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 2020 to 31 March 2021

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

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

Contents

FORWARD-LOOKING STATEMENTS

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

Commodity Exchange Affirmation Statement

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

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

Loic Fery

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

1 July 2021

Highlights for the period from 1 October 2020 to 31 March 2021

- The net asset value ("NAV") total return for the period from 1 October 2020 to 31 March 2021 (the "Period") (with dividends reinvested) was 12.27%[1] and the share price total return (with dividends reinvested) was 18.51%[2] (1 October 2019 to 31 March 2020: -21.09% and -25.54% respectively).

- During the Period, the Company's NAV per Ordinary Share ("Share"), excluding dividends distributed, increased by 4.18%[3] (1 October 2019 to 31 March 2020: 24.18% decrease) to close at 72.06 cents (31 March 2020: 76.43 cents).

- The Company declared two dividends in respect of the Period ended 31 March 2021: 1.76 cents per Share paid on 19 March 2021 for the quarter ended 31 December 2020 and 1.80 cents per Share paid on 11 June for the quarter ended 31 March 2021. The final dividend for the period ending 30 September 2020, of 3.6 cents per Share (1.8 cents per Share regular quarterly dividend and 1.8 cents per Share special distribution) was paid on 23 December 2020.

- The Company's mid-market share price at 31 March 2021 was 54.25 cents (30 September 2020: 50.50 cents), representing a discount to NAV of 24.71%[4] (30 September 2020: 26.99%).

- The profit for the Period was €25.1 million (31 March 2020: €63.2 million loss), or 8.25 cents profit per Share (31 March 2020: 20.30 cents loss per Share), taking into account recognition of the following significant items:

    - total income of €26.9 million (31 March 2020: loss of €60.9 million)
    - total operating expenses of €1.8 million. (31 March 2020: €2.2 million)

- At 31 March 2021, the NAV was €219.1 million (30 September 2020: €210.1 million), and its available cash holdings were €11.0 million (30 September 2020: €22.3 million).

[1] 31 March NAV per share of 72.06 cents plus 60.84 cents inception to date reinvested distributions (total 132.90 cents) versus 69.17 NAV per share plus 49.21 cents reinvested (total 118.38 cents) at 30 September 2020* (132.90-118.38)/118.38 = 12.27%
* For the year ended 30 September 2020, the published NAV per share of the Company was 71.89 cent per share as announced on 30 October 2020. Subsequent to the year end, additional information became available in respect to bids made for a Spanish NPL investment which was retrospectively applied to the 30 September 2020 NAV of the Company for the purposes of the financial statements reducing the 30 September 2020 NAV per share to 69.17 cent per share.
[2] 31 March mid-market share price of 54.25 cents plus 63.44 cents inception to date reinvested distributions (total 117.69 cents) versus 50.50 cents plus 48.81 cents reinvested (total 99.31 cents) at 30 September 2020 (117.69-99.31)/99.31 =18.51%
[3] 31 March 2021 NAV per Share of 72.06 cents versus 30 September 2020 NAV per Share of 69.17 cents (72.06-69.17)/69.17 = 4.18%
[4] Listed mid-market share price per Bloomberg of 54.25 cents versus calculated NAV per share per the Statement of Financial position of 72.06 cents (72.06-54.25)/72.06 =24.71%

Corporate Summary
For the Period from 1 October 2020 to 31 March 2021

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

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

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

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

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

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

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

Target returns and dividend policy
On the basis of market conditions, whilst not forming part of its investment objective or investment policy, the Company targets a NAV total return (including dividend payments) of 9 to 11 per cent per annum over three to five years once the Company is fully invested. From May 2017, the Company's dividend target was increased from 5 cents to 8 cents per annum payable quarterly in March, June, September and December of each year. On 08 June 2020, as part of a series of new initiatives with the intention of narrowing the share price discount to NAV, the Company announced an enhanced dividend policy targeting a quarterly dividend yield of 2.5 per cent (by reference to NAV) equating to a targeted annualised dividend yield of 10 per cent (by reference to NAV). The Company's net target return remains 9 to 11 per cent per annum.

As part of the enhanced dividend policy at the end of each calendar quarter until 31 December 2020, the Company maintained a maximum cash balance in its portfolio of 10 per cent. of NAV and distributed all excess cash above this balance arising in the portfolio as special dividends on a quarterly basis. These special dividends were in addition to any quarterly dividends paid pursuant to the Company's dividend policy outlined above. With effect from 1 January 2021, the maximum cash balance cap can be reduced to a level of no more than 5 per cent. of NAV, unless the investment manager, at its discretion, decides to maintain such cap at a maximum of 10 per cent., should market opportunities in liquid and tradable European ABS/CLO arise.

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

Corporate Summary (continued)
For the Period from 1 October 2020 to 31 March 2021

Asset values
At 31 March 2021, the Company's NAV was €219.1 million (30 September 2020: €210.1 million) with the NAV per Share amounting to 72.06 cents (30 September 2020: 69.17 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 International Securities Identification Number ("ISIN") of the Euro Shares is GG00BWBSDM98 and the SEDOL is BWBSDM9.

The mid-market closing price quoted on the SFS at 31 March 2021 was 54.25 cents per Share.

The average closing price of the Shares over the Period was 54.67 cents per Share.

General Information

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

Portfolio Manager
Chenavari Credit Partners LLP
80 Victoria Street
London
SW1E 5JL

Corporate Broker
J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London
E14 5JP

Solicitors to the Company (as to English law)
Gowling WLG (UK) LLP
4 More London Riverside
London
SE1 2AU

Administrator and Company Secretary
Ocorian Administration (Guernsey) Limited
P.O. Box 286
Floor 2
Trafalgar Court
Les Banques
St. Peter Port
Guernsey
GY1 4LY

Sub-Administrator
U.S. Bank Global Fund Services (Ireland) Limited
24-26 City Quay
Dublin 2
Ireland
D02 NY19

Registered Office
P.O. Box 286
Floor 2
Trafalgar Court
Les Banques
St. Peter Port
Guernsey
GY1 4LY

AIFM
Carne Global AIFM Solutions (C.I.) Limited
Channel House
Green Street
St. Helier
Jersey
JE2 4UH

Registrar
Computershare Investor Services (Guernsey) Limited
c/o 13 Castle Street
St. Helier
Jersey
JE1 1ES

Advocates to the Company (as to Guernsey law)
Ferbrache & Farrell
Somers House
Rue Du Pre
St Peter Port
Guernsey
GY1 1LU

Custodian and Principal Bankers
J.P. Morgan Chase Bank N.A
Jersey Branch
J.P. Morgan House
Grenville Street
St Helier
Jersey
JE4 8QH

Auditor
Deloitte LLP
P.O. Box 137
Regency Court
Glategny Esplanade
St. Peter Port
Guernsey
GY1 3HW

Chairman's Statement

Dear Shareholders,

The independent Board of the Company is pleased to present Chenavari Toro Income Fund Limited's Mid-Year Report and Unaudited Financial Statements for the period ending 31 March 2021.

Financial Performance
The Company's NAV generated a total return (with dividend reinvested) of 8.02%[5] between 1 October 2020 and 31 March 2021.

The share price's total return was 7.43% (18.51% with dividend reinvested).

The Company's shares closed at mid-price of €0.5425 as of 31 March 2021, representing a discount to NAV of 24.71%, compared to 29.75%[5] on 1 October 2020.

Cashflows and Dividends
In respect of the Period, the Company announced dividends per ordinary share of €0.0176 for Q4 2020 and €0.018 for Q1 2021, corresponding to quarterly dividends of 2.5% of the NAV, in line with its enhanced dividend policy announced on 8 June 2020.

During the Period, the Company declared and paid dividends of €0.0536 per Share in total, taking into account the average share price of €0.5467 cents, this resulted in a dividend yield of 9.80%.

Investment Portfolio

During the 6 months to 31 March 2021, the Company's focus continued to be on the core strategies, i.e. Public ABS/CLO and Direct Origination (i.e. securitisation retention), which have produced the bulk of the return to date since Toro IPO in 2015 (11.1% gross IRR to end March 2021 vs -3% for the non-core strategies).

Direct Origination:

The share of the Direct Origination strategy in the NAV has been increased by 20% since early October to represent 75.8% of the NAV by the end of March 2021 of which Taurus represented 55.5% of NAV.

From a risk reward perspective, securitisation retentions have been particularly attractive thanks to the fee discount mechanism resulting in "better than equity risk" with "better than equity returns".

During Q4 2020, the Company acquired a 5% vertical retention of Toro CLO 7, priced on 25 November 2020, and which implemented Environmental, Social and Governance (ESG) criteria. Chenavari is one of the early adopters of ESG Investment Criteria in CLOs, and since 2019 decided to only invest in Retention of CLOs with ESG Criteria. Since then, ESG became part of Chenavari daily monitoring, and the firm is constantly reviewing those criteria.

During the last month of the year the Direct Origination strategy performance was driven by the payments on the Bosphorus CLO 4 retention piece which achieved an annualised return of 32% on the NAV.

During the period, Taurus acted as the Originator and Risk Retention Provider for Bosphorus CLO 6, managed by Commerzbank Debt Fund Management, which successfully priced on 22 February 2021. Taurus acquired a controlling majority in the equity for the life of the deal, equivalent to circa €21m.

This marked the third transaction of the partnership with this manager. The transaction came about as the drastic improvements to the cost of liabilities since the start of 2021 saw Bosphorus CLO 6 price with a weighted average debt coupon of EUR3M + 164bps, an opportunity the Portfolio Manager viewed as attractive enough to return to the equity part of the capital structure. Taurus further benefits from an origination fee mechanism linked to the overall cost of debt, which was pre-agreed in December 2020, when Taurus committed to the deal.

[5] calculation excludes adjustments made to the Net asset value per share as of 30th September 2020, following markdown of Spanish NPLs in the Company's September 2020 Financial Statements

Chairman's Statement (continued)

Investment Portfolio (continued)

Public ABS:

CLO spreads had been widening in October 2020 as investors digested the implications of further lockdown restrictions. The following month saw encouraging news from the vaccine data and from the ECB regarding the amount dividends payable by the banking sector. This led spreads to tighten in line with the record performance of some equity markets (EUROSTOXX 50 up +18%, EUROSTOXX Banks up +38%).

