of 19.91% (30 September 2018: 20.26%).

- The profit for the Period was €15.6 million (31 March 2018: €11.9 million), or 4.79 cents per Share (31 March 2018: 3.66 cents per Share), taking into account recognition of the following significant items:

    - total net income of €20.78 million (31 March 2018: €16.45 million).
    - total operating expenses of €5.03 million (31 March 2018: €4.39 million).

- To address the persistent share price discount to NAV in existence over the past years, and to improve the liquidity for existing and potential investors, the Company has announced its intention to conduct bi-annual liquidity process for the next five years.
    - During the Period 8,625,732 shares were tendered at a price of 83.41 cents per share.
    - 534,000 Treasury shares were re-issued at a price of 78.50 cents per share.
    - As at 31 March 2019 the Company had 320,479,311 in issue.

- At 31 March 2019 the Company was 92.52% invested and its free cash holdings were €19.3 million.

Corporate Summary
For the Period from 1 October 2018 to 31 March 2019

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 ("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.

Target returns and dividend policy
On the basis of market conditions as at the date of the prospectus (28 April 2015), and whilst not forming part of its investment objective or investment policy, the Company will target 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 4 cents per Share were declared with respect to the Period.

Asset values
At 31 March 2019, the Company's NAV was €317,107,094, with the NAV per Share amounting to 98.95 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").

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 ISIN number of the Euro Shares is GG00BWBSDM98 and the SEDOL is BWBSDM9.

The closing price of the Shares quoted on the SFS at 31 March 2019 was 79.25 cents per Share.

The average closing price of the Shares over the Period was 77.69 cents per Share.

General Information

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

Registered Office to April 29th 2019
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Portfolio Manager
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Administrator and Company Secretary to April 29th 2019
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Administrator and Company Secretary with effect from April 29th 2019
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Chairman's Statement

Introduction
On behalf of the Board, I am delighted to present Chenavari Toro Income Fund's Mid-Year Report and Audited Financial Statements for the period ending 30 March 2019.

Financial performance
Financial performance of the NAV to mid-year was a return of 5.35% (dividends reinvested).

The share price total return was 6.99 % (dividends reinvested).

At the end of the period, the NAV per share and share price stood at 98.95 and 79.25 cents respectively, compared to 97.82 and 78.00 cents at the beginning.

The discount to NAV stood at 19.91% at the end of the period, compared to 20.26% at the beginning.

Dividends
During the period, the Company declared dividends of 4 cents in total, comprising two dividends of 2 cents in line with its dividend target of 8 cents per annum per Share. Taking into account the share price of 0.785, this resulted in a dividend yield of 10.2%, in line with or above the peer group of structured credit investment companies.

Marketing and discount control

During the period, the discount of the share price to NAV has been around -17% and -19% reaching a trough of -21.5% in December when the markets sold off globally.

To address the persistent share price discount to NAV in existence over the past years, and to improve the liquidity for existing and potential investors, the Company has announced its intention to conduct an annual liquidity process for the next five years. This process includes the repurchase annually of at least 10% of the Company issued share capital (excluding any Shares currently held in treasury) through a series of tender offers. The first tender, for 5%, took place on 12 February 2019 and was part of a bi-annual process with a second one planned during or after the summer. After the tender, investors who did not participate in the tender offer, had the opportunity to participate in the re-issuance offer.

A re-issuance amount limit was set, depending on the tender and re-issuance price, in order for the whole process not to be dilutive for existing shareholders.

8,625,732 shares were tendered at 0.8341 (-15% discount to NAV), representing 2.6% of the shares in issue, and a participation of 65% of the shareholders excluding the concert party. 534,000 Treasury shares were re-issued at 78.50, representing a -20% discount to NAV. The low take-up on the re-issuance can be explained by the novelty of the process which was being tested. Following the tender the share price was up 7.6% during Q1 2019 (including dividend) and trading volumes were increased with 9.3 m shares trading in Q1 2019 (excluding tender shares).

Taurus Valuation Methodology

In order to reflect better the performance of the hold-to-maturity underlying assets over a cycle, a mark-to-model valuation methodology was implemented for the risk retention pieces held in Taurus. This new methodology has also the benefit of taking into account the net present value of the CLO management fee rebates which were not previously accounted for. It also addresses the limited liquidity and price transparency issues inherent to the CLO equity market.

The mark-to-model valuation was applied using conservative assumptions and discount rates compared to market standards, resulting in a portfolio expected IRR of 17.4%, about 3.5 points lower than what would be the equivalent IRR using market standard assumptions.

Chairman's Statement (continued)

Investment Portfolio and Outlook

The Company's performance was driven by Direct Origination Strategy which represented circa 59% of the portfolio investments in line with the objective of the fund's allocation. It contributed to 2.6% of the performance over the period:

- Annualised payments for the retention pieces of TCLO 2, 3, 4, 5 and Bosphorus 4, represented 18.6% gross ann. return on an aggregate basis for the Quarter Q1 2019.
- The sub-strategy was complemented in January by the launch of a UK SMEs lending project, whereby Toro will be providing capital to a new warehouse alongside SME Capital, a loan origination platform targeting the smaller end of the mid-market segment of UK SMEs.

The Public Asset-Backed Securities strategy represented a 21% share of the portfolio throughout the period and detracted around 0.2% of the performance net of hedging gains.

Although it reflected some mark-downs on the CLO exposure in Q4 2018, the company's NAV was resilient during that quarter with limited correlation to the broader market, while S&P and Eurostoxx 50 dropped 14% and 11.7%.

In a context where Euro CLO 2.00 BB and B tranches had lagged the rest of the credit market, the portfolio manager took advantage of the cheap offers in that sector, while taking profit on some CDO residual exposure.

The credit sensitivity of the overall portfolio was decreased with hedging as HY indices did not reflect the potential downside to the European economy.

On the Private Asset Backed Finance Strategy, the portfolio manager remains constructive on the Irish residential risk which has contributed to a large part of the performance over the period:

- The equity piece of the Irish RMBS, Dilosk RMBS 2, delivered its first payment. It had been publicly placed in Q4 2018 resulting in 1.5% performance in that quarter (Project Clove).
- A portfolio of newly originated buy-to-let mortgage (Project Shamrock) was securitized in early April. Toro has been providing the warehouse and rolled out into the first loss tranche.

Going forward the portfolio manager believes that the combination of weak economic growth and the continuation of dovish monetary policy should be supportive for a European credit, with benign defaults anticipated. This should be particularly promising for the Direct Origination Strategy.

At the end of March 2018, the forecast target gross interest income and gross portfolio yield were respectively 10.7% and 13.7% respectively.

Frederic Hervouet
Non-executive Chairman

27 June 2019

Portfolio Manager's Report

Performance

During the Period, the Company NAV performance was 5.35% (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	**2.91%**	1.15%	0.66%	1.06%									

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
31 March 2019 (2 dividends)	4.00

Portfolio breakdown

As of 31 March 2019, the Company was 92.52% invested.

The NAV allocation as of 31 March 2019 was as follows:

Asset class breakdown	31 March 2019 % NAV	30 September 2018 % NAV
Equity securities	0.56%	0.13%
Bond	1.70%	1.59%
Arbitrage CDO	-	0.24%
Commercial mortgage-backed security	1.24%	1.32%
Arbitrage CLO	17.70%	12.41%
Residential mortgage-backed security	7.90%	10.15%
Balance sheet CLO	2.41%	1.88%
Consumer ABS	1.13%	1.40%
Senior loan	-	0.51%
Whole loan	0.03%	0.03%
Mezzanine loan	0.54%	0.21%
Non-performing loan	6.60%	6.55%
Preferred equity	8.92%	9.54%
Equity (including Taurus Originator)	44.37%	41.37%
Cash, hedges and accruals*	6.90%	12.67%
Total	**100.00%**	**100.00%**

Portfolio Manager's Report (continued)

Portfolio breakdown (continued)

The geographical breakdown of the underlying assets is as follows:

Geographic breakdown	31 March 2019 % NAV	30 September 2018 % NAV
Other European Union	9.89%	5.36%
France	9.36%	10.49%
Germany	10.22%	10.48%
Great Britain	12.49%	10.01%
Ireland	8.97%	10.08%
Italy	1.97%	0.29%
Netherlands	5.71%	4.27%
Portugal	1.53%	0.93%
Spain	18.48%	21.58%
USA	9.66%	7.52%
Other	4.24%	4.42%
Cash, collateral and accruals*	7.48%	14.57%
Total	**100.00%**	**100.00%**

***** Difference relates to derivative financial assets and liabilities included Asset class breakdown.

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.

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 2019, the gearing of the Company was approximately 92.14%.

