Chenavari Toro Income Fund Limited

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

Audited Annual Financial Statements

For the year ended 30 September 2022

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 Chenavari Toro Income Fund Limited (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 Audited Annual Financial Statements and Annual Report.

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Appendix 1
AIFMD Disclosures (unaudited)

FORWARD-LOOKING STATEMENTS

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

Commodity Exchange Affirmation Statement

Commodity Exchange 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 Annual Report and Audited Annual 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.

19 December 2022

Highlights for the year ended 30 September 2022

The metrics below use both IFRS performance measures and Alternative Performance Measures ("APMs"), chosen to best represent Chenavari Toro Income Fund Limited (the "Company") performance over the financial year ended 30 September 2022 (the "Year" or "Year End"):

- The loss of the Company for the Year was €10.1 million (2021: gain of €43.5 million), or a loss of 3.30 cents per Ordinary Share ("Share") (2021: gain of 14.32 cents per share), reflecting the following significant items:
  - net loss on financial assets and financial liabilities held at fair value through profit or loss of €6.7 million (2021: income €48.4 million)
  - total operating expenses of €3.4 million. (2021: €4.6 million)

- At 30 September 2022, the net asset value ("NAV") of the Company was €196.3 million (30 September 2021: €227.5 million).

- During the year, 1,381,623 shares were transferred from treasury as scrip dividends and no shares were transferred from treasury in part settlement of performance fees due to the Investment Manager. The Company repurchased Nil Shares via Share Repurchases. At 30 September 2022 the Company had 306,501,964 shares in issue and 54,948,036 shares held in treasury. (2021: 734,907 shares transferred from treasury as scrip dividends, 684,501 shares transferred from treasury in part settlement of performance fees due to the Investment Manager. Nil Shares via Share Repurchase. 305,120,341 shares in issue and 56,329,659 shares held in treasury at 30 September 2021).

- The Company's NAV per Share decreased by 14.10%[1] (2021: increased by 7.80%) to close at 64.05 cents (2021: 74.56 cents).

- Dividends of 6.97 cents per Share were declared with respect to the Year. This represents a return of 9.35% on the NAV per share of 74.56 cents reported in the 30 September 2021 financial statements. 7.23 cents per Share were paid during the Year, inclusive of 1.86 cents per Share relating to the previous financial period. The final dividend of 1.6 cents per Share for the period ending 30 September 2022 was paid on 20 December 2022.

- The NAV Total Return (with dividends reinvested) was -5.04%[2]. The Share Price Total Return (with dividends reinvested) was 14.41%[3] (2021: 20.01% and 22.51% respectively).

- The Company's share price increased by 0.47% during the Year to close at 53 cents at 30 September 2022 (2021: 52.75 cents), representing a discount to the NAV per Share of 17.25%[4] (2021: 29.26%).

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[1] 30 September 2022 NAV per Share of 64.05 cents versus 30 September 2021 NAV per Share of 74.56 cents (64.05-74.56)/74.56= -14.10 %

[2] NAV per share of 64.05 cents plus 73.04 cents inception-to-date reinvested distributions (total 137.09 cents) at 30 September 2022 versus 74.56 cents NAV per share plus 69.81 cents reinvested (total 144.37 cents) at 30 September 2021 (137.09 - 144.37)/144.37 = -5.04%

[3] Closing share price on 30 September 2022 of 53 cents plus 84.05 cents inception to date reinvested distributions (total 137.05 cents) versus 52.75 cents plus 67.04 cents reinvested (total 119.79 cents) at 30 September 2021 (137.05 – 119.79)/119.79 = 14.41%

[4] Closing share price per Bloomberg of 53 cents versus calculated NAV per share per the Statement of Financial position of 64.05 cents (64.05 -53)/64.05 = 17.25%.

Corporate Summary
For the year ended 30 September 2022

The Company
Chenavari Toro Income Fund Limited (the "Company") is a closed-ended Collective Investment Scheme registered pursuant to The Protection of Investors (Bailiwick of Guernsey) Law, 2020, 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 generate attractive, risk-adjusted returns, through investing, and in some cases, trading opportunistically, in structured credit markets or asset backed transactions via three sub-strategies: Public Asset Backed Securities ("ABS"), Private Asset Backed Finance and Direct Origination.

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. The CLO Retention strategy is operated through Taurus Corporate Finance LLP, a fully owned subsidiary of the Company.

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).

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.

Corporate Summary (continued)
For the year ended 30 September 2022

Target returns and dividend policy (continued)
The NAV total return for the Year was -5.04%. Dividends totalling 6.97 cents per share were declared with respect to the Year. This represents a return of 9.35% on the NAV per share of 74.56 cents reported in the 30 September 2021 financial statements.

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.

Net Asset value ("NAV")
At 30 September 2022, the Company's NAV was €196.3 million (2021: €227.5 million), with the NAV per Share amounting to 64.05 cents (2021: 74.56 cents). The Company publishes its NAV per Share on a monthly basis. The NAV is calculated as the net assets of the Company, 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 closing price of the Shares quoted on the SFS at 30 September 2022 was 53 cents per Share.

The average closing price of the Shares over the Year was 54.07 cents per Share.

General Information

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

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

Corporate Broker
J.P. Morgan Cazenove
25 Bank Street
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Solicitors to the Company (as to English law)
Gowling WLG (UK) LLP
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Administrator and Company Secretary
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GY1 4LY

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Ireland
D02 NY19

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Custodian and Principal Banker
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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 Shareholder,

On behalf of the Board, I am delighted to present Chenavari Toro Income Fund Limited's (the "Company") Annual Report and Audited Financial Statements for the period ending 30 September 2022.

Financial Performance

The financial year started with the hope of economic recovery post-pandemic which unfortunately was interrupted by the unexpected Russian invasion of Ukraine in February 2022, contributing to the global energy and food crisis and fuelling inflation. Global markets have had an extremely busy year oscillating between risk-on and off moods following and reacting to different major central banks' rhetoric and pace of rate hikes, the conflict between Russian and Ukraine, Covid-measures in China and UK politics, to name but a few.

Against this challenging market backdrop, the Company's NAV total return for the Year (dividends reinvested) was down by (5.04)% and the share price total return was up 14.41% for the Year, mostly thanks to the high levels of distribution, with 13.71% of the starting share price €0.5275 (as of 30 September 2021) distributed in the financial year ending 30 September 2022.

During the Year, the Portfolio Manager continued to focus on the three key pillars communicated to the shareholders earlier in 2021, that is a Clear Investment Strategy, Clear and Attractive Return Targets, and Maximising Shareholders Value. The Portfolio Manager completed the exit from the Private Asset Backed Finance strategy and is progressing on the Company's exit from SpRED.

For further details on the financial performance of the Company, please refer to the Portfolio Manager's Report on pages 9 to 12.

Dividends

During the year, the Company continued to deliver on its enhanced dividend policy of 2.5% of NAV per quarter, leading to a 12-month Dividend Yield on the 30 September 2021 NAV per share of 9.35%.

Marketing and Discount Control

During the Year, regular interaction with shareholders has been maintained through quarterly Investor Call Updates provided by the Portfolio Manager, including a question-and-answer session. Thanks to the continuous investor relation and marketing efforts of the Portfolio Manager to help narrow the discount to NAV and maximise shareholder value, the discount to NAV improved from close to 30% by end of September 2021 to 17.25% at 30 September 2022 and has since remained around 20%. We continue to monitor to determine whether it requires any further action in addition to the actions the Company and Portfolio Manager have already implemented.

During the Year, circa 42 million shares traded corresponding to an average daily volume of 167,800 shares, which was a slight improvement to the year before. We continue to witness this significant increase in the average daily volume traded in the shares of the Company and Chenavari Toro Income Fund is now one of the most actively traded trust among its peers.

During the Year, the Company also implemented a GBP quote which has helped to expand its GBP investor base.

During the Year, the Company's Portfolio Manager continued its effort on ESG integration, including becoming an active member of ELFA (joining its CLO, ESG and Loan investor committees), issued its inaugural Sustainability Report and having established its proprietary ESG Rating model.

Together with the Portfolio Manager, the Company continues its effort in maximising shareholder value.

Frederic Hervouet
Non-executive Chairman
Date: 19 December 2022

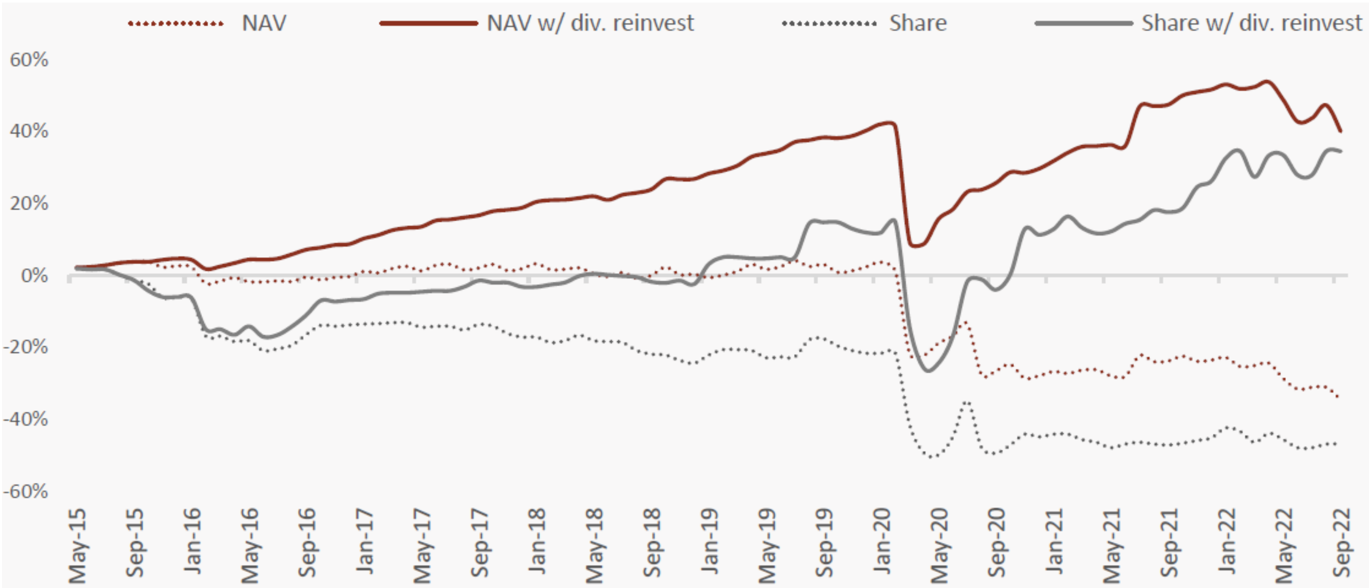
Portfolio Manager's Report

Performance

During the Year, Chenavari Toro Income Fund Limited (the "Company") recorded a NAV total return based on the published NAV of -5.04%[5] (year to 30 September 2021: 17.35%), dividends reinvested.

The month-on-month NAV performance since inception, based on the published NAVs with dividends reinvested was as follows:

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	**(7.6%)**	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	**16.99%**	1.63%	1.77%	1.24%	0.14%	0.24%	(0.20%)	8.02%	0.12%	0.28%	1.72%	0.64%	0.46%
2022	**(7.67)%**	0.92%	(0.79%)	0.35%	0.90%	(3.24)%	(4.06)%	0.67%	2.52%	(4.94)%			



Since inception, the Company has paid the following dividends in respect of the following Periods:

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 distribution)	13.97
30 September 2021 (4 dividends)	7.18
30 September 2022 (4 dividends)	6.97

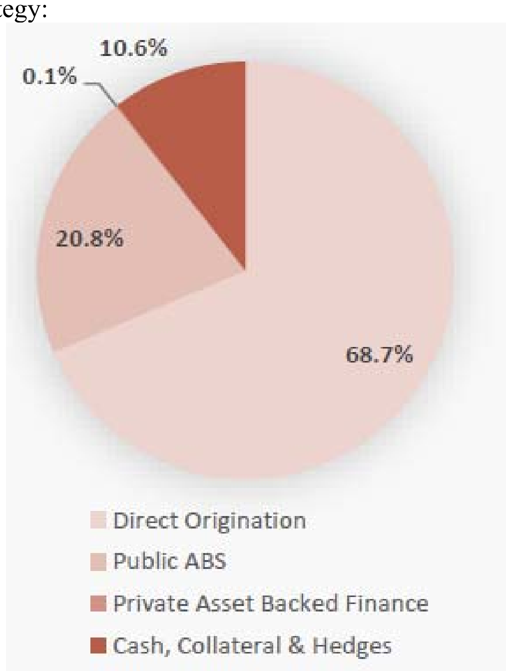
During the Year, the Company repurchased Nil Shares via Share Repurchases and at 30 September 2022 the Company had 306,501,964 Shares in issue with 54,948,036 held in treasury.

[5] 30 September 2022 NAV per share of 64.05 cents plus 73.04 cents inception to date reinvested distributions (total 137.09 cents) versus 74.56 NAV per share plus 69.81 cents reinvested (total 144.37 cents) at 30 September 2021 (137.09-144.37)/144.37 = -5.04%

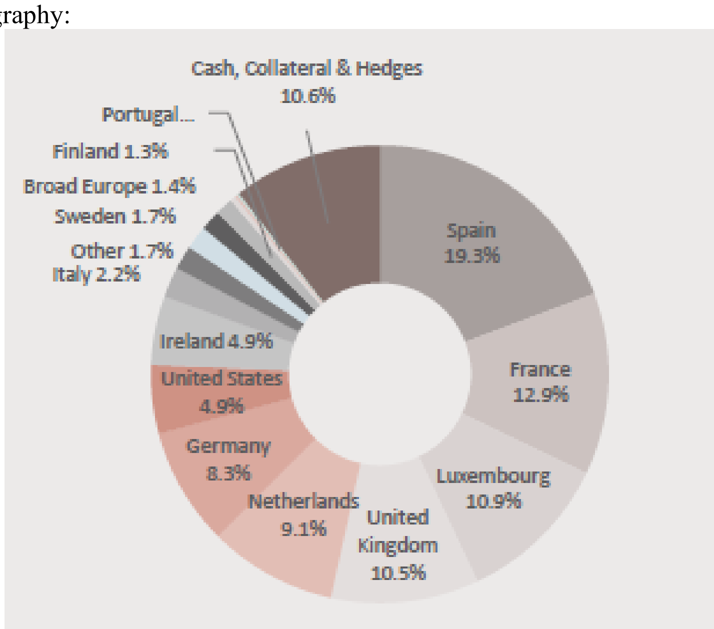
Portfolio Manager's Report (Continued)

Portfolio breakdown as of 30 September 2022

Per Strategy:



Per geography:



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 tranches of CLOs and 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 30 September 2022, the gearing of the Company was approximately 96.6%[6] (exposure/assets under management) (2021: approximately 96.63%).

[6] 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).

Portfolio Manager's Report (continued)

Overview

During the 12 months ending 30 September 2022, the Company's NAV total return was down by (5.04)%, including €0.0723 per share paid as dividends.

As at the end of the financial year, allocation for the different strategies was as follows: 68.7% in Direct Origination, 20.8% in Public ABS/CLOs, and 0.1% in Private Asset Backed Finance. Within Direct Origination, Taurus Corporate Finance ("Taurus") represented 51.9% of NAV, while SpRED represented 16.4% and Shamrock 2.2%. Direct Origination strategy and the Public ABS/CLO strategy have remained very stable, showing the continuity and stability in the investment strategy. On the other hand, the Company has completed the exit from the Private Asset Backed Finance strategy and is progressing on its exit from SpRED.

In terms of performance, the Company was down by (5.04)% for the full year. While disappointing, this is a strong outperformance against European credit markets. During the year, the Company continued to deliver on its enhanced dividend policy of 2.5% of NAV per quarter, leading to a 12-month Dividend Yield on the 30 September 2021 NAV per share of 9.35%.

The gross performance for the year can be broken down per strategy as follows: Direct Origination Strategy contributed -0.20%, while Public ABS/CLOs contributed -4.74% and the performance of the Private Asset Backed Finance Strategy was flat (0.00%) during the financial year.

Taurus, part of the Direct Origination Strategy, saw a total payment of €20.9m for the Year, from the five horizontal risk retention pieces, including the rebate of the management fees. Annualised payments on both the horizontal and vertical risk retention pieces in Taurus including TCLO 2, 3, 4, 5, 6 and 8 and Bosphorus 4, 5 and 6 on an aggregate basis were 27.1%.

As regards the performance of the underlying loans: a decline in the prices of loans during 2022 (and particularly in Q2 2022 of 7.93%, which is the largest decline since the GFC outside of Covid) was mainly a generic repricing of credit risk with all loans declining and a large increase in the prices of loans trading below 90% of par value). Towards the end of the financial year, there was shift to idiosyncratic weakness with an increase from 1.5 to 2.2% in the proportion of the underlying loans priced below 70% of par value.

As regards SpRED, the exposure increased during the Year (from 14.6% to 16.4%). As of the end of the financial year, 100% of the overall development was completed and the remaining sales stand at 29% of the total sale value, defined as units sold at realised price + unsold units at initial sale price. The focus going forward is to progress with the sales in the five remaining projects. While slower than expected, sales during the last quarter of the financial year have allowed the investment to turn cash flow positive this year.

The Portfolio Manager expects the sale process to accelerate in the next quarters and finalise within the next 12 to 18 months. The gross investment internal rate of return is projected to be 8% on the transaction assuming an exit of the remaining units in the next 12 months, at a level 5% below the target price.

Regarding the Public ABS/CLO Strategy, the gross performance was -4.74% during the Year.

While Generic CLO spreads were wider for the most part of 2022, with AAA widening from 102 to 245bps, BBB from 317 to 680bps and BB widening from 605 to 1100bps, the management team were able to mitigate some of the mark-to-market moves via an active approach to trading.

This decline in prices and increase in spreads means that under revised leverage loan default rate assumptions, the Public ABS/CLOs strategy currently has an expected return between 16.54% and 7.3% in the base and stress cases.

Portfolio Manager's Report (continued)

Outlook

As the year ended, market prices reflect the new environment of potential higher default rate going forward. The Portfolio Manager has raised the default rate assumptions to match the current recession risk and market expectations, and under those revised assumptions, the Company's portfolio should deliver positive returns, at or above its target of 10% of NAV in the base case, and still positive in the stress case.

During 2022 spreads on CLOs and ABS tranches widened significantly and saw heightened volatility across all types of ratings and asset classes that are eligible investments for the fund. At the close of the financial year for Toro as an example BB rated risk had widened from around 750bps to 1100bps from the start of the calendar year, similarly the loss adjusted yield on equity tranches were around 6-9% higher; the yields have subsequently partially retraced although they remain close to the wide levels for the year. As economic and inflation-based uncertainty is likely to persist throughout 2023 and into the medium term the Portfolio Manager believes it will be possible to invest at these wider during the forthcoming financial year and has adapted the investment strategy to enable the Company to benefit from future volatility. The Portfolio Manager has raised its cash level above 10% to be able to capture those investment opportunities.

Lastly, after a successful exit of the Private Asset Backed Finance exposure this year, exiting the SpRED exposure remains a key priority for 2022/2023.

The Portfolio Manager has considered the impact of climate change does not give rise to a material financial statement impact. The Portfolio Manager is working actively with industry bodies to understand and incorporate recent trends in ESG into the investment strategy and investment ethos of the fund. Indeed, the Portfolio Manager has been at the forefront of industry efforts, working with ELFA, to advance efforts in this field and has helped design processes to incorporate ESG criteria into leveraged loan investing within the CLO industry. We continue to remain an active and committed participant in this effort.

The Portfolio Manager believes the Company continues to represent an attractive investment in European ABS and CLOs, including attractive risk adjusted returns provided by the CLO retention.

Chenavari Credit Partners LLP
Portfolio Manager
19 December 2022

Board of Directors

Directors
The Directors are responsible for the determination of the Company's investment objective and investment policy and have overall responsibility for the Company's activities including the review of investment activity and performance and the control and supervision of the Portfolio Manager. All of the Directors are non-executive and, except for Roberto Silvotti (as described below), are independent of the Portfolio Manager.

The Directors meet at least quarterly.

The Directors are as follows:

Frederic Hervouet, Non-executive Chairman
Fred Hervouet has more than 20 years of experience in Hedge Funds and Capital Markets roles.

Until the end of 2013, Fred was Managing Director and Head of Commodity Derivatives Asia for BNP Paribas including Trading, Structuring and Sales. Prior to BNP Paribas he also worked for two multi-billion, multi- strategy hedge funds. In the last 20 years, Fred has worked in different aspects of the Financial Markets and Asset Management Industry. His experience includes Derivatives Markets, Structured Finance, Structured Products and Hedge Funds, Trading and Risk Management. Fred has worked in Singapore, Switzerland, United Kingdom and France. Most recently, Fred was a member of BNP Paribas Commodity Group Executive Committee and BNP Paribas Credit Executive Committees on Structured Finance projects (structured debt and Trade Finance).
Fred now acts as a full time dedicated Non-Executive Director on both Listed and non-Listed Companies.
Fred graduated from the University of Paris Dauphine, France achieving a Masters (DESS 203) in Financial Markets, Commodity Markets and Risk Management and an MSc in Applied Mathematics and International Finance. He is a member of the UK Association of Investment Companies.
Fred has dual nationality with both British and French citizenship

John Whittle, Non-executive Director
John Whittle has significant experience of the loan market and is a non-executive director of Starwood European Real Estate Finance Ltd. (as chairman), Sancus Lending Group Ltd (as audit committee chair) and The Renewables Infrastructure Group Ltd. Mr. Whittle worked as a chartered accountant at PriceWaterhouseCoopers. He is a Chartered Accountant and holds the IoD Diploma in Company Direction. Prior to acting as a non-executive director, Mr. Whittle was finance director at Close Fund Services, a large independent fund administrator. He has also held senior positions at John Lewis, Vodafone and as CFO of Windsmoor (London LSE).