During Q1 2021 performance was more technically driven, as the start of the year saw limited supply which allowed CLO tranches to rally. However as new issues and refi/resets eventually flooded the market some fatigue had set in and trading in secondary slowed down dramatically towards the end of Q1 2021. The S&P European Leveraged Loan Index closed at 98.4 at the end of March, down from a peak of 98.7. With this decline in underlying assets, some of the key CLO metrics also declined with the median equity NAV falling to 57.5% from 59.3%. However, the percentage of loans trading at distressed levels remained broadly unchanged and the Weighted Average Rating Factor and CCC percentages saw some marginal improvements.

Generic spread levels saw the strongest performance in the Investment Grade part of the capital structure, most notably in the new issue triple-A tranches, which saw coupons fall from 105 basis points in the last deal of 2020 to 80 basis points in the last deal in March. CLO spreads had recovered to their January 2020 levels.

For this reason, the Portfolio Manager has not been increasing materially the exposure to Public ABS and has maintained a constant allocation of the capital of the company (17.2% at the end of the period).

Disinvestment of non-core strategies:

In a continuous effort to exit non-core strategies, the share of the Private Asset Backed Finance strategy, mainly represented by Wind and Spred, has been reduced significantly, from 8.8% of NAV at beginning of October 2020 to 3.2% by the end of March 2021. The sales and purchase agreement on Wind (Spanish Non-Performing Residential Mortgage Loan Portfolio) was executed early 2021 and the first cash proceeds will materialise in Q2 2021. The final closing could lead to a further and hopefully final adjustment of the position, which only represents 1.45% of the Company NAV by the end of the period.

The other exposure to Spanish Real Estate, Spred, slightly increased during Q4 2020 as the Company invested in the completion of units in the three programs that are yet incomplete. As at the end of the period, three of the seven programs have been fully exited, and overall the Company had sold more than 50% of the units.

Outlook

We believe the Direct Origination strategy, through Taurus, provides for superior risk adjusted returns, be it through vertical or horizontal retentions. The Portfolio Manager therefore intends to keep Taurus as one of the major components of the Company.

Over the past few months, the percentage share of the loan spread accruing to the equity of CLO tranches has increased thanks to the decline in the cost of debt. This suggests that the rest of 2021 will provide an attractive window to do horizontal retention again.

The overall collateral quality in the underlying CLOs have improved over the period, the Portfolio Manager expects the increase in default to be manageable, even under a stress case.

The recovery in underlying loans portfolio is allowing for better CLO metrics, namely:

- the tightening of credit spreads in the underlying loans allowing the underlying companies to refinance at cheaper levels/push back maturities;
- the tightening of liabilities that has allowed managers to refi/reset at lower spreads and purchase higher quality collateral.

Chairman's Statement (continued)

Outlook (continued)

The Portfolio Manager therefore believes a conservative gross IRR for Taurus of 12.3% for a 3-year average life can be achieved. In a stress case the projected gross IRR would be 8.9% with a 3.1-year average life.

The overall exposure to Private Asset Backed Finance is now reduced to 3.2% of the company assets, and should further reduce in the quarters to come, as part of the Company's strategy is to rebalance towards Direct Origination (Taurus) or Public ABS/CLOs.

The Company's strategy is to sell the remaining exposure of Spred within 12 to 24 months at 5% below our initial target sale price, which would result in a 10% gross IRR since inception. For the moment, a limited number of real estate transactions are taking place in Spain given the COVID-19 uncertainties. The Portfolio Manager is confident that transactions will resume once the economy reopens, benefiting to this investment's good quality real estate collateral.

The continuous exit of non-core strategies and rebalancing towards core strategies should allow us to generate above 10% annual gross return on NAV, and maintain distribution of at least the enhanced dividend strategy, i.e. 2.5% of NAV per quarter, which represents over 12.5% per annum on current the share price.

Material Events

Change of Portfolio Manager

On 7 December 2020, the Company announced the change of Portfolio Manager. Benoit Pellegrini has handed over the portfolio management responsibility to Frederic Couderc. Frederic Couderc has been with Chenavari since 2009 acting as Co-CIO since 2011. In 2009 Frederic launched with Benoit Pellegrini the Toro Capital I Fund (Toro I), the predecessor of the Company. He was the architect of the transition from Toro I to a permanent capital listed vehicle through the IPO of the Company in 2015.

Benoit Pellegrini will continue to assist Frederic Couderc until 30 September 2021, in order to ensure a smooth transition of the Portfolio Manager role.

Signalling further their alignment with the Company's shareholders, Frederic Couderc and Loic Fery, founder and Co-Chief Investment Officer of Chenavari, have bought approximately two thirds of Benoit Pellegrini's shareholding in the Company (representing 8,930,000 shares) at a premium of 5.77% over the closing share price as at 4 December 2020. Frederic Couderc and Loic Fery are now interested in approximately 7.50% and 7.41% of the issued share capital of the Company respectively and are both included in the Concert Party further explained in note 4.

ESG Focus

Alongside Chenavari's increased commitment to sustainability, an emphasis has been given to ESG within the Company's core strategies which is quite unique for this kind of high yielding strategies.

Throughout its Policy of Responsible Investment, Chenavari has introduced a series of formal exclusion principles for controversial activities and for the violation of global norms and standards. Furthermore, Chenavari has committed to integrating ESG considerations across all of the Firm's investment strategies and has implemented a responsible investment approach tailored to the Firm's investment strategies and sustainability risk exposures.

Since TCLO 6, the Company, through its Direct Origination strategy, has only invested in CLOs implementing ESG criteria. CLOs are monitored for the breach of ESG rules, by not investing in business models which fail to respect Chenavari's ESG Exclusion Principles as stipulated in the Policy of Responsible Investment, and constant monitoring of financial performance and respect of ESG criteria. The Company is constantly reviewing those criteria to put additional pressure on CLO Managers.

Frederic Hervouet
Non-executive Chairman
Date: 1 July 2021

Portfolio Manager's Report

Performance

During the Period, the Company NAV performance was 12.27%[6] (dividends reinvested).

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

Year	YTD	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2015	**4.53%**	-	-	-	-	2.06%	0.15%	0.45%	0.64%	0.28%	0.02%	0.52%	0.34%
2016	**3.86%**	(0.34%)	(2.44%)	0.69%	0.92%	0.95%	(0.04%)	0.29%	1.13%	1.23%	0.54%	0.67%	0.24%
2017	**9.30%**	1.41%	0.88%	1.21%	0.56%	0.30%	1.49%	0.28%	0.49%	0.51%	0.98%	0.33%	0.48%
2018	**6.76%**	1.37%	0.41%	0.09%	0.39%	0.40%	(0.81%)	1.14%	0.47%	0.76%	2.31%	(0.04%)	0.10%
2019	**10.65%**	1.15%	0.66%	1.06%	1.90%	0.68%	0.74%	1.62%	0.41%	0.53%	(0.12%)	0.43%	1.11%
2020	**(7.60%)**	1.22%	(0.54%)	(22.72%)	(0.37%)	6.28%	2.39%	4.06%	0.53%	1.50%	2.38%	(0.15%)	0.91%
2021	**4.71%**	1.63%	1.77%	1.24%									

Since inception, the Company has paid the following dividends:

Period ending	**Dividend (cents per Share)**
30 September 2015 (1 dividend)	2.00
30 September 2016 (4 dividends)	6.50
30 September 2017 (4 dividends)	6.75
30 September 2018 (4 dividends)	8.00
30 September 2019 (4 dividends)	8.00
30 September 2020 (4 dividends)	7.33
30 September 2020 (2 special distributions)	13.97
31 March 2021 (2 dividends)	3.56

In relation to the Period, the Company declared dividends totalling 3.56 cents per Share. Dividend payments in the Period totalled 5.36 cents per Share as the dividend for the 3 month period ending 30 September 2020 (relating to the previous financial period) was paid in the Period and the dividend for the 3 month period ending 31 March 2020 was declared and paid after the end of the Period.

During the Period, the Company repurchased 0 Shares via Tender Offer (01 October 2019 to 31 March 2020: 10,646,641 shares via one Tender Offer) and at 31 March 2021 the Company had 304,117,273 Shares in issue with 57,332,727 held in treasury (30 September 2020: 303,700,933 Shares in issue with 57,749,067 held in treasury).

Portfolio breakdown

As of 31 March 2021, the Company's investment, gross of leverage, represented 93.53% of the NAV.

The NAV allocation as of 31 March 2021 was as follows:

	31 March 2021	**30 September 2020**
Asset class breakdown	**% NAV**	**% NAV**
Equity (including Taurus Originator)	55.87%	50.66%
Preferred equity	13.44%	12.36%
Arbitrage CLO	12.95%	15.20%
Repurchase agreements	9.85%	9.04%
Residential mortgage-backed security	3.57%	4.27%
Non-performing loan	1.45%	2.21%
Senior loan	1.45%	1.46%
Consumer ABS	0.54%	0.45%
Equity securities	0.49%	0.91%
Balance sheet CLO	0.47%	0.80%
Derivative financial liabilities	(6.55%)	(4.67%)
Cash and cash equivalents	5.02%	10.63%
Due to/from broker, accruals, other receivables and prepayments	1.45%	(3.32%)
Total	**100.00%**	**100.00%**

[6] 31 March NAV per share of 72.06 cents plus 60.84 cents inception to date reinvested distributions (total 132.90 cents) versus 69.17 NAV per share plus 49.21 cents reinvested (total 118.38 cents) at 30 September 2020* (132.90-118.38)/118.38 = 12.27%
* For the year ended 30 September 2020, the published NAV per share of the Company was 71.89 cent per share as announced on 30 October 2020. Subsequent to the year end, additional information became available in respect to bids made for a Spanish NPL investment which was retrospectively applied to the 30 September 2020 NAV of the Company for the purposes of the financial statements reducing the 30 September 2020 NAV per share to 69.17 cent per share.