Portfolio Manager's Report (continued)

Market Overview

The data flow in Europe showed weakening economic conditions in Q4 with contraction of industrial production in Germany, Italy and the UK and continued to disappoint in Q1 driven by a weaker than expected composite PMI, consistent with protracted manufacturing weakness mainly due to a worsening external demand (The Markit Eurozone manufacturing PMI declined to 47.5).

As the world economy has slowed, the major central banks have taken a decidedly dovish turn. The ECB officially ruled out the possibility of a rate hike in 2019 and announced a new round TLTRO while also studying tiered deposit rate to alleviate banks with excess reserves and potentially lower interest rates further. Germany 10Y nominal rates have fallen back to sub 0% level while implied vols and credit indices hover around all-time lows. As central banks are back to spur a slowing growth, we believe the global expansion should continue for the foreseeable future (absent any exogenous shocks) but the advanced cycle, limited fiscal stimulus and already low unemployment rate should limit any decent pick up in developed markets.

This somewhat "goldilocks" weak economic growth background coupled with the U-turn in monetary policy should be supportive for European credit and especially structured credit where the default picture remains benign for now (the 12m trailing default rate on the European Leveraged Loans Index officially touched zero in January). We expect tiering amongst managers and vintages to remain pronounced across the capital structure and the better vintage positions held in Taurus may continue to deliver above average equity payments.

As the CLO arbitrage remains quite challenged, we continue to expect a slowdown in European CLO new formation while gross issuance is already down 30% year-on-year due to the sharp reduction of reset and refi transactions (€0.8bn in Q1 2019 vs €4.7bn in Q1 2018). CLO BB and B rated tranches offer an attractive risk reward investment and are trading at a record premium to the broader credit market.

Outlook

Toro's NAV was up 2.34% in Q4 2018, including a €0.02 per share quarterly dividend distribution. Although the overall performance during Q4 2018 was indeed impacted by markdowns on the CLO exposure, the Company's NAV was resilient with limited correlation to the broader market. During the same period, S&P 500 and Eurostoxx 50 dropped 14% and 11.7% respectively while in the credit space, prices on US HY credits (iBoxx HY Corporate Bond ETF) and leveraged loans (S&P LST Lev Loan index) were down 6% and 4.8% respectively.

In Q1 2019, Toro's NAV was up 2.91%, including a €0.02 per share quarterly dividend distribution

As regards Taurus Corporate Finance ("Taurus"), part of the *Direct Origination Strategy,* total payment on the five subordinated tranches including the rebate on the management fees accounted for €12.7m during the 6 months' period. Annualised payment on the retention pieces of TCLO 2, 3, 4, 5 and Bosphorus 4 was 16.7%, 20.3%, 19.1%, 18.3% and 19.9% respectively (18.6% gross annualised return on an aggregate basis). As TCLO 2 was refinanced and upsized in Q3 2018, implying some cash drag during Q4 2018 while the overall lower than expected payments on the TCLO programme were due to a larger than usual number of unsettled trades as well as seasonality in fixed bond coupon payments.

We forecast the Taurus risk retention positions (*Direct Origination Strategy)* to carry on performing well as below historical default rates and large management fees rebate offset the gradual and expected deterioration of CLO portfolio credit profiles. Across the five CLO risk retention pieces held in Taurus during Q1 19, the average WARF ("Weighted Average Rating Factor") worsened to 2,907 (vs 2855 for the European CLO universe) while the WAS ("Weighted Average Spread") was stable at 400bps (vs 381bps for the European CLO universe). The average portfolio price increased by 1.13pts to 98.03 (vs 0.9pts increase for the European CLO universe) implying a 10.6% uptick in the average equity NAV. CLO Equity arbitrage conditions remain unattractive as the WACD ("Weighted Average Cost of Debt") of a new transaction remains high (c.210bps) while loan spreads are comparatively tight at 400bps context on the back of a drop in leveraged loans supply (down 32% in Q1 YoY).

Portfolio Manager's Report (continued)

During Q4 2018 and Q1 2019, we continued to work on the two transactions initiated in 2018 and consisting of two CLO risk retention pieces, Toro CLO 6 and Oasis CLO 2019-1. During the period, the current CLO arbitrage continued to be challenging at the point of origination and did not provide a compelling entry point for a CLO take-out.

Following an extensive due diligence and completion of a partnership agreement, Project Alderney was finally launched during Q1 2019. Toro will provide capital to a new warehouse alongside SME Capital to originate new loans to UK SME. SME Capital lending platform was set up in 2014 and targets the smaller end of the mid-market segment of SMEs, providing bespoke financing solutions to cash flowing businesses with strong management teams and robust business plans. The lending platform relies on a blend of streamlined applications and processes to automate quantitative tasks while maintaining a traditional and rigorous approach to credit analysis. At this very early stage, over £5m of loans have been originated and new production is likely to remain subdued until Brexit uncertainties dissipate.

For the *Private Asset Backed Finance* Strategy, performance was driven by the first payment on the equity piece of Dilosk RMBS 2, the Irish RMBS which was publicly placed in November 2018 (previously referred as Project Clove). Also, the securitisation take-out for Project Shamrock (portfolio of newly originated buy-to-let mortgage loans) has been readied following positive feedback from rating agencies. Toro will roll into the first loss tranche of this buy-to-let Irish RMBS. We reiterate our constructive view on Irish residential risk and are contemplating opening a new warehouse which would expand new origination to Irish principal dwelling home residential mortgages in addition to the existing buy-to-let offer.

Within the *Public ABS Strategy,* the strategy took profit on its residual exposure to CDO at a significant premium to the NAV (+0.35% gross on NAV) and increased further its exposure to CLO 2.0 non-IG mezzanine tranches (18% NAV at the end of Q1 19). From the various ratios that we monitor, (whether we compare CLO 2.0 BB/B tranches to the underlying loans spread, credit indices or look at the CLO arbitrage), it is clear Euro CLO spreads have lagged the sharp market rally experienced this year in the broader credit markets and EUR CLO 2.0 BB and B look cheap again, offering a significant pick up to credit instruments.

We will also continue to develop existing and new origination opportunities to diversify away from leveraged loans, especially within consumer risk where the difference between asset yield and cost of debt is extremely compelling.

We have also decided to decrease the overall credit sensitivity of the portfolio through hedging via the Crossover index. Indeed, the European HY index is back to its Q1 2018 lows and does not reflect any potential downside to the EU economy due to the looming trade conflict with the US or any other geopolitical or macro risk.

At the end of March, Toro's NAV was split between the three strategies as follows: 22.1% in *Public ABS*, 10.4% in *Private Asset Backed Finance* and 59.0% in *Direct Origination* strategies. Currently the forecast target gross interest income and gross portfolio yield at 10.7% and 13.7% respectively.

Chenavari Credit Partners LLP
Portfolio Manager

27 June 2019

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 risks set out below are those which are considered to be the material risks relating to an investment in the Shares but are not the only risks relating to the Shares or the Company. Additional risks and uncertainties of which the Company is presently unaware or that the Company currently believes are immaterial may also adversely affect its business, financial condition, results of operations or the value of the Shares. The Directors have undertaken a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity, and have undertaken a detailed review of the effectiveness of the risk management and internal control systems. There have been no changes to the principal risks in the Period. The Directors are comfortable that the risks are being appropriately monitored.

Risk	Explanation/Mitigant
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 conducts detailed fundamental, statistical and scenario analyses. Where it is considered desirable, the Company may enter into hedging transactions designed to protect against or mitigate the consequences of single reference obligations defaulting and/or more generalised credit events. 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.
Market risk	The Company is exposed to several market factors. In particular, the Company is primarily driven by underlying asset appreciation/depreciation, captured in the "Collateral Risk" section above. The market price of the instruments can also be affected by the changes in expectations on the underlying collateral and the ability to pay. In the short term, the 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. Due to the liquidity of the instruments being relatively low, prices will tend to be sticky, but can be at risk to sudden jumps 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 tight limits 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.
Valuation and classification of financial assets at fair value through profit or loss risk	Investments are valued in accordance with the Company's Valuation Policy which is compiled with reference to key principles comprising; independence, documentation, transparency, consistency and relevance and documents the pricing process and timeline, with particular reference to difficult to value securities, and sets out escalation procedures. The Board has established a 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.