Roberto Silvotti, Non-independent, Non-executive Director
Roberto Silvotti has over 30 years' experience in both academic and senior credit market positions and was formerly the Chief Risk Officer of the Chenavari Financial Group. He started his career as Professor of Mathematics in institutions such as Columbia University (New York), The Institute for Advanced Study (Princeton, New Jersey) and Scuola Normale Superiore (Pisa, Italy). Mr. Silvotti then moved to the capital markets industry. Over the past 20 years, he has held senior positions in various investment banks, including risk manager at Goldman Sachs, head of credit derivatives risk management for Banca Intesa, global head of structured credit trading at Calyon, global head of derivatives structuring and new product development at Dresdner Kleinwort. Prior to his role as Chief Risk Officer of the Chenavari Financial Group he was co-head of structured credit and head of index strategy at Royal Bank of Scotland. Mr Silvotti is a Director of Chenavari Multi-Strategy Credit Fund SPC and Chenavari Investment Managers (Luxembourg) Sàrl and, as such, is not considered independent of the Portfolio Manager.

Disclosure of Directorships in Public Companies Listed on Recognised Stock Exchanges

The following summarises the Directors' directorships in other public companies:

Company Name	**Stock Exchange**
Frederic Hervouet	
Boussard & Gavaudan Holdings Limited	Euronext, LSE
SME Credit Realisation Fund Limited	LSE
Crystal Amber Fund Limited	AIM (LSE)
John Whittle	
Starwood European Real Estate Finance Limited	LSE
Sancus Lending Group Ltd	AIM (LSE)
The Renewables Infrastructure Group Ltd.	FTSE 350 (LSE)
Roberto Silvotti	
None held	N/A

Report of the Directors

The Directors are pleased to present their Annual Report and Audited Financial Statements for the Year. In the opinion of the Directors, the Annual Report and Audited Financial Statements provide the information necessary for Shareholders to assess the Company's performance.

Incorporation
The Company is a closed-ended limited liability company registered in Guernsey under the Companies (Guernsey) Law, 2008 (as amended) with registered number 59940.

Results
The results for the year to 30 September 2022 are set out in the Statement of Comprehensive Income on page 48. The net loss for the Year was €10.1 million (2021: gain of €43.5 million).

Dividends
Dividends of 6.97 cents per Share were declared in respect of the Year. Dividend payments in the Year were 7.23 cents per Share inclusive of 1.86 cents per Share relating to the previous financial year. For further detail please see note 18.

The payment of any dividend by the Company is subject to the satisfaction of a solvency test as required by the Companies (Guernsey) Law, 2008 (as amended). The directors are satisfied that this solvency test was passed.

Share capital and discount control
Details of the rights attaching to the Shares are set out in note 16 of the Financial Statements. As at 30 September 2022, the Company's issued share capital amounted to 361.5 million shares with 306.5 million Shares outstanding (inclusive of 0 shares purchased as a partial re-investment of the Year end performance fee) and 54.9 million shares held in treasury.

The Company may, subject to compliance with the Companies (Guernsey) Law, 2008 (the "Law"), purchase its own Shares in the market on an ad hoc basis with a view to addressing any imbalance between the supply of, and demand for, the Shares, to increase the NAV per Share and to assist in minimising any discount to the NAV per Share in relation to the price at which Shares may be trading.

As set out in the Prospectus, the Directors will give consideration to using surplus cash to purchase Shares under this authority but are not bound to do so. Surplus cash for these purposes will comprise undistributed coupons and the proceeds of normal portfolio realisations. The Board will continue to apply the buyback policy published in the Prospectus (and set out above) but may, at its sole discretion and without limit, make additional purchases of Shares beyond those required by the policy.

Investors should note that the purchase of Shares by the Company is entirely discretionary, and no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions. Investors should also note that any purchase or redemption of Shares will be subject to the ability of the Company to fund the purchase price or redemption amount. Purchases of Shares may be made only in accordance with the Law, the Disclosure Guidance and Transparency Rules. The Company is not required to comply with the provisions of Chapter 12 of the Listing Rules regarding market repurchases by the Company of its shares. Nonetheless, by adopting the policy above, the Company will voluntarily be complying with the provisions of Listing Rule 12.4.1 and 12.4.2.

The current authority to purchase shares for cancellation or holding in treasury expires on the date of the next Annual General Meeting ("AGM") which will be held in Guernsey in March 2023. The Directors intend to seek annual renewal of this buyback authority from Shareholders each year at the Company's AGM. If the Company purchases any of its Shares, the maximum price (exclusive of expenses) which may be paid for a Share must not be more than the higher of (i) 5% above the average of the mid-market values of a Share for the five Business Days before the purchase is made, or (ii) the higher of the price of the last independent trade and the highest current independent bid for the Shares. In addition, Shares will be purchased through the market only at prices below the last published NAV per Share, which should have the effect of increasing the NAV per Share for the remaining Shareholders. Any such purchase will be carried out in accordance with the Companies Law, which provides inter alia, that any buy-back is subject to the Company passing the solvency test contained in the Companies Law at the relevant time. The minimum price payable per Share is £0.01. During the Year, the Company repurchased Nil Shares via Share Repurchases.

The Law allows companies to hold shares acquired by way of market purchase as treasury shares, rather than having to cancel them. This gives the Company the ability to re-issue Shares quickly and cost effectively, thereby potentially improving liquidity and providing the Company with additional flexibility in the management of its capital base. No Shares will be sold from treasury for cash at a price less than the NAV per Share at the time of their sale without Shareholder approval. During the period when the Company holds Shares as treasury shares, the rights and obligations in respect of those Shares may not be exercised or enforced by or against the Company.

Report of the Directors (continued)

Share capital and discount control (continued)
In order to reduce the discount between the Company's share price and the net asset value per share, the Board implemented additional measures as publicly announced on 08 June 2020. These initiatives are as follows:

1. An enhanced dividend policy
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

Shareholder information
The NAV will be calculated as of the last business day of each month (or at any other times at the Board's discretion) by the Sub-Administrator. The NAV and the NAV per Share will be published in Euros by an RIS announcement and on the website of the Company at http://www.chenavaritoroincomefund.com/.

Portfolio Manager
The Board keeps the performance of the Portfolio Manager under regular review, and the management engagement committee, comprising all Directors, conducts an annual appraisal of the Portfolio Manager's performance, and makes a recommendation to the Board about the continuing appointment of the Portfolio Manager. The Portfolio Manager has executed the investment strategy according to the Board's expectations and it is the opinion of the Directors that the continuing appointment of Chenavari Credit Partners LLP is in the interests of shareholders as a whole.

The portfolio management fee payable to the Portfolio Manager is paid monthly in arrears at a rate of 1% per annum of NAV, which is based upon the month end NAV and calculated as of the last business day of each month.

The Portfolio Manager shall be entitled to receive from the Company a performance fee in respect of each Class of Shares as detailed in note 4 of the financial statements. Performance fees of €Nil (30 September 2021: €1,275,911) were charged in the Year. As at 30 September 2022, €Nil was payable to the Portfolio Manager in respect of performance fees. (2021: €765,547 payable and €510,364, or 40%, paid to the Portfolio Manager in the form of 684,501 shares).

Non-mainstream pooled investments
On 1 January 2014, FCA rules concerning the promotion of non-mainstream pooled investments came into effect. The Board conducts and intends to continue to conduct its affairs so that the Company's shares will be "excluded securities" under the FCA's new rules. This is on the basis that the Company, which is resident outside the EEA, would qualify for approval as an investment trust by the Commissioners for HM Revenue and Customs if resident and listed in the United Kingdom. Promotion of the Company's shares will not be subject to the FCA's restriction on promotion of non- mainstream pooled investments.

Report on viability
The Directors have assessed the viability of the Company over the two years to 30 September 2024. The Board have chosen this timeframe as it reflects a reasonable investment horizon with regards to risks and uncertainty and the Board have reviewed a cash flow forecast prepared by the Portfolio Manager consistent with this time horizon. In making this assessment, the Directors have considered detailed information provided at Board meetings taking account of the Company's Statement of Financial Position, gearing level, share price discount, asset allocation, operating expenses, investment strategy, the potential impact of the relevant principal risks detailed in the Statement of Principal Risks and Uncertainties on pages 27 to 31 and the expected future cash flows based on the current portfolio. The base case of no significant change in the global financial and or credit markets over the two-year period has been flexed by consideration of moderate and severe stress scenarios and a reverse stress test. The Board considers that the viability review and stress scenarios cover topical and emerging issues including Covid-19 pandemic and climate change risks as their impact on the Company will be manifested via factors already identified, e.g. market, credit, and liquidity risk.

Further, as an investment fund, the Company outsources all services and has no direct costs. The cost base is mainly driven by the various service providers (investment manager, board of directors, administrator etc) and the key variable cost (performance fees) can only arise in a situation where net profits increase. The current market volatility can be expressed in factors that relate to liquidity and factors that relate directly to credit performance of the underlying assets. The recent market volatility has been primarily driven by issues relating to liquidity and currently we have not seen a material change in the performance of the underlying assets. We do however expect deterioration going forward in the credit quality of underlying risk as are likely to move into a recessionary environment leading to an increase in credit stress. This risk in our portfolio is partially mitigated through our exposure to a range of different credit profiles and rating categories within the underlying tranches as we hold risk across the capital structure from AAA through to equity.

Report of the Directors (continued)

Report on viability (continued)
In making this assessment, the Directors had regard for the expected yield from the portfolio and the significant margin over the low cost base of the Company and it is the Board's opinion that the Company would continue to hold sufficient cash to meet its expenses given the inherent liquidity of much of the portfolio. Based on the above, the Board confirms it has a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the two year period of this assessment. The Directors have carried out a robust assessment of the emerging and principal risks facing the Company and will continue to monitor these closely. Further detail can be found on the Statement of Principal Risks and Uncertainties on pages 27 to 31.

Going concern
Going concern refers to the conclusion that the Company has the resources to continue in operation for at least 12 months from approval of the annual report. Based on the following assessments, the Directors are of the opinion that the Company is able to meet its liabilities as they fall due for payment because it has and is expected to maintain, adequate cash resources and they have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of signing these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

1. Portfolio composition and investment outlook – The principal exposure of the Company is to European leveraged loans via the Originator and public ABS/CLOs. There is also a significant exposure to Spanish real estate. The Russian invasion of Ukraine in February 2022 and the subsequent continuing war has exacerbated existing adverse trends, notably price (especially energy costs) inflation, supply chain disruption and a worsening economic outlook in Europe, and central banks have responded to inflationary pressures with interest rate increases. For the bulk of the portfolio dependent on leveraged loans, the interest income stream is at a floating rate (typically Euribor + margin) so the Company is substantially protected against interest rate rises. However the underlying borrowers remain exposed to input price inflation and financing cost increases in a slowing economy, resulting in declining profitability and ultimately an increased risk of default. Throughout the year, and with greater urgency since February, the Company has been repositioning the portfolio more defensively to preserve/improve credit quality while maintaining yields and increasing exposure to less cyclical sectors. The Investment Manager anticipates increasing default rates over the next few years and aims to outperform the market from defensive positioning and credit selection. For the Spanish real estate portfolio, prospective buyers are hampered by higher interest rate and other costs which reduces the affordability of the portfolio and depresses sale prices. Since the development phase is complete the Company is no longer exposed to construction costs inflation and has limited leverage on this position and is confident of recovering the fair value on exit, albeit the disposal timeline is now extended. Notwithstanding the deteriorating economic environment, the Company is well positioned for the coming years and will have adequate resources under base case and stressed case scenarios to continue in operational existence for the foreseeable future.

2. Closed-ended Company - The Company is registered with the Guernsey Financial Services Commission as a Registered Closed-ended Collective Investment Scheme. As such, shareholders cannot request share redemptions which, if permitted, could require cash flows out of the Company. The Board have considered the discount to the NAV and the Company's ability to continue paying dividends and are confident in the Company's future position with regard both these points.

3. Working capital and cash management - As at 30 September 2022, there was working capital of approximately €14.8 million. The Directors noted that as at 30 September 2022 the total loss inclusive of financing costs for the Year was approximately €6.7 million and operational expenses amounted to €3.4 million. As such the Board believes the Company has sufficient capital to cover all expenses (which mainly consist of management fees, administration fees and professional fees) and to meet its obligations as they fall due. The Company has sale and repurchase (repo) financing instruments and can use these to facilitate cash management. The use of repurchase financing does not compromise the Company's liquidity because repo agreements are secured against specific underlying assets with limited recourse to the Company and the use of such financing is relatively limited. The majority of the portfolio is unencumbered and, if needed, could be sold without constraint to meet liquidity requirements.

4. Investments - The Company has a tradable portfolio; therefore, some investments can be sold for cash in most market conditions. At 30 September 2022 the market value of level 1 and 2 securities was €64.8 million, and the Company had cash balances of €4.7 million. Part of the portfolio (including the assets of the originator) is less liquid, consisting of level 3 assets. 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. This risk is partially mitigated by the closed- ended nature of the Company.

Report of the Directors (continued)

AIFMD

Under UK Law the Company is considered to be an Alternative Investment Fund ("AIF") under the AIFMD and has appointed Carne Global AIFM Solutions (C.I.) Limited as the Company's external alternative investment fund manager ("AIFM").

The Company currently intends to operate as an externally managed non-EEA domiciled AIF with a non-EEA AIFM for the purposes of the AIFM Directive and as such neither it nor the AIFM will be required to seek authorisation under the AIFM Directive. However, following national transposition of the AIFM Directive in a given EU member state, the marketing of shares in non-EEA AIFs with a non-EEA AIFM (such as the AIFM) to investors in that EU member state is prohibited unless certain conditions are met. The AIFM filed a notification on 9 April 2015 with the FCA pursuant to Article 42 of the AIFM Directive to market the Shares in the UK under the UK national private placement regime.

The Foreign Account Tax Compliance Act ("FATCA") and the Common Reporting Standards ("CRS")

FATCA was introduced by the US in 2010 to identify and report on US citizens, corporates and trusts who held financial assets – whether US source or not – with financial institutions in other jurisdictions. The intention was to reduce tax evasion by ensuring such assets and the related income were being declared on US tax returns. CRS is a global tax information sharing initiative promoted by the O.E.C.D., similar to FATCA, which came into force on 1 January 2016. The requirements of CRS are closely aligned to requirements under a FATCA Model 1 Intergovernmental agreement where certain disclosure requirements may be imposed in respect of certain investors in the Company.

The Company's Registrar completed the FATCA and CRS reporting requirements for the year ended 31 December 2021 by 24 June 2022 ahead of deadlines.

The Directors are committed to zero tolerance towards the criminal facilitation of tax evasion.

Further developments will continue to be monitored by the Company's specialist service providers to ensure that the Company remains compliant with each of FATCA and CRS.

Significant shareholdings

The Company has received the following notifications of major interests in Shares:

Name	Number of shares	Percentage of share capital as at 30 September 2022
Vidacos Nominees Limited	75,538,886	20.90%
Chase Nominees Limited	68,063,892	18.83%
Chenavari Toro Income Fund Limited	54,948,036	15.20%
HSBC Global Custody Nominee (Uk)	33,738,573	9.33%
Pershing Nominees Limited	17,400,009	4.81%
Lynchwood Nominees Limited	16,781,308	4.64%
Euroclear Nominees Limited	15,751,568	4.36%
The Bank Of New York (Nominees)	15,609,114	4.32%

The concert party

As a Guernsey company which has its shares admitted to trading on the Specialist Fund Segment of the London Stock Exchange, the Company is subject to The City Code on Takeovers and Mergers (the "Code"). Under Rule 9 of the Code, any person who acquires an interest (as defined in the Code) in shares which, taken together with shares in which he is already interested and shares in which persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company which is subject to the Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares are acquired by any such person.

When members of a concert party hold more than 50 per cent. of the voting rights in a company, no obligations normally arise from acquisitions by any member of the concert party. They may accordingly increase their aggregate interests in shares without incurring any obligation under Rule 9 to make a general offer, although individual members of a concert party will not be able to increase their percentage interests in shares through or between a Rule 9 threshold without Panel consent.

Rule 37 of the Takeover Code further provides that when a company redeems or purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purpose of Rule 9.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

Report of the Directors (continued)

The concert party (continued)
Shares representing more than 50% of the voting rights of the Company are held by a concert party comprising Chenavari Credit Partners LLP (acting as discretionary portfolio manager for Chenavari European Opportunistic Credit Fund Limited, Chenavari CORE Opportunities Segregated Portfolio and Chenavari Fixed Income Credit Opportunities Fund Limited), other group companies in the Chenavari Financial Group, and certain other individuals connected with, or employed by, the Chenavari Financial Group (including Roberto Silvotti, a Director of the Company) (the "Concert Party").

As of 30 September 2022, the concert party held 50.65% of the Company's total voting rights. As the Concert Party's aggregate shareholding is greater than 50 per cent. of the Company's total voting rights, no obligations would normally arise from acquisitions by any member of the Concert Party. They may accordingly increase their aggregate interests in Shares without incurring any obligation under Rule 9 to make a general offer, although individual members of the Concert Party will not be able to increase their percentage interests in Shares through or between a Rule 9 threshold without Panel consent. For further information see note 4.

The concert party incudes for following major interests in Shares:

Name	Number of shares	Percentage of share capital as at 30 September 2022
Chenavari Fixed Income Credit Opportunities Fund Limited	54,016,887	17.62%
Fred Scamaroni Trust	36,044,819	11.76%
A2MF SaRL	22,506,150	7.34%

Directors
The Directors of the Company during the Year and at the date of this Report are set out on page 14.

Directors' and other interests
The Directors' holdings and interests in the Company are listed in note 4 on page 65.

Mr Silvotti, by virtue of his directorships of entities within the Portfolio Manager's group, previous roles with the Portfolio Manager and other funds managed within the Chenavari Group is not considered independent of the Portfolio Manager and therefore stands for re-election each year.

Retirement by rotation
Under the terms of their appointment, each Director is required to retire by rotation and be subject to re-election at least every three years. The Directors are required to seek re-election if they have already served for more than nine years. The Company may terminate the appointment of a Director immediately on serving written notice and no compensation is payable upon termination of office as a Director of the Company becoming effective.

Disclosure of information to the Auditor
The Directors who held office at the date of approval of these Financial Statements confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent Auditor
Deloitte LLP ("Deloitte") was re-appointed as the Company's Auditor for the 2022 audit following the AGM on 18 March 2022.

A resolution for the re-appointment of Deloitte will be proposed at the next AGM.

Signed on behalf of the Board of Directors by:

Roberto Silvotti,
Non-executive Director
19 December 2022

John Whittle,
Non-executive Director
19 December 2022

Corporate Governance Report

This Corporate Governance Report forms part of the Report of the Directors as further disclosed on pages 15 to 19. The Board operates under a framework for corporate governance which is appropriate for an investment company.

The Company is admitted to trading on the Specialist Fund Segment ("SFS") of the London Stock Exchange and as such, the Listing Rules applicable to closed-ended investment companies which are listed on the premium listing segment of the Official List of the UKLA do not apply to the Company, however as a matter of good corporate governance, the Company shall voluntarily comply with the provisions of the Listing Rules applicable to closed-ended investment companies.

The Company became a member of the Association of Investment Companies ("AIC") with effect from 1 October 2018 and has therefore put in place arrangements to comply with the AIC Code and, in accordance with the AIC Code, complies with the UK Code. The AIC Code and the AIC Guide are available on the AIC's website, www.theaic.co.uk. The UK Code is available on the Financial Reporting Council's website, www.frc.org.uk.

The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies such as the Company. The Board considers that reporting against the principles and recommendations of the AIC Code, by reference to the AIC Guide, provides better information to Shareholders.

The Board has considered the principles and recommendations of the AIC Code which is available on the AIC's website, Theaic.co.uk. During the year, the Company has complied with all of the provisions of the AIC Code except as set out below:

Provision A.2.1 of the UK Code requires a chief executive to be appointed; as an investment company, however, the Company has no employees and therefore has no requirement for a chief executive. Due to the size and as all the Directors, including the Chair, are non-executive, the Company has not established a remuneration committee which is not in accordance with provisions B.2.1 and D.2.1 of the UK Code, and Principle 7 of the AIC Code respectively, nor has it established a Senior Independent Director in consideration of the size of the Board and the Company.