Portfolio Manager's Report (continued)

Portfolio breakdown (continued)

The geographical breakdown of the underlying assets is as follows:

	31 March 2021	**30 September 2020**
Geographic breakdown	**% NAV**	**% NAV**
Spain	18.89%	18.93%
Great Britain	14.92%	7.24%
France	12.96%	11.42%
Germany	12.89%	12.27%
Netherlands	7.98%	7.61%
USA	7.38%	8.54%
Ireland	6.04%	5.79%
Italy	2.34%	1.84%
Portugal	0.16%	0.46%
Other	9.97%	18.59%
Cash and cash equivalents	5.02%	10.63%
Due to/from broker, accruals, other receivables and prepayments	1.45%	(3.32%)
Total	**100.00%**	**100.00%**

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 2021, the gearing of the Company was approximately 91.92%[7]. (30 September 2020: 88.36%)

Overview

During the six months ending 31 March 2021, the Company's NAV was up 8.02%[8], including a €0.0536 per share dividends and special distributions.

The period started with global markets starting off fantastically on the back of significant catalysts, including the vaccine efficacy rates far exceeding expectations and another dose of ECB stimulus of €500bn Pandemic Emergency Purchase Programme (PEPP). Positive sentiment continued into 2021 but the pace slowed somewhat as many of the usual headlines of 2020 came back into focus. During Q1 2021, we witnessed the largest quarterly rise in 10-yr U.S. treasuries yield since ex-President Trump's unexpected presidential win in 2016. Such sell-off in rates, which was driven by investor concerns over rising inflation expectations, was seen on both sides of the Atlantic as sovereign bonds in the UK and Europe also witnessed major moves, impacts of which greatly benefitted the EUROSTOXX Banks Index.

In terms of performance attribution, the Direct Origination Strategy contributed the bulk of the returns with 9.5%, while Public ABS Strategy contributed 2.3% and the performance of the Private Asset Backed Finance Strategy was down 3.8% during the period.

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

[8] calculation excludes adjustments made to the Net asset value per share as of 30th September 2020, following markdown of Spanish NPLs in the Company's September 2020 Financial Statements.

Portfolio Manager's Report (continued)

Overview (continued)
As of end of the period, annualised payments on the retention pieces of TCLO 2, 3, 4, 5 and Bosphorus 4 were 47.2%, 40.4%, 38.6%, 31.7% and 26.0%, respectively (35.1% gross annualised return on an aggregate basis).

During the beginning of 2021, given the higher percentage of loan spread accruing to the equity, good investment opportunity in providing horizontal risk retention returned. Taurus Corporate Finance ("Taurus"), part of the *Direct Origination Strategy*, acted as the Originator and Risk Retention Provider for Bosphorus CLO 6, managed by Commerzbank Debt Fund Management. Under market standard assumptions and as of 31 March 2021, this investment is forecasted to generate a prospective return of 23.41%, 6.81% additional annual return versus the 16.60% of the investment in the CLO Equity.

Towards the second half of the period, as buyers searched for discounted names, there was also a compression in the dispersion of prices, leading the median percentage of loans trading below 90, and 70 in Taurus to further decrease and respectively end the reporting period at 1.9% and 0.4%. Similarly, and driven by the performance in loans, the median equity NAV of Taurus, a key indicator in the liquidation value of the CLO portfolio, increased to 51.7%.

Within *Public ABS Strategy*, whilst the Portfolio Manager sees good relative value on CLOs at these levels, as generic spread levels recovered to similar or tighter levels to January 2020, it does not justify increasing the exposure to this strategy for the time being

Outlook
As the period ended, the Portfolio Manager continues to be constructive in the European CLO space. If no major obstacles to the vaccination plan arise, then a path leading to improved fundamentals can be reached. This optimism was noted by the market, which continued to absorb new issues. Looking ahead, expectations on the volume of new issuances in the European CLO market remain constructive with circa €25bn of new issues forecasted, slightly above the €22bn achieved in 2020. As 2021 progresses, refi and resets volumes should also come back after their absence from the markets in 2020, especially for deals which priced with very high costs of debt following the impact of coronavirus.

The current costs of liabilities in European CLO's are still below the historical averages of the last few years, opportunities to price new deals or refinance older vintages continues to be an attractive opportunity which will be pursued by the Portfolio Manager as long as weaker parts of the capital structure can be overcome.

The Company will continue to follow the initiatives announced on 8 June 2020 with the intention of narrowing the share price discount to NAV:

1. An enhanced dividend policy: The Company is targeting a quarterly dividend yield of 2.5 per cent. (by reference to NAV) equating to a targeted annualised dividend yield of 10 per cent. (by reference to NAV). The Company's net target return remains 9-11 per cent. per annum.
2. The continued rebalancing of the investment strategy towards tradable securities, as well as the realisation of illiquid assets.
3. The implementation of quarterly special distributions of available excess cash: at the end of each calendar quarter from 31 December 2020, the Company will maintain a maximum cash balance in its portfolio of 5 per cent. of NAV and will distribute all excess cash above this balance arising in the portfolio as special dividends on a quarterly basis.

Chenavari Credit Partners LLP
Portfolio Manager

1 July 2021

Statement of Principal Risks and Uncertainties

Summary

An investment in the Shares is only suitable for institutional investors and professionally advised private investors who understand and are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses (which may equal the whole amount invested) that may result from such an investment. Furthermore, an investment in the Shares should constitute part of a diversified investment portfolio. It should be remembered that the price of securities and the income from them can go down as well as up.

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

Risk	Mitigation
1. Exogenous market shocks Large and unexpected shocks to the economy such as the recent COVID-19 pandemic, can create spikes in defaults. These shocks can compound some of the principal risks, not least fund performance, collateral risk, product liquidity and operational risk.	Ex-Ante, the Portfolio Manager will analyse stress scenarios and use derivative instruments to try and hedge the tail risk scenario that this type of shock could have. The Portfolio Manager notes that the ABS product tends to be resilient to local market moves but can underperform in these tail scenarios. The Portfolio Manager is well experienced in using derivatives to hedge. The Portfolio Manager will manage leverage cautiously such that there is low risk of an enforced unwind. Ex-Post this cash management will be a focus of the Portfolio Manager. Once the fund leverage and cash has stabilised, the Portfolio Manager will look to deploy capital and take advantage of these situations. The Board will keep investors appraised of the Portfolio Manager's assessment of the impact of a pandemic such as COVID-19 on the Company's assets, including its impact on investment valuations and liquidity management. The Risk Committee has reviewed the arrangements put in place by key service providers to ensure continuity of service to the Company and is currently satisfied that they are sufficient. This will be kept under regular review.
2. Share price discount The price of the Company's shares may trade at a discount relative to the underlying net asset value of the shares.	The Board continually monitors the Company's share price discount or premium to the published NAV and regularly consults with the Company's brokers regarding share trading volumes, significant buyers and sellers, and comparative data from the Company's peer group. On 8 June 2020 the Board announced a series of new initiatives with the intention of narrowing the share price discount. These included an enhanced dividend policy and the implementation of quarterly special distributions of available cash. The Board also announced that the Company's investment strategy was to be rebalanced with a focus on investment in liquid and tradeable European ABS/CLO. The Company will continue to consider share buy-backs, where appropriate, to assist in narrowing the discount to NAV.

Risk	Mitigation
3. 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. The Portfolio Manager notes the increased leverage sustained across several sectors due to the impact of the COVID-19 pandemic which has seen 2020 EBITDA falling short of projections. The Portfolio Manager has been taking a cautious approach, reducing exposure to harder hit sectors. This involves, in particular, analysing corporates on a case by case basis for solvency fundamentals and for indications that earnings will bounce back post COVID.
4. Fund performance The Company is exposed to several market factors, including asset appreciation/depreciation in the underlying collateral (see the "Collateral Risk" section above). Unrealised performance can be affected by the sentiment of the market, supply/demand of asset types, expectations on unemployment, GDP growth, credit cycle and stability of the Eurozone. Because the liquidity of the instruments is relatively low, prices will tend to be sticky, but can be at risk of sudden falls in price when momentum of sentiment is strong enough and certain pools of investors are forced to liquidate. The timing of these technical factors can be quite out of sync with fundamentals.	The Company is closed ended and has a tight limit on leverage. It is well setup to ride out any short-term dislocations in pricing without being forced to liquidate investments at technically distressed prices. This is achieved by employing hedging strategies using liquid instruments. This reduces the beta of the portfolio compared to some of its peers. The key strategies of the fund can be broadly broken down into CLO equity (risk retention), CLO debt (mostly secondary trading) and private credit. Private credit performance has been badly affected by the impact of COVID-19 and the Portfolio Manager has decided to suspend the origination of credit portfolios for this fund. CLO equity has been volatile post COVID, but has maintained dividends and closes the year with moderately healthy implied NAVs. CLO debt has likewise rebounded quite considerably.
5. Prudent liquidity 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 Company has strict limits on the proportion of listed versus non-listed investments that can be held within the portfolio, and these limits are monitored daily. On 8 June 2020 the Board announced a rebalancing of the Company's investment strategy towards liquid and tradeable securities. The Company ceased making new investments in illiquid assets but will continue to support existing illiquid assets, where required, with a view to maximizing shareholder value. Where illiquid assets are realised, the Portfolio Manager will seek to redeploy the proceeds into liquid and tradeable European ABS/CLO.default risk sensitivity analysis and continues to maintain this scrutiny during the COVID-19 pandemic.