Statement of Principal Risks and Uncertainties (continued)

Risk	**Explanation/Mitigant**
Valuation and classification of financial assets at fair value through profit or loss risk (continued)	The Portfolio Manager also engaged Duff & Phelps, Ltd ("Duff & Phelps"), on behalf of the Company, as a valuation advisor to provide certain limited procedures on some Transactions' valuation which the Investment Adviser identified and requested Duff & Phelps to perform. For the avoidance of doubt, notwithstanding the engagement with Duff & Phelps, the Valuation Committee of the Company remains ultimately responsible for the determination of the Fair Value of each Transaction, but may consider Duff & Phelps' input in making such determinations. Specifically, as of 31 March 2019, Duff & Phelps did not provide any estimation (one transaction as at 30 September 2018). 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 was correctly stated in the Financial Statements.
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 Company's investments would be affected indirectly, since they are continental assets with a low market beta risk.
Replenishment risk (quality of new reference assets)	The terms of an investment may permit the relevant counterparty to alter the composition of the collateral. The Portfolio Manager will seek to ensure that the investment documents clearly define eligible replacement assets to mitigate the risk of inferior quality assets being added. In certain cases, and to the extent possible in respect of primary investments, the Portfolio Manager may negotiate veto rights for investors on new names being added to the collateral pool.
Call risk	Investments may have call features which, if activated, would result in re-investment risks for the Company. This is mitigated by restricting the situations where an investment can be terminated and/or by requiring that premiums be payable to investors when an investment is called.
Portfolio Manager risks	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 the 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 11 January 2019 and confirmed that the continued appointment of the Portfolio Manager is deemed to be in the interest of shareholders. There can be no assurance that the Portfolio Manager's past performance will be any guide to future performance or results.
Operational risks	The Company is exposed to the risk arising from any failures of systems and controls in the operations of the Portfolio Manager, Administrator, the Sub-Administrator and the Custodian. The Board and its Audit Committee regularly review reports from the Portfolio Manager and the Administrator on their internal controls.

Statement of Directors' Responsibilities

We confirm to the best of our knowledge that:

- 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 2018 to 31 March 2019 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 2018 to 31 March 2019 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 27 June 2019 and is signed on its behalf by:

Frederic Hervouet
Non-executive Chairman

Date: 27 June 2019

Independent Review Report to the Members of Chenavari Toro Income Fund Limited

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2019 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 and related notes 1 to 23. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with 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. 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.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the 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 IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" 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 half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the 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 half-yearly financial report for the six months ended 31 March 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Recognised Auditor
St Peter Port, Guernsey
27 June 2019

Condensed Unaudited Statement of Comprehensive Income
For the period ended 31 March 2019

	Notes	1 October 2018 to 31 March 2019 €	1 October 2017 to 31 March 2018 €
Income			
Net gain on financial assets and financial liabilities held at fair value through profit or loss	12	20,729,189	16,449,840
Interest income		-	315
Other income		48,429	-
Total net income		**20,777,618**	**16,450,155**
Expenses			
Management fees	4(c)	1,568,331	1,608,542
Performance fees	4(c)	2,902,235	2,097,873
Administration fees	5(b)	39,921	39,746
Sub-administration fees	5(c)	78,379	91,081
Custodian and brokerage fees		17,965	17,886
Legal fees		34,218	44,371
Directors' fees	4(a)	76,991	68,136
Audit fees		46,765	46,560
AIFM fees	4(c)	37,640	37,475
Other operating expenses		230,570	339,734
Total operating expenses		**5,033,015**	**4,391,404**
Finance costs			
Interest expense		146,668	175,118
Profit for the period		**15,597,935**	**11,883,633**
Earnings per Share			
Basic and diluted	9	4.79 cents	3.66 cents

All items in the above statement derive from continuing operations.

The Condensed Unaudited Schedule of Investments and notes to the financial statements on pages 20 to 45 are an integral part of the financial statements.

Condensed Unaudited Statement of Financial Position
As at 31 March 2019

	Notes	31 March 2019 €	30 September 2018 €
Assets			
Financial assets at fair value through profit or loss	8,11	295,454,097	279,414,468
Due from broker	13	7,710,123	14,157,242
Other receivables and prepayments	14	124,534	4,472
Cash and cash equivalents		19,275,331	38,863,722
Total assets		**322,564,085**	**332,439,904**
Equity			
Share capital and share premium	16	354,752,496	354,752,496
Treasury reserve		(34,734,329)	(29,335,832)
Retained earnings		(2,911,073)	(5,556,006)
Total equity		**317,107,094**	**319,860,658**
Current liabilities			
Financial liabilities at fair value through profit or loss	8,11	2,068,607	6,157,693
Due to broker	13	2,318	2,416,400
Accrued expenses	15	3,386,066	4,005,153
Total liabilities		**5,456,991**	**12,579,246**
Total equity and liabilities		**322,564,085**	**332,439,904**
Shares outstanding	16	320,479,311	327,002,156
NAV per Share	10	98.95cents	97.82 cents

Director:
Date: 27 June 2019

Director:
Date: 27 June 2019

The Condensed Unaudited Schedule of Investments and notes to the financial statements on pages 20 to 45 are an integral part of the financial statements.

Condensed Unaudited Statement of Changes in Equity
For the period ended 31 March 2019

	Note	Retained earnings €	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
Transfer from treasury reserve on settling of performance fees	4(c)	-	-	1,377,036	1,377,036
Reissuance of shares		-	-	419,190	419,190
Repurchase of shares		-	-	(7,194,723)	(7,194,723)
Distributions 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**

For the period ended 31 March 2018

	Note	Retained earnings €	Share capital and share premium €	Treasury reserve €	Total €
At 30 September 2017		**841,688**	**354,752,496**	**(31,277,176)**	**324,317,008**
Profit for the period		11,883,633	-	-	11,883,633
Transfer from treasury reserve on settling of performance fees	4(c)	-	-	-	-
Repurchase of shares		-	-	-	-
Distributions to equity shareholders	18	(12,850,479)	-	-	(12,850,479)
At 31 March 2018		**(125,158)**	**354,752,496**	**(31,277,176)**	**323,350,162**

The Condensed Unaudited Schedule of Investments and notes to the financial statements on pages 20 to 45 are an integral part of the financial statements.

Condensed Unaudited Statement of Cash Flows
For the period ended 31 March 2019

	1 October 2018 to 31 March 2019	**1 October 2017 to 31 March 2018**
	€	**€**
Cash flows from operating activities		
Profit for the period	15,597,935	11,883,633
Adjustments for non-cash items and working capital:		
Purchase of investments*	(46,893,178)	(95,881,156)
Disposal and paydown of investments*	43,474,935	58,134,356
Net gain on financial assets and derivatives at fair value	(16,710,472)	(10,780,244)
Decrease/(increase) in amounts due from brokers	6,447,119	(3,099,886)
(Increase)/decrease in other receivables and prepayments	(120,062)	879
Decrease in amounts due to brokers	(2,414,082)	(4,185,556)
Increase/(decrease) in accrued expenses	1,177,139	(853,098)
Net cash outflow from operating activities	**559,334**	**(44,781,072)**
Cash flows from financing activities		
Redemption of Shares during the period	(7,194,723)	-
Distributions to equity shareholders	(12,953,002)	(12,850,479)
Net cash outflow from financing activities	**(20,147,725)**	**(12,850,479)**
Net decrease in cash and cash equivalents	(19,588,391)	(57,631,551)
Cash and cash equivalents at beginning of the period	38,863,722	66,758,986
Cash and cash equivalents at end of the period	**19,275,331**	**9,127,435**

*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 on pages 20 to 45 are an integral part of the financial statements.

Condensed Unaudited Schedule of Investments, at Fair Value
As at 31 March 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	-	-	-	-	1,628,557	-	-	-	-	-	156,994	1,785,551	0.56%
Equities securities total	**-**	**-**	**-**	**-**	**1,628,557**	**-**	**-**	**-**	**-**	**-**	**156,994**	**1,785,551**	**0.56%**
Debt securities													
Bond	-	-	-	1,190,151	-	-	-	4,203,205	-	-	-	5,393,356	1.70%
Commercial mortgage-backed security	-	12	-	3,919,592	-	-	-	-	-	-	-	3,919,604	1.24%
Arbitrage CLO	7,698,804	9,334,972	7,427,482	8,030,506	1,003,226	2,021,716	5,123,964	8,078	1,744,191	9,212,647	4,538,053	56,143,639	17.70%
Residential mortgage-backed security	824,326	-	22,434	1,261,940	22,259,020	-	-	687,195	-	-	-	25,054,915	7.90%
Balance sheet CLO	-	-	-	3,945,647	-	-	-	-	3,692,346	-	-	7,637,993	2.41%
Consumer ABS	-	-	-	2,680,600	-	-	-	-	918,000	-	-	3,598,600	1.13%
Whole loan	91,989	-	-	-	-	-	-	-	-	-	-	91,989	0.03%
Mezzanine loan	-	-	-	-	1,707,092	-	-	-	-	-	-	1,707,092	0.54%
Non-performing loan	-	-	-	-	-	-	-	-	20,936,372	-	-	20,936,372	6.60%
Preferred equity	-	-	-	411,152	-	-	-	-	27,872,018	-	-	28,283,170	8.92%
Equity	22,932,437	20,667,331	25,169,404	18,725,812	1,885,243	4,333,246	13,267,048	-	3,517,245	21,427,056	8,764,975	140,689,797	44.37%
Debt securities total	**31,547,556**	**30,002,315**	**32,619,320**	**40,165,400**	**26,854,581**	**6,354,962**	**18,391,012**	**4,898,478**	**58,680,172**	**30,639,703**	**13,303,028**	**293,456,527**	**92.54%**
Derivative financial asset													
CDS	-	-	-	-	-	874	-	-	-	-	-	874	0.00%
Forward FX contracts	211,145	-	-	-	-	-	-	-	-	-	-	211,145	0.07%
Derivative financial asset total	**211,145**	**-**	**-**	**-**	**-**	**874**	**-**	**-**	**-**	**-**	**-**	**212,019**	**0.07%**
Financial assets at fair value through profit or loss total	**31,758,701**	**30,002,315**	**32,619,320**	**40,165,400**	**20,483,138**	**6,355,836**	**18,391,012**	**4,898,478**	**58,680,172**	**30,639,703**	**13,460,022**	**295,454,097**	**93.17%**

* Investment in the originator (Taurus) is presented in “Equity” and “Other” in the Condensed Unaudited Schedule of Investments.