The Company has no employees or internal operations and has therefore not reported further in respect of these provisions. The need for an internal audit function is discussed in the Audit and Risk Committee Report.

The members of the Audit Committee have been selected for their experience and expertise in relation to the risks, financial reporting and internal controls relating to the Company. The members bring specific experience in relation to the investment sector and externally managed structures which have been found to be invaluable to each Committee in identifying risks and assessing the mitigating controls which have been established.

The Board is satisfied that any relevant issues that arise can be properly considered by the Board. The objective of the AIC Code to separate the roles of the Chairman, who manages and provides leadership to the Board, and the running of the Company, is achieved due to the Chairman being independent from the Manager and any third-party provider.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers that the above provisions are not currently relevant to the position of the Company, being an externally managed investment company, which delegates most day-to-day functions to third parties.

The GFSC Finance Sector Code of Corporate Governance (the "GFSC Code") came into force in Guernsey on 1 January 2012 and was amended in February 2016, June 2021 and November 2021. The Company is deemed to satisfy the GFSC Code provided that it continues to conduct its governance in accordance with the requirements of the AIC Code.

Board leadership and Company purpose
In accordance with the Code's Principles A, B, C, D & E, the Board has a majority of wholly independent Non-executive Directors for the year. All of the Directors are non-executive and, except for Roberto Silvotti are independent of the Portfolio Manager. The Board however consider his detailed knowledge of the Company a significant asset and are happy for him to continue as a Non-executive Director. The Board assesses the basis on which the Company generates and preserves value over the long-term. Additionally, the Board considers and addresses the opportunities and risks to the future success of the Company, along with the sustainability of the Company's business model and how its governance contributes to the delivery of its strategy.

Corporate Governance Report (continued)

Board leadership and Company purpose (continued)
This is achieved by considering the following matters:

- The Directors are responsible for the determination of the Company's investment objective and investment policy and have overall responsibility for the Company's activities including review of the investment activity and performance and the control and supervision of the Portfolio Manager within an appropriate risk framework in light of market conditions prevailing from time to time;
- the appointment of the Portfolio Manager, Alternative Investment Fund Manager, administrator and other appropriately skilled service providers and to monitor their effectiveness through regular reports and meetings; and
- the key elements of the Company's performance including NAV growth and the payment of dividends.

The Board values a membership which reflects diversity in its broadest sense. A combination of demographics, culture, skills, experience, race, age, gender, and professional background, combined with other relevant personal skills is considered important in providing the range of perspectives, thought leadership, debates and judgement necessary to support good decision making. The current Board is composed of three members which combine three different nationalities with very diverse skills, experience, age and professional background. The Board is mindful of gender diversity and when board positions become available shall welcome applications from all genders. The Board is similarly conscious of the representation of society's diverse ethnicity and those from the disabled community.

The Company has no direct employees therefore is not required to monitor culture in this respect, however, the Board recognises its wider responsibility to demonstrate to Shareholders that it is operating responsibly, managing its social and environmental impacts for the benefit of all stakeholders. Additionally, the Board is mindful of culture within each of its service providers and stakeholders and where it is not satisfied that policy, practices or behaviours are aligned with the Company's purpose, values and strategy, the Board will seek assurance that management have taken corrective action.

The Board has overall responsibility for maximising success by directing and supervising the affairs of the business and meeting the appropriate interests of Shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring protection of investors.

Within the Annual Report and Financial Statements, the Directors have set out the Company's investment objective and policy and have reported how the Board and its delegated Committees operate and how the Directors review the risk environment within which the Group operates and set appropriate risk controls. Furthermore, the Board has sought to provide further information to enable Shareholders to understand the Company's business and financial performance better. The Board also maintain a formal schedule of matters specifically reserved solely for their decision.

The Chairman shall also be responsible for the promotion of a culture of openness and debate, for ensuring that the Directors receive accurate, timely and clear information and for ensuring that there is adequate time available for the discussion of agenda items at each Board meeting.

The Board believes that the maintenance of good relations with both institutional and professional Shareholders is important for the long-term prospects of the Company. The Board receives feedback on the views of Shareholders from its corporate broker and Portfolio Manager. Through this process the Board seeks to monitor the views of Shareholders and to ensure an effective communication programme. The Board shall seek to utilise stakeholder communication to inform them of the decisions that the Company and Board takes, whether about the products or services it provides, or about its strategic direction, its long-term health and the society in which it operates. The Board agrees that stakeholder engagement will strengthen the business and promote its long-term success to the benefit of stakeholders and Shareholders alike.

The Chair is open to discussions on governance and strategy with major Shareholders and the other Directors shall also be provided the opportunity to attend these meetings. The Board believes that the Annual General Meeting provides an appropriate forum for investors to communicate with the Board and encourages participation.

The Board regularly reviews the Shareholder profile of the Company. Shareholders may contact the Company directly through Chenavari investor relations (e-mail address TLIR@chenavari.com) or by correspondence sent to the Company Secretary (toro@ocorian.com) or the Corporate Broker.

The Board identifies and manages conflicts of interest, including those resulting from significant shareholdings, and also ensures that the influence of third parties does not compromise or override independent judgement.

Corporate Governance Report (continued)

Board leadership and Company purpose (continued)
If a Board recommendation for a resolution receives 20% or more of votes cast against it, the Company will explain, when announcing voting results, any actions it intends to take to consult shareholders in order to understand the reasons behind the result. No later than six months after the shareholder meeting, the Company will publish an update on the views received from shareholders and any actions taken. The Board will then provide a final summary in the Annual Report and Financial Statements and, if applicable, in the explanatory notes to resolutions at the next Shareholder meeting, on the impact the feedback has had on the decisions the Board has taken and any actions or resolutions that are to be proposed.

Where Directors have concerns about the operation of the Board or the management of the Company that cannot be resolved, their concerns are recorded in the Board minutes. On resignation, a Non-executive Director will also provide a written statement to the Chair, for circulation to the board, if they have any such concerns in connection with resignation.

Division of responsibilities
In adherence with the Code's Principles F, G, H & I, the Board comprises three Non-executive Directors, one of whom also acts as Chairman of the Company. The Chairman is Fred Hervouet, who is considered to be independent for the purposes of Listing Rule 15 and Provision 9 of the Code as he has neither current nor historical employment with the Portfolio Manager nor any current directorships in any other investment funds managed by the Portfolio Manager. Listing Rule 15 requires there to be a majority of independent Directors on the Board as a whole.

The Board considers its current Non-executive Directors to be of sufficient calibre and number for their views to be of sufficient weight and that no individual or small group can dominate the Board's decision-making process. Their qualifications and experience are relevant to their directorships and in their appointments to the Committees where applicable.

The Directors believe that the Board has an appropriate balance of skills, experience and independence to discharge its duties and provide effective strategic leadership and proper governance of the Company. The Board shall ensure that it conducts its business at all times with only the interests of the Shareholders in mind and independently of any other associations.

Independence of Non-executive Directors
The Code states that the Board should identify in the Annual Report each Non-executive Director it considers to be independent and should consider whether there are any relationships or circumstances that are likely to affect a Director's independence. The Board has a majority of wholly independent Non-executive Directors for the year. All of the Directors are non-executive and, except for Roberto Silvotti are independent of the Portfolio Manager. As part of the annual Board evaluation process the Non-executive Directors will meet without the Chair present to appraise the Chair's performance, and on other occasions as necessary.

Non-executive Directors' shareholdings
The Board has assessed that the holdings of the Directors are not significant and believes such levels of investment should not raise questions regarding their independence. The Board considers that Directors owning shares in the Company directly aligns them with the interests of the Shareholders.

The responsibilities of the Chair, Board and Committees are clear and set out in writing, after they are agreed by the Board. They can be found on the Company's website, http://www.chenavaritoroincomefund.com.

When considering any new appointments, the Board takes into account any other demands on Directors' time. Prior to appointment, any significant commitments are disclosed along with an indication of the time involved. Additionally, any external appointments are not undertaken without prior approval of the Board. Any reasons for permitting significant appointments will be explained further in this report as and when the time arises.

All Directors have access to the advice of the Company Secretary, who is responsible for advising the Board on significant governance matters. Both the appointment and removal of the Company Secretary would be a matter for the whole Board.

Composition, succession and evaluation
The Board has not established a Nomination or Remuneration Committee. In view of its non-executive nature, the Board considers that it is not appropriate for there to be a separate remuneration and nominee committee. The Board of Directors make all representations regarding Directors' remuneration. The Board as a whole fulfils the functions of the remuneration committee, and a separate Directors' Remuneration Report is set out on page 37 of these Financial Statements.

Corporate Governance Report (continued)

Diversity policy

The Board monitors developments in corporate governance to ensure the Board remains aligned with best practice especially with respect to the increased focus on diversity. The Board acknowledges the importance of diversity, (as stated in Principle 7 of the AIC Code), for the effective functioning of the Board and commits to supporting diversity in the boardroom. The Board also values diversity of business skills and experience as noted previously, as Directors with diverse skills sets, capabilities and experience gained from different geographical backgrounds enhance the Board by bringing a wide range of perspectives to the Company. It is the Board's ongoing aspiration to have well-diversified representation and, when board positions become available, shall seek to appoint individuals with diverse skill sets and experience gained from different geographical and professional backgrounds, that will enhance the Board by bringing a wide range of perspectives to the Company.

Board tenure and re-election

Re-election

All newly appointed Directors shall stand for election by the Shareholders at the next Annual General Meeting following their appointment. There are provisions in the Company's Articles of Association which require Directors to seek re-election on a periodic basis, however, in accordance with the Code all Directors shall also offer themselves for annual re-election. There is no limit on length of service, nor is there any upper age restriction on Directors. The names of all Directors standing for appointment or reappointment shall be accompanied by sufficient biographical details and the specific reasons why their contribution is, and continues to be, important to the Company's long-term sustainable success in order to enable Shareholders to make an informed decision.

The Board considers that there is significant benefit to the Company arising from continuity and experience among Directors, and accordingly does not intend to introduce restrictions based on age or tenure. It does, however, believe that shareholders should be given the opportunity to review membership of the Board on a regular basis.

The Board is satisfied that all the Board members standing for re-election should be re-elected as they have the right skills and experience to continue to manage the Company. The Board maintains its right to appoint further Members if deemed necessary and considers succession on a regular basis.

The Company will continue its annual performance evaluations of the Board, the Committees and the processes utilised by each forum with a view to extend the annual performance evaluation to a review by an external provider during 2022. The aim of the evaluation is to recognise the strengths and address any weaknesses and consider improvements to the management process. The evaluation is designed to ensure that the Board meets its objectives and effectiveness is maximised.

The evaluations focus on the following issues:

- the frequency of meetings and the business transacted;
- the workload of each forum;
- diversity and how effectively members work together to achieve objectives;
- the timing, level of detail and appropriateness of information put before meetings;
- the reporting process from Committees to the Board and delegation process itself;
- the levels of expertise available within the membership of the Committees and the need for, selection of and the use of external consultants; and
- the effectiveness of internal controls following the review and report of the Audit Committee.

The process of performance evaluation is designed to consider all elements of performance including any perceived shortcomings, training or development needs and unforeseen tasks and responsibilities that have arisen during the year.

The Chairman shall act on the results of the evaluation by recognising the strengths and addressing any weaknesses of the Board. Each Director shall engage with the process and take appropriate action where development needs have been identified.

The Chairman and the Board have agreed to regular externally facilitated Board evaluations being undertaken, which shall occur as necessary under the requirements of the Code.

While no KPIs are set for individual Non-executive Directors, the time, effort and application to the performance of their duties for the Board and Committees is taken into account.

Corporate Governance Report (continued)

Audit Committee
An Audit Committee has been established and is chaired by John Whittle and also has Frederic Hervouet and Roberto Silvotti as members. The Audit Committee's primary function is to assist the Board in fulfilling its oversight responsibilities and under the Terms of Reference its main duties include financial reporting, risk management systems, compliance, whistle blowing and fraud. It will review the scope, results, cost effectiveness, independence and objectivity of the external auditor and the effectiveness of the audit process. Further details on the Audit Committee can be found in the Audit Committee Report on pages 32 to 35.

In adherence with the Code's Principles M & N, the Audit Committee is responsible for ensuring that the accounting policies of the Company are appropriate and being followed, disclosures provided are clear and for reviewing the half-year and annual financial statements before their submission to the Board. In addition, the Audit Committee is specifically charged under its terms of reference to advise the Board on the terms and scope of the appointment of the auditors, including their remuneration, independence and objectivity and reviewing with the auditors the results and effectiveness of the audit. The Committee reviews and provides advice on whether the content of the Annual Report and Accounts is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

The Company does not currently have an internal audit function, as the Board believes that it can ensure that the Group's risk management, governance and internal control processes are operating effectively without this. This is because the Group's business is conducted by relatively few individuals (through the outsourced service providers) who report to the Board, and its operations are not complex at present.

The Board is satisfied that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Investment management agreement
The Investment Manager has been appointed as the sole investment manager of the Company Pursuant to the Investment Management Agreement, the Investment Manager has responsibility for and discretion over investing and managing the Company's assets, subject to and in accordance with the Company's investment policy. The Investment Manager is entitled to delegate all or part of its functions under the Investment Management Agreement to one or more of its affiliates. A summary of the fees paid to the Investment Manager are given in note 4 (c) to the financial statements.

The Investment Manager's appointment is terminable by the Investment Manager or the Company on not less than 3 months' notice. The Investment Management Agreement may be terminated with immediate effect and without compensation, by either the Investment Manager or the Company if the other party has gone into liquidation, administration or receivership or has committed a material breach of the Investment Management Agreement.

The Company has delegated the provision of all services to external service providers whose work is overseen by the Management Engagement Committee at its regular scheduled meetings. Each year, a detailed review of performance pursuant to their terms of engagement will be undertaken by the Management Engagement Committee.

The Board as a whole reviewed the Company's compliance with the Listing Rules, the Disclosure Guidance and Transparency Rules and the AIC Code (and through compliance with the AIC code, the UK Code). In accordance with Listing Rule 15.6.2(2)R and having formally appraised the performance and resources of the Investment Manager, in the opinion of the Directors the continuing appointment of the Investment Manager on the terms agreed is in the interests of the Shareholders as a whole. The Board is pleased with the performance of the investment manager.

Management Engagement Committee
The Board has established a Management Engagement Committee with formal duties and responsibilities. The Management Engagement Committee commits to meeting at least once a year and comprises the entire Board with John Whittle appointed as Chairman. Its principal duty is to consider the terms of appointment of the Portfolio Manager and it will annually review that appointment and the terms of the Portfolio Management Agreement. Its duties and responsibilities also extend to the regular review of the performance of and contractual arrangements with other service providers.

The Management Engagement Committee carried out its review of the performance and capabilities of the Portfolio Manager at its meeting on 20 September 2022 to confirm that the continued appointment of Chenavari Credit Partners LLP as Portfolio Manager is deemed to be in the interest of shareholders.

At the same meeting, the Management Engagement Committee concluded that the Company's other service providers were performing in accordance with the Company's expectations and contractual arrangements in place.

Corporate Governance Report (continued)

Effectiveness
The Company holds a minimum of four Board meetings per year to discuss general management, structure, finance, corporate governance, marketing, risk management, compliance, asset allocation and gearing, contracts and performance. The reports provided by the outsourced providers are the principal source of regular information for the Board enabling it to determine policy and to monitor performance, compliance and controls, which are supplemented by communication and discussions throughout the year. The Board carries out internal evaluations of its effectiveness by considering the balance of skills, experience, independence and knowledge of the Company on the Board, its diversity, how the Board works together as a unit, the allocation of sufficient time to the Company as well as other factors relevant to its effectiveness.

Committees of the Board
The terms of reference for the Board Committees are available on the Company website at
http://www.chenavaritoroincomefund.com

Board and Committee meetings
The table below sets out the number of Board, Audit Committee, Risk Committee, Property Valuation Committee, Management Engagement Committee and Nomination and Remuneration Committee meetings held during the year ended 30 September 2022 and, where appropriate, the number of such meetings attended by each Director.

Director	Board meetings		Audit Committee meetings		Management Engagement Committee meetings	
	Held	Attended	Held	Attended	Held	Attended
Frederic Hervouet	7	7	3	2	1	1
John Whittle	7	7	3	3	1	1
Roberto Silvotti	7	7	3	3	1	1

Information and support for Directors
Any new Directors will receive a full, formal and tailored induction on joining the Board in order to further inform them of the Group's activities and structure. Upon appointment new Directors shall be briefed about their responsibilities and duties, together with relevant background information on the Company and assistance and information from representatives of the Investment Advisers and the Administrators.

New Directors shall also be provided with an opportunity to observe the Board before their appointment and meet representatives of the Property Advisors and Administrators to the Company.

All the Directors comply with mandatory continued professional development requirement and are encouraged to attend industry and other seminars covering issues and developments relevant to investment companies, and Board meetings regularly include agenda items on recent developments in governance and industry issues.

The Chair regularly reviews and agrees with each Director their training and development needs.

All Directors are able to take independent professional advice at the Company's expense in the furtherance of their duties, if necessary. The Company purchases appropriate insurance in respect of legal action against its Directors and Officers.

Company Secretary
The Company Secretary is responsible for ensuring that Board procedures are followed. Under the guidance of the Chairman, the Secretary ensures that appropriate and timely information flows between the Board, the Committees and to/from the Directors. It facilitates inductions to new Directors and the provision of additional information where required and appropriate.

The Secretary is responsible for advising the Board on governance matters and is available to all Directors for advice and support as required. The Board deems the AIC Code more relevant with respect to the governance of investment companies.

Environmental, Social and Corporate Governance
The Board fully supports the growing importance placed on Environmental, Social and Corporate Governance ("ESG") factors when asking the Company's Portfolio Manager to deliver against the Company's objectives. The Company has made significant investments in investments which should have a positive impact on the environment and the Board and the Portfolio Manager in managing the Company's assets are mindful of social, ethical and environmental issues of the underlying investments within the Company's portfolio, acknowledging that failing to manage these issues adequately run a long-term risk to the sustainability of their businesses. The Company and the Portfolio Manager will continue to follow good practice on ESG issues where applicable. Further information can be found on the Portfolio Managers sustainability report:
https://www.chenavari.com/assets/3f237e44a3/220331-Sustainability-Report_vf.pdf

Corporate Governance Report (continued)

Relations with shareholders
The Board welcomes Shareholders' views and places great importance on communication with its Shareholders. The Company's AGM provides a forum for Shareholders to meet and discuss issues with the Directors of the Company. The Chairman and other Directors are also available to meet with Shareholders at the AGM to hear their views and discuss any issues or concerns, including in relation to Board composition, governance and strategy, or at other times, if required.

The Company reports formally to Shareholders in a number of ways; regulatory news releases through the London Stock Exchange's Regulatory News Service, announcements are issued in response to events or routine reporting obligations. Also, an Interim Report will be published each year outlining performance to 30 June and the Annual Report will be published each year for the year ended 31 December, both of which will be made available on the Company's website. In addition, the Company's website contains comprehensive information, including company notifications, share information, financial reports, investment objectives and policy, investor contacts and information on the Board and corporate governance. Shareholders and other interested parties can subscribe to email news updates by registering online on the website.

The Directors and Investment Manager receive informal feedback from analysts and investors, which is presented to the Board by the Company's Broker. The Company Secretary also receives informal feedback via queries submitted through the Company's website and these are addressed by the Board, the Investment Manager or the Company Secretary, where applicable.

Other stakeholders
The wider stakeholders of the Company comprise its service providers, investee companies and suppliers and the Board recognises and values these stakeholders.

As an investment Company with no employees the Company's relationship with its service providers, including the Investment Manager, is of particular importance. Service providers have been selected and engaged based on due diligence and references including consideration of their internal controls and expertise. The Company has established a Management Engagement Committee, who will review the performance of each service provider annually and provide feedback as appropriate, to maintain good working relationships.

The Company's investment helps to ensure that the investee companies have the resources to perform well, which helps to drive the local economies in which these companies are located. Responsible investing principles have been applied to each of the investments made, which ensures that appropriate due diligence has been conducted and that the terms of the investments are clearly set out and agreed with investee companies in advance.

The Board recognises that relationships with suppliers are enhanced by prompt payment and the Company's Administrator, in conjunction with the Investment Manager, ensures all payments are processed within the contractual terms agreed with the individual suppliers.

Whistleblowing
The Board has considered arrangements by which staff of the Investment Manager or Administrator may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters. It has concluded that adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken within their organisation.

Statement of Principal Risks and Uncertainties

The table shows the post mitigation principal risks and uncertainties facing the Company and explains how we mitigate them. Information on our risk management framework can be found on pages 67-74.

1 Exogenous market shocks
2 Share price discount
3 Collateral risk (default, recovery, prepayment)
4 Fund performance
5 Concentration/ Correlation
6 Credit spread risk
7 CLO equity (mark volatility)
8 Risk retention
9 Direct Lending
10 Default/ Downgrade risk
11 Interest rate risk

Market Conditions

1 Exogenous market shocks Risk profile: Increasing

Probability **medium/high**	Impact **moderate/major**	Mitigation
	Large and unexpected shocks to the economy can create spikes in defaults. Macroeconomic tensions have increased this year (USA/China, war in Ukraine, inflation and recession risks). 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.