Risk	Mitigation
6. Credit spread risk The risk that an individual investment's value will change due to a change in credit spreads or yields.	The Risk Management Framework looks to mitigate the tail risk by having limits on a significant widening scenario. Mitigation aims to limit the maximum potential impact of extreme scenarios and can include the use of credit derivatives on liquid products.
7. CLO equity (mark volatility) As CLO Equity Tranche Securities represent the most junior securities in the leveraged capital structure, and the most subordinated liabilities of the securitisation vehicle, changes in the market value of such CLO Equity Tranche Securities will be greater than changes in the market value of the underlying assets of the CLO issuer in which an Originator holds Retention Securities.	This is an inherent risk which is core to the strategy. The CLOs that the Company invests in are subject to investment guidelines that increase the diversity of the CLO's collateral pool and mitigate concentration risk.
8. Portfolio Manager risk The Company is dependent on the expertise of the Portfolio Manager and their respective key personnel to evaluate investment opportunities and to implement the Company's investment objective and investment policy.	The Board has instructed the Portfolio Manager to conduct the Company's investment related activities in compliance with applicable law, the Company's investment objectives and guidelines and the Company's contractual obligations. The Management Engagement Committee carried out its review of the performance and capabilities of the Portfolio Manager at its meeting on 17 December 2020 and confirmed that the continued appointment of the Portfolio Manager is deemed to be in the best interest of shareholders.
9. Direct lending As part of the private asset backed finance strategy, the Company has diversified away from classic secondary corporate loans and residential mortgages into new asset classes. Examples include or have included investment in Spanish real estate and direct investment in marine vessels via a trade finance deal. Such investments expose the Company to new types of investment risk, including political and macroeconomic factors. The illiquidity of such investments may make them difficult to dispose of at fair value and there may be a significant period between the date that an investment is made and the date that any capital gain or loss on such investment is realised.	The Company mitigates liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of bank deposits and loans. The Company is closed-ended and not subject to the need to liquidate holdings quickly in order to meet redemptions.
10. Risk retention Under EU Risk Retention Requirements an Originator will be unable to liquidate, sell, hedge or otherwise mitigate its credit risk under or associated with Retention Securities until such time as the securities of the relevant securitisation vehicle have been redeemed in full (whether at final maturity or early redemption). In the case of the deterioration of general economic conditions affecting the underlying obligors and/or asset pool, the risk of loss of principal will increase unless it can be sold or hedged.	The Risk Retention strategy is core to the fund and is a significant portion of the fund. It cannot be traded away without failing this regulation. However, macro hedges can be used for tail scenarios to reduce the potential impact.

Statement of Directors' Responsibilities

We confirm that to the best of our knowledge:

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

- The interim management report (comprising the Chairman's Statement and Portfolio Manager's Report) meets the requirements of an interim management report, and includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the period from 1 October 2020 to 31 March 2021 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 2020 to 31 March 2021 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 1 July 2021 and is signed on its behalf by:

Frederic Hervouet
Non-executive Chairman

1 July 2021

Independent Review Report to Chenavari Toro Income Fund Limited

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 31 March 2021 which comprises the Condensed Unaudited Statement of Comprehensive Income, the Condensed Unaudited Statement of Financial Position, the Condensed Unaudited Statement of Changes in Equity, the Condensed Unaudited Statement of Cash Flows, the Condensed Unaudited Schedule of Investments and related notes 1 to 23. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

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

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

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 31 March 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the United Kingdom and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report
This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Recognised Auditor
St Peter Port, Guernsey
1 July 2021

Condensed Unaudited Statement of Comprehensive Income
For the period ended 31 March 2021

	Notes	1 October 2020 to 31 March 2021 €	1 October 2019 to 31 March 2020 €
Income			
Net gain/(loss) on financial assets and financial liabilities held at fair value through profit or loss	12	26,927,747	(61,188,170)
Other income		17,810	289,637
Total income/(loss)		**26,945,557**	**(60,898,533)**
Expenses			
Management fees	4 (c)	1,061,802	1,460,725
Administration fees	5 (b)	40,257	51,936
Sub-administration fees	5 (c)	41,296	70,558
Custodian and brokerage fees	5 (d)	74,661	18,363
Legal fees		50,995	34,978
Directors' fees	4(a)	76,493	78,700
Audit fees		83,796	47,803
AIFM fees	4 (c)	38,748	38,476
Recharged fee	4 (c)	70,894	219,201
Other operating expenses		231,205	167,342
Total operating expenses		**1,770,147**	**2,188,082**
Financing costs			
Interest expense		92,946	131,861
Profit/(loss) for the period		**25,082,464**	**(63,218,476)**
Other comprehensive income		-	-
Total comprehensive income/(loss)		**25,082,464**	**(63,218,476)**
Earnings/(loss) per Share			
Basic and diluted	9	8.25 cents	(20.30) cents

All items in the above statement derive from continuing operations.

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

Condensed Unaudited Statement of Financial Position
As at 31 March 2021

	Notes	31 March 2021	30 September 2020
Assets		**€**	**€**
Financial assets at fair value through profit or loss	8,11	220,185,795	204,504,065
Due from broker	13	3,790,511	1,228,012
Other receivables and prepayments	14	9,652	6,818
Cash and cash equivalents		10,997,759	22,339,194
Total assets		**234,983,717**	**228,078,089**
Equity			
Share capital and share premium	16	354,752,496	354,752,496
Treasury Reserve		(48,559,025)	(48,844,126)
Retained deficits		(87,052,331)	(95,852,511)
Total equity		**219,141,140**	**210,055,859**
Current liabilities			
Financial liabilities at fair value through profit or loss	8,11	15,232,540	9,818,475
Due to broker	13	12,406	7,402,545
Accrued expenses	15	597,631	801,210
Total current liabilities		**15,842,577**	**18,022,230**
Total equity and liabilities		**234,983,717**	**228,078,089**
Shares outstanding	16	304,117,273	303,700,933
NAV per share	10	72.06 cents	69.17 cents

Non-executive Chairman: Frederic Hervouet
Date: 1 July 2021

Non-executive Director: John Whittle
Date: 1 July 2021

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

Condensed Unaudited Statement of Changes in Equity
For the period ended 31 March 2021

	Notes	Retained earnings/(deficits) €	Share capital and share premium €	Treasury reserve €	Total €
At 30 September 2020		**(95,852,511)**	**354,752,496**	**(48,844,126)**	**210,055,859**
Profit for the period		25,082,464	-	-	25,082,464
Special distribution paid to equity shareholders	18	(5,467,409)		86,489	(5,380,920)
Regular quarterly dividends paid to equity shareholders	18	(10,814,875)	-	198,612	(10,616,263)
At 31 March 2021		**(87,052,331)**	**354,752,496**	**(48,559,025)**	**219,141,140**

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

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

Condensed Unaudited Statement of Cash Flows
For the period ended 31 March 2021

	1 October 2020 to 31 March 2021	**1 October 2019 to 31 March 2020**
	€	**€**
Cash flows from operating activities		
Profit/(loss) for the period	25,082,464	(63,218,476)
Adjustments for non-cash items and working capital:		
Purchase of investments*	(59,414,109)	(120,827,263)
Disposal and paydowns of investments*	76,074,191	170,507,845
Net (gain)/loss on financial assets and financial liabilities held at fair value through profit or loss	(26,927,747)	61,188,170
(Increase)/decrease in amounts due from brokers	(2,562,499)	8,159,940
Increase in other receivables and prepayments	(2,834)	(114,682)
Decrease in amounts due to brokers	(7,390,139)	(35,461,659)
Decrease in accrued expenses	(203,579)	(3,592,121)
Net cash inflow from operating activities	**4,655,748**	**16,641,754**
Cash flows from financing activities		
Redemption of Shares during the Period	-	(9,069,874)
Special distribution paid to equity shareholders	(5,380,920)	-
Regular quarterly dividends paid to equity shareholders	(10,616,263)	(12,301,971)
Net cash outflow from financing activities	**(15,997,183)**	**(21,371,845)**
Net decrease in cash and cash equivalents	(11,341,435)	(4,730,091)
Cash and cash equivalents at beginning of the period	22,339,194	14,837,232
Cash and cash equivalents at end of the period	**10,997,759**	**10,107,141**

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

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

Condensed Unaudited Schedule of Investments, at Fair Value
As at 31 March 2021

	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	-	-	-	1,979,694	-	-	-	-	-	-	1,979,694	0.90%
Equities securities total	**-**	**-**	**-**	**1,979,694**	**-**	**-**	**-**	**-**	**-**	**-**	**1,979,694**	**0.90%**
Debt securities												
Arbitrage CLO	4,845,096	5,219,976	4,026,860	223,885	1,104,775	2,948,962	-	1,206,663	3,687,777	5,122,353	28,386,347	12.95%
Residential mortgage-backed security	-		-	7,826,279	-	-	-	-	-	-	7,826,279	3.57%
Balance sheet CLO	-	-	-	-	-	-	-	1,022,569	-	-	1,022,569	0.47%
Consumer ABS	-	-	325,607	-	-	-	-	865,148	-	-	1,190,755	0.54%
Senior loan	-	-	-	3,184,327	-	-	-	-	-	-	3,184,327	1.45%
Non-performing loan	-	-	-	-	-	-	-	3,175,084	-	-	3,175,084	1.45%
Preferred equity	-	-	-	-	-	-	-	29,438,098	-	-	29,438,098	13.44%
Equity*	22,204,268	21,785,072	27,429,554	898,465	3,940,838	13,659,319	360,353	4,952,321	11,787,636	15,400,503	122,418,329	55.87%
Debt securities total	**27,049,364**	**27,005,048**	**31,782,021**	**12,132,956**	**5,045,613**	**16,608,281**	**360,353**	**40,659,883**	**15,475,413**	**20,522,856**	**196,641,788**	**89.74%**
Derivative financial assets												
Repurchase agreements	4,068,158	3,945,936	2,002,060	45,908	518,006	2,507,610	-	1,545,002	2,107,698	4,823,935	21,564,313	9.85%
	4,068,158	**3,945,936**	**2,002,060**	**45,908**	**518,006**	**2,507,610**	**-**	**1,545,002**	**2,107,698**	**4,823,935**	**21,564,313**	**9.85%**
Financial assets at fair value through profit or loss total	**31,117,522**	**30,950,984**	**33,784,081**	**14,158,558**	**5,563,619**	**19,115,891**	**360,353**	**42,204,885**	**17,583,111**	**25,346,791**	**220,185,795**	**100.49%**