Condensed Unaudited Schedule of Investments, at Fair Value (continued)
As at 31 March 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													
Derivative financial liabilities													
CDS	(428,342)	(326,626)	(223,698)	(559,187)	(46,427)	(111,846)	(270,097)	(37,488)	(64,896)	-	-	(2,068,607)	(0.65%)
Derivative financial liabilities total	**(428,342)**	**(326,626)**	**(223,698)**	**(559,187)**	**(46,427)**	**(111,846)**	**(270,097)**	**(37,488)**	**(64,896)**	**-**	**-**	**(2,068,607)**	**(0.65%)**
Financial liabilities at fair value through profit or loss total	**(428,342)**	**(326,626)**	**(223,698)**	**(559,187)**	**(46,427)**	**(111,846)**	**(270,097)**	**(37,488)**	**(64,896)**	**-**	**-**	**(2,068,607)**	**(0.65%)**
Total net investments	**31,330,359**	**29,675,689**	**32,395,622**	**39,606,213**	**28,436,711**	**6,243,990**	**18,120,915**	**4,860,990**	**58,615,276**	**30,639,703**	**13,460,022**	**293,385,490**	**92.52%**
Other assets and liabilities												**23,721,604**	**7.48%**
Net assets												**317,107,094**	**100.00%**

* Investment in the originator (Taurus) is presented in “Equity” and “Other” in the Condensed Unaudited Schedule of Investments.

Condensed Unaudited Schedule of Investments, at Fair Value
As at 30 September 2018

	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													
Hotels, restaurants & leisure	-	-	-	-	270,500	-	-	-	-	-	151,770	422,270	0.13%
Equities securities total	**-**	**-**	**-**	**-**	**270,500**	**-**	**-**	**-**	**-**	**-**	**151,770**	**422,270**	**0.13%**
Debt securities													
Bond	-	-	-	-	-	-	-	-	5,094,531	-	-	5,094,531	1.59%
Arbitrage CDO	16,772	148,284	-	156,655	9,865	-	-	-	-	-	420,427	752,003	0.24%
Commercial mortgage-backed security	-	366,790	7,385	3,846,697	-	-	6,884	-	-	-	-	4,227,756	1.32%
Arbitrage CLO	2,046,604	8,182,051	6,275,187	7,003,443	266,685	442,641	4,288,633	14,602	1,542,310	6,158,578	3,470,605	39,691,339	12.41%
Residential mortgage-backed security	745,662	-	17,356	1,384,216	25,623,247	-	-	631,708	4,064,392	-	-	32,466,581	10.15%
Balance sheet CLO	-	-	-	-	-	-	-	2,352,000	3,653,093	-	-	6,005,093	1.88%
Consumer ABS	-	-	-	3,574,188	-	-	-	-	894,000	-	-	4,468,188	1.40%
Senior loan	-	-	-	-	1,646,610	-	-	-	-	-	-	1,646,610	0.51%
Whole loan	83,788	-	-	-	-	-	-	-	-	-	-	83,788	0.03%
Mezzanine loan	-	-	-	-	673,417	-	-	-	-	-	-	673,417	0.21%
Non-performing loan	-	-	-	-	-	-	-	-	20,936,372	-	-	20,936,372	6.55%
Preferred equity	-	-	-	-	-	-	-	-	30,510,734	-	-	30,510,734	9.54%
Equity	15,506,961	25,665,213	27,646,931	18,208,719	3,824,307	692,469	10,159,060	-	2,532,931	17,907,476	10,186,741	132,330,808	41.37%
Debt securities total	**18,399,787**	**34,362,338**	**33,946,859**	**34,173,918**	**32,044,131**	**1,135,110**	**14,454,577**	**2,998,310**	**69,228,363**	**24,066,054**	**14,077,773**	**278,887,220**	**87.20%**
Derivative financial asset													
CDS	-	-	-	-	-	104,978	-	-	-	-	-	104,978	0.03%
Derivative financial asset total	**-**	**-**	**-**	**-**	**-**	**104,978**	**-**	**-**	**-**	**-**	**-**	**104,978**	**0.03%**
Financial assets at fair value through profit or loss total	**18,399,787**	**34,362,338**	**33,946,859**	**34,173,918**	**32,314,631**	**1,240,088**	**14,454,577**	**2,998,310**	**69,228,363**	**24,066,054**	**14,229,543**	**279,414,468**	**87.36%**

* Investment in the originator (Taurus) is presented in “Equity” and “Other” in the Condensed Unaudited Schedule of Investments.

Condensed Unaudited Schedule of Investments, at Fair Value (continued)
As at 30 September 2018

	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													
Derivative financial liabilities													
CDS	(1,223,249)	(805,121)	(425,173)	(2,146,125)	(64,574)	(312,525)	(806,684)	(22,677)	(194,820)	-	(137,013)	(6,137,961)	(1.92%)
Forward FX contracts	(19,732)	-	-	-	-	-	-	-	-	-	-	(19,732)	(0.01%)
Derivative financial liabilities total	**(1,242,981)**	**(805,121)**	**(425,173)**	**(2,146,125)**	**(64,574)**	**(312,525)**	**(806,684)**	**(22,677)**	**(194,820)**	**-**	**(137,013)**	**(6,157,693)**	**(1.93%)**
Financial liabilities at fair value through profit or loss total	**(1,242,981)**	**(805,121)**	**(425,173)**	**(2,146,125)**	**(64,574)**	**(312,525)**	**(806,684)**	**(22,677)**	**(194,820)**	**-**	**(137,013)**	**(6,157,693)**	**(1.93%)**
Total net investments	**17,156,806**	**33,557,217**	**33,521,686**	**32,027,793**	**32,250,057**	**927,563**	**13,647,893**	**2,975,633**	**69,033,543**	**24,066,054**	**14,092,530**	**273,256,775**	**85.43%**
Other assets and liabilities												**46,603,883**	**14.57%**
Net assets												**319,860,658**	**100.00%**

* Investment in the originator (Taurus) is presented in “Equity” and “Other” in the Condensed Unaudited Schedule of Investments.

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 Annual Financial Statements of the Company are prepared in accordance with IFRS as adopted by the European Union, the Disclosure 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 30 September 2018 financial statements with the exception of the below:

New standards, interpretations and amendments adopted

IFRS 9 Financial Instruments
The Company adopted IFRS 9 Financial Instruments on 1 October 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is not applicable to items that have already been derecognised at 1 October 2018, the date of initial application.

As a result of the adoption of IFRS 9, the Company adopted consequential amendments to IAS 1 Presentation of Financial Statements which requires impairment of financial assets to be presented in a separate line item in the Statement of Comprehensive Income. Additionally, the Company adopted consequential amendments to IFRS 7 Financial Instruments. For further information see note 3.2.

IFRS 15 Revenue from contracts with customers
The Company adopted IFRS 15 Revenue from contracts with customers 1 October 2018. IFRS 15 replaces IAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income has been moved from IAS 18 to IFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting IFRS 15 for the Company.

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.

Risks of a disorderly exit of the United Kingdom from the European Union exist with the continued uncertainty of Brexit, either directly as a result of significant trade and operational disruption or indirectly as a result of a general market downturn. The Directors believe that although the majority of Company's investments would be affected indirectly, this will not affect the ongoing viability of the Company on account of low market beta risk within the portfolio.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company's Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

3.1 Key sources of estimation uncertainty

Fair value of financial instruments
The assets held by the Company are mostly valued through a combination of dedicated price feeds from recognised valuation vendors, valuation techniques, and the application of relevant broker quotations where the broker is a recognised dealer in the respective position or derived from valuation models prepared by the Portfolio Manager.