Statement of Principal Risks and Uncertainties (continued)

2 Share price discount — Risk profile: Decreasing

Probability medium	Impact low	Mitigation
	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. The Board has implemented a series of initiatives with the intention of narrowing the share price discount. These included an enhanced dividend policy. In addition, the Company's investment strategy was 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, and will continue to invest in hedging instruments.

Asset Performance

3 Collateral risk (default, recovery, prepayment) — Risk profile: Unchanged

Probability medium	Impact moderate	Mitigation
	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 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.

Statement of Principal Risks and Uncertainties (continued)

4 Fund performance Risk profile: Increasing

Probability medium	Impact moderate	Mitigation
	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 was badly affected by the impact of COVID-19 and the Portfolio Manager suspended the origination of credit portfolios for the fund. CLO equity has been volatile post COVID but has maintained dividends and closed the year with moderately healthy implied NAVs. CLO debt has likewise rebounded quite considerably.

5 Concentration/ Correlation Risk profile: Unchanged

Probability medium	Impact moderate	Mitigation
	The risk of loss arising from a concentration in asset classes, concentration in the assets backing a security, or the credit risk characteristics of financial counterparties that correlate positively. A material risk is the exposure that the Company has to Chenavari CLO managed deals.	The Company's risk management framework includes limits to reduce concentration risk. Active analysis of high concentration names between the Risk and Investment teams looks to reduce high concentration of risk on low conviction issuers.

6 Credit spread risk Risk profile: Unchanged

Probability medium	Impact moderate	Mitigation
	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) Risk profile: Unchanged

Probability medium	Impact low	Mitigation
	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.

Statement of Principal Risks and Uncertainties (continued)

8 Risk retention Risk profile: Decreasing

Probability low	Impact moderate	Mitigation
	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.

9 Direct lending Risk profile: Unchanged

Probability low	Impact not significant	Mitigation
	As part of the private asset backed finance strategy, the Company has historically diversified away from classic secondary corporate loans and residential mortgages into new asset classes. Examples include investment in Spanish real estate. Such investments expose the Company to new types of investment risk, including political and macroeconomic factors. The illiquidity of such investments may make them difficult to dispose of at fair value and there may be a significant period between the date that an investment is made and the date that any capital gain or loss on such investment is realised.	The Company mitigates liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of bank deposits and loans. The Company is closed-ended and not subject to the need to liquidate holdings quickly in order to meet redemptions. During the year there was no origination in direct lending and profit has been taken on existing positions.

10 Default/Downgrade risk Risk profile: Emerging

Probability medium/high	Impact moderate	Mitigation
	Risk of loss of capital or interest due to default or bankruptcy of a borrower or the issuer of debt securities. This risk is increasing due to a combination of rising interest rates and recession fears. A related risk is Ratings Downgrade, especially on CLO. If more than 7.5% of the underlying loans within the portfolio start to be downgraded to CCC then the balance beyond would need to be marked-to-market for OC test (overcollateralization ratio) purposes and there is a risk that the portfolio fails the test. This impacts valuation and also dividends on Equity, since cashflows are diverted to pay down senior tranches. This may result in a deleveraging of the portfolio, and at worse may result in defaults and poor residual value in equity.	The Portfolio Manager actively examines the underlying collateral exposure of its investments. Mitigations are made by looking at macro hedging instruments and analysing underlying issuer concentrations. The Portfolio Manager will look to strip out exposures to issuers where it has less fundamental conviction.

Statement of Principal Risks and Uncertainties (continued)

11 Interest rate risk Risk profile: Emerging

Probability high	Impact low	Mitigation
	The risk that an investment's value will change due to a change in the absolute level of interest rates. This risk is increasing as central banks have raised interest rates this year and are expected to continue to raise rates next year.	The Portfolio Manager has set internal limits on the maximum sensitivity to Interest Rates permitted within the portfolio. These limits are monitored daily.

Other risks that we monitor closely

Risk	Description
Portfolio Manager risk	The Company is dependent on the expertise of the Portfolio Manager and its respective key personnel to evaluate investment opportunities and to implement the Company's investment objective and investment policy. The Management Engagement Committee carries out annual reviews of the performance and capabilities of the Portfolio Manager and confirms that the continued appointment of the Portfolio Manager is deemed to be in the best interest of shareholders.
Environmental	The Company believes that Environmental, Social and Governance ('ESG') considerations will increasingly drive economies and markets and that global issues and cross-cutting societal concerns such as climate change have ushered in a new era for responsible investment and corporate social responsibility. We consider ESG as a core enabler for generating long-term, sustainable returns. The portfolio manager is able to apply its investment discretion in analysing issuers on both financial as well as non-financial characteristics, including ESG factors or criteria, to identify material risks or opportunities which may impair or enhance an issuer's ability to service its debt obligations
Cyber security	Inappropriate access to customer or Company data may lead to loss of sensitive information and result in a material adverse effect on the Company's financial condition, reputation and investor confidence.
CLO investments	Performance may be affected by the default or perceived credit impairment of CLO investments made by an Originator and by general or sector specific credit spreads widening. Credit risks associated with such CLO investments include: (i) the possibility that the earnings of an obligor may be insufficient to meet its debt service obligations; (ii) an obligor's assets declining in value; and (iii) the declining creditworthiness, default and potential for insolvency of an obligor during periods of rising interest rates and economic downturn.
Warehouse credit facilities	The risk that any future securitisation of loan assets the subject of a Warehouse Credit Facility will not be consummated or that such loan assets will be ineligible for purchase by the relevant securitisation vehicle. This may result in a need for the Originator to refinance the loan assets, creating the risk that it will not be able to do so. There is also the risk that the value of loan assets subject to a Warehouse Credit Facility falls, resulting in the Originator being unable to securitise the assets without suffering loss.

Audit Committee Report

I am pleased to report to you on the activities of the Audit Committee for the year ended 30 September 2022.

The Board has established terms of reference in respect of the membership of the Audit Committee, its duties, reporting responsibilities, and authority given to its members (the "Terms of Reference").

The Audit Committee is supportive of the latest AIC Code recommendations and is of the opinion that the AIC Code allows it to act as a key independent oversight committee contributing to a climate of discipline and control.

Terms of reference
The Audit Committee's primary function is to assist the Board in fulfilling its oversight responsibilities and, under the Terms of Reference, its main duties include:

Financial reporting
- monitoring the integrity of the financial statements of the Company, including its annual and half-yearly reports and any other formal announcement relating to its financial performance, reviewing significant financial reporting issues and judgments which they contain.

Risk management systems
- review the adequacy and effectiveness of the Company's risk management systems and review and approve the statements to be included in the annual report concerning risk management.

Compliance, whistle blowing and fraud
- review the adequacy and security of the Company's arrangements to raise concerns, if any, about possible wrongdoing in financial reporting or other matters;
- reviewing the Company's procedures for detecting fraud;
- reviewing the Company's systems and controls for the prevention of bribery and receive reports on non-compliance;
- reviewing the adequacy and effectiveness of the Company's anti-money laundering systems and controls; and
- reviewing the adequacy and effectiveness of the Company's compliance function.

External audit
- overseeing the relationship with the external auditor including making recommendations of remuneration, terms of engagement, assessing independence and objectivity, compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company, assessing qualifications, expertise and resources and the effectiveness of the audit process.

In regard to the above duties, I confirm, on behalf of the Audit Committee, that, to the best of our knowledge and belief, we have fulfilled our responsibilities in line with our Terms of Reference and in accordance with the AIC Code.

Delegation of duties
The Company has no employees and all functions, including the preparation of the financial statements, have been outsourced to various service providers. Ocorian Administration Limited have been appointed as Administrator and Company Secretary, US Bank Global Fund Services (Ireland) Limited as Sub-Administrator, Chenavari Credit Partners LLP as Portfolio Manager, Carne Global AIFM Solutions (C.I.) Limited as AIFM, JPMorgan Chase Bank National Association as Custodian, Depositary and Principal Bankers and Link Asset Services as Registrar (together the "Outsourced Service Providers"). Please see note 5 for further details in relation to these service providers.

Membership of the committee
The Audit Committee was established on incorporation and consists of Frederic Hervouet, Roberto Silvotti and myself, John Whittle, as its Chairman. All the members of the Audit Committee are non-executive Directors. Mr Hervouet and I are considered independent of the Advisers for the purposes of the Company's compliance with the AIC Code however Mr Silvotti, by virtue of his directorship and previous roles with the Portfolio Manager and other funds managed within the Chenavari Group is not considered independent of the Advisers. The Audit Committee has concluded that its membership meets the requirements of AIC Code and each member is financially literate and has knowledge of the following key areas:

- financial reporting principles and accounting standards;
- the regulatory framework within which the Company operates;
- the Company's internal control and risk management environment; and
- factors impacting the Company's Financial Statements.

Audit Committee Report (continued)

Membership of the Committee (continued)

The Audit Committee meets at least two times a year. During the Year the Audit Committee has met three times. Personnel from the Company's Outsourced Service Providers along with representatives of the Company's external auditor, Deloitte LLP ("Deloitte"), attend Audit Committee meetings when appropriate. Deloitte were engaged to provide oversight of the condensed unaudited set of interim financial statements approved by the Audit Committee 15 July 2022.

In his role as a member of the Audit Committee, each member is available to discuss any particular matter with his fellow Board members and in addition the Audit Committee has the opportunity to meet with Deloitte without the presence of Outsourced Service Providers. In order to ensure that all Directors are kept up to date and informed of the Audit Committee's work, I provide a verbal report to the Board at Board meetings on key matters discussed at the Audit Committee meetings. In addition, the minutes of all Audit Committee meetings are available to the Board.

How the Audit Committee has discharged its responsibilities

In the period under review, the Audit Committee has met three times, attendance at which is set out on page 25. The Audit Committee meetings focused on the following key areas:

Monitoring the integrity of the financial statements including significant judgments

- We reviewed the appropriateness of the Company's significant accounting policies, critical accounting judgments and key sources of uncertainty and monitored changes to, and compliance with, accounting standards on an ongoing basis.
- Prior to making any recommendations to the Board, we reviewed the Annual Report and Audited Financial Statements for the year ended 30 September 2022 (the "Annual Report"). We compared the results with management accounts, budgets and monthly NAVs, focusing on the significant accounting matters set out below.
- In undertaking this review, we discussed with the Administrator, Sub-Administrator and Deloitte the critical accounting policies and judgments that have been applied and at the request of the Audit Committee, the Administrator and Sub-Administrator confirmed that they were not aware of any material misstatements including matters relating to the Annual Report presentation. Deloitte also reported to the Audit Committee on any misstatements that they had found during the course of their work and confirmed no material amounts remained unadjusted.
- At its meeting to review the Annual Report, the Audit Committee received and reviewed a report on the audit from Deloitte. On the basis of its review of the report, the Audit Committee is satisfied Deloitte has fulfilled its responsibilities with diligence and professional scepticism.
- The Audit Committee is satisfied that the Annual Report appropriately addresses the critical judgments and key estimates (both in respect to the amounts reported and the disclosures) and that the significant assumptions used for determining the value of assets and liabilities determined were in compliance with IFRS and were reasonable.
- The Audit Committee is therefore satisfied that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

Significant accounting matters

During the Period the Audit Committee considered key accounting issues, matters and judgments regarding the Company's financial statements and disclosures including those relating to:

Valuation of financial assets at fair value through profit or loss

At 30 September 2022, the Company's investments had a fair value of €181.5 million after the inclusion of financial liabilities at fair value through profit or loss and represented 92.47% of net assets of the Company. As such this is the largest factor in relation to the accuracy of the financial statements and is monitored by the Portfolio Manager, the Administrator, the Sub-Administrator, the Custodian, the Audit Committee, the AIFM and the Board.

Investments are valued in accordance the Company's Valuation Policy and with the Accounting Policies set out in note 2.2 to the financial statements. The Valuation Policy is compiled with reference to key principles comprising; independence, documentation, transparency, consistency and relevance and documents the pricing process and timeline, with particular reference to difficult to value securities, and sets out escalation procedures.

Audit Committee Report (continued)

The Audit Committee required the Portfolio Manager to provide detailed analysis of the broker quotes obtained for investments, including the liquidity, the number of quotes received, and the range of quotes. For primary transactions, the Portfolio Manager's own analysis of the fair value of the deal was compared to the quotes obtained and where pricing was obtained from the manager of the transaction, the Portfolio Manager provided an assessment of the manager's independence and reliability. Additionally, the Audit Committee required the Portfolio Manager to provide a reasoned assessment of fair value for each investment held and its classification in the fair value hierarchy including those valued through internal models.

In consultation with the Board of Directors and in line with best market practice, the Company uses the mark-to-model approach as the valuation methodology on the risk retention pieces and an independent third-party provider Structured Credit Investor (a leading global provider of fixed income pricing data) was engaged to provide pricing source for all CLO risk retentions held within Taurus, including both the CLO debt/equity pieces and the management fees rebate.

During the Year the Portfolio Manager also engaged Houlihan Lokey, on behalf of the Company, as valuation advisors to provide certain limited procedures on one Transaction valuation which the Investment Adviser identified and requested Houlihan Lokey to perform. For the avoidance of doubt, notwithstanding the engagement with them, the Board of the Company remains ultimately responsible for the determination of the fair value of each Transaction but may consider their input in making such determinations. Specifically, as of 30 September 2022, Houlihan Lokey did not provide any estimated ranges of fair value for the Company's interests.

Following discussion, we were satisfied that the judgments made, and methodologies applied were fair value and appropriate and that the correct accounting treatment has been adopted. Please see further details outlined in notes 2 and 8 to the financial statements.

Income recognition
For primary and secondary transactions, the Audit Committee considered whether the separate presentation of interest income in the Statement of Comprehensive Income is required or if a net fair value movement is more appropriate.

Due to the nature of the Company's investment strategy resulting in the possibility of investments being sold before maturity and given the consequent inherent uncertainty of using maturity dates to calculate income using the Effective Interest Rate method, for both primary and secondary investments, the Company's accounting policy recognises only a net fair value movement rather than reporting a split between fair value movement and interest income in the Statement of Comprehensive Income. This is explained further in note 2.4 to the financial statements.

Assessment of principal risks and uncertainties
The risks associated with the Company's financial assets, as disclosed in the financial statements, particularly in note 6, represent a key accounting disclosure. The Audit Committee critically reviews, on the basis of input from relevant Outsourced Service Providers, the process of ongoing identification and measurement of these risk disclosures.

Risk management and internal controls
The Board as a whole is responsible for the Company's system of internal control; however, the Audit Committee assists the Board in meeting its obligations in this regard. The daily operational activities of the Company were delegated to the Outsourced Service Providers and as a result the Company has no direct internal audit function and instead places reliance on the external and internal audit controls applicable to the Outsourced Service Providers as regulated entities. The Audit Committee regularly monitors confirmations from the Outsourced Service Providers that no material issues have arisen in respect of the system of internal controls and risk management operated within the Company's Outsourced Service Providers.

The Audit Committee confirms that this is an ongoing process in order to manage the significant risks faced by the Company. Annually, the Audit Committee reviews the effectiveness of the Company's material controls, including financial, operational and compliance controls. We deem that, to date, there are no significant issues in this area that need to be brought to your attention.

Audit Committee Report (continued)

External audit
It is the responsibility of the Audit Committee to monitor the performance, independence, objectivity and re-appointment of Deloitte. On 20 September 2022, we met with Deloitte who presented their Audit Strategy and Plan for the Year; we agreed the audit plan for the Year, highlighting the key financial statement and audit risks, to seek to ensure that the audit was appropriately focused. Deloitte attended our Audit Committee meetings throughout the Year, as appropriate, which allows the opportunity to discuss any matters the auditor may wish to raise without the Portfolio Manager or other Outsourced Service Providers being present. Deloitte provides feedback at each Audit Committee meeting on topics such as the key accounting matters, mandatory communications and the control environment.

The Committee is required to assess and report to the Board on the effectiveness of the audit process. During the Year it accomplished this as follows:

- Met with Deloitte and reviewed the audit plan as above;
- Met with Deloitte and reviewed the audit report at the conclusion of the audit;
- In addition the Chairman discussed the effectiveness of the audit with staff of the Administrator and Sub-Administrator;
- Completed a comprehensive check list covering all aspects of the audit process; and
- Reviewed the FRC audit quality review.

From its work the Committee concluded that audit process had been effective.

The Company continues to monitor costs and service levels and being satisfied with the current audit process, Deloitte were re-appointed as the Company's auditor for the 2022 audit following the AGM on 18 March 2022. The lead audit partner will be rotated every five years to ensure continued independence and objectivity. John Clacy continues, for his third year, as the lead audit partner for 2022. The Audit Committee continues to be satisfied with the performance of Deloitte and agree that Deloitte continues to be the most suitable choice for the Company. We have therefore recommended to the Board that Deloitte, in accordance with agreed terms of engagement and remuneration, should continue as the Company's auditor until the forthcoming AGM. In advance of the commencement of the annual audit, the Audit Committee reviewed a statement provided by Deloitte confirming their independence within the meaning of the regulations and professional standards. In addition, in order to satisfy itself as to Deloitte's independence, the Audit Committee undertook a review of the auditor compensation and the balance between audit and non-audit fees.

During the Year the value of non-audit services provided by Deloitte amounted to €Nil. Deloitte charged a fee for reviewing the interim financial statements of £39,000 (equiv. €46,358).

Committee effectiveness
The effectiveness of the Audit Committee was reviewed as part of the annual Board Evaluation process at the meeting held on 20 September 2022. A member of the Audit Committee will be available to shareholders at the forthcoming AGM of the Company to answer any questions relating to the role of the Audit Committee.

Signed on behalf of the Audit Committee by:

John Whittle
Chairman, Audit Committee

19 December 2022

Directors' Remuneration Report

The Directors' remuneration report has been prepared on behalf of the Directors in accordance with the AIC code.

The Directors do not consider it necessary for the Company to establish a separate Remuneration Committee. The Board's remuneration along with the matters recommended by the AIC code that would be delegated to such a committee, are considered by the Board as a whole.

The Company's policy is to ensure that the fees payable to the Directors reflect the time spent by the Directors on the Company's affairs, the responsibilities borne by the Directors and be sufficient to attract, retain and motivate directors of a quality required to run the Company successfully. The Chairman of the Board is paid a higher fee in recognition of his additional responsibilities, as are the Chairman of the Audit Committee and the Management Engagement Committee. The policy is to review fee rates periodically, although such a review will not necessarily result in any changes to the rates, account will be taken of fees paid to directors of comparable companies.

No element of the Directors' remuneration is performance related, nor does any Director have any entitlement to pensions, share options or any long-term incentive plans from the Company.

Following a recommendation from the Chairman, having regard to the level of fees payable to non-executive Directors that reflects comparable compensation levels of the peer universe for the Company, the role that individual Directors fulfil in respect of Board and Committee responsibilities, it is the responsibility of the Board as a whole to determine and approve the directors' fees.

The Chairman's remuneration is decided separately and is approved by the Board as a whole.

The Directors are currently entitled to the following annual remuneration in the form of directors' fees:

Frederic Hervouet (Chairman of the Board)	£55,000
John Whittle (Audit Committee Chair)	£45,000
Roberto Silvotti	£35,000
Total	**£135,000**

The Company's Articles limit the fees payable to Directors in aggregate to £300,000 per annum.

The remuneration policy set out above is the one applied for the year ended 30 September 2022.

Directors' and Officers' liability insurance cover is maintained by the Company on behalf of the Directors.

The Directors were appointed as non-executive Directors by letters issued on 20 April 2015. Each Director's appointment letter provides that all records received by them during the course of their directorship remain the property of the Company. The Directors' appointments can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors. The Articles provide that the office of Director shall be terminated by, among other things: (a) written resignation; (b) unauthorised absences from board meetings for a consecutive period of twelve months and the Board resolve that the Director in question's office be vacated; (c) unanimous written request of the other Directors; and (d) the Director in question becomes ineligible to be a Director in accordance with Section 137 of the Law.

Under the terms of their appointment, each Director is required to retire by rotation and be subject to re-election at least every three years. The Directors are required to annually seek re-election if they have already served for more than nine years. The Company may terminate the appointment of a Director immediately on serving written notice and no compensation is payable upon termination of office as a Director of the Company becoming effective.

The amounts payable to Directors shown in note 4 to the Financial Statements were for services as non-executive Directors. No Director has a service contract with the Company, nor are any such contracts proposed.

None of the Directors has any personal financial interest in any of the Company's investments.

Directors' Remuneration Report (continued)

Quantitative remuneration disclosure
Disclosure in accordance with Article 22(2)(e) and 22(2)(f) of the AIFMD is set out at appendix 1.

Signed on behalf of the Board of Directors by:

John Whittle, Non-executive Director
19 December 2022

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Guernsey law and regulations.

The Companies (Guernsey) Law, 2008 requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with United Kingdom adopted international accounting standards and applicable law.

Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standards 1states that the Directors are required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' responsibility statement
We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with IFRS as adopted by the United Kingdom, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;

- the Directors' report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces;

- the Annual Report and Audited Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's position and performance, business model and strategy; and

- the Annual Report includes information required by the LSE and the Company complies with the relevant provisions of the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority

This responsibility statement was approved by the Board of Directors on 19 December 2022 and is signed on its behalf by:

John Whittle,
Non-executive Director

19 December 2022

Independent Auditor's Report To The Members Of Chenavari Toro Income Fund Limited

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Chenavari Toro Income Fund Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows;
- the condensed schedule of investments; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • Valuation of investments
Materiality	The materiality that we used in the current year was €3.93m which was determined on the basis of 2% of net asset value.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.
Significant changes in our approach	There have been no significant changes in our audit approach compared with the prior year.

Independent Auditor's Report To The Members Of Chenavari Toro Income Fund Limited (Continued)

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating management's going concern paper, identifying the assumptions applied in the going concern assessment and testing the mechanical accuracy of the underlying forecasts;
- Understanding the implications of the current discount of share price to the net assets value per share in order to assess whether this could give rise to a material uncertainty in respect of the use of the going concern basis;
- Assessing the accuracy of the calculation of working capital is accurate and the ability of the company to meet its short-term obligations based on its expected generated income and net working capital balance;
- Understanding the company's current liabilities, in particular its repurchase agreements, for their recourse to other assets in the portfolio as well as their repayment strategy;
- Assessing the liquidity position of the company, including its level 2 securities; and
- Assessing the appropriateness of the financial statements disclosures in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the company has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report To The Members Of Chenavari Toro Income Fund Limited (Continued)

5.1. Valuation of investments

Key audit matter description	Investments at fair value through profit or loss held by the company as at 30 September 2022 had a fair value of €205m (2021: €246m) representing 93% of total assets of the company. Details of investments are disclosed in note 8 to the financial statements. Valuation is a key area of judgement and has a significant impact on the net asset value ("NAV") which is the most significant key performance indicator ("KPI") for the company. Investment valuations also drive the bulk of revenue in the income statement. Most investments are not actively traded and their valuation is reliant on broker quotes, valuation models prepared by the portfolio manager or audited NAV in the case of the investment in the underlying subsidiary Taurus Corporate Finance LLP ("Taurus"). The assumptions to those valuation models are judgmental. As these assumptions involve a degree of directors' judgement and drive the performance of the company, we consider these valuations to represent a potential fraud risk. The volatile and uncertain environment caused by Covid-19 as well as the global economic downturn heightens the risk of inappropriateness of model assumptions and methodology, directors' judgements and valuation outputs. The investment portfolio is divided into the following categories: *Priced by brokers (20% of the portfolio)* • Investments in a number of purchased asset backed securities are valued using broker quotes. Management rely on such prices from brokers, being the market makers for such investments. This pricing methodology is applied to a portion of the portfolio with some of the quotes provided by brokers may include unobservable inputs with the possibility of only having one broker quote for some positions. *Investment in Taurus (56% of the portfolio)* • The investment in Taurus is accounted for at fair value in accordance with the requirements of IFRS 10. NAV is considered to be a reasonable measure of fair value as materially all assets held by Taurus are marked to market. The balance consists predominantly of internally originated CLO ("Collateralised Loan Obligation") tranches valued in accordance with the requirements of IFRS 13 through marking them to broker quotes except for the regulatory retained tranches which are valued by independent third party valuation specialists. The external valuer applied assumptions which require significant judgement. *Valued at cost (3% of the portfolio)* • This category consists of repurchase agreements, reverse repurchase financing agreements and loans. The fair value of these investments is considered to be cost because the underlying factors driving the valuation of the investments have not developed significantly from initial purchase. There is judgement involved in assessing the appropriateness of this basis. *Valued using internal models (21% of the portfolio)* • Investments valued using internal models include inputs that are judgemental and may include estimation of interest rates, pre-payment rates, discount rates, credit default rates and disposal cost. Valuations can be sensitive to small changes to the inputs and in certain cases are subjective. These valuation models are prepared by the portfolio manager. Further details of the accounting policy and methodology for the valuation of investments are described in note 3.1 to the financial statements. This is also highlighted as significant matter in the Audit Committee report on page 33.

Independent Auditor's Report To The Members Of Chenavari Toro Income Fund Limited (Continued)

How the scope of our audit responded to the key audit matter	To test the valuation of investments as at 30 September 2022 we performed the following procedures: *Procedures over all investments categories:* • Obtained an understanding and tested relevant controls over the valuation of investments to determine whether appropriate oversight have been exercised within the valuation process; • Assessed the valuation policy and methodology adopted by management in comparison to IFRS and industry practice; • Challenged whether emerging issues have had an impact on the appropriateness of management's valuation methods and outputs by evaluating whether the used assumptions are reasonable given the current business environment; and • For a sample of investments realised during the period, challenged the accuracy of gains or losses by comparing the price at which investments were realised to the price recorded by the company at the time of disposal. *For investments priced by brokers:* • Obtained independent price quotes from the brokers which have been compared to the prices used in the valuation; and • Obtained the custodian confirmation independently which includes the investments owned as at the reporting date. We vouched the investments owned per the ledger to the received confirmation on a sample basis. *For the investment in Taurus:* • Agreed the net asset value recorded to the audited financial statements of Taurus; • Obtained independent price quotes from the brokers for a selected sample; • Assessed the competency, capability and objectivity of the third party valuation specialists. With the assistance of our internal specialists, we challenged the methodology adopted by the external valuer to assess whether this is in line with market practice and the requirements of IFRS 13. We challenged assumptions made by performing our own independent valuations and sensitivity analysis; and • Considered whether any adjustments should be made to the NAV to more accurately reflect fair value. *For investments valued at cost:* • Challenged the rationale behind cost being representative of fair value by assessing whether this is reasonable in light of available evidence including post year-end trading or performance of underlying collateral as well as the duration of those instruments; and • Vouched the recorded cost to the supporting documents including investment trade confirmation or paid consideration via bank statement. *For investments valued using internal models:* • With the assistance of our internal specialists, challenged the methodology adopted by the portfolio manager to assess whether this is in line with market practice and the requirements of IFRS 13, challenged key assumptions made into the models as well as reviewing their arithmetical accuracy; • Vouched the material inputs of the models to the source documents; and • Assessed the competence, capabilities and objectivity of the portfolio manager.
Key observations	Based on the work performed, we are satisfied that the key assumptions, judgements and estimates applied by the directors underlying the valuation of investments are appropriate.

Independent Auditor's Report To The Members Of Chenavari Toro Income Fund Limited (Continued)

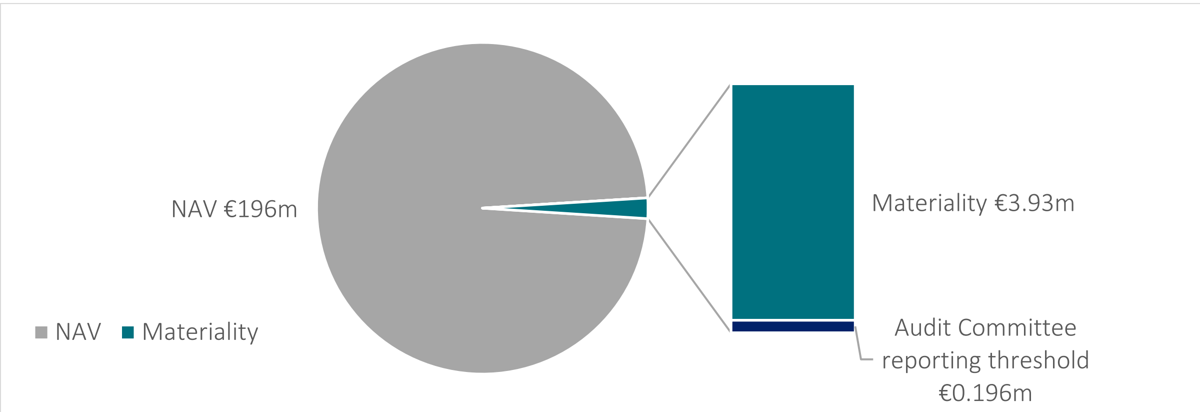
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	€3.93m (2021: €4.54m)
Basis for determining materiality	2% of net assets value (2021: 2% of net assets value).
Rationale for the benchmark applied	We have derived our materiality based on the NAV of the company as we consider it to be the most important balance upon which the shareholders would judge the performance of the company.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2022 audit (2021: 70%). In determining performance materiality, we considered the following factors:

- Our risk assessment, including our assessment of the company overall control environment and that we consider it appropriate to rely on controls on the valuation of investments process; and
- Our past experience of the audit, which has indicated a low number of uncorrected misstatements identified in prior periods.

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of €196,300 (2021: €227,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Independent Auditor's Report To The Members Of Chenavari Toro Income Fund Limited (Continued)

7. An overview of the scope of our audit

7.1. Identification and scoping

Our audit was scoped by obtaining an understanding of the company and its environment, including internal control, and assessing the risks of material misstatement.

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Consistent with 2021, we tailored the scope of our audit taking into account the types of investments held within the company.

7.2. Our consideration of the control environment

The administrator and sub-administrator maintain the books and records of the company. The portfolio manager maintains detailed documentation pertaining to the investment activities of the company. We obtained an understanding of the control environment at these service organisations (including, in respect of the sub-administrator, obtaining their internal controls report). We also tested relevant controls over the valuation of investments. This includes controls activities applied by the portfolio manager as well as the sub-administrator and the directors.

7.3. Our consideration of climate-related risks

As part of our audit we made enquiries of management to understand the process they have adopted to assess the potential impact of climate change on the financial statements. Management considers that the impact of climate change does not give rise to a material financial statement impact as described on page 12. We used our knowledge of the company to evaluate management's assessment. We particularly considered how climate change risks could impact the assumptions considered in the valuation of investments. We also read the annual report to consider whether the disclosures in relation to climate change made in the other information within the annual report are materially consistent with the financial statements and our knowledge obtained in our audit.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report To The Members Of Chenavari Toro Income Fund Limited (Continued)

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the company's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including valuations specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

Independent Auditor's Report To The Members Of Chenavari Toro Income Fund Limited (Continued)

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the valuation of investments which is mentioned under section 5 of this report. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Companies (Guernsey) Law, 2008, the Protection of Investors (Bailiwick of Guernsey) Law, 2020 and the Listing Rules.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified valuation of investments as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the audit committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence regulators; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Independent Auditor's Report To The Members Of Chenavari Toro Income Fund Limited (Continued)

Report on other legal and regulatory requirements

12.Corporate Governance Statement

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 17;
- the directors' explanation as to its assessment of the company's prospects, the period this assessment covers and why the period is appropriate set out on page 16;
- the directors' statement on fair, balanced and understandable set out on page 38;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 17;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 34; and
- the section describing the work of the audit committee set out on page 33.

13.Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

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

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have nothing to report in respect of these matters.

14.Use of our report

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

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.14R, these financial statements form part of the European Single Electronic Format (ESEF) prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard (('ESEF RTS'). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

John Clacy, FCA
For and on behalf of Deloitte LLP
Recognised Auditor
Guernsey, Channel Islands
19 December 2022

Statement of Comprehensive Income
For the year ended 30 September 2022

	Notes	Year ended 30 September 2022 €	Year ended 30 September 2021 €
Income			
Net (loss)/gain on financial assets and financial liabilities held at fair value through profit or loss	12	(6,653,075)	48,354,808
Total (loss)/income		**(6,653,075)**	**48,354,808**
Expenses			
Management fees	4 (c)	2,104,510	2,138,450
Performance fees	4 (c)	-	1,275,911
Administration fees	5 (b)	93,481	82,206
Sub-administration fees	5 (c)	78,271	77,744
Custodian and brokerage fees	5 (d)	39,192	33,678
Legal fees		89,711	800
Directors' fees	4(a)	159,522	155,026
Audit fees		143,476	160,217
AIFM fees	4 (c)	78,971	78,117
Recharge fee	4 (c)	127,112	123,794
Other operating expenses		471,471	434,710
Total operating expenses		**3,385,717**	**4,560,653**
Financing costs			
Interest expense		37,325	246,856
(Loss)/profit for the year		**(10,076,117)**	**43,547,299**
Other comprehensive income		**-**	**-**
Total comprehensive (loss)/income		**(10,076,117)**	**43,547,299**
Earnings per Share			
Basic and diluted	9	(3.30) cents	14.32 cents

All items in the above statement derive from continuing operations.

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

Statement of Financial Position
As at 30 September 2022

	Notes	30 September 2022	30 September 2021
Current Assets		**€**	**€**
Financial assets at fair value through profit or loss	2.2,8,11	204,836,977	245,750,711
Due from broker	2.3,13	10,851,667	10,259,046
Other receivables and prepayments	14	17,893	5,494
Cash and cash equivalents	2.5	4,669,126	8,079,258
Total assets		**220,375,663**	**264,094,509**
Equity			
Share capital and share premium	16	354,752,496	354,752,496
Treasury reserve	16	(46,843,186)	(47,827,839)
Retained deficits		(111,588,289)	(79,415,943)
Total equity		**196,321,021**	**227,508,714**
Current liabilities			
Financial liabilities at fair value through profit or loss	2.2,8,11,2.12	23,296,710	24,404,880
Due to broker	2.3,13	1,413	10,838,591
Accrued expenses	2.9,15	756,519	1,342,324
Total current liabilities		**24,054,642**	**36,585,795**
Total equity and liabilities		**220,375,663**	**264,094,509**
Shares outstanding	16	306,501,964	305,120,341
NAV per share	10	64.05 cents	74.56 cents

Director: John Whittle
Date: 19 December 2022

Director: Roberto Silvotti,
Date: 19 December 2022

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

Statement of Changes in Equity
For the year ended 30 September 2022

	Note	Retained earnings/(deficits) €	Share capital and share premium €	Treasury reserve €	Total €
At 30 September 2021		**(79,415,943)**	**354,752,496**	**(47,827,839)**	**227,508,714**
Loss for the year		(10,076,117)	-	-	(10,076,117)
Regular quarterly dividends paid to equity shareholders	18	(22,096,229)	-	984,653	(21,111,576)
At 30 September 2022		**(111,588,289)**	**354,752,496**	**(46,843,186)**	**196,321,021**

	Note	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 year		43,547,299	-	-	**43,547,299**
Transfer from treasury reserve on settling of performance fees	4(c)	-	-	510,364	**510,364**
Regular quarterly dividends paid to equity shareholders	18	(27,110,731)	-	505,923	**(26,604,808)**
At 30 September 2021		**(79,415,943)**	**354,752,496**	**(47,827,839)**	**227,508,714**

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

Statement of Cash Flows
For the year ended 30 September 2022

	Year ended 30 September 2022 €	Year ended 30 September 2021 €
Cash flows from operating activities		
Total comprehensive (loss)/income	(10,076,117)	43,547,299
Adjustments for non-cash items and working capital:		
Purchase of investments*	(56,640,265)	(32,510,482)
Disposal and paydowns of investments*	92,545,413	47,111,955
Net loss/(gain) on financial assets and derivatives at fair value	6,653,075	(48,354,808)
Increase in amounts due from brokers	(592,621)	(9,031,034)
(Increase)/decrease in other receivables and prepayments	(12,399)	1,324
(Decrease)/increase in amounts due to brokers	(10,837,178)	3,436,046
(Decrease)/increase in accrued expenses	(585,805)	541,114
Transfer from treasury reserve on settling of performance fees	-	510,364
Net cash inflow from operating activities	**20,454,103**	**5,251,778**
Cash flows from financing activities		
Regular quarterly dividends paid to equity shareholders	(21,111,576)	(26,604,808)
(Increase)/decrease in financing activities for repurchase agreements	(2,752,659)	7,093,094
Net cash outflow from financing activities	**(23,864,235)**	**(19,511,714)**
Net decrease in cash and cash equivalents	(3,410,132)	(14,259,936)
Cash and cash equivalents at beginning of the year	8,079,258	22,339,194
Cash and cash equivalents at end of the year	**4,669,126**	**8,079,258**

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

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

Condensed Schedule of Investments, at Fair Value
As at 30 September 2022

	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	-	-	-	-	739,474	-	-	-	-	-	-	739,474	0.38%
Equities securities total	**-**	**-**	**-**	**-**	**739,474**	**-**	**-**	**-**	**-**	**-**	**-**	**739,474**	**0.38%**
Debt securities													
Arbitrage CLO	-	7,692,824	4,348,064	4,566,888	827,822	841,928	4,785,195	9,686	1,024,945	2,606,505	7,724,603	34,428,460	17.54%
Residential mortgage-backed security	-	-	-	-	1,901,270	-	-	-	-	-	-	1,901,270	0.97%
Balance sheet CLO	-	-	-	-	-	-	-	-	539,296	-	-	539,296	0.27%
Consumer ABS	-	-	-	-	-	-	-	-	345,221	-	-	345,221	0.18%
Senior loan	-	-	-	-	2,521,827	-	-	-	-	-	-	2,521,827	1.28%
Non-performing loan	-	-	-	-	-	-	-	-	747,071	-	-	747,071	0.38%
Preferred equity	-	-	-	-	-	-	-	-	32,289,399	-	-	32,289,399	16.45%
Equity*	-	17,320,555	11,822,175	15,279,364	2,332,829	3,410,898	13,376,130	374,902	2,952,495	6,869,273	28,131,517	101,870,138	51.89%
Debt securities total	**-**	**25,013,379**	**16,170,239**	**19,846,252**	**7,583,748**	**4,252,826**	**18,161,325**	**384,588**	**37,898,427**	**9,475,778**	**35,856,120**	**174,642,682**	**88.96%**
Receivable on reverse repurchase agreements													
Reverse repurchase agreement	**-**	**4,513,681**	**3,350,835**	**4,427,439**	**448,719**	**681,028**	**3,138,386**	**-**	**1,649,566**	**1,738,955**	**6,468,086**	**26,416,695**	**13.46%**
Derivative financial assets													
Credit default swap	-	607,716	405,073	567,066	40,529	202,552	324,047	-	202,552	-	688,591	3,038,126	1.55%
Derivative financial liabilities total	**-**	**607,716**	**405,073**	**567,066**	**40,529**	**202,552**	**324,047**	**-**	**202,552**	**-**	**688,591**	**3,038,126**	**1.55%**
Financial assets at fair value through profit or loss total	**-**	**30,134,776**	**19,926,147**	**24,840,757**	**8,812,470**	**5,136,406**	**21,623,758**	**384,588**	**39,750,545**	**11,214,733**	**43,012,797**	**204,836,977**	**104.35%**

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

Condensed Schedule of Investments, at Fair Value
As at 30 September 2022

	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	-	-	-	-	(567,129)	-	-	-	(389,852)	-	-	(956,981)	(0.49%)
Equities securities total	**-**	**-**	**-**	**-**	**(567,129)**	**-**	**-**	**-**	**(389,852)**	**-**	**-**	**(956,981)**	**(0.49%)**
Payable on repurchase agreements													
Repurchase agreement	**-**	**(3,514,396)**	**(2,637,851)**	**(3,394,677)**	**(362,012)**	**(611,315)**	**(2,473,032)**	**-**	**(1,223,923)**	**(1,383,553)**	**(5,150,837)**	**(20,751,596)**	**(10.57%)**
Derivative financial liabilities													
Options	(43,750)	-	-	-	-	-	-	-	-	-	-	(43,750)	(0.02%)
Credit default swap	-	(308,922)	(205,912)	(288,259)	(20,602)	(102,964)	(164,724)	-	(102,964)	-	(350,036)	(1,544,383)	(0.79%)
Derivative financial liabilities total	**(43,750)**	**(308,922)**	**(205,912)**	**(288,259)**	**(20,602)**	**(102,964)**	**(164,724)**	**-**	**(102,964)**	**-**	**(350,036)**	**(1,588,133)**	**(0.81%)**
Financial liabilities at fair value through profit or loss total	**(43,750)**	**(3,823,318)**	**(2,843,763)**	**(3,682,936)**	**(949,743)**	**(714,279)**	**(2,637,756)**	**-**	**(1,716,739)**	**(1,383,553)**	**(5,500,873)**	**(23,296,710)**	**(11.87%)**
Total net investments	**(43,750)**	**26,311,458**	**17,082,384**	**21,157,821**	**7,862,727**	**4,422,127**	**18,986,002**	**384,588**	**38,033,806**	**9,831,180**	**37,511,924**	**181,540,267**	**92.48%**
Other assets and liabilities												**14,780,754**	**7.52%**
Net assets												**196,321,021**	**100.00%**

Condensed Schedule of Investments, at Fair Value
As at 30 September 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	-	-	-	2,812,503	-	-	-	-	-	-	2,812,503	1.24%
Equities securities total	**-**	**-**	**-**	**2,812,503**	**-**	**-**	**-**	**-**	**-**	**-**	**2,812,503**	**1.24%**
Debt securities												
Arbitrage CLO	7,436,917	7,622,895	4,141,622	251,834	1,726,014	4,064,747	17,941	1,586,132	5,823,601	8,507,343	41,179,046	18.10%
Residential mortgage-backed security	-	-	35,999	10,374,102	-	-		-	-	-	10,410,101	4.58%
Balance sheet CLO	-	-	-	-	-	-		738,282	-	-	738,282	0.32%
Consumer ABS	-	-	-	-	-	-		768,120	-	-	768,120	0.34%
Senior loan	-	-	-	3,315,145	-	-		-	-	-	3,315,145	1.46%
Non-performing loan	-	-	-	-	-	-		3,284,517	-	-	3,284,517	1.44%
Preferred equity	-	-	-	-	-	-		33,525,141	-	-	33,525,141	14.74%
Equity*	21,904,676	20,956,231	14,493,781	3,217,867	4,366,649	13,773,041	275,928	3,833,412	13,508,347	26,965,737	123,295,669	54.19%
Debt securities total	**29,341,593**	**28,579,126**	**18,671,402**	**17,158,948**	**6,092,663**	**17,837,788**	**293,869**	**43,735,604**	**19,331,948**	**35,473,080**	**216,516,021**	**95.17%**
Receivable on reverse repurchase agreements												
Reverse repurchase agreement	**4,482,014**	**4,832,924**	**3,424,915**	**141,942**	**603,622**	**2,802,586**	**-**	**1,954,016**	**2,858,545**	**5,321,623**	**26,422,187**	**11.61%**
Financial assets at fair value through profit or loss total	**33,823,607**	**33,412,050**	**22,096,317**	**20,113,393**	**6,696,285**	**20,640,374**	**293,869**	**45,689,620**	**22,190,493**	**40,794,703**	**245,750,711**	**108.02%**

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

Condensed Schedule of Investments, at Fair Value (continued)
As at 30 September 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	-	-	-	(915,916)	-	-	-	-	-	-	(915,916)	(0.40%)
Equities securities total	**-**	**-**	**-**	**(915,916)**	**-**	**-**	**-**	**-**	**-**	**-**	**(915,916)**	**(0.40%)**
Payable on repurchase agreements												
Repurchase agreement	**(3,983,392)**	**(4,302,541)**	**(3,036,573)**	**(125,136)**	**(541,795)**	**(2,486,898)**	**-**	**(1,730,771)**	**(2,544,746)**	**(4,737,112)**	**(23,488,964)**	**(10.32%)**
Financial liabilities at fair value through profit or loss total	**(3,983,392)**	**(4,302,541)**	**(3,036,573)**	**(1,041,052)**	**(541,795)**	**(2,486,898)**	**-**	**(1,730,771)**	**(2,544,746)**	**(4,737,112)**	**(24,404,880)**	**(10.72%)**
Total net investments	**29,840,215**	**29,109,509**	**19,059,744**	**19,072,341**	**6,154,490**	**18,153,476**	**293,869**	**43,958,849**	**19,645,747**	**36,057,591**	**221,345,831**	**97.30%**
Other assets and liabilities											**6,162,883**	**2.70%**
Net assets											**227,508,714**	**100.00%**

Notes to the Financial Statements

1. General information

The Company is a closed-ended investment company limited by shares. The Company was incorporated with limited liability in Guernsey under the Companies (Guernsey) Law, 2008 (the "Law") on 2 March 2015 with registered number 59940, to be a Registered Closed-ended Collective Investment Scheme. The principal legislation under which the Company operates is the Law.