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

Condensed Unaudited Schedule of Investments, at Fair Value
As at 31 March 2021

	France	Germany	Great Britain	Ireland	Italy	Netherlands	Portugal	Spain	U.S.A	Other	Total	NAV
	€	€	€	€	€	€	€	€	€	€	€	%
Financial liabilities at fair value through profit or loss												
Equity securities												
Mortgage portfolio	-	-	-	(889,667)	-	-	-	-	-	-	(889,667)	(0.41%)
Equities securities total	**-**	**-**	**-**	**(889,667)**	**-**	**-**	**-**	**-**	**-**	**-**	**(889,667)**	**(0.41%)**
Derivative financial liabilities												
CDS	(64,035)	(44,014)	(60,019)	(4,003)	(12,004)	(32,007)	(4,003)	(12,007)	-	(68,019)	(300,111)	(0.14%)
Repurchase agreement	(2,675,409)	(2,664,934)	(1,029,212)	(18,455)	(413,506)	(1,594,069)	-	(795,062)	(1,418,553)	(3,408,887)	(14,018,087)	(6.40%)
Forward FX contracts	-	-	-	-	-	-	-	-	-	(24,675)	(24,675)	(0.01%)
Derivative financial liabilities total	**(2,739,444)**	**(2,708,948)**	**(1,089,231)**	**(22,458)**	**(425,510)**	**(1,626,076)**	**(4,003)**	**(807,069)**	**(1,418,553)**	**(3,501,581)**	**(14,342,873)**	**(6.55%)**
Financial liabilities at fair value through profit or loss total	**(2,739,444)**	**(2,708,948)**	**(1,089,231)**	**(912,125)**	**(425,510)**	**(1,626,076)**	**(4,003)**	**(807,069)**	**(1,418,553)**	**(3,501,581)**	**(15,232,540)**	**(6.96%)**
Total net investments	**28,378,078**	**28,242,036**	**32,694,850**	**13,246,433**	**5,138,109**	**17,489,815**	**356,350**	**41,397,816**	**16,164,558**	**21,845,210**	**204,953,255**	**93.53%**
Other assets and liabilities											**14,187,885**	**6.47%**
Net assets											**219,141,140**	**100.00%**

Condensed Schedule of Investments, at Fair Value
As at 30 September 2020

	Europe	France	Germany	Great Britain	Ireland	Italy	Netherlands	Portugal	Spain	U.S.A	Other	Total	NAV
	€	€	€	€	€	€	€	€	€	€	€	€	%
Financial assets at fair value through profit or loss													
Equity securities													
Mortgage portfolio	-	-	-	-	1,914,853	-	-	-	-	-	-	1,914,853	0.91%
Equities securities total	**-**	**-**	**-**	**-**	**1,914,853**	**-**	**-**	**-**	**-**	**-**	**-**	**1,914,853**	**0.88%**
Debt securities													
Arbitrage CLO	-	5,431,748	5,272,216	4,392,505	187,638	919,507	3,729,755	24,912	1,254,470	5,023,444	5,709,658	31,945,853	15.20%
Residential mortgage-backed security	-	-	3,703	772,960	7,416,162	-	-	767,583	-	-	-	8,960,408	4.27%
Balance sheet CLO	-	-	-	-	-	-	-	-	1,673,285	-	-	1,673,285	0.80%
Consumer ABS	-	-	-	-	-	-	-	-	936,000	-	-	936,000	0.45%
Senior loan	-	-	-	-	3,059,348	-	-	-	-	-	-	3,059,348	1.46%
Non-performing loan	-	-	-	-	-	-	-	-	4,643,821	-	-	4,643,821	2.21%
Preferred equity	-	-	-	-	-	-	-	-	25,955,615	-	-	25,955,615	12.36%
Equity*	-	16,711,007	18,381,767	9,588,199	397,677	2,638,901	11,153,929	167,935	4,996,149	11,529,850	30,869,467	106,434,881	50.66%
Repurchase agreement	-	3,552,250	3,424,407	1,772,595	38,306	400,894	2,184,391	-	1,301,478	2,177,026	4,128,654	18,980,001	9.04%
Debt securities total	**-**	**25,695,005**	**27,082,093**	**16,526,259**	**11,099,131**	**3,959,302**	**17,068,075**	**960,430**	**40,760,818**	**18,730,320**	**40,707,779**	**202,589,212**	**96.45%**
Financial assets at fair value through profit or loss total	**-**	**25,695,005**	**27,082,093**	**16,526,259**	**13,013,984**	**3,959,302**	**17,068,075**	**960,430**	**40,760,818**	**18,730,320**	**40,707,779**	**204,504,065**	**97.36%**

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

Condensed Schedule of Investments, at Fair Value (continued)
As at 30 September 2020

	Europe	France	Germany	Great Britain	Ireland	Italy	Netherlands	Portugal	Spain	U.S.A	Other	Total	NAV
	€	€	€	€	€	€	€	€	€	€	€	€	%
Financial liabilities at fair value through profit or loss													
Equity securities													
Mortgage portfolio	-	-	-	-	(805,861)	-	-	-	-	-	-	(805,861)	(0.38%)
Equities securities total	**-**	**-**	**-**	**-**	**(805,861)**	**-**	**-**	**-**	**-**	**-**	**-**	**(805,861)**	**(0.38%)**
Derivative financial liabilities													
Repurchase agreement	-	(1,703,008)	(1,318,672)	(1,326,752)	(38,321)	(89,417)	(1,083,092)	-	(999,582)	(801,248)	(1,627,489)	(8,987,581)	(4.28%)
Forward FX contracts	(25,033)	-	-	-	-	-	-	-	-	-	-	(25,033)	(0.01%)
Derivative financial liabilities total	**(25,033)**	**(1,703,008)**	**(1,318,672)**	**(1,326,752)**	**(38,321)**	**(89,417)**	**(1,083,092)**	**-**	**(999,582)**	**(801,248)**	**(1,627,489)**	**(9,012,614)**	**(4.29%)**
Financial liabilities at fair value through profit or loss total	**(25,033)**	**(1,703,008)**	**(1,318,672)**	**(1,326,752)**	**(844,182)**	**(89,417)**	**(1,083,092)**	**-**	**(999,582)**	**(801,248)**	**(1,627,489)**	**(9,818,475)**	**(4.67%)**
Total net investments	**(25,033)**	**23,991,997**	**25,763,421**	**15,199,507**	**12,169,802**	**3,869,885**	**15,984,983**	**960,430**	**39,761,236**	**17,929,072**	**39,080,290**	**194,685,590**	**92.69%**
Other assets and liabilities												**15,370,269**	**7.31%**
Net assets												**210,055,859**	**100.00%**

Notes to the Condensed Unaudited Financial Statements

1. General information

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

2. Summary of significant accounting policies

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

2.1 Basis of preparation

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

The accounting policies adopted are consistent with those adopted in the Audited Annual Financial Statements for the year ended 30 September 2020.

New standards, interpretations and amendments not yet adopted:

Title	Effective for periods beginning on or after
IFRS 17 Insurance Contracts	01 January 2023

IBOR reform
IBOR reform refers to the global reform of interest rate benchmarks, which includes the replacement of some interbank offered rates ("IBOR") with alternative benchmark rates. The replacement of some of these rates with alternative benchmark rates is expected to be mostly complete by the end of 2021. To ensure that financial statements best reflect the economic effects of IBOR reform, the International Accounting Standards Board (the "IASB") has issued amendments that focus on the accounting once a new benchmark rate is in place.

The IASB has a two phase approach.
Phase 1 amended specific hedge accounting requirements where uncertainty could arise in the run-up to transition. The phase 1 amendments were issued to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurement, and IFRS 7 - Financial Instruments: Disclosures. Phase 1 amendments are effective from 1 January 2020. There was no impact from phase 1 amendments to the Company.

Phase 2 will address potential financial reporting issues that may arise when IBORs are either reformed or replaced. The phase 2 amendments will be issued to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurement, IFRS 7 - Financial Instruments: Disclosures, IFRS 4 – Insurance Contracts and IFRS 16 - Leases. Phase 2 amendments are not yet adopted, and will be effective for annual periods beginning on or after 1 January 2021.

There are no other new accounting standards or updates to existing standards that would be expected to have a significant impact on 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, cash equivalents and investments as well as the income deriving from those investments, meaning the Company has adequate financial resources to meet its liabilities as they fall due.

The Directors review the principal risks and uncertainties, including COVID-19 evolvement, facing the Company on an ongoing basis. These risks, and the controls in place to mitigate them, can be found detailed on page 14. It is believed there are sufficient controls in place that these risks will not affect the ongoing viability of the Company.

Notes to the Condensed Unaudited Financial Statements (continued)

3. Critical accounting judgements and key sources of estimation uncertainty

There have been no changes to the significant accounting judgements, estimates and assumptions from those applied in the Company's Audited Annual Financial Statements for the year ended 30 September 2020.

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

4. Related parties

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

During the Period ended 31 March 2021, Directors fees of €76,493 (31 March 2020: €78,700) were charged to the Company, of which €Nil (30 September 2020: €Nil) were payable at the end of the Period.

(b) Shares held by related parties
As at 31 March 2021, the Directors held the following Shares in the Company.

Frederic Hervouet	340,000	(30 September 2020: 240,000)
John Whittle	37,091	(30 September 2020: 37,091)
Roberto Silvotti	1,641,632	(30 September 2020: 1,641,632)

Loic Fery is the representative of the managing partner of Chenavari Credit Partners LLP. Chenavari Credit Partners LLP acts as discretionary portfolio manager for Chenavari European Opportunistic Credit Master Fund LP, Chenavari CORE Opportunities Segregated Portfolio and Chenavari Fixed Income Credit Opportunities Fund (the "Managed Accounts"). The Managed Accounts and Loic Fery hold 36.20% of the shares in the Company (30 September 2020: 35.56%)

Roberto Silvotti is a Director of Chenavari Investment Managers (Luxembourg) S.à.r.l (being a member of the Chenavari Financial Group) and Chenavari Multi Strategy Credit Fund SPC (a company under the management of Chenavari Investment Managers (Luxembourg) S.à.r.l). He forms part of the Concert Party which includes Chenavari Credit Partners LLP and related Chenavari Group companies, relevant Chenavari Partners and employees and the Managed Accounts. In total, this Concert Party holds approximately 51.68% of the shares of the Company (30 September 2020: approximately 51.93%) and is therefore deemed to have control over the Company through these shareholdings.