Notes to the Condensed Unaudited Financial Statements (continued)

3. Critical accounting judgements and key sources of estimation uncertainty (continued)

3.1 Key sources of estimation uncertainty (continued)

Fair value of financial instruments (continued)

The monthly NAV is derived from the Company's valuation policy. A documented valuation policy determines the hierarchy of prices to be applied to the fair value. Prices are sourced from third party broker or dealer quotes for the relevant security. Where no third party price is available, or where the Portfolio Manager determines that the third parties quote is not an accurate representation of the fair value, the Portfolio Manager will determine the valuation based on the valuation policy.

This may include the use of a comparable arm's length transaction, reference to other securities that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Based on the hierarchy set out in IFRS 13, transactions are classified as Level 1 or 2 based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs. The remaining transactions have been classified as Level 3 where broker quotes are unavailable or discounted or cannot be substantiated by market transactions or where the prices used are derived from internal models. The Directors monitor the availability of observable inputs and if necessary, reclassify to level 3 where observable trading is not available.

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

3.2 Critical judgements in applying accounting policies

Functional currency

The Board of Directors considers EUR (€) as the currency that most fairly represents the economic effect of the underlying transactions, events and conditions. The performance of the Company is measured and reported to the investors in EUR.

Classification of investments

The Board of Directors consider the classification of investments in the fair value hierarchy as a critical judgement. The fair value of investments is described in 3.1 above and the judgements associated with the disclosures in the fair value hierarchy are described in Note 8.

IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The Company has taken a simplified approach to short term receivables and deems there is no material impact of applying the ECL model.

IFRS 9 has not resulted in changes in the carrying amount of the Company's financial instruments due to changes in measurement categories. All financial assets previously held at fair value continue to be measured at fair value having assessed the business model of the Company (see below). All financial assets that were classified as receivables and measured at amortised cost continue to be.

The category of financial assets and financial liabilities at fair value through profit or loss comprises of all derivatives, asset-backed securities, bonds and equity securities.

Changes in accounting policies resulting from the adoption of IFRS 9 were applied retrospectively, except as described below:

The Company has taken advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 would be recognised in retained earnings and reserves as at 1 October 2018.

Notes to the Condensed Unaudited Financial Statements (continued)

3.2 Critical judgements in applying accounting policies (continued)

Business model assessment
In making an assessment of the objective of the business model in which a financial asset is held, the Company considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered for this purpose, consistent with the Company's continuing recognition of the assets.

The Company has determined that it has two business models.

- Held-to-collect business model: this includes only cash and cash equivalents and balances due from brokers. These financial assets are held to collect contractual cash flow.
- Other business model: this includes all debt securities and other investments. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

Policy effective before 1 October 2018 (IAS 39)
The Company classifies its investments as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as held for trading or designated by the Board of Directors at fair value through profit or loss at inception.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purposes of selling or repurchasing in the short term. Derivatives are also categorised as financial assets or financial liabilities held for trading. The Company does not classify any derivatives as hedges in a hedging relationship.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is for the Investment Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Policy effective from 1 January 2018 (IFRS 9)
All financial assets and financial liabilities previously held at fair value through profit or loss continue to be measured at fair value through profit or loss.

Investment entity definition
Having considered the criteria set out in IFRS 10, the Directors have determined that both the Company and Taurus Corporate Financing LLP ("the Originator") meet the definition of an investment entity.

Under the definition of an investment entity, as set out in paragraph 27 in the standard, the entity must satisfy all three of the following tests:

- Obtains funds from one or more investors for the purpose of providing those investors with investment management services;
- Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both (including having an exit strategy for investments); and
- Measure and evaluate the performance of substantially all its investments on a fair value basis.

Notes to the Condensed Unaudited Financial Statements (continued)

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 2019, Directors fees of €76,991 (31 March 2018: €68,136) were charged to the Company, of which €9,241 (30 September 2018: Nil payable) was prepaid at the end of the Period.

(b) Shares held by related parties

As at 31 March 2019, the Directors held the following Shares in the Company.

Frederic Hervouet	240,000
John Whittle	37,091
Roberto Silvotti	954,692

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 (the "Managed Account"). The Managed Account and Loic Fery hold 36.03% of the shares in the Company.

Roberto Silvotti is a Director of Chenavari Investment Managers (Luxembourg) S.a.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.a.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 Chenavari European Opportunities Credit Master Fund LP. In total, this Concert Party holds approximately 51.33% of the shares of the Company and is therefore deemed to have a significant influence over the Company through these shareholdings.

(c) AIFM and Portfolio Manager

The Company has appointed Carne Global AIFM Solutions (C.I.) Limited as the Company's external AIFM. 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. € 37,640 (31 March 2018: €37,475) 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 €1,568,331 (31 March 2018: €1,608,542) with €266,897 (30 September 2018: €269,644) in outstanding accrued fees due at the 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.

Notes to the Condensed Unaudited Financial Statements (continued)

4. Related parties (continued)

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. 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.

The issuance of further Shares to the Portfolio Manager will not take place without a Whitewash Resolution from Shareholders. Performance fees of €2,902,235 (31 March 2018: €2,097,873) were charged in the Period. As at 31 March 2019, €2,902,235 was payable (30 September 2018: €3,442,589). Cash of €2,065,553 and shares (with a prevailing NAV at the date of transfer, being 26 April 2018, of €1,377,036) were paid to the Portfolio Manager in the Period, in relation to the Performance Fee for the period ended 31 September 2018.

An amount of €112,478 was recharged (at cost) by the Portfolio Manager for the period from 1 October 2018 to 31 March 2019 to compensate for the marketing initiatives and time spent to increase the Company's profile and enhance the shares liquidity.

5. Material agreements

The Company has funded investments with a value of €70,782,614 (30 September 2018: €81,280,654) via hybrid instruments or equity issued by legally segregated compartments of AREO S.à.r.l. ("Areo") and AREO S.à.r.l II ("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 6 compartments of Areo and 2 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 and Areo II. Areo and Areo II are a conduit special purpose vehicle sponsored by a member of the Chenavari Financial Group.

(a) Corporate broker
In the period 1 October 2018 to 31 March 2019, J.P. Morgan Cazenove fees accrued were £15,480.

(b) Administration fee
Estera Administration Limited (Guernsey) (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 €39,921 (31 March 2018: €39,746) of which €16,766 remained payable (30 September 2018: €13,099) at the end of the period.

(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 €78,379 (31 March 2018: €91,081) of which €12,877 (30 September 2018: €13,314) remained payable at the end of the Period.

(d) Custodian fee
J.P. Morgan Chase Bank N.A (the "Custodian") 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 on-going 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.

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.

6.1 Credit risk (continued)

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 2019, the largest investment represents 6.60% 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 2019, the top 5 investments represent 20.48% of the NAV.

- no more than 50% of NAV, in aggregate, shall be invested in unlisted investments;
  - As of 31 March 2019, 31.72% 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 2019, 11.26% of the NAV is exposed to non-European underlying collateral as detailed in the geographical breakdown table below.

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 2019, the gearing of the Company was approximately 92.19%.

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).

Notes to the Condensed Unaudited Financial Statements (continued)

6. Financial risk management (continued)

6.1 Credit risk (continued)

The Company manages the portfolio with appropriate diversification in terms of sectors and geographical breakdowns. As of 31 March 2019 and 30 September 2018, the breakdown of the NAV per asset class and geography was as follows:

Asset class breakdown	31 March 2019 % NAV	30 September 2018 % NAV
Equity securities	0.56%	0.13%
Bond	1.70%	1.59%
Arbitrage CDO	-	0.24%
Commercial mortgage-backed securities	1.24%	1.32%
Arbitrage CLO	17.70%	12.41%
Residential mortgage-backed securities	7.90%	10.15%
Balance sheet CLO	2.41%	1.88%
Consumer ABS	1.13%	1.40%
Senior loans	-	0.51%
Whole loan	0.03%	0.03%
Mezzanine loan	0.54%	0.21%
Non-performing loan	6.60%	6.55%
Preferred equity	8.92%	9.54%
Equity (including Taurus Originator)	44.37%	41.37%
Cash, hedges and accruals	6.90%	12.67%
Total	**100.00%**	**100.00%**

Geographic breakdown	31 March 2019 % NAV	30 September 2018 % NAV
European Union	9.89%	5.36%
France	9.36%	10.49%
Germany	10.22%	10.48%
Great Britain	12.49%	10.01%
Ireland	8.97%	10.08%
Italy	1.97%	0.29%
Netherlands	5.71%	4.27%
Portugal	1.53%	0.93%
Spain	18.48%	21.58%
U.S.A	9.66%	7.52%
Other	4.24%	4.42%
Cash, collateral and accruals	7.48%	14.57%
Total	**100.00%**	**100.00%**

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 table:

31 March 2019	Royal Bank of Scotland	Deutsche Bank	JP Morgan	Barclays	Total
S&P rating	BBB-	BBB+	A-	BBB	
	€	€	€	€	€
Cash and cash equivalents	7,710,514	-	11,564,817	-	19,275,331
Due from broker	23,431	2,706,843	4,979,849	-	7,710,123
CDS	-	-	-	874	874
Total counterparty exposure	**7,733,945**	**2,706,843**	**16,544,666**	**874**	**26,986,328**
Net asset exposure %	**2.44%**	**0.85%**	**5.22%**	**0.00%**	**8.51%**

Notes to the Condensed Unaudited Financial Statements (continued)

6. Financial risk management (continued)

6.1 Credit risk (continued)

30 September 2018	Royal Bank of Scotland	Deutsche Bank	JP Morgan*	Barclays	Total
S&P rating	**A-3**	**A-2**	**A-2**	**A-2**	
	€	**€**	**€**	**€**	**€**
Cash and cash equivalents	-	-	38,863,722	-	38,863,722
Due from broker	1,187,812	1,526,997	10,697,242	745,191	14,157,242
CDS	-	-	-	104,978	104,978
Total counterparty exposure	**1,187,812**	**1,526,997**	**49,560,964**	**850,169**	**53,125,942**
Net asset exposure %	**0.37%**	**0.48%**	**15.49%**	**0.27%**	**16.61%**

* 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.