The Company has appointed Carne Global AIFM Solutions (C.I.) Limited as the Company's external AIFM. The AIFM has delegated portfolio management to the Portfolio Manager, Chenavari Credit Partners LLP, a wholly owned member of the Chenavari Financial Group.

The Company's Shares are admitted to trading on the SFS of the London Stock Exchange. Such Shares were also listed on the Official List of The International Stock Exchange ("TISE") on 8 May 2015. The Initial Public Offering (IPO) of the Company raised gross proceeds of €331.8 million, with further issues raising €16.4 million (gross of issue) costs on 21 July 2015 and €8.8 million (gross of issue costs) on 3 August 2015.

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

Target returns and dividend policy
On the basis of market conditions, and whilst not forming part of its investment objective or investment policy, the Company will target a net total return on invested capital of 9 to 11 per cent per annum over three to five years. Returns to Shareholders will be predominantly as dividend income.

Subject to compliance with the Law and the satisfaction of the solvency test, the Company intends to distribute all of its income from investments, net of expenses, by way of dividends payable quarterly in March, June, September and December of each year. The Company targets 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). On top of this, the company also target quarterly special distributions of available excess cash: 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 has been 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 target returns and dividend payments should not be taken as a forecast of the Company's future performance, profits or results. The target returns and dividend payments are targets only and there is no guarantee that they can or will be achieved and they should not be seen as an indication of the Company's actual return. Accordingly, investors should not place any reliance on the target returns and dividend payments in deciding whether to invest in the Shares. Dividend payments may fall short of or exceed, the amounts indicated above.

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

The Opportunistic Credit Strategy – the Company will opportunistically invest or trade in primary and secondary market ABS and other structured credit investments including private asset backed finance investments.

The Originated Transactions Strategy – the Company will invest 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.

Notes to the Financial Statements (continued)

1. General information (continued)

Originated transactions
The Company intends to invest in Originators (Originators or sponsors of originated credit investments- CLO's or securitisations of pools of consumer loans including residential mortgages, credit card receivables or auto loans) 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).

Investment restrictions
Concentration limits
The Company shall comply with the concentration limits set out below, which shall, in relation to each new investment, be tested at the point such new investment is made assessed in accordance with the exposure limit policy.

Where investments are issued by entities with a compartmentalised or cellular legal structure, each compartment or cell shall be considered to be a separate issuer/counterparty provided that the principle of segregation and insolvency remoteness of commitments of the different compartments/cells of such issuer is materially established by law, contract and/or trust.

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;
- the top five exposures to any transactions or issues shall not, in aggregate, account for more than 50% of NAV;
- no more than 50% of NAV, in aggregate, shall be invested in unlisted investments;
- no more than 20% of NAV, in aggregate, shall be exposed to transactions or issues where the underlying collateral is non-European;

  and in each case, the restrictions set out above shall not apply to the Company's investment in Originators but shall be applied on a look through basis to the investments of such Originators.

The percentages of each of the above as at 30 September 2022 can be found in note 6.1. There were no breaches to report.

For the purposes of interpreting the above provision, Europe shall include Switzerland, the member states of the EU and EEA and the European Common Customs Territory (from time to time) and, for the avoidance of doubt, shall continue to include any members, who being or subsequently joining as members of such groupings, subsequently cease to be members.

Notes to the Financial Statements (continued)

1. General information (continued)

Hedging and derivatives
The Company may implement hedging and derivative strategies designed to protect investment performance against material movements in exchange rates and interest rates and to protect against credit risk. Such strategies may include (but are not limited to) options, forwards and futures and interest rate or credit default swaps ("CDS") and will only be entered into when they are available in a timely manner and on terms acceptable to the Company. The Company may also bear risks that could otherwise be hedged where it is considered appropriate to the investment objective and investment policy.

The Company may also use hedging or derivatives (both long and short) for investment purposes, for efficient portfolio management, financing or protection of individual or aggregate positions.

In addition, as the Company's functional currency is Euro, the Company proposes to engage in currency hedging in an attempt to reduce the impact on the Sterling Shares (if any) of currency fluctuations.

Borrowing limits
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. The Originator vehicle Taurus also employs leverage.

The Company has set a borrowing limit such that the Company's gearing shall not exceed 130 per cent. at the time of incurrence and deployment of any borrowing. For the purposes of this calculation, gearing will be calculated as the sum of the Company's exposures to each position directly held, divided by the last published NAV (and for the avoidance of doubt, will include the full exposure held by the Company under any full recourse total return swap ("TRS"), but will exclude any borrowing arrangements that are limited-recourse to the Company, such as borrowings by the Originator Taurus).

Borrowings employed by the Company may be secured on individual assets or portfolios without recourse to the Company or by a charge over some or all of the Company's assets to take advantage of potentially preferential terms.

The Board will oversee the gearing levels in the Company and will review the position with the AIFM and the Portfolio Manager on a regular basis.

It is anticipated that the gearing level of any Originators will differ from the above restrictions. Any leverage of an Originator shall be nonrecourse to the Company. In particular, such an Originator may enter into Warehouse Credit Facilities to acquire exposure to assets. Where a Warehouse Credit Facility takes the form of a loan facility, an Originator will borrow funds to acquire assets in anticipation of the creation of a securitisation vehicle to securitise such assets, such facilities generally being non-recourse to the assets of such Originator (other than assets acquired with such funding) and repaid following the transfer of such assets to a securitisation vehicle. Originators will be required to give representations, warranties and indemnities to financing providers including confirmations relating to compliance with risk retention requirements.

Cash uses and cash management activities
In accordance with the Company's investment policy, the Company's principal use of cash (including the aggregate value of the Shares issued under the initial placing) has been to fund investments sourced by the Portfolio Manager, ongoing operational expenses and payment of dividends and other distributions to Shareholders in accordance with the Company's dividend policy as set out in the section entitled "Dividend Policy" in Part I of the prospectus.

Notes to the Financial Statements (continued)

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 for the year ended 30 September 2022 have been prepared in accordance with United Kingdom adopted international accounting standards, the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and applicable legal and regulatory requirements of the Law.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

In applying the Group's accounting policies, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are disclosed in note 3.

The Directors are of the opinion that the Company is able to meet its liabilities as they fall due for payment because it has and is expected to maintain, adequate cash resources. Given the nature of the Company's business, the Directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis with further considerations supporting this basis detailed in the Directors Report on page 17.

a) Basis of consolidation
The Board determined that the Company meets the definition of an investment entity as set out under IFRS 10 as it:

- obtains funds from one or more investors for the purpose of providing those investors with investment management services,
- commits to its investor that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both,
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

Taurus Corporate Financing LLP (the "Originator") also meets the above definition of an investment entity and as such, in accordance with IFRS 10 the Company is required to apply the consolidation exception and instead account for its investment in its subsidiary, the Originator, at fair value through profit or loss.

The Company holds a large ownership percentage of Toro European CLO 8 Designated Activity ("TCLO8") (a €305m European Leveraged Loan CLO). Due to the market reduced liquidity, the Company heavily participated in owning the subordinated tranche in this structure by holding 80% of this tranche directly by the Company and indirectly via Taurus, which for accounting purposes would indicate as having control over this structure and hence consolidating it within the Company's accounts.
The directors concluded that due to the fact that the Company is an investment entity under IFRS 10, it is exempted from consolidating its subsidiaries. Furthermore, the Company has no intention of exercising control over TCLO8 and expects to substantially reduce its direct interest in TCLO8 as market conditions and liquidity allow.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

b) New standards, interpretations and amendments not yet adopted

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. Effective for annual reporting periods beginning on or after 1 January 2022.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 Financial Instruments: Recognition and Measurement. Effective for annual reporting periods beginning on or after 1 January 2022.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. Effective for annual reporting periods beginning on or after 1 January 2023.

Definition of Accounting Estimates (Amendments to IAS 8)
The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. Effective for annual reporting periods beginning on or after 1 January 2023.

There are no other new accounting standards or updates to existing standards that would be expected to have a significant impact on the Company.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

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

(a) Classification

The Company classifies its investments and derivatives as financial assets or financial liabilities at fair value through profit or loss.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and fair value through profit or loss. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Financial assets or financial liabilities are those acquired or incurred principally for the purposes of selling or covering for short term gain. The Company considers its assets & liabilities to be held for trading. Derivatives are also categorised as financial assets or financial liabilities. The Company does not classify any derivatives as hedges in a hedging relationship. Financial assets are measured at fair value having assessed the business model of the Company and having assessed that the cash flows arising from its investments do not meet the Solely Payments of Principal and Interest ("SPPI") criteria. Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed, and their performance evaluated on a fair value basis in accordance with the Company's documented investment strategy. The Company's policy is for the Portfolio Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(b) Recognition/derecognition
Regular-way purchases and sales of investments are recognised on the trade date – the date on which the Company commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership. ABS transactions may be structured in a variety of ways and are highly bespoke to the needs of the bank involved and the investors in the transaction. In all situations, the amount of interest and principal payable on the instrument will be linked to the credit performance of the underlying collateral. The investment characteristics of ABS transactions are such that principal payments are made more frequently than traditional debt securities. The principal may be repaid at any time because the underlying debt or other assets generally may be repaid at any time.

(c) Measurement
Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value.

Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Comprehensive Income in the period in which they arise. The net gain on financial assets and financial liabilities held at fair value through profit or loss consists of coupons and interest received and both realised and unrealised gains and losses on financial assets and financial liabilities at fair value through profit or loss, calculated as described in note 8. For the purposes of the Statement of Cash Flows, the coupon income is considered an operating activity.

(d) Fair value estimation
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value 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 reporting date.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.2 Financial assets and financial liabilities at fair value through profit or loss (continued)

(d) Fair value estimation (continued)
If a significant movement in fair value occurs subsequent to the close of trading up to midnight on the year-end date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign exchange, but before the Company's valuation time that materially affects the integrity of the closing prices for any security, instrument, currency or securities affected by that event so that they cannot be considered 'readily available' market quotations.

The fair value of financial assets and liabilities at fair value through profit or loss is measured through a combination of dedicated price feeds from recognised valuation vendors and the application of relevant broker quotations where the broker is a recognised market maker in the respective position. Where broker quotes are not available, investment valuations are based on the Portfolio Manager's internal models.

The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using counterparty valuations for ABS or Markit for credit derivatives instruments. In the opinion of the Directors, Markit is the benchmark for CDS pricing data. Markit receives data from the official books of market makers, and then subjects it to a rigorous testing process. Loan investments are classified as at fair value through profit or loss, as these financial assets form part of the overall investment portfolio, these assets are managed, and their performance is evaluated on a fair value basis. The loans are not traded in an active market and their fair value is determined using valuation techniques which reference the value of the underlying collateral attaching to the loans. Adjustments to the fair value are considered in light of changes in the credit quality of the borrower, the value of the underlying collateral and any relevant market changes.

Refer Note 3.1 and Note 8 for further disclosure and analysis of valuation of assets and liabilities which contain unobservable inputs.

(e) Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.3 Due from and to brokers
Amounts due from and to brokers represents receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statement of Financial Position date, respectively as well as collateral posted to derivatives counterparts.

These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from brokers.

(a) Impairment
IFRS 9 uses the 'expected credit loss' (ECL) model. The impairment requires the Company to record ECLs on all of its financial assets at amortised cost, being cash and cash equivalents, amounts due from brokers, and other receivables, on either a 12-month or lifetime basis. As the Company holds receivables and cash it has exposure to credit risk. An ECL assessment was carried out, based on this ECL assessment; there is an immaterial exposure to default risk.

The Investment Manager is continuously monitoring the ECL of all counterparties related to financial assets at amortised costs across all funds through the appointment of a counterparty committee that meets regularly do discuss and monitor the current credit ratings of all counterparties associated with the funds. The Company avoids entering into any loan agreements and all "receivables" due from brokers are kept to a maximum of 3-month periods giving the Investment Manager comfort that the ECL risk is of minimum concern.

2.4 Interest income
Interest income on transactions is recognised in the Statement of Comprehensive Income in net (loss)/gain on financial assets and financial liabilities held at fair value through profit or loss. Income receivable on cash and cash equivalents is recognised separately through profit or loss in the Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.5 Cash and cash equivalents
Cash and cash equivalents represent cash in-hand, demand deposits, other short-term highly liquid investments with original maturities of three months or less.

2.6 Share capital and own Shares
Shares are classified as equity. Incremental costs directly attributable to the issue of Shares are shown in equity as a deduction, net of tax, from the proceeds. The costs are those which were necessary for the initial issue of shares. Such costs and expenses were fixed at 2 per cent. of the gross issue proceeds.

Where the Company purchases its own equity share capital, the consideration paid is deducted from total shareholders' equity and classified as treasury shares until such shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in total shareholders' equity. No gains or losses are recognised on the purchase, sale, cancellation or issue of treasury shares.

As at 30 September 2022, the Company's issued share capital amounted to 361,450,000 (2021: 361,450,000) with 306,501,964 Shares outstanding (2021: 305,120,341) (inclusive of Nil shares purchased (2021: 684,501) as a partial re-investment of the Year end performance fee), and 54,948,036 Shares held in treasury (2021: 56,329,659).

2.7 Foreign currency
(a) Functional and presentation currency
The functional and presentation currency of the Company is EUR (€) as the majority of investments held are EUR based. The performance of the Company is measured and reported to the investors in EUR.

(b) Foreign currency translation
Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Translation differences on non-monetary financial assets and liabilities at fair value through profit or loss are recognised in the Statement of Comprehensive Income within the fair value net gain or loss.

(c) Exchange rates
The foreign currency exchange rates at 30 September 2022 were as follows: GBP 1.1395 per EUR and USD 1.0208 per EUR (2021: GBP 1.1634 and USD 0.8628).

(d) GBP Quote Introduction
On 16 December 2021, the Company introduced an additional market quote for the Ordinary Shares on the London Stock Exchange denominated in GBP (the "GBP Quote"). The GBP Quote will appear alongside the Company's existing EUR market quote (the "EUR Quote") and there will be no changes to the legal form or nature of the Company's shares nor to the functional currency and the reporting currency of the financial statements or the NAV (which will remain in EUR).

2.8 Transaction costs
Transaction costs on financial assets at fair value through profit or loss include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the Statement of Comprehensive Income.

2.9 Accrued expenses
Expenses are accounted for on an accrual basis. Accrued expenses are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.10 Dividend distribution
Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements and disclosed in the Statement of Changes in Equity in the period in which the dividends are approved by the Board. Shareholders can elect to join the Scrip dividend scheme at each quarterly distribution and can take shares at a Scrip reference price in lieu of a cash dividend payment.

Notes to the Financial Statements (continued)

2. Summary of significant accounting policies (continued)

2.11 Taxation
The Company is exempt from Guernsey taxation on income derived outside of Guernsey and bank interest earned in Guernsey. No charge to Guernsey taxation arises on capital gains.

2.12 Securities sold under agreements to repurchase and securities purchases 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.

2.13 Income recognition
Due to the nature of the Company's investment strategy resulting in the possibility of investments being sold before maturity and given the consequent inherent uncertainty of using maturity dates to calculate income using the Effective Interest Rate method, for both primary and secondary investments, the Company's accounting policy recognises only a net fair value movement rather than reporting a split between fair value movement and interest income in the income statement.

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

The monthly NAV is derived from the Company's valuation policy. A documented valuation policy determines the hierarchy of prices to be applied to the fair value. Prices are sourced from third-party broker or dealer quotes for the relevant security. Where no third-party price is available, or where the Portfolio Manager determines that the third-party quote is not an accurate representation of the fair value, the Portfolio Manager will determine the valuation based on the valuation policy. This may include the use of a comparable arm's length transaction, reference to other securities that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Based on the hierarchy set out in IFRS 13, 29 transactions are classified as Level 1 or 2 based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs. The remaining transactions have been classified as Level 3 where broker quotes are unavailable or discounted or cannot be substantiated by market transactions or where the prices used are derived from internal models. These Level 3 investments contain estimation uncertainties as their price is not derived from entirely observable inputs.

The key source of estimation uncertainty for the fair value of financial instruments are disclosed in note 8 which outlines the Level 3 classifications and the analysis of the impacts of Level 3 investments on the performance of the Company. The principal sources of uncertainty derive from the following estimates:

Asset	Uncertain estimate	Effect of adverse variation
Securitised Irish mortgage portfolio	Non-binding offer	Reduction in the bid (exit) price would directly impact the fair value
Spanish residential asset	Residential asset value / sale price	Parameters are linked: reduction in the realisable value would directly affect the position fair value
Interest in CLO originator	Discount rate / market yield	Lower retention interest values would directly affect the value of the Company's interest

These and other potential scenarios are discussed and quantified in Note 8.

Notes to the Financial Statements (continued)

3.2 Critical judgements in applying accounting policies

Classification of investments in the fair value hierarchy
The Board of Directors consider the classification investments in the fair value hierarchy as a critical judgement. The fair value of investments is described in 3.1 above and the judgements associated with the disclosures in the fair value hierarchy are described in Note 8. The Directors monitor the availability of observable inputs and if necessary, reclassify to level 3 where observable trading is not available.

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.

(b) Shares held by related parties
As at 30 September 2022, the Directors held the following Shares in the Company.

Frederic Hervouet	600,000	(2021: 600,000)
John Whittle	132,546	(2021: 132,546)
Roberto Silvotti	1,641,632	(2021: 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 29.00% of the shares in the Company.

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 described on page 19 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 50.65% of the shares of the Company and is therefore deemed to have control over the Company through these shareholdings.

(c) AIFM and Portfolio Manager
The Company has appointed Carne Global AIFM Solutions (C.I.) Limited as the Company's external AIFM (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. €78,971 (30 September 2021: €78,117) has been charged during the Year.

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).

Notes to the Financial Statements (continued)

4. Related parties (continued)

(c) AIFM and Portfolio Manager (continued)

Total portfolio management fees for the year amounted to €2,104,510 (30 September 2021: €2,138,450) with €163,737 (30 September 2021: €190,387) outstanding at end of the year.