Notes to the Condensed Unaudited Financial Statements (continued)

4. Related parties (continued)

(c) AIFM and Portfolio Manager
The Company has appointed Carne Global AIFM Solutions (C.I.) Limited as the Company's external AIFM (this is not a related party but a service provider). The AIFM has delegated portfolio management to the Portfolio Manager. Under the terms of the AIFM Agreement, the AIFM is entitled to receive from the Company an annual fee, payable out of the assets of the Company, of £66,000. €38,748 (31 March 2020: €38,476) 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 €1,061,802 (31 March 2020: €1,460,725) with €182,770 (30 September 2020: €443,998) outstanding at end of the Period.

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

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

Performance fees of €Nil were charged in the Period (1 October 2019 to 31 March 2020: €Nil). As at 31 March 2021, €Nil was payable (30 September 2020: €Nil). Cash of €Nil and Nil shares were paid to the Portfolio Manager in the Period, in relation to the Performance Fee for the period ended 30 September 2020.

An amount of €70,894 was recharged by the Portfolio Manager during the period (31 March 2020: €219,201) to compensate for the marketing initiatives and time spent to increase the Company's profile and enhance the shares liquidity.

Notes to the Condensed Unaudited Financial Statements (continued)

5. Material agreements

The Company has funded investments with a value of €45,039,422 (30 September 2020: €42,956,897) via hybrid instruments or equity issued by legally segregated compartments of AREO S.à.r.l. ("Areo") and AREO II S.à.r.l. ("Areo II"), companies incorporated in Luxembourg under the Securitization Law of 2004. Areo and Areo II are majority owned by funds managed by the Chenavari group and are managed by a Board of Directors composed of a majority of independent directors that consider investment opportunities sourced by the Portfolio Manager. The Company is currently invested in four compartments of Areo and no compartments of Areo II, which it fair values in accordance with IFRS 13 as set out in the Company's accounting policies. The Portfolio Manager receives no fees from Areo or Areo II. Areo and Areo II are conduit special purpose vehicles sponsored by a member of the Chenavari Financial Group.

(a) Corporate Broker
J.P. Morgan Cazenove services are not based upon a retainer and will be charged accordingly for incremental costs. In the Period J.P. Morgan Cazenove services fees were £Nil (31 March 2020: £50,245.73).

(b) Administration fee
Ocorian Administration (Guernsey) Limited (the "Administrator") serves as the Company's administrator and secretary. The Administrator is entitled to an annual asset-based fee calculated at a rate of 0.017 per cent per annum of NAV and subject to a minimum fee of £70,000 per annum. All fees are payable quarterly in advance. Administration fees for the period amounted to €40,257 (31 March 2020: €51,936) of which €6,846 remained payable (30 September 2020: remained payable €6,429) 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 €41,296 (31 March 2020: €70,558) of which €6,248 (30 September 2020: €16,282) remained payable at the end of the Period.

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

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

6. Financial risk management

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

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

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

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

Notes to the Condensed Unaudited Financial Statements (continued)

6. Financial risk management (continued)

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

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

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

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

In relation to investments made:

- no more than 20% of NAV shall be exposed to the credit risk of any underlying single transaction or issue;
  - As of 31 March 2021, the largest investment represents 8.97% 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 2021, the top 5 investments represent 32.21% of the NAV.

- no more than 50% of NAV, in aggregate, shall be invested in unlisted investments;
  - As of 31 March 2021, 18.48% 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 2021, 7.86% of the NAV is exposed to non-European underlying collateral.

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 2021, the gearing of the Company was approximately 91.92%[9].

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).

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

Notes to the Condensed Unaudited Financial Statements (continued)

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

The Company manages the portfolio with appropriate diversification in terms of sectors and geographical breakdowns. As of 31 March 2021, and 30 September 2020, the breakdown of the NAV per asset class and geography was as follows:

	31 March 2021	30 September 2020
Asset class breakdown	**% NAV**	**% NAV**
Equity (including Taurus Originator)	55.87%	50.66%
Preferred equity	13.44%	12.36%
Arbitrage CLO	12.95%	15.20%
Repurchase agreement	9.85%	9.04%
Residential mortgage-backed security	3.57%	4.27%
Non-performing loan	1.45%	2.21%
Senior loan	1.45%	1.46%
Consumer ABS	0.54%	0.45%
Equity securities	0.49%	0.91%
Balance sheet CLO	0.47%	0.80%
Derivative financial liabilities	(6.55%)	(4.67%)
Cash and cash equivalents	5.02%	10.63%
Due to/from broker, accruals, other receivables and prepayments	1.45%	(3.32%)
Total	**100.00%**	**100.00%**

Geographic breakdown	**31 March 2021**	**30 September 2020**
Spain	18.89%	18.93%
Great Britain	14.92%	7.24%
France	12.96%	11.42%
Germany	12.89%	12.27%
Other	9.97%	18.59%
Netherlands	7.98%	7.61%
USA	7.38%	8.54%
Ireland	6.04%	5.79%
Italy	2.34%	1.84%
Portugal	0.16%	0.46%
Cash and cash equivalents	5.02%	10.63%
Due to/from broker, accruals, other receivables and prepayments	1.45%	(3.32%)
Total	**100.00%**	**100.00%**

Notes to the Condensed Unaudited Financial Statements (continued)

6. Financial risk management (continued)

6.1 Credit risk (continued)

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

31 March 2021	**Royal Bank of Scotland**	**Deutsche Bank**	**JP Morgan**	**Sabadell**	**Total**
S&P rating	**A-2**	**A-2**	**A-1**	**A-2**	
	€	**€**	**€**	**€**	**€**
Cash and cash equivalents*	-	-	10,997,759		10,997,759
Due from broker	530,006	302,399	466,186	2,491,920	3,790,511
Total counterparty exposure	**530,006**	**302,399**	**11,463,945**	**2,491,920**	**14,788,270**
Net asset exposure %	**0.24%**	**0.14%**	**5.23%**	**1.14%**	**6.75%**

30 September 2020	**Royal Bank of Scotland**	**Deutsche Bank**	**JP Morgan**	**Total**
S&P rating	**A-2**	**A-2**	**A-2**	
	€	**€**	**€**	**€**
Cash and cash equivalents*	-	-	22,339,194	22,339,194
Due from broker	338,201	442,334	447,477	1,228,012
Total counterparty exposure	**338,201**	**442,334**	**22,786,671**	**23,567,206**
Net asset exposure %	**0.16%**	**0.21%**	**10.85%**	**11.22%**

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

Offsetting financial assets and financial liabilities

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

There were no financial assets subject to offsetting, enforceable master netting agreements, as at 31 March 2021.

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

Liabilities

As at 31 March 2021

				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**
	€	**€**	**€**	**€**	**€**	**€**
CDS						
JP Morgan	(300,111)		(300,111)	-	300,111	-
Forward FX contracts						
Deutsche Bank	(24,675)	-	(24,675)	-	24,675	-
	(324,786)	**-**	**(324,786)**	**-**	**324,786**	**-**

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)

Liabilities

As at 30 September 2020

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
	€	€	€	€	€	€
Forward FX contracts						
Deutsche Bank	(25,033)	-	(25,033)	-	25,033	-
	(25,033)	**-**	**(25,033)**	**-**	**25,033**	**-**

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

6.2 Foreign currency risk

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

The currency exposure as at 31 March 2021 is as follows:

Currency	Investments	FX Hedges	Cash	Other net liabilities	31 March 2021 Total exposure	31 March 2021 Total exposure	NAV impact for a +/- 10% FX rate move
	€	€	€	€	€	% NAV	%
GBP	3,108,192	(2,934,173)	66,047	(356,313)	(116,247)	(0.05%)	(0.01%)
USD	-	-	16,904	(108,163)	(91,259)	(0.04%)	(0.00%)
	3,108,192	**(2,934,173)**	**82,951**	**(464,476)**	**(207,506)**	**(0.09%)**	**(0.01%)**

The currency exposure as at 30 September 2020 was as follows:

Currency	Investments	FX Hedges	Cash	Other net liabilities	30 September 2020 Total exposure	30 September 2020 Total exposure	NAV impact for a +/- 10% FX rate move
	€	€	€	€	€	% NAV	%
GBP	3,193,206	(2,752,275)	9,254	(334,517)	115,668	0.06%	0.01%
USD	-	-	103,571	(135,079)	(31,508)	(0.01%)	0.00%
	3,193,206	**(2,752,275)**	**112,825**	**(469,596)**	**84,160**	**0.05%**	**0.01%**

Notes to the Condensed Unaudited Financial Statements (continued)

6. Financial risk management (continued)

6.3 Interest rate risk

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

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 2021			
Financial assets at fair value through profit or loss	32,622,425	181,626,827	5,936,543
Due from broker	-	3,790,511	-
Other receivables and prepayments	-	-	9,652
Cash and cash equivalents	-	10,997,759	-
Financial liabilities at fair value through profit or loss	(14,318,198)	-	(914,342)
Due to broker	-	(12,406)	-
Accrued expenses	-	-	(597,631)
	18,304,227	**196,402,691**	**4,434,222**
30 September 2020			
Financial assets at fair value through profit or loss	40,307,465	140,461,306	23,735,294
Due from broker	-	1,228,012	-
Other receivables and prepayments	-	-	6,818
Cash and cash equivalents	-	22,339,194	-
Financial liabilities at fair value through profit or loss	(8,987,581)	-	(830,894)
Due to broker	-	(7,402,545)	-
Accrued expenses	-	-	(801,210)
	31,319,884	**156,625,967**	**22,110,008**

6.4 Liquidity risk

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

Notes to the Condensed Unaudited Financial Statements (continued)

6. Financial risk management (continued)

6.4 Liquidity risk (continued)

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

	Less than 3 months	Greater than 3 months	Total
	€	€	€
31 March 2021			
Financial liabilities at fair value through profit or loss	(14,042,762)	(1,189,778)	(15,232,540)
Due to broker	(12,406)	-	(12,406)
Accrued expenses	(556,368)	(41,263)	(597,631)
	(14,611,536)	**(1,231,041)**	**(15,842,577)**
30 September 2020			
Financial liabilities at fair value through profit or loss	(25,033)	(9,793,442)	(9,818,475)
Due to broker	(7,402,545)	-	(7,402,545)
Accrued expenses	(773,774)	(27,436)	(801,210)
	(8,201,352)	**(9,820,878)**	**(18,022,230)**

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 2021 a 5% movement in prices (with all other variables held constant) would have resulted in a change to the total net assets of €10,247,663 (30 September 2020: €9,734,280).