The below table presents the Company's financial assets and liabilities subject to offsetting, enforceable master netting agreements;

Assets

As at 31 March 2019

Counterparty	Gross amounts of recognised assets	Gross amounts offset in the Statement of Financial Position	Net amounts of assets presented in the Statement of Financial Position	Related amount not offset in the Statement of Financial Position: Financial instruments	Cash collateral received/pledged	Net amount
	€	€	€	€	€	€
Derivative						
CDS						
Barclays	874	-	874	-	-	874
Forward FX						
Deutsche Bank	211,145	-	211,145	-	(211,145)	-
	212,019	**-**	**212,019**	**-**	**(211,145)**	**874**

Liabilities

As at 31 March 2019

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	Related amount not offset in the Statement of Financial Position: Financial instruments	Cash collateral received/pledged	Net amount
	€	€	€	€	€	€
Derivative						
CDS						
JP Morgan	(2,068,607)	-	(2,068,607)	-	2,068,607	-
	(2,068,607)	**-**	**(2,068,607)**	**-**	**2,068,607**	**-**

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

Assets

As at 30 September 2018				**Related amount not offset in the Statement of Financial Position**		
Counterparty	**Gross amounts of recognised assets**	**Gross amounts offset in the Statement of Financial Position**	**Net amounts of assets presented in the Statement of Financial Position**	**Financial instruments**	**Cash collateral received/pledged**	**Net amount**
	€	**€**	**€**	**€**	**€**	**€**
Derivative contracts						
CDS						
Barclays	104,978	-	104,978	(104,978)	-	-
	104,978	**-**	**104,978**	**(104,978)**	**-**	**-**

Liabilities

As at 30 September 2018				**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						
Barclays	(725,771)	-	(725,771)	104,978	620,793	-
JP Morgan	(5,412,190)	-	(5,412,190)	-	5,412,190	-
Forward FX contracts						
Deutsche Bank	(19,732)	-	(19,732)	-	19,732	-
	(6,157,693)	**-**	**(6,157,693)**	**104,978**	**6,052,715**	**-**

None of the financial assets and financial liabilities are offset in the Condensed Unaudited 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.

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.

Notes to the Condensed Unaudited Financial Statements (continued)

6. Financial risk management (continued)

6.2 Foreign currency risk (continued)

The currency exposure as at 31 March 2019 is as follows:

Currency	Investments	FX hedges	Cash	Other net assets/(liabilities)	31 March 2019 Total exposure	31 March 2019 Total exposure	NAV impact for a +/-10% FX rate move
	€	€	€	€	€	%	%
CHF	-	-	237	-	237	0.00%	0.00%
GBP	19,610,423	(21,986,595)	2,912,893	(183,237)	353,484	0.11%	0.01%
USD	248,983	-	23,827	76,726	349,536	0.11%	0.01%
	19,859,406	**(21,986,595)**	**2,936,957**	**(106,511)**	**703,257**	**0.22%**	**0.02%**

The currency exposure as at 30 September 2018 is as follows:

Currency	Investments	FX hedges	Cash	Other net liabilities	30 September 2018 Total exposure	30 September 2018 Total exposure	NAV impact for a +/-10% FX rate move
	€	€	€	€	€	%	%
CHF	-	-	234	-	234	0.00%	0.00%
GBP	15,420,163	(15,335,979)	64,537	(196,310)	(47,589)	(0.01%)	0.00%
USD	235,558	-	26,181	(20,910)	240,829	0.08%	0.01%
	15,655,721	**(15,335,979)**	**90,952**	**(217,220)**	**193,474**	**0.07%**	**0.01%**

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 only 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 asset 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.

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 2019	€	€	€
Financial assets at fair value through profit or loss	59,833,797	232,252,161	368,139
Due from broker	-	7,710,123	-
Other receivables and prepayments	-	-	124,534
Cash and cash equivalents	-	19,275,331	-
Financial liabilities at fair value through profit or loss	(1,383,962)	(684,645)	-
Due to broker	-	(2,318)	-
Accrued expenses	-	-	(3,386,066)
	58,449,835	**261,550,652**	**(2,893,393)**
30 September 2018			
Financial assets at fair value through profit or loss	50,558,385	228,704,313	151,770
Due from broker	-	14,157,242	-
Other receivables and prepayments	-	-	4,472
Cash and cash equivalents	-	38,863,722	-
Financial liabilities at fair value through profit or loss	(4,584,857)	(1,553,104)	(19,732)
Due to broker	-	-	(2,416,400)
Accrued expenses	-	-	(4,005,153)
	45,973,528	**280,172,173**	**(6,285,043)**

Notes to the Condensed Unaudited Financial Statements (continued)

6. Financial risk management (continued)

6.4 Liquidity risk

A proportion of the Company's Condensed Unaudited Statement of Financial Position 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 Asset Backed Securities 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.

The table below analyses the Company's liabilities into relevant maturity groups based on the remaining period at the Condensed Unaudited Statement of Financial Position date to the contractual maturity date.

	Less than 3 months	Greater than 3 months	Total
31 March 2019	**€**	**€**	**€**
Financial assets at fair value through profit or loss	-	(2,068,607)	(2,068,607)
Due to broker	(2,318)	-	(2,318)
Accrued expenses	(3,350,922)	(35,144)	(3,386,066)
	(3,353,240)	**(2,103,751)**	**(5,456,991)**
30 September 2018			
Financial assets at fair value through profit or loss	(19,732)	(6,137,961)	(6,157,693)
Due to broker	(2,416,400)	-	(2,416,400)
Accrued expenses	(3,970,528)	(34,625)	(4,005,153)
	(6,406,660)	**(6,172,586)**	**(12,579,246)**

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 2019, a 5% movement in prices (with all other variables held constant) would have resulted in a change to the total net assets of €14,669,275 (30 September 2018: €13,662,839).

Notes to the Condensed Unaudited Financial Statements (continued)

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.

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 on-going 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 quoted 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.

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 2019 based on the hierarchy set out in IFRS 13:

		Quoted prices in active markets for identical assets (Level 1) 2019	Significant other observable inputs (Level 2) 2019	Significant unobservable inputs (Level 3) 2019	Total 2019
Assets		**€**	**€**	**€**	**€**
Financial assets held for trading					
Equity securities					
	Europe: Equity	-	-	1,785,551	1,785,551
Debt securities					
	Europe: Corporate & financials	-	4,203,205	-	4,203,205
	UK: Corporate & financials	-	1,190,151	-	1,190,151
	Europe: Private bond*	-	140,689,797	-	140,689,797
	Europe: ABS	-	58,772,704	45,886,314	104,659,018
	UK: ABS	-	824,326	11,807,780	12,632,106
	Europe: Money market	-	-	29,579,109	29,579,109
	UK: Money market	-	-	411,152	411,152
	USA: Money market	-	-	91,989	91,989
OTC derivatives					
	CDS	-	874	-	874
	Forward FX contracts	-	211,145	-	211,145
Total assets		**-**	**205,892,202**	**89,561,895**	**295,454,097**
Liabilities					
Financial liabilities held for trading					
OTC derivatives					
	CDS	-	(2,068,607)	-	(2,068,607)
Total liabilities		**-**	**(2,068,607)**	**-**	**(2,068,607)**

*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 and 5 valued at €81.4m and other investments valued at €43.1m, other debt securities through its investment into TCF Loan Warehouse Designated Activity Company1, valued at €41.6m and other assets and liabilities of €(25.5)m.

Thirty Level 3 investments were held at the end of the Period.