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 (30 September 2021: €1,275,911) were charged in the Year. As at 30 September 2022, €Nil was payable (2021: €765,547) and €Nil has been paid to the Portfolio Manager in the form of shares (2021: €510,364, or 40%, paid to the Portfolio Manager in the form of 684,501 shares).

An amount of €127,112 was recharged (at cost) by the Portfolio Manager for the period from 1 October 2021 to 30 September 2022 to compensate for market data and fund-specific expenses. (2021: €123,794).

5. Material agreements

The Company has funded investments with a value of €37,242,060 (2021: €52,431,490) via hybrid instruments or equity issued by legally segregated compartments of AREO S.à.r.l. ("Areo") a company incorporated in Luxembourg under the Securitization Law of 2004. Areo is majority owned by funds managed by the Chenavari group and is 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, 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. Areo compartments 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 1 October 2021 to 30 September 2022 J.P. Morgan Cazenove services fees were £Nil (€Nil) (2021: £Nil (€Nil))

Notes to the Financial Statements (continued)

5. Material agreements (continued)

(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 year amounted to €93,481 (year ended 30 September 2021: €82,206) of which €20,358 (2021: €27,279) remained payable at the end of the year.

(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 year amounted to €78,271 (year ended 30 September 2021: €77,744) of which €6,369 (2021: €5,803) remained payable at the end of the year.

(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, can create adverse conditions such as:

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

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

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

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

Notes to the Financial Statements (continued)

6. Financial risk management (continued)

6.1 Credit risk (continued)

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

Although the Company applies the consolidation exception to its subsidiary, Taurus Corporate Financing LLP (as discussed in note 2.1), the following investment restrictions have been considered on the look through basis for both entities. 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 30 September 2022, the largest investment represents 8.07% 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 30 September 2022, the top 5 investments represent 32.78% of the NAV.

- no more than 50% of NAV, in aggregate, shall be invested in unlisted investments;
  - As of 30 September 2022, 27.07% 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 30 September 2022, 6.75% 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 against senior tranches of ABS 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% of the NAV at the time of incurrence and deployment of any borrowing.
  - As of 30 September 2022, the gearing of the Company was approximately 96.6%[7].

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).

In line with the Company's enhanced dividend policy, the Company has established a maximum cash balance and will distribute all excess cash above this cap as special dividends on a quarterly basis. With effect from 1 January 2021, the maximum cash balance has been 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.

[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).

Notes to the 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 30 September 2022, the breakdown of the NAV per asset class and geography was as follows:

Asset class breakdown	30 September 2022 % NAV	30 September 2021 % NAV
Equity (including Taurus Originator)	51.89%	54.19%
Arbitrage CLO	17.54%	18.10%
Preferred equity	16.45%	14.74%
Reverse repurchase agreement	13.46%	11.61%
Due to/from broker, accruals, other receivables and prepayments	5.15%	(0.84%)
Cash and cash equivalents	2.37%	3.54%
Derivative financial assets	1.55%	-
Senior loan	1.28%	1.46%
Residential mortgage-backed security	0.97%	4.58%
Non-performing loan	0.38%	1.44%
Consumer ABS	0.18%	0.34%
Balance sheet CLO	0.27%	0.32%
Equity securities	(0.11%)	0.84%
Derivative financial liabilities	(0.81%)	-
Repurchase agreement	(10.57%)	(10.32%)
Total	**100%**	**100%**

Geographic breakdown	30 September 2022	30 September 2021
Spain	19.37%	19.32%
France	13.40%	13.12%
Great Britain	10.78%	8.38%
Netherlands	9.67%	7.98%
Germany	8.70%	12.79%
USA	5.01%	8.64%
Ireland	4.01%	8.38%
Italy	2.25%	2.71%
Portugal	0.20%	0.13%
Other	19.11%	6.04%
Other European Union	(0.02%)	9.81%
Cash and cash equivalents	2.37%	3.54%
Due to/from broker, accruals, other receivables and prepayments	5.15%	(0.84%)
Total	**100.00%**	**100.00%**

The Company may also be exposed to counterparty credit risk on derivatives, cash and cash equivalents, amounts due from brokers and other receivable balances. The following tables show the relevant exposures for the current and prior year end:

30 September 2022	Bank of America	Royal Bank of Scotland	JP Morgan	Total
S&P rating*	**A-1**	**A-2**	**A-2**	
	€	**€**	**€**	**€**
Cash and cash equivalents**	-	-	4,669,126	4,669,126
Due from broker	160,000	1,433,382	9,258,285	10,851,667
Total counterparty exposure	**160,000**	**1,433,382**	**13,927,411**	**15,520,793**
Net asset exposure %	**0.08%**	**0.73%**	**7.10%**	**7.91%**

* Short term, local currency ratings.
** JP Morgan cash and cash equivalents represents cash held in a custodian account.

Notes to the Financial Statements (continued)

6. Financial risk management (continued)

6.1 Credit risk (continued)

30 September 2021	Barclays	Royal Bank of Scotland	Deutsche Bank	JP Morgan	Total
S&P rating*	**A-1**	**A-2**	**A-2**	**A-2**	
	€	**€**	**€**	**€**	**€**
Cash and cash equivalents**	-	-	-	8,079,258	8,079,258
Due from broker	649,737	1,247,012	712,200	7,650,097	10,259,046
Total counterparty exposure	**649,737**	**1,247,012**	**712,200**	**15,729,355**	**18,338,304**
Net asset exposure %	**0.29%**	**0.55%**	**0.31%**	**6.91%**	**8.06%**

* Short term, local currency ratings.
** JP Morgan cash and cash equivalents represents cash held in a custodian account.

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

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

As at 30 September 2022				Related amount not offset in the Statement of Financial Position		
Counterparty	**Gross amounts of recognised liabilities**	**Gross amounts offset in the Statement of Financial Position**	**Net amounts of liabilities presented in the Statement of Financial Position**	**Financial instruments**	**Cash collateral received/pledged**	**Net amount**
	€	**€**	**€**	**€**	**€**	**€**
Derivative contracts						
CDS						
JP Morgan	(1,544,383)	-	(1,544,383)	1,544,383	-	-
Listed options						
JP Morgan	(43,750)	-	(43,750)	-	43,750	-
	(1,588,133)	**-**	**(1,588,133)**	**1,544,383**	43,750	**-**

There were no financial assets or liabilities subject to offsetting, enforceable master netting agreements as at 30 September 2021.

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

Notes to the Financial Statements (continued)

6. Financial risk management (continued)

6.2 Foreign currency risk

Foreign currency risk is the risk of gain or loss resulting from exposure to movements on exchange rates on investments priced in currencies other than the functional 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 30 September 2022 is as follows:

Currency	Investments	Cash	Other net liabilities	30 September 2022 Total exposure	30 September 2022 Total exposure	+/- 10% change to P&L and Equity	NAV impact for a +/-10% FX rate move	P&L impact for a +/-10% FX rate move
	€	€	€	€	% NAV	€	%	%
GBP	-	4,821	(403,511)	**(398,690)**	(0.20%)	+/-39,869	+/-0.02%	+/-0.40%
USD	-	-	(141,852)	**(141,852)**	(0.07%)	+/-14,185	+/-0.01%	+/-0.14%
	-	**4,821**	**(545,363)**	**(540,542)**	**(0.27%)**	**+/-54,054**	**+/-0.03%**	**+/-0.54%**

The currency exposure as at 30 September 2021 was as follows:

Currency	Investments	Cash	Other net liabilities	30 September 2021 Total exposure	30 September 2021 Total exposure	+/- 10% change to P&L and Equity	NAV impact for a +/-10% FX rate move	P&L impact for a +/-10% FX rate move
	€	€	€	€	% NAV	€	%	%
CHF	-	3,697	-	**3,697**	0.00%	+/-370	0.00%	0.00%
GBP	35,999	16,230	(308,414)	**(256,185)**	(0.11%)	+/-25,619	+/-0.01%	+/-0.06%
USD	-	1,519	(50,267)	**(48,748)**	(0.02%)	+/-4,875	0.00%	+/-0.01%
	35,999	**21,446**	**(358,681)**	**(301,236)**	**(0.13%)**	**+/-30,864**	**+/-0.01%**	**+/-0.07%**

Notes to the 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 economic 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. P&L sensitivity of floating rate instruments to interest rate changes is minimal compared to fixed-rate instruments, as the coupon variation is offset by the change in discounting. The value of asset backed securities may be affected by interest rate movements. Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations on interest rates; however, the underlying cash positions will not be affected.

The Company is operating in markets traditionally trading on par spread, as at 30 September 2022 an increase in credit spread by 250 basis points would decrease the NAV by €13,599,582 (30 September 2021: €6,175,166). An increase in the risk-free rate by 250 basis points would decrease the NAV by €8,560,040 (30 September 2021: €5,475,922). 250 basis points (2021: 65bps) is considered a reasonable stress test given recent and anticipated interest rate movements.

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 €
30 September 2022			
Financial assets at fair value through profit or loss	52,041,341	149,407,821	3,387,815
Due from broker	-	10,851,667	-
Other receivables	-	-	17,893
Cash and cash equivalents	-	4,669,126	-
Financial liabilities at fair value through profit or loss	(22,339,729)	-	(956,981)
Due to broker	-	(1,413)	-
Accrued expenses	-	-	(756,519)
	29,701,612	**164,927,201**	**1,692,208**
30 September 2021			
Financial assets at fair value through profit or loss	36,840,286	187,021,899	21,888,526
Due from broker	-	10,259,046	-
Other receivables and prepayments	-	-	5,494
Cash and cash equivalents	-	8,079,258	-
Financial liabilities at fair value through profit or loss	(23,488,964)	-	(915,916)
Due to broker	-	(10,838,591)	-
Accrued expenses	-	-	(1,342,324)
	13,351,322	**194,521,612**	**19,635,780**

The Company does hold investments currently linked to IBOR but with extended decommission dates. The Company was not impacted by the IBORs decommissioned on 1 January 2022.

Notes to the Financial Statements (continued)

6. Financial risk management (continued)

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. The Company is also contracting repurchase agreement ("REPO") transactions, which provide financing and liquidity but also bear some inherent risk in case of margin calls from the liquidity provider. As a result, an exposure to liquidity risk exists. This risk is mitigated by the closed-ended nature of the Company.

The table below analyses the Company's current liabilities, as seen on the Statement of Financial Position into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date.

	Less than 3 months	Between 3 and 12 months	Greater than 12 months	Total
	€	€		€
30 September 2022				
Financial liabilities at fair value through profit or loss	-	-	(23,296,710)	(23,296,710)
Due to broker	(1,413)	-	-	(1,413)
Accrued expenses	(756,519)	-	-	(756,519)
	(757,932)	**-**	**(23,296,710)**	**(24,054,642)**
30 September 2021				
Financial liabilities at fair value through profit or loss	-	-	(24,404,880)	(24,404,880)
Due to broker	(10,838,591)	-	-	(10,838,591)
Accrued expenses	(1,342,324)	-	-	(1,342,324)
	(12,180,915)	**-**	**(24,404,880)**	**(36,585,795)**

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 30 September 2022 a 15% movement in prices (with all other variables held constant) would have resulted in a change to the total net assets of €27,231,040 (2021: €33,201,875).

Notes to the Financial Statements (continued)

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

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

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

8. Fair value of financial instruments

The fair values of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year-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 year-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 Financial Statements (continued)

8. **Fair value of financial instruments (continued)**

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

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

The following tables show the Company's assets and liabilities at 30 September 2022 based on the hierarchy set out in IFRS 13:

	Level 1 2022 €	Level 2 2022 €	Level 3 2022 €	Total 2022 €
Assets				
Financial assets held for trading				
Equity securities				
Europe: Equity	-	-	739,474	739,474
Debt securities				
Europe: Private bond and equity*	-	-	51,589,984	51,589,984
UK: Private bond and equity*	-	-	15,279,364	15,279,364
USA: Private bond and equity*	-	-	6,869,273	6,869,273
Other: Private bond and equity*	-	-	28,131,517	28,131,517
Europe: ABS	-	20,414,981	1,901,270	22,316,251
USA: ABS	-	2,606,505	-	2,606,505
UK: ABS	-	4,566,888	-	4,566,888
Other: ABS	-	7,724,603	-	7,724,603
Europe: Money market loan	-	-	35,558,297	35,558,297
Receivable on reverse repurchase agreements				
Reverse repurchase agreement	-	26,416,695	-	26,416,695
OTC derivatives				
CDS Option	-	2,265,935	-	2,265,935
CDS Credit Index	-	772,191	-	772,191
Total assets	**-**	**64,767,798**	**140,069,179**	**204,836,977**
Liabilities				
Financial liabilities held for trading				
Equity securities				
Europe: Equity	-	-	(956,981)	(956,981)
Payable on repurchase agreements				
Repurchase agreement	-	(20,751,596)	-	(20,751,596)
Listed derivatives				
Listed options	(43,750)	-	-	(43,750)
OTC derivatives				
CDS Credit Index	-	(1,544,383)	-	(1,544,383)
Total liabilities	**(43,750)**	**(22,295,979)**	**(956,981)**	**(23,296,710)**

*This includes the fair value of the subsidiary Taurus Corporate Financing LLP, as described in note 22. As at 30 September 2022 Taurus invests into 10 risk retention CLOs and 1 CLO Warehouse valued at €164.4m (TCLO 2, 3, 4, 5, 6, 7, 8, TCLO 9 Warehouse and Bosphorus IV, V & VI CLO) and its investment into TCF Loan Warehouse Designated Activity Company 1 which is immaterial and in the later stages of liquidation. The LLP also holds €3.5m in cash and cash equivalents.

Notes to the Financial Statements (continued)

8. Fair value of financial instruments (continued)

The following tables show the Company's assets and liabilities at 30 September 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	-	-	2,812,503	2,812,503
Debt securities					
	Europe: Private bond and equity*	-	-	68,327,804	68,327,804
	UK: Private bond and equity*	-	-	14,493,781	14,493,781
	USA: Private bond and equity*	-	-	13,508,347	13,508,347
	Other: Private bond and equity*	-	-	26,965,737	26,965,737
	Europe: ABS	-	24,212,882	10,374,101	34,586,983
	USA: ABS	-	5,823,601	-	5,823,601
	UK: ABS	-	4,141,622	35,999	4,177,621
	Other: ABS	-	8,507,344	-	8,507,344
	Europe: Loan	-	-	40,124,803	40,124,803
Receivable on reverse repurchase agreements					
	Reverse repurchase agreement	-	26,422,187	-	26,422,187
Total assets		**-**	**69,107,636**	**176,643,075**	**245,750,711**
Liabilities					
Financial liabilities held for trading					
Equity securities					
	Europe: Equity	-	-	(915,916)	(915,916)
Payable on repurchase agreements					
	Repurchase agreement	-	(23,488,964)	-	(23,488,964)
Total liabilities		**-**	**(23,488,964)**	**(915,916)**	**(24,404,880)**

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 Financial Statements (continued)

8. Fair value of financial instruments (continued)

Nineteen Level 3 investments were held at 30 September 2022.

Product type	Transaction	Fair value at 1 October 2021	Realised P&L from exiting trades	Unrealised P&L & FX changes on held investments	Purchases	Sales	Redemptions	Fair value at 30 September 2022
Non-Performing Loan	16	3,284,517	(1,434,228)	(262,501)	-	(1,230,569)	-	357,219
EQUITY	46	2,812,504	860,514	(1,861,048)	-	(1,512,302)	-	299,668
Cons ABS	44	35,999	(12,216)	(10,755)	-	(13,028)	-	-
Investment in the originator	79	123,295,669	-	(21,425,531)	-	-	-	101,870,138
Preferred Equity	68	6,867,703	-	161,623	30,000	(3,805,000)	-	3,254,326
Preferred Equity	70	8,206,024	-	(183,751)	1,081,000	-	-	9,103,273
Preferred Equity	72	1,891,742	-	(443,512)	512,000	-	-	1,960,230
Preferred Equity	73	9,122,329	-	(183,284)	605,750	-	-	9,544,795
Preferred Equity	74	7,437,342	-	(248,567)	1,235,000	-	-	8,423,775
Preferred Equity	75	-	-	-	3,000	-	-	3,000
Loan	83	-	-	6,937	2,081,109	-	-	2,088,046
Loan	84	-	-	-	921,436	(487,655)	-	433,781
OTC Bond	85	-	-	878,306	1,022,964	-	-	1,901,270
RMBS	60	913,800	409,345	434,781	-	-	(1,757,926)	-
RMBS	61	745,484	780,934	(745,484)	-	-	(780,934)	-
RMBS	66	8,712,262	3,877,301	(3,471,047)	-	(9,245,839)	-	(127,323)
Equity	67	(915,916)	(323,308)	915,916	-	-	323,308	-
Senior Loan	76	3,315,145	1	(52,207)	202,736	(3,465,675)	-	-
RMBS	80	2,555	2,703	(2,553)	-	(2,705)	-	-
		175,727,159	**4,161,046**	**(26,492,677)**	**7,694,995**	**(19,762,773)**	**(2,215,552)**	**139,112,198**

Notes to the Financial Statements (continued)

8. Fair value of financial instruments (continued)

Fifteen Level 3 investments were held at 30 September 2021.

Product type	Transaction	Fair value at 1 October 2020	Realised P&L from exiting trades	Unrealised P&L & FX changes on held investments	Purchases	Sales	Redemptions	Fair value at 30 September 2021
Non-Performing Loan	16	4,643,821	1,502,019	(36,298)	-	(2,825,025)	-	3,284,517
CONS ABS	44	772,960	(547,041)	349,365	-	(539,285)	-	35,999
Equity	46	1,914,853	-	897,651	-	-	-	2,812,504
RMBS	60	1,292,502	156,140	(274,609)	-	-	(260,233)	913,800
RMBS	61	651,296	-	94,188	-	-	-	745,484
RMBS	66	5,470,763	-	3,241,499	-	-	-	8,712,262
Equity	67	(805,861)	-	(110,055)	-	-	-	(915,916)
Preferred Equity	68	8,367,223	(14)	1,428,844	(2,248,350)	(680,000)	-	6,867,703
Preferred Equity	70	5,354,057	-	673,615	2,178,352	-	-	8,206,024
Preferred Equity	71	371,933	15	(35,657)	(145,631)	(190,660)	-	-
Preferred Equity	72	2,349,583	-	744,927	(182,768)	(1,020,000)	-	1,891,742
Preferred Equity	73	5,202,311	-	832,003	3,088,015	-	-	9,122,329
Preferred Equity	74	4,291,187	-	1,564,884	1,581,271	-	-	7,437,342
Preferred Equity	75	19,320	-	(18,317)	(1,003)	-	-	-
Senior Loan	76	3,059,348	-	4,028	251,769	-	-	3,315,145
Investment in the originator	79	106,434,881	673,085	15,487,703	8,000,000	(7,300,000)	-	123,295,669
RMBS	80	1,602	-	953	-	-	-	2,555
		149,391,779	**1,784,204**	**24,844,724**	**12,521,655**	**(12,554,970)**	**(260,233)**	**175,727,159**

Notes to the Financial Statements (continued)

8. Fair value of financial instruments (continued)

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

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. The Company held no BS CLOs at 30 September 2022.

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.

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. The Company held no CMBS at 30 September 2022.

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.

Notes to the Financial Statements (continued)

8. Fair value of financial instruments (continued)

The details below describe the valuation techniques used to value the investments at 30 September 2022 and present an approximation of the potential effects of events that could have occurred as at the reporting date given reasonably possible alternative assumptions as to the unobservable input parameters.

Transaction	Fair Value €	Investment Type	Valuation technique	Unobservable Input and base value	Alternative assumptions applied to input	Sensitivity Analysis (Market Value Impact) €	Sensitivity Analysis (Company NAV Impact)
Transaction 46	299,668	Equity Holding in Irish Mortgage lender	Book Value	Book value based on Financials 1x	0.9x- 1.1x	€(73,948) - €73,947	(0.04)% - 0.04%
Transaction 83* & 84* & 85	4,423,097	Irish Mortgage Investment	Non-binding offer	NBO Bid £118,000,000	± 10%	€(486,582.40) - €2,536,750.48	(0.25)% - 1.29%
Transactions [68-75]	32,289,399	Spanish residential asset	Targeted sale value, expected costs and liabilities	Haircut on outstanding sales 10%	0% - 15%	(€1,825,934.05) - €3,663,574.41	(0.93)% - 1.87%
				Disposal costs € 1,061,765	± 10%	€(106,271.45) - €104,065.51	(0.05)% - 0.05%
Transaction 79	101,870,138	Taurus CLO retention	Mark-to-Model	Originator NAV	± 10%	(€10,187,014) - €10,187,014	(5.2)% – 5.2%

* Transactions 83 and 84 are senior loans repaid in priority at par, for which returns are unaffected by the stress scenario described. Only the value of transaction 85 (R note entitled to excess returns) is affected.