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

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

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

Notes to the Condensed Unaudited Financial Statements (continued)

8. Fair value of financial instruments

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

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

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

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

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

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

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

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

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. COVID-19 had a significant impact on the Company in 2020. The market is recovering but a certain amount of COVID-19 related uncertainty continues to exist, which may impact the unobservable inputs used.

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 2021 based on the hierarchy set out in IFRS 13:

		Level 1 2021 €	Level 2 2021 €	Level 3 2021 €	Total 2021 €
Assets					
Financial assets held for trading					
Equity securities					
	Europe: Equity	-	-	1,979,694	1,979,694
Debt securities					
	Europe: Private bond and equity*	-	-	67,800,636	67,800,636
	UK: Private bond and equity*	-	-	27,429,554	27,429,554
	USA: Private bond and equity*	-	-	11,787,636	11,787,636
	Other: Private bond and equity*	-	-	15,400,503	15,400,503
	Europe: ABS	-	17,437,074	7,826,279	25,263,353
	USA: ABS	-	3,687,777	-	3,687,777
	UK: ABS	-	4,026,860	325,607	4,352,467
	Other: ABS	-	5,122,353	-	5,122,353
	Europe: Loan	-	2,314,547	33,482,962	35,797,509
OTC derivatives					
	Repurchase agreement	-	21,564,313	-	21,564,313
Total assets		-	**54,152,924**	**166,032,871**	**220,185,795**
Liabilities					
Financial liabilities held for trading					
Equity securities					
	Europe: Equity	-	-	(889,667)	(889,667)
OTC derivatives					
	Europe: CDS	-	(172,073)	-	(172,073)
	UK: CDS	-	(60,019)	-	(60,019)
	Other: CDS	-	(68,019)	-	(68,019)
	Forward FX contracts	-	(24,675)	-	(24,675)
	Repurchase agreement	-	(14,018,087)	-	(14,018,087)
Total liabilities		-	**(14,342,873)**	**(889,667)**	**(15,232,540)**

*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, 5, 6, 7 and BOPHO 4, 5 and 6 CLO valued at €149.98m, repurchase agreements valued at (€34.96m) and other assets and liabilities of €7.39m.

Notes to the Condensed Unaudited Financial Statements (continued)

8. Fair value of financial instruments (continued)

The following tables show the Company's assets and liabilities at 30 September 2020 based on the hierarchy set out in IFRS 13:

		Level 1 2020 €	Level 2 2020 €	Level 3 2020 €	Total 2020 €
Assets					
Financial assets held for trading					
Equity securities					
	Europe: Equity	-	-	1,914,853	1,914,853
Debt securities					
	Europe: Private bond and equity*	-	-	54,447,365	54,447,365
	UK: Private bond and equity*	-	-	9,588,199	9,588,199
	USA: Private bond and equity*	-	-	11,529,850	11,529,850
	Other: Private bond and equity*	-	-	30,869,467	30,869,467
	Europe: ABS	-	20,200,817	12,059,983	32,260,800
	USA: ABS	-	5,023,444	-	5,023,444
	UK: ABS	-	4,392,505	772,960	5,165,465
	Other: ABS	-	5,709,658	-	5,709,658
	Europe: Loan	-	-	29,014,963	29,014,963
OTC derivatives					
	Repurchase agreement	-	18,980,001	-	18,980,001
Total assets		**-**	**54,306,425**	**150,197,640**	**204,504,065**
Liabilities					
Financial liabilities held for trading					
Equity securities					
	Europe: Equity	-	-	(805,861)	(805,861)
OTC derivatives					
	Forward FX contracts	-	(25,033)	-	(25,033)
	Repurchase agreement	-	(8,987,581)	-	(8,987,581)
Total liabilities		**-**	**(9,012,614)**	**(805,861)**	**(9,818,475)**

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)

Seventeen Level 3 investments were held during the Period.

Product type	Transaction	Fair value at 1 October 2020	Realised	Unrealised & FX	Purchases	Sales & Redemptions	Fair value at 31 March 2021
Non-Performing Loan	16	4,643,821	1,502,018	(2,460,277)	-	(2,825,025)	860,537
CONS ABS	44	772,960	(357,585)	252,679	-	(342,447)	325,607
Equity	46	1,914,853	-	64,841	-	-	1,979,694
RMBS	60	1,292,502	74,520	(69,414)	-	(124,201)	1,173,407
RMBS	61	651,296	-	128,750	-	-	780,046
RMBS	66	5,470,763	-	400,345	-	-	5,871,108
Equity	67	(805,861)	-	(83,806)	-	-	(889,667)
Preferred Equity	68	8,367,223	-	504,936	72,000	(500,000)	8,444,159
Preferred Equity	70	5,354,057	-	162,885	1,195,000	-	6,711,942
Preferred Equity	71	371,933	-	89,346	50,000	(60,000)	451,279
Preferred Equity	72	2,349,583	-	(417,173)	-	(1,020,000)	912,410
Preferred Equity	73	5,202,311	-	15,609	2,020,000	-	7,237,920
Preferred Equity	74	4,291,187	-	453,701	935,500	-	5,680,388
Preferred Equity	75	19,320	-	(19,320)	-	-	-
Senior Loan	76	3,059,348	-	597	124,382	-	3,184,327
Investment in the originator	79	106,434,881	673,085	14,610,363	8,000,000	(7,300,000)	122,418,329
RMBS	80	1,602	-	116	-	-	1,718
		149,391,779	**1,892,038**	**13,634,178**	**12,396,882**	**(12,171,673)**	**165,143,204**

Notes to the Condensed Unaudited Financial Statements (continued)

8. Fair value of financial instruments (continued)

Product type	Transaction	Fair value at 1 October 2019	Transfer (to)/from Level 2	Realised	Unrealised & FX	Purchases	Sales	Redemptions	Fair value at 30 September 2020
Non-Performing Loan	16	17,497,721	-	-	(12,853,900)	-	-	-	4,643,821
RMBS	33	20,643	(20,643)	-	-	-	-	-	-
CONS ABS	37	939,000	(939,000)	-	-	-	-	-	-
Equity	43	161,695	-	(5,470,651)	6,020,598	-	(711,642)	-	-
CONS ABS	44	1,066,283	-	-	(293,323)	-	-	-	772,960
Whole Loan	45	100,655	-	3,254	(4,760)	5,042	(104,191)	-	-
Equity	46	1,628,549	-	-	286,304	-	-	-	1,914,853
CMBS	52	2,919,463	-	-	(2,919,463)	-	-	-	-
BS CLO	59	5,764,750	-	195,216	45,917	-	(6,005,883)	-	-
RMBS	60	1,905,921	-	438,239	(321,260)	-	-	(730,398)	1,292,502
RMBS	61	653,485	-	-	(2,189)	-	-	-	651,296
RMBS	62	1,945,412	-	954,464	(1,790875)	-	(1,109,001)	-	-
RMBS	63	4,186,197	-	5,699,663	(3,853,660)	-	(6,032,200)	-	-
RMBS	64	470,994	-	51,245	(52,810)	-	-	(469,429)	-
RMBS	65	1,397,490	-	58,039	(61,138)	-	-	(1,394,391)	-
RMBS	66	5,368,541	-	-	102,222	-	-	-	5,470,763
Equity	67	(700,043)	-	-	(105,818)	-	-	-	(805,861)
Preferred Equity	68	11,339,384	-	-	390,582	597,257	(3,960,000)	-	8,367,223
Preferred Equity	69	2,695,239	-	-	(93,379)	122,042	(2,723,902)	-	-
Preferred Equity	70	3,681,613	-	-	356,540	1,315,904	-	-	5,354,057
Preferred Equity	71	529,689	-	-	21,436	20,807	(199,999)	-	371,933
Preferred Equity	72	3,333,134	-	-	108,021	168,429	(1,260,001)	-	2,349,583
Preferred Equity	73	4,107,892	-	-	341,261	753,158	-	-	5,202,311
Preferred Equity	74	2,783,516	-	-	295,892	1,211,779	-	-	4,291,187
Preferred Equity	75	17,252	-	-	1,488	580	-	-	19,320
Senior Loan	76	2,828,079	-	-	3,642	176,153	(5,434)	56,908	3,059,348
Preferred Equity	77	356,846	-	21,692	(7,085)	(7,644)	(363,809)	-	-
Preferred Equity	78	91,030	-	3,147	579	(1,950)	-	(92,806)	-
Investment in the originator	79	136,759,146	-	(894,141)	(18,630,124)	8,500,000	19,300,000	-	106,434,881
RMBS	80	-	-	-	1,602	-	-	-	1,602
		213,849,576	**(959,643)**	**1,060,167**	**(33,013,700)**	**12,861,557**	**(41,776,062)**	**(2,630,116)**	**149,391,779**

Notes to the Condensed Unaudited Financial Statements (continued)

8. Fair value of financial instruments (continued)

Product type	Description
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 2021, 17 (30 September 2020: 18) investments were categorised within Level 3 of the fair value hierarchy, representing 75.36% (30 September 2020: 71.12%) of the NAV.