Notes to the Condensed Unaudited Financial Statements (continued)

8. Fair value of financial instruments (continued)

The following table shows the Company's assets and liabilities at 30 September 2018 based on the hierarchy set out in IFRS 13:

		Quoted prices in active markets for identical assets (Level 1) 2018	Significant other observable inputs (Level 2) 2018	Significant unobservable inputs (Level 3) 2018	Total 2018
Assets		**€**	**€**	**€**	**€**
Financial assets held for trading					
Equity securities					
	USA: Equity	-	-	422,270	422,270
Debt securities					
	Europe: Corporate & financials	-	5,094,531	1,092,000	6,186,531
	Europe: Private bond*	-	132,330,809	-	132,330,809
	Europe: ABS	-	59,021,719	17,946,477	76,968,196
	UK: ABS	-	1,726,468	7,824,294	9,550,762
	Europe: Money market loan	-	32,830,762	21,020,160	53,850,922
OTC derivatives					
	CDS	-	104,978	-	104,978
Total assets		**-**	**231,109,267**	**48,305,201**	**279,414,468**
Liabilities					
Financial liabilities held for trading					
OTC derivatives					
	CDS	-	(6,137,961)	-	(6,137,961)
	Forward FX contracts	-	(19,732)	-	(19,732)
Total liabilities		**-**	**(6,157,693)**	**-**	**(6,157,693)**

*This is the fair value of the subsidiary Taurus Corporate Financing LLP, as described in note 21. Taurus holds subordinated notes of TCLO 2, 3, 4, and 5 valued at €82.1m, other debt securities of €36.5m and further debt securities through its investment into TCF Loan Warehouse Designated Activity Company 1, valued of €43.4m and other assets and liabilities of (€29.7m).

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)

Product type	Transaction	Fair value at 1 October 2018	Transfer to/(from) Level 2	Realised	Unrealised & FX	Purchases	Sales	Redemptions	Fair value at 31 March 2019
NPL	16	20,936,372	-	-	-	-	-	-	20,936,372
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	-	-	5,078	-	-	-	22,434
ARB CLO	36	1,189,316	-	-	(475,066)	96,218	-	-	810,468
CONS ABS	37	894,000	-	-	24,000	-	-	-	918,000
Equity	43	151,770	-	-	5,224	-	-	-	156,994
RMBS	44	1,384,216	-	(39,674)	(43,697)	-	(38,905)	-	1,261,940
Whole loan	45	83,788	-	-	2,184	6,017	-	-	91,989
Equity	46	270,500	-	-	8	1,358,049	-	-	1,628,557
CMBS	49	14,268	-	(19,240)	24,569	-	(19,597)	-	-
CMBS	52	3,786,795	-	-	83,264	-	-	-	3,870,059
CMBS	53	59,902	-	-	(10,369)	-	-	-	49,533
RMBS	54	1,499,616	-	(325,045)	(94,925)	-	(1,079,646)	-	-
RMBS	55	7,468,706	-	3,037,276	(1,137,685)	4,545,823	(9,532,393)	-	4,381,727
ARB CDO	56	128,253	-	-	(128,253)	-	-	-	-
ARB CDO	57	2,593,382	-	-	87,218	-	-	-	2,680,600
CMBS	58	5,474,961	-	-	(1,352,560)	-	(4,122,401)	-	-
BS CLO	59	-	940,000	-	8	-	-	-	940,008
CMBS	60	-	366,670	183,261	(54,618)	-	-	(495,301)	12
RMBS	61	-	-	531,835	1,557,288	199,489	-	(566,676)	1,721,936
RMBS	62	-	-	-	3,145,223	332,537	-	-	3,477,760
Preferred equity	63	-	673,417	-	812,154	221,520	-	-	1,707,091
BS CLO	64	-	-	-	47,848	3,897,799	-	-	3,945,647
RMBS	65	-	2,913,798	(75,111)	56,683	510,458	-	-	3,405,828
RMBS	66	-	8,266,165	(67,840)	61,877	1,037,624	(26,056)	-	9,271,770
Preferred equity	67	-	14,925,682	-	(365,460)	1,012,141	(3,600,000)	-	11,972,363
Preferred equity	68	-	1,962,096	-	(35,996)	553,623	-	-	2,479,723
Preferred equity	69	-	3,900,261	-	(97,684)	187,895	(400,000)	-	3,590,472
Preferred equity	70	-	1,296,857	-	(36,209)	128,425	(1,060,000)	-	329,073
Preferred equity	71	-	2,856,500	-	(57,598)	477,611	(225,000)	-	3,051,513

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 31 March 2019
Preferred equity	72	-	3,105,066	-	(69,185)	945,433	(135,000)	-	3,846,314
Preferred equity	73	-	2,457,470	-	(56,932)	195,050	-	-	2,595,588
Preferred equity	74	-	6,803	-	(163)	332	-	-	6,972
Preferred equity	75	-	-	-	23,418	339,794	-	-	363,212
Preferred equity	76	-	-	-	748	47,192	-	-	47,940
		48,305,201	**43,670,785**	**(6,966,992)**	**11,458,892**	**16,093,030**	**(21,937,044)**	**(1,061,977)**	**89,561,895**

Notes to the Condensed Unaudited Financial Statements (continued)

8. Fair value of financial instruments (continued)

Product type	Transaction	Fair value at 1 October 2017	Transfer (to)/from Level 2	Realised	Unrealised & FX	Purchases	Sales	Redemptions	Fair value at 30 September 2018
ARB CDO	2	299,990	-	756,128	(99,174)	-	(956,944)	-	-
NPL	16	24,157,122	-	-	(3,220,750)	-	-	-	20,936,372
BS CLO	18	690,008	(940,000)	-	249,992	-	-	-	-
BS CLO	19	2,640,000	-	-	(1,380,000)	-	-	-	1,260,000
BS CLO	27	2,158,000	-	-	(1,066,000)	-	-	-	1,092,000
CMBS	31	386,956	-	(485,044)	268,799	-	(170,711)	-	-
CMBS	32	3,071	-	1,672,266	103,670	-	-	(1,779,007)	-
RMBS	33	17,158	-	-	198	-	-	-	17,356
ARB CLO	35	1,045,654	-	141,564	19,154	-	(1,206,372)	-	-
ARB CLO	36	1,829,584	-	33,300	(536,592)	-	-	(136,976)	1,189,316
CONS ABS	37	840,000	-	-	54,000	-	-	-	894,000
ABS	41	13,396	-	2,192,383	31,346	-	-	(2,237,125)	-
Blocked cash in AREO	42	15,434	-	-	(15,434)	-	-	-	-
Equity	43	2,283,205	-	-	(2,131,435)	-	-	-	151,770
RMBS	44	2,231,985	-	(317,072)	(219,639)	-	(311,058)	-	1,384,216
Whole loan	45	73,080	-	-	1,599	9,109	-	-	83,788
Equity	46	-	270,500	-	-	-	-	-	270,500
CMBS	47	-	41,194	3,882,020	141,728	-	-	(4,064,942)	-
CMBS	48	-	7,847	1,333,449	36,946	-	-	(1,378,242)	-
CMBS	49	-	687,193	319,011	(290,812)	-	-	(701,124)	14,268
CMBS	50	-	(366,790)	-	22,011	344,779	-	-	-
ARB CLO	51	-	1,231,621	120,360	(136,981)	-	(1,215,000)	-	-
CMBS	52	-	3,866,037	-	(79,242)	-	-	-	3,786,795
CMBS	53	-	60,550	-	(648)	-	-	-	59,902
RMBS	54	-	1,404,692	-	94,924	-	-	-	1,499,616
RMBS	55	-	6,606,037	64,072	911,883	-	(113,286)	-	7,468,706
ARB CDO	56	-	272,025	205,532	(124,371)	-	-	(224,933)	128,253
CONS ABS	57	-	2,604,154	-	(10,772)	-	-	-	2,593,382
RMBS	58	-	-	-	1,352,560	4,122,401	-	-	5,474,961
		38,684,643	**15,745,060**	**9,917,969**	**(6,023,040)**	**4,476,289**	**(3,973,371)**	**(10,522,349)**	**48,305,201**

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 2019, thirty (30 September 2018: nineteen) investments were categorised within Level 3 of the fair value hierarchy, representing 28.24% (30 September 2018: 15.41%) of the NAV.

The below sensitivity analysis presents an approximation of the potential effects of events that could have occurred as at the reporting date, and mostly based on the Portfolio Manager's stress case of 1.5x and 2xCDR ("Constant Default Rate") per product type expressed as a percentage of the NAV.

	1.5xCDR	2xCDR
ARB CDO	0.00%	0.00%
ARB CLO	-0.03%	-0.07%
BS CLO	0.00%	0.00%
CMBS	0.00%	0.00%
CONS ABS	-0.04%	-0.08%
RMBS	-0.41%	-0.77%

This analysis excludes transactions 16, 44, 55 and 63, an analysis of which is stated below.