Notes to the Financial Statements (continued)
8. Fair value of financial instruments (continued)

30 September 2021:

Transaction	Fair Value €	Investment Type	Valuation technique	Unobservable Input and base value	Alternative assumptions applied to input	Sensitivity Analysis (Market Value Impact) €	Sensitivity Analysis (Company NAV Impact)
Transactions 60, 61 & 67	743,368	Public securitisation of Irish residual mortgage portfolio	Discounted Cash Flow Model	Prepayment Rate (CPR) 12%	8% - 15%	(22,524) – 29,821	(0.01)% - 0.02%
				Credit Default Rate (CDR) 0.50%	0% - 1%	(71,374) – 27,691	(0.03)% - 0.01%
				Pool Liquidation Price 103%	102% - 105%	(735,738) – 136,479	(0.32)% - 0.06%
Transactions 66 & 80	8,714,817	Public securitisation of Irish residual performing and non-performing mortgage portfolio	Non-binding offer	Haircut to the Non Binding Offer (NBO) Base assumption: €10m haircut on full portfolio	€10m - €3m haircut on full portfolio	0 - 1,907,959	0% - 0.84%
Transaction 46	2,812,504	Equity Holding in Irish Mortgage lender	Secondary sale and call option agreement	Expected sales price based on Net Income 13.88	13.88 - 16.29	0 - 488,338	0% - 0.22%
Transaction 44	35,999	Portfolio of auto loans	Discounted Cash Flow Model	Expected Recovery £33,000	± 30% recovery	(12,213) - 2,105	(0.01)% - 0%
Transactions 68-75	33,525,140	Spanish residential asset	Targeted sale value, expected costs and liabilities	Haircut on outstanding sales 10%	0% - 15%	(2,118,630) - 3,493,513	(0.93)% - 1.54%
				Disposal costs €3.181m	± 10%	(316,405) - 318,267	(0.14)% - 0.14%
Transaction 16	3,284,517	Spanish non-performing portfolio	Sale price adjusted for liabilities and costs	Disposal transaction costs €1,414,063	€1,131,240 - €1,696,876	(98,473) - 98,471	(0.04)% - 0.04%
Transaction 79	123,295,669	Taurus CLO retention	Mark-to-Model	Originator NAV	± 10%	(12,329,567) - 12,329,567	(5.4)% – 5.4%

Notes to the Financial Statements (continued)

9. Earnings per Share - basic & diluted

The earnings per Share - basic and diluted of (3.30) cents (2021: 14.32 cents) has been calculated based on the weighted average number of Shares of 305,579,945 (2021: 304,030,142) and a net loss of €10,076,117 (2021: gain of €43,547,299) over the year. There were no dilutive elements to shares issued or repurchased during the year.

10. NAV per Share

The NAV per share of 64.05 cents (2021: 74.56 cents) is determined by dividing the net assets of the Company attributed to the Shares of €196,321,021 (2021: €227,508,714) by the number of Shares in issue (excluding those held in treasury) at 30 September 2022 of 306,501,964 (30 September 2021: 305,120,341).

As at 30 September 2022 54,948,036 Shares were held in treasury.

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

	30 September 2022	30 September 2021
	€	€
Financial assets at fair value through profit or loss:		
- Debt securities	1,901,270	8,750,814
- ABS	36,060,049	47,629,252
- Equity securities	739,474	2,812,503
- CDS	3,038,126	-
- Investment in Taurus Corporate Financing LLP	101,870,138	123,295,669
- Money market loan	34,811,225	36,840,286
- Reverse repurchase agreement	26,416,695	26,422,187
Total financial assets at fair value through profit or loss	**204,836,977**	**245,750,711**
Financial liabilities at fair value through profit or loss:		
- Equity securities	(956,981)	(915,916)
- CDS	(1,544,383)	-
- Listed options	(43,750)	-
- Repurchase agreement	(20,751,596)	(23,488,964)
Total financial liabilities at fair value through profit or loss	**(23,296,710)**	**(24,404,880)**

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

	Year ended 30 September 2022	Year ended 30 September 2021
Net gain/(loss) on debt instruments at fair value through profit or loss	**€**	**€**
- Debt securities	3,060,965	3,843,359
- ABS	(12,032,410)	8,071,641
- Equity securities	(2,454,836)	787,595
- Investment in Taurus Corporate Financing LLP	1,297,719	35,610,788
- Listed options	868,750	-
- Futures	(794,857)	-
- Money market loan	347,129	1,632,745
- CDS	3,129,814	(1,798,955)
- Repo	(2,739)	(19,515)
-Reverse Repo	-	5,082
Net (loss)/gain on debt instruments at fair value through profit or loss	**(6,580,465)**	**48,132,740**

Notes to the Financial Statements (continued)

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

	Year ended 30 September 2022	Year ended 30 September 2021
Net gain/(loss) on foreign exchange and forward contracts	**€**	**€**
Realised loss on forward contracts	-	(113,177)
Unrealised gain on forward contracts	-	25,033
Realised (loss)/gain on foreign exchange	(8,434)	49,812
Unrealised (loss)/gain on foreign exchange	(64,176)	260,400
Net (loss)/gain on foreign exchange and forward contracts	**(72,610)**	**222,068**
Net (loss)/gain) on financial assets and liabilities at fair value through profit or loss	**(6,653,075)**	**48,354,808**

13. Due from and to brokers

	30 September 2022	30 September 2021
	€	**€**
Due from*:		
Collateral and funding cash	10,851,667	2,609,971
Receivables for securities sold	-	7,649,075
	10,851,667	**10,259,046**
Due to:		
Collateral and funding cash	(1,413)	(12,406)
Payables for securities purchased	-	(10,826,185)
	(1,413)	**(10,838,591)**

** Receivables are short-term, with reputable financial institutions and are due for settlement due within a few months of the year end so exposure to expected credit loss is minimal.*

14. Other receivables and prepayments

	30 September 2022	30 September 2021
	€	**€**
Prepaid D&O insurance fees	6,318	5,494
Accrued interest receivable	1,087	-
Other receivables	10,488	-
	17,893	**5,494**

15. Accrued expenses

	30 September 2022	30 September 2021
	€	**€**
Marketing fee	(228,036)	(216,674)
Management fee	(163,737)	(190,387)
Performance fees	-	(765,547)
Administration fee	(20,358)	(27,279)
Audit fee	(45,737)	(40,245)
Sub-administration fee	(6,369)	(5,454)
Legal fee	(82,349)	-
Custodian fee	(6,000)	(6,000)
Other fee	(203,933)	(90,738)
	(756,519)	**(1,342,324)**

Notes to the Financial Statements (continued)

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.

The rights attaching to the Shares are as follows:

(a) As to income – subject to the rights of any Shares which may be issued with special rights or privileges, the Shares of each class carry the right to receive all income of the Company attributable to the Shares, and to participate in any distribution of such income by the Company, pro rata to the relative NAV of each of the classes of Shares and, within each such class, income shall be divided pari passu amongst the holders of Shares of that class in proportion to the number of Shares of such class held by them.

(b) As to capital – on a winding up of the Company or other return of capital (other than by way of a repurchase or redemption of Shares in accordance with the provision of the Articles and the Law), the surplus assets of the Company attributable to the Shares remaining after payment of all creditors shall, subject to the rights of any Shares that may be issued with special rights or privileges, be divided amongst the holders of Shares of each class pro rata to the relative NAV of each of the classes of Shares and, within each such class, such assets shall be divided pari passu amongst the holders of Shares of that class in proportion to the number of Shares of that class held by them.

(c) As to voting – the holders of the Shares shall be entitled to receive notice of and to attend, speak and vote at general meetings of the Company.

The rights attaching to C Shares are as follows:

(a) subject to the rights of any C Shares which may be issued with special rights or privileges, the C Shares of each class carry the right to receive all income of the Company attributable to the C Shares, and to participate in any distribution of such income by the Company, pro rata to the relevant NAV of any of the issued class of Shares and within each such class income shall be divided pari passu amongst the holders of that class in proportion to the number of C Shares of such class held by them;

(b) the Shares of the relevant class into which C Shares of the relevant class shall convert shall rank pari passu with the Existing Shares of the relevant class for dividends and other distributions made or declared by reference to a record date falling after the Calculation Date; and

(c) no dividend or other distribution shall be made or paid by the Company on any of its shares between the Calculation Date and the Conversion Date (both dates inclusive) and no such dividend shall be declared with a record date falling between the Calculation Date and the Conversion Date (both dates inclusive).

There were no C Shares in issue for either 30 September 2022 or 30 September 2021.

Notes to the Financial Statements (continued)

16. Share capital (continued)

Movements in share capital

	Shares outstanding	Shares held in treasury	Total
As at 30 September 2021	305,120,341	56,329,659	361,450,000
SCRIP Dividends paid out of Treasury in period	1,381,623	(1,381,623)	-
As at 30 September 2022	**306,501,964**	**54,948,036**	**361,450,000**

	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	734,907	(734,907)	-
Performance fee shares issued	684,501	(684,501)	-
As at 30 September 2021	**305,120,341**	**56,329,659**	**361,450,000**

Performance fee shares
Nil Shares (with a prevailing NAV at the date of transfer, being 30 September 2022, €0) were paid to the Portfolio Manager in the Period, in relation to the Performance Fee for the period ended 30 September 2022.

684,501 Shares (with a prevailing NAV at the date of transfer, being 30 September 2021, €510,364) were paid to the Portfolio Manager in the Period, in relation to the Performance Fee for the period ended 30 September 2021.

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.

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 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.

Notes to the Financial Statements (continued)

18. Dividend policy (continued)

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 has been 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.

The following dividends were announced and/or paid during the Year:

For period ending	Record Date	Pay Date	Dividend per Share		Total Value	Paid in Cash	Taken as Shares
			€			€	Number of Shares
30/09/2022	25/11/2022	20/12/2022	0.0160	Regular quarterly dividend	4,904,031	4,822,113	131,175
30/06/2022	19/08/2022	20/09/2022	0.0167	Regular quarterly dividend	5,122,958	5,045,249	119,076
31/03/2022	06/05/2022	21/06/2022	0.0183	Regular quarterly dividend	5,590,139	4,921,467	935,598
31/12/2021	04/02/2022	11/03/2022	0.0187	Regular quarterly dividend	5,705,995	5,529,556	241,896
30/09/2021	26/11/2021	20/12/2021	0.0186	Regular quarterly dividend	5,677,137	5,615,304	85,053

19. Derivative financial instruments

The Company trades 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.

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.

Futures contracts
A futures contract is an agreement between two parties to buy and sell a security, index or currency at a specific price or rate at a future date. Upon entering into a futures contract an amount is deposited with a broker equal to a certain percentage of the contract amount. This is known as "initial cash margin". Subsequent payments of cash ("variation margin") are made or received each day, depending upon the daily fluctuation in the value of the contract. The daily changes in contract value are recorded as unrealised gains or losses and the Company recognises a realised gain or loss when the contract is closed. Unrealised gains and losses on futures contracts are recognised in the statement of comprehensive income.

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.

Notes to the Financial Statements (continued)

19. Derivative financial instruments (continued)

The following table shows the Company's derivative position as at 30 September 2022:

	Financial assets at fair value	Financial liabilities at fair value	Notional amount	Maturity/expiry date
	€	€	€	
CDS buy protection	772,191	-	15,000,000	20 December 2027
CDS sell protection		(1,544,383)	(30,000,000)	20 December 2027
CDS option	2,265,935	-	100,000,000	16 November 2022
Listed index options	-	(43,750)	(727,050,000)	19 June 2023 – 18 December 2023
	3,038,126	**(1,588,133)**	**(642,050,000)**	

The Company had no derivative position as at 30 September 2021.

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

As of 30 September 2022, there are three repurchase agreement in place (at 30 September 2021: six).

Main terms of the repurchase agreements in place as of 30 September 2022:

Notional	Rate	Maturity	Counterparty
(4,364,447)	0.02%	12 December 2032	JPM
(5,408,541)	(0.09%)	12 December 2032	JPM
(10,966,824)	(0.05%)	12 December 2032	JPM

The pledged assets under these contracts were valued €21,775,426 as at 30 September 2022.

Main terms of the reverse repurchase agreements in place as of 30 September 2022:

Notional	Rate	Maturity	Counterparty
4,850,000	1.01%	5 March 2023	Taurus Corporate Financing LLP
6,000,000	0.88%	5 March 2023	Taurus Corporate Financing LLP
1,002,472	1.78%	1 August 2023	Taurus Corporate Financing LLP
1,054,083	2.8%	5 August 2023	Taurus Corporate Financing LLP
1,275,950	4.8%	5 August 2023	Taurus Corporate Financing LLP
12,200,000	EUR003M + 0.99%	8 August 2023	Taurus Corporate Financing LLP

The pledged assets under these contracts were valued €24,791,561 as at 30 September 2022.

Main terms of the repurchase agreements in place as of 30 September 2021:

Notional	Rate	Maturity	Counterparty
(4,364,447)	0.02%	12 December 2032	JPM
(5,408,541)	(0.09%)	12 December 2032	JPM
(863,545)	(0.05%)	12 December 2032	JPM
(844,256)	0.06%	12 December 2032	JPM
(1,042,118)	0.16%	12 December 2032	JPM
(10,966,824)	(0.05%)	25 July 2034	JPM

The pledged assets under these contracts were valued €26,450,675 as at 30 September 2021.

Main terms of the reverse repurchase agreements in place as of 30 September 2021:

Notional	Rate	Maturity	Counterparty
4,850,000	1.01%	5 March 2022	Taurus Corporate Financing LLP
6,000,000	0.88%	5 March 2022	Taurus Corporate Financing LLP
1,002,472	1.78%	1 August 2022	Taurus Corporate Financing LLP
1,054,083	2.8%	5 August 2022	Taurus Corporate Financing LLP
1,275,950	4.8%	5 August 2022	Taurus Corporate Financing LLP
12,200,000	EUR003M + 0.99%	8 August 2022	Taurus Corporate Financing LLP

The pledged assets under these contracts were valued €26,450,675 as at 30 September 2021.

Notes to the Financial Statements (continued)

21. Changes in financing liabilities

As mentioned previously in note 2.13 the Company uses repurchase and reverse repurchase agreements as collateralised financing transactions. The change in financing activities shown on the Statement of Cash Flows is directly related to buy and sell transactions of repurchase and reverse repurchase agreements. The amounts payable and receivable on the open agreements can be found on the Condensed Schedule of Investments, at Fair Value.

22. Interests in other entities

List of subsidiaries

The Company holds a large ownership percentage of Toro European CLO 8 Designated Activity ("TCLO8") (a €305m European Leveraged Loan CLO). Due to the market reduced liquidity, the Company heavily participated in owning the subordinated tranche in this structure by holding 80% of this tranche directly by the Company and indirectly via Taurus, which for accounting purposes would indicate as having control over this structure and hence consolidating it within the Company's accounts.

The directors concluded that due to the fact that the Company is an investment entity under IFRS 10, it is exempted from consolidating its subsidiaries. Furthermore, the Company has no intention of exercising control over TCLO8 and expects to substantially reduce its direct interest in TCLO8 as market conditions and liquidity allow.

Taurus Corporate Financing LLP (the "Originator") meets the definition of a subsidiary, in accordance with IFRS 10 the Company is required to apply the consolidation exception and instead account for its investment in subsidiaries at fair value through profit or loss. The Originator is a fully owned subsidiary of the Company with a carrying value per the financial statements as shown below:

	Carrying value
	€
Taurus Corporate Financing LLP	101,870,138

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

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

Name:	Taurus Corporate Financing LLP	Toro European CLO 8 Designated Activity Company
Place of Business:	P.O. Box 286 Floor 2 Trafalgar Court Les Banques St. Peter Port Guernsey	2nd Floor 1-2 Victoria Buildings Haddington Road Dublin D04 XN32 Ireland
Ownership interests held:	99.99%	80%*

* Represents the combined ownership of interests directly held by the Company and indirectly via Taurus.

(i) The Company provided several repurchase agreements to the Originator with overall principal of €26,382,505 as at 30 September 2022 (2021: €26,382,505) that are bearing interest and due per the maturity dates disclosed in note 20. In contrast, the Originator pledged assets on these contracts valued of €24,791,561 (2021:€26,450,675) that are held by the Company as a security on these lending.

Notes to the Financial Statements (continued)

22. Interests in other entities

List of subsidiaries (continued)

The Company is also required to disclose the following additional information for unconsolidated subsidiaries of a subsidiary which is an investment entity. The following are subsidiaries of the Originator. TCLO8 holds no subsidiaries.

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

23. Post balance sheet events

On 1 November 2022, the Company announced its regular quarterly dividend of 2.5% (Euro 0.016 per ordinary share) for the period from 1 July 2022 to 30 September 2022. Payment will be made on 20 December 2022 to holders of ordinary shares recorded on the register as at close of business on 25 November 2022 with an ex-dividend date of 24 November 2022.

There are no other events subsequent from 30 September 2022 to the date of signing which would require disclosure in these financial statements.

24. Approval of the financial statements

The Audited Financial Statements were approved for issue to shareholders by the Directors on 19 December 2022.

Appendix 1

AIFMD Disclosures - (unaudited)

Quantitative Remuneration Disclosure for the AIFM
The total fee paid to the AIFM by the Company for the year ended 30 September 2022 is disclosed in note 4.

The AIFM is not subject to the provisions of Article 13 of the AIFM Directive, which require the AIFM to adopt remuneration policies and practices in line with the principles detailed in Annex II of the Directive. However, in accordance with Article 22 of the AIFM Directive and Article 107 of the AIFM Regulations, the AIFM must make certain disclosures in respect of the remuneration paid to its staff.

The AIFM has identified 9 staff as falling within the scope of the disclosure requirements (the "Identified Staff"). These Identified Staff are senior management, named as Designated Persons of the AIFM's managerial functions, members of the Board of Directors, and a risk officer as control function. All Identified Staff of the AIFM are part of the Carne Group and as such receive no separate remuneration for their role within the AIFM. Instead they are remunerated as employees of other Carne group companies with a combination of fixed and variable discretionary remuneration where the latter is assessed on the basis of their overall individual contribution to the group, with reference to both financial and non-financial criteria, and not directly linked to the performance of the staff of specific business units or targets reached. The annualised remuneration amount paid to all of the Identified Staff of the AIFM in respect of their work with the AIFM for the 12-month period to 31 March 2021 was GBP 38,264 (31 March 2021: GBP 51,023). There was no variable component to this remuneration and none of the AIFM's Identified Staff are in a position to materially impact the risk profile of the Company. The AIFM manages other AIFS and has no staff other than the Identified Staff.

Liquidity
Liquidity risk is monitored by the AIFM on an ongoing basis. The Risk Committee for the AIFM monitors the liquidity risk of the Company to ensure that the liquidity profile of the investments of the Fund complies with its underlying obligations.

At the date of this annual report there are no assets held by the Company which are subject to special arrangements arising from their illiquid nature. There has been no change to the liquidity management system and procedures during the period since incorporation. Please refer to the notes in the financial statements for an analysis of the Company's liabilities and their maturity dates at 30 September 2022.

Risk
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.

Responsibility for day to day management of the Company's risk has been delegated to the Risk Officer, who works together with the transversal risk team at the Portfolio Manager. The Risk Officer reports to the Risk Committee of the AIFM. The Risk Committee has ultimate responsibility for risk management and controls of the Company and for reviewing their effectiveness on a regular basis, including taking appropriate remedial action to correct any deficiencies. The Risk Committee manages the risks of the Company through the Risk Management Policy and Procedure (the "RMPP"). The Risk Committee monitors all risk limits to ensure compliance or that corrective action is taken in the event of breaches. The Risk Committee monitors to see if limit levels are being approached and endeavours to take appropriate steps to avoid limit breaches. The Risk Committee is responsible for the implementation of the RMPP. Operational risk is monitored through periodic due diligence of delegates and ongoing monitoring of reporting from delegates.

The Risk Committee has oversight of the risk management framework of the Company and specifically the effectiveness of the risk management function with respect to governance and risk compliance. The Committee ensures that market risk, liquidity risk, credit risk, counterparty risk and operational risk are identified, measured, monitored and managed in line with the AIFM's RMPP and consistent with the Prospectus of the Company. The Committee addresses any risk related issues and escalates to the AIFM Board if necessary. The Committee is appointed by and reports to the AIFM Board.

The AIFM has assessed the current risk profile of the Company to be low.

Appendix 1 (continued)

AIFMD Disclosures - (unaudited) (continued)

Leverage
The leverage limitation provisions of the AIFM Directive do not apply to the Company because the Company is a "non-EEA domiciled AIF" and the AIFM is a "non-EU AIFM". Consequently, the AIFM (where it undertakes Portfolio Management directly or otherwise the Portfolio Manager as delegate of this function) is not required to set a maximum level of leverage (as calculated pursuant to the AIFM Directive) for the Company. Notwithstanding this, the Company has set a borrowing limit such that the Company's gearing shall not exceed 130 per cent. at the time of incurrence and deployment of any borrowing. For the purposes of this calculation, gearing will be calculated as the sum of the Company's exposures to each position directly held, divided by the last published NAV (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).

There has been no change to the maximum level of leverage which the AIFM may employ on behalf of the Company. The actual level of gearing employed by the Company at 30 September 2022 was 96.6%.

Material changes to information
Article 23 of the AIFM Directive requires certain information to be made available to investors before they invest and requires material changes to this information to be disclosed in the annual report. There have been no material changes (other than those already reflected in the Annual Report) to the information requiring disclosure.