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

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

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

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

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

The equity security represented by transaction 46 was stressed by reducing its price earnings ratio by 15% from 8.5 to 7.0, which would cause a 0.16% reduction to the NAV.

Equity transaction 67 was stressed by increasing its discount rate from 12% to 15% which would increase the NAV by 0.03%

Preferred equity securities represented by transactions 68 to 75 were stressed by increasing the haircut applied to the unsold portion from 15% to 20%. The impact to the NAV ranged between a reduction of 0.00% and 0.28% per transaction.

Transaction 16
This investment is a Spanish non-performing loan for which a sale and purchase agreement has been signed by the Company. As the final terms of the closing deal were known and accounted for within the 31 March 2021 NAV, no further stress analysis is considered necessary.

Transaction 44
This portfolio of auto loans was stressed by reducing the recovery rate by 50%, from 30% to 15%, the impact to the NAV was a reduction of 0.03%.

Notes to the Condensed Unaudited Financial Statements (continued)

8. Fair value of financial instruments (continued)

Transaction 60&61
This transaction is a public securitisation of Irish residential mortgage portfolio. Stress models consist of assessing the P&L impact of increasing the discount rate from 18% to 22.5%. The impact to the Company's NAV is a reduction of 0.01% & 0.02% for 60 & 61 respectively.

Transaction 66&80
This transaction is a public securitisation of Irish residential mortgage portfolio. Stress models consist of assessing the P&L impact of increasing the CDR rate curves by 2% (curve 4: from 3% to 5%, curve 7: from 6% to 8%, curve 8: from 10% to 12%), the impact to the Company's NAV is a reduction of 0.16% for transaction 66 and reduction of 0.00% for transaction 80.

Transaction 79
This transaction is the investment in the originator, Taurus Corporate Financing LLP. A 10% increase or decrease to the originator NAV price would have a 5.59% impact to the Company's NAV.

9. Earnings per Share - basic & diluted

The earnings per Share - basic and diluted of 8.25 cents (31 March 2020: 20.30 cents loss per Share) has been calculated based on the weighted average number of Shares of 303,974,195 (31 March 2020: 311,369,778) and a net profit of €25,082,464 (31 March 2020: loss of €63,218,476) 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 72.06 cents (30 September 2020: 69.17 cents) is determined by dividing the net assets of the Company attributed to the Shares of €219,141,140 (30 September 2020: €210,055,859) by the number of Shares in issue at 31 March 2021 of 304,117,273 (30 September 2020: 303,700,933).

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

	31 March 2021	30 September 2020
	€	€
Financial assets at fair value through profit or loss :		
- Debt securities	6,198,432	6,245,324
- ABS	32,227,518	41,914,044
- Equity securities	1,979,694	1,914,853
- Investment in Taurus Corporate Financing LLP	122,418,329	106,434,881
- Loan	35,797,509	29,014,963
-Repurchase agreement	21,564,313	18,980,000
Total financial assets at fair value through profit or loss	**220,185,795**	**204,504,065**
Financial liabilities at fair value through profit or loss :		
- Equity securities	(889,667)	(805,861)
- CDS	(300,111)	-
- Forward FX contracts	(24,675)	(25,033)
- Repurchase agreement	(14,018,087)	(8,987,581)
Total financial liabilities at fair value through profit or loss	**(15,232,540)**	**(9,818,475)**

Notes to the Condensed Unaudited Financial Statements (continued)

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

	1 October 2020 to 31 March 2021	1 October 2019 to 31 March 2020
Net gain/(loss) on debt instruments at fair value through profit or loss	**€**	**€**
- Debt securities	356,898	449,636
- ABS	4,655,396	(30,822,340)
- Equity securities	(18,965)	825,386
- Investment in Taurus Corporate Financing LLP	20,983,449	(32,383,491)
- Listed options	-	(110,462)
- Loan	831,884	805,701
- Repo	(103,525)	9,937
- Reverse repo	(20,874)	4,176
- CDS	(5,083)	277,990
- Total Return Swap	-	(120,597)
Net gain/(loss) on debt instruments at fair value through profit or loss	**26,679,180**	**(61,064,064)**
Net gain/(loss) on foreign exchange and forward contracts	**€**	**€**
Realised loss on forward contracts	(92,062)	(65,361)
Unrealised gain/(loss) on forward contracts	358	(90,604)
Realised (loss)/gain on foreign exchange	(51,300)	289,130
Unrealised gain/(loss) on foreign exchange	391,571	(257,271)
Net gain/(loss) on foreign exchange and forward contracts	**248,567**	**(124,106)**
Net gain/(loss) on financial assets and liabilities at fair value through profit or loss	**26,927,747**	**(61,188,170)**

13. Due from and to brokers

	31 March 2021	30 September 2020
	€	**€**
Due from:		
Collateral and funding cash	3,790,511	1,144,934
Receivables for securities sold	-	83,078
	3,790,511	**1,228,012**
Due to:		
Collateral and funding cash	(12,406)	(26)
Payables for securities purchased	-	(7,402,519)
	(12,406)	**(7,402,545)**

14. Other receivables and prepayments

	31 March 2021	30 September 2020
	€	**€**
D&O Insurance Fees	-	5,950
Listing Fee	9,652	868
	9,652	**6,818**

Notes to the Condensed Unaudited Financial Statements (continued)

15. Accrued expenses

	31 March 2021	30 September 2020
	€	€
Management fee	(182,770)	(361,105)
Administration fee	(6,846)	(6,429)
Audit fee	(41,263)	(27,436)
Sub-administration fee	(6,248)	(16,282)
Legal fee	(55,622)	(20,382)
Custodian fee	(6,593)	(6,289)
Other fee	(298,289)	(363,287)
	(597,631)	**(801,210)**

16. Share capital

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

	Shares outstanding	Shares held in treasury	Total
As at 30 September 2020	303,700,933	57,749,067	361,450,000
SCRIP dividends paid out of treasury in period	416,340	(416,340)	-
As at 31 March 2021	304,117,273	57,332,727	361,450,000

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

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

17. Segmental reporting

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

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

Notes to the Condensed Unaudited Financial Statements (continued)

18. Dividend policy

Subject to compliance with the Companies (Guernsey) Law, 2008 (as amended) and the satisfaction of the solvency test, the Company intends to distribute all its income received from investments, net of expenses, by way of dividends on a quarterly basis with dividends declared in January, April, July and October each year and paid in March, July, September and December. The 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.

On 8 June 2020 the Company announced an enhanced dividend policy. The Company is targeting a quarterly dividend yield of 2.5 per cent. (by reference to NAV) equating to a targeted annualised dividend yield of 10 per cent. (by reference to NAV). The Company's net target return remains 9-11 per cent. per annum Additionally, the company is implementing quarterly special distributions of available excess cash: at the end of each calendar quarter until 31 December 2020, the Company will maintain a maximum cash balance in its portfolio of 10 per cent. of NAV and will distribute all excess cash above this balance arising in the portfolio as special dividends on a quarterly basis. These special dividends will be in addition to any quarterly dividends paid pursuant to the Company's dividend policy outlined above. With effect from 1 January 2021, the maximum cash balance cap will be reduced to a level of not more than 5 per cent. of NAV, unless the investment manager, at its discretion, decides to maintain such cap at a maximum of 10 per cent., should market opportunities in liquid and tradable European ABS / CLO arise.

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

19. Derivative financial instruments

The Company holds the following derivative instruments:

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

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

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

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

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

Notes to the Condensed Unaudited Financial Statements (continued)

19. Derivative financial instruments (continued)

The following table shows the Company's derivative position as at 31 March 2021.

	Financial assets at fair value	Financial liabilities at fair value	Notional amount	Maturity
	€	€	€	
CDS		(300,111)	2,500,000	20 June 2026
Forward FX contracts				
GBP sell	-	(24,675)	(2,909,498)	12 April 2021
EUR buy	-	-	2,909,498	12 April 2021
	-	**(24,675)**	**-**	

The following table shows the Company's derivative position as at 30 September 2020:

	Financial assets at fair value	Financial liabilities at fair value	Notional amount	Maturity
	€	€	€	
Forward FX contracts				
GBP sell	-	(25,033)	(2,727,242)	22 December 2020
EUR buy	-	-	2,727,242	22 December 2020
	-	**(25,033)**	**-**	

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 2021, there are 2 repurchase agreements in place (at 30 September 2020: two).

Main terms of the repurchase agreements in place as of 31 March 2021:

Notional	Rate	Maturity	Counterparty
(4,364,447)	0.02%	28 June 2021	JPM
(9,654,123)	0.05%	28 June 2021	JPM

The pledged assets under these contracts were valued €15,558,404 as at 31 Mar 2021.

Main terms of the repurchase agreements in place as of 30 September 2020:

Notional	Rate	Maturity	Counterparty
(4,029,240)	0.34%	1 October 2020	JPM
(4,955,543)	0.34%	1 October 2020	JPM

The pledged assets under these contracts were valued €10,748,603 as at 30 Sep 2020.

Notes to the Condensed Unaudited Financial Statements (continued)

21. Interests in other entities

List of subsidiaries

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

	Carrying value
	€
Taurus Corporate Financing LLP	112,418,329

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

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

(i) Name; Taurus Corporate Financing LLP

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

(iii) The Company provided several repurchase agreements to the Originator with overall principal of €21,550,000 as at 31 March 2021 (30 September 2020: €18,980,000) that are due on demand. In contrast, the Originator pledged assets on these contracts valued of €21,493,465 (30 September 2020: €21,421,853) that are held by the Company as a security on these lending.

(iv) Ownership interests held; 99.99%

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

Notes to the Condensed Unaudited Financial Statements (continued)

22. Post balance sheet events

On 25 April 2021, the Company announced its regular quarterly dividend of 2.5% (Euro 0.018 per ordinary share) for the period from 1 January 2021 to 31 March 2021. Payment was made on 11 June 2021 to holders of ordinary shares recorded on the register as at close of business on 7 May 2021 with an ex-dividend date of 6 May 2021.

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

23. Approval of the financial statements

The financial statements were approved for issue to shareholders by the Directors on 1 July 2021.