Securities represented by transactions 46 and 64 to 76 were held at cost and no stress was available. For transaction 43 the stressed value was zero.

In addition to the CDR sensitivities above, some transactions are sensitive to specific parameters:

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 the state of global and regional economies and capital markets.

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 the 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 the 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 the state of local economy in particular unemployment.

However, since most valuations were based upon prices received from banks or other market participants, the sensitivity analyses produced are not necessarily based upon the assumptions used by such banks/market participants as these are not made available to the Company.

Transaction 16
The portfolio of NPL was stressed by reducing the collections on the position by 11.25% and 15%, the impact to the NAV in each scenario was a reduction of 0.91% and 1.71% respectively.

Notes to the Condensed Unaudited Financial Statements (continued)

8. Fair value of financial instruments (continued)

Transaction 44
This portfolio of auto loans was stressed under 10% and 12% default rates, the impact to the NAV in each scenario was a reduction of 0.01% and 0.02% respectively.

Transaction 55
This is a portfolio of NPL loans (surplus from recent Dilosk II securitisation) stressed at 10% and 20% expected recovery, the impact to the NAV in each scenario was a reduction of 0.19% and 0.39% respectively.

Transaction 63
This is a Mezzanine loan forming part of the Project Shamrock portfolio. Project Shamrock is currently in the process of being securitised in a public market securitisation (Dilosk 3). As part of the overall transaction it is expected the current Project Shamrock investments will be repaid. The loan was stressed assuming only half of expected cashflows where realised, the impact to the NAV in this scenario was a reduction of 0.13%.

9. Earnings per Share - basic & diluted

The earnings per Share - basic and diluted of 4.79 cents (31 March 2018: 3.66 cents) has been calculated based on the weighted average number of Shares 325,588,443 (31 March 2018: 324,831,919) and a net profit of €15,597,935 (31 March 2018: €11,883,633) 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 98.95 cents (30 September 2018: 97.82 cents) is determined by dividing the net assets of the Company attributed to the Shares of €317,107,094 (30 September 2018: €319,860,658) by the number of Shares in issue at 31 March 2019 of 320,479,311 (30 September 2018: 327,002,156).

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

	31 March 2019	30 September 2018
	€	€
Financial assets at fair value through profit or loss :		
- Debt securities	23,714,620	33,193,993
- ABS	98,969,862	80,447,868
- Equity securities	1,785,551	422,270
- Investment in Taurus Corporate Financing LLP	140,689,795	132,330,809
- Money market loan	30,082,250	32,914,550
- CDS	874	104,978
- Forward FX contracts	211,145	-
Total financial assets at fair value through profit or loss	**295,454,097**	**279,414,468**
Financial liabilities at fair value through profit or loss:		
- CDS	(2,068,607)	(6,137,961)
- Forward FX contracts	-	(19,732)
Total financial liabilities at fair value through profit or loss	**(2,068,607)**	**(6,157,693)**

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

	31 March 2019	31 March 2018
	€	€
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss held for trading		
- Debt securities	1,285,396	2,661,387
- ABS	6,484,546	4,913,505
- Equity securities	(203,732)	(56,173)
- Investment in Taurus Corporate Financing LLP	12,358,987	8,017,940
- Listed options	-	(717,055)
- Money market loan	1,201,573	3,222,934
- CDS	(436,879)	(1,165,436)
- Futures	-	45,446
Net gain on financial assets and liabilities at fair value through profit or loss held for trading	**20,689,891**	**16,922,548**
Net gain/(loss) on foreign exchange and forward contracts		
Realised loss on forward contracts	(958,785)	(365,825)
Unrealised gain on forward contracts	230,876	633,646
Realised loss on foreign exchange	(4,215)	(352,993)
Unrealised gain/(loss) on foreign exchange	771,422	(387,536)
Net loss on foreign exchange and forward contracts	**39,298**	**(472,708)**
Net gain on financial assets and liabilities at fair value through profit or loss, foreign exchange and forward contracts	**20,729,189**	**16,449,840**

13. Due from and to brokers

	31 March 2019	30 September 2018
Due from	€	€
Collateral and funding cash	7,005,492	14,084,114
Receivables for securities sold	704,631	73,128
	7,710,123	**14,157,242**
Due to		
Collateral and funding cash	2,318	-
Payable for securities purchased	-	2,416,400
	2,318	**2,416,400**

14. Other receivables and prepayments

	31 March 2019	30 September 2018
	€	€
Prepayments	124,534	1,883
Interest receivable	-	2,589
	124,534	**4,472**

Notes to the Condensed Unaudited Financial Statements (continued)

15. Accrued expenses

	31 March 2019	30 September 2018
	€	€
Management fee	(266,897)	(269,644)
Performance fees	(2,902,235)	(3,442,589)
Administration fee	(16,766)	(13,099)
Audit fee	(35,144)	(34,625)
Corporate broking fee	(48,671)	(48,671)
Sub-administration fee	(12,877)	(13,314)
Legal fee	-	(22,047)
Custodian fee	-	(7,197)
Other fee	(103,476)	(153,967)
	(3,386,066)	**(4,005,153)**

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.

Movements in share capital

	Shares outstanding	Shares held in treasury	Total
As at 30 September 2018	327,002,156	34,447,884	361,450,040
SCRIP dividends paid out of treasury in period	165,610	(165,610)	-
Performance fee shares issued*	1,403,277	(1,403,277)	-
Reissuance offer	534,000	(534,000)	
Repurchase of shares through tender offer	(8,625,732)	8,625,732	
As at 31 March 2019	320,479,311	40,970,729	361,450,040

* Shares (with a prevailing NAV at the date of transfer, being 26 April 2018, of €1,377,036) were paid to the Portfolio Manager in the Period, in relation to the Performance Fee for the period ended 31 September 2018.

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 Condensed 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 income by way of dividends in line with the prospectus on a quarterly basis with dividends declared in October, January, April and July each year and paid in March, June, September and December. The Company declared a dividend of 2 cents per Share in January 2019 (January 2018: 2 cents per Share) for the Period from 1 October 2018 to 31 December 2018; the dividend was payable on 11 March 2019. The Company declared a dividend of 2 cents per Share in May 2019 (April 2018: 2 cents per Share) for the Period from 1 January 2019 to 31 March 2019; the dividend will be paid on 14 June 2019.

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 Company 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 Condensed Unaudited Statement of Comprehensive Income.

Notes to the Condensed Unaudited Financial Statements (continued)

19. Derivative financial instruments (continued)

Forward FX contracts (continued)

The following table shows the Company's derivative position as at 31 March 2019:

	Financial assets at fair value	Financial liabilities at fair value	Notional amount	Maturity
	€	€	€	
CDS buy protection	874	-	2,500,000	20-June-2022
CDS buy protection	-	(1,383,962)	12,500,000	20-June-2024
CDS buy protection	-	(684,645)	10,000,000	20-December-2020
Forward FX contracts				
GBP sell	211,145	-	(22,197,740)	18-June-2019
EUR buy	-	-	22,197,740	18-June-2019
	212,019	**(2,068,607)**	**25,000,000**	

The following table shows the Company's derivative position as at 30 September 2018:

	Financial assets at fair value	Financial liabilities at fair value	Notional amount	Maturity
	€	€	€	
CDS buy protection	-	(827,330)	10,000,000	20 December 2020
CDS buy protection	104,978	(725,771)	7,500,000	20 June 2022
CDS buy protection	-	(2,163,620)	22,500,000	20 June 2023
CDS buy protection	-	(2,421,240)	22,500,000	20 December 2023
Forward FX contracts				
GBP sell	-	(19,732)	(15,316,247)	17 December 2018
EUR buy	-	-	15,316,247	17 December 2018
	104,978	**(6,157,693)**	**62,500,000**	

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 2019, there are no repurchase agreements in place (at 31 March 2018: none).

Notes to the Condensed Unaudited Financial Statements (continued)

21. Interests in other entities

List of subsidiaries

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

	Carrying value €
Taurus Corporate Financing LLP	140,689,795

The Board determined that the Originator meets the definition of an investment entity as set out under IFRS 10 and that therefore the Originator 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 Originator 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;
Old Bank Chambers
La Grande Rue
St Martin's
Guernsey
GY4 6RT

(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, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland	3rd Floor Kilmore House Park Lane Spencer Dock Dublin 1 Ireland
Ownership interests held:	100%	100%

22. Significant events during the Period and post Condensed Unaudited Statement of Financial Position events

Dividends of 4 cents per Share were paid in respect of each period, with 2 cents per Share related to the quarter to 30 September 2018 and 2 cents per Share related to the quarter to 31 December 2018. On 1 May 2019 the Company announced a further dividend payment of 2 cents per Share for the quarter to 31 March 2019 to be paid 14 June 2019.

23. Approval of the financial statements

The financial statements were approved for issue to shareholders by the Directors on 27 June 2019.