AXIOM
ALTERNATIVE INVESTMENTS

Axiom European Financial Debt Fund Limited

(Registered number 61003)

Half-Yearly Report and Unaudited Condensed Financial Statements
for the six months ended 30 June 2021

CONTENTS

HIGHLIGHTS

	30 June 2021 (unaudited)	30 June 2020 (unaudited)	31 December 2020 (audited)
Net assets	£94,637,000	£81,366,000	£87,350,000
Net asset value ("NAV") per Ordinary Share	103.03p	88.58p	95.10p
Share price	94.00p	88.00p	88.00p
Discount to NAV	(8.76)%	0.65%	(7.47)%
Profit/(loss) for the period	£10,043,000	£(7,162,000)	£1,577,000
Dividend per share declared in respect of the period	3.00p	3.00p	6.00p
Total return per Ordinary Share (based on NAV)[1]	11.49%	-7.85%	1.73%
Total return per Ordinary Share (based on share price)[1]	10.23%	-3.19%	0.00%
Ordinary Shares in issue	91,852,904	91,852,904	91,852,904

[1] Total return per Ordinary Share has been calculated by comparing the NAV or share price, as applicable, at the start of the period with the NAV or share price, as applicable, plus dividends paid, at the period end.

www.axiom-ai.com/web/en/axiom-european-financial-debt-fund-limited-2/

An authorised closed-ended investment company, incorporated under the Companies (Guernsey) Law, 2008.

REGISTERED IN GUERNSEY No. 61003

OVERVIEW AND INVESTMENT STRATEGY

General information

Axiom European Financial Debt Fund Limited (the "Company") is an authorised closed-ended Guernsey investment company with registered number 61003. Its Ordinary Shares were admitted to the premium listing segment of the FCA's Official List and to trading on the Premium Segment of the Main Market of the London Stock Exchange (the "Premium Segment") on 15 October 2018 ("Admission") (prior to this, the Ordinary Shares traded on the Specialist Fund Segment ("SFS") of the London Stock Exchange).

Investment objective

The investment objective of the Company is to provide Shareholders with an attractive return, while limiting downside risk, through investment in the following financial institution investment instruments:

- Regulatory capital instruments, being financial instruments issued by a European financial institution which constitute regulatory capital for the purposes of Basel I, Basel II or Basel III or Solvency I or Solvency II;
- Other financial institution investment instruments, being financial instruments issued by a European financial institution, including without limitation senior debt, which do not constitute regulatory capital instruments; and
- Derivative instruments, being CDOs, securitisations or derivatives, whether funded or unfunded, linked or referenced to regulatory capital instruments or other financial institution investment instruments.

Investment policy

The Company seeks to invest in a diversified portfolio of financial institution investment instruments. The Company focuses primarily on investing in the secondary market although instruments have been, and may also in the future be, subscribed in the primary market where the Investment Manager, Axiom Alternative Investments SARL ("Axiom"), identifies attractive opportunities.

The Company invests its assets with the aim of spreading investment risk.

For a more detailed description of the investment policy, please see the Company's Prospectus, which is available on the Company's section of the Investment Manager's website (http://axiom-ai.com/web/data/prospectus/ENG/AEFD-prospectus-UK.pdf).

CHAIRMAN'S STATEMENT

Results

The Company enjoyed an excellent first half with total shareholder returns on a NAV basis of +11.49%. On a share price return basis, the return was +10.23% as the rise in the share price lagged slightly behind the increase in NAV per share and, as a consequence, the share price discount to NAV per share widened marginally from 7.47% as at the end of December to 8.76% at the period end.

Overall, the Company reported a net profit after tax for the period ended 30 June 2021 of £10.0 million (30 June 2020: loss of £7.2 million), representing earnings per Ordinary Share of 10.93p (30 June 2020: loss per Ordinary Share of 7.80p). The Company's NAV at 30 June 2021 was £94.6 million (103.03p per Ordinary Share) (31 December 2020: £87.4 million, 95.10p per Ordinary Share).

In part, performance was assisted by a continuation of the general recovery in markets since the panic levels of March 2020 when the financial markets struggled to price in the COVID-19 pandemic, but it was also driven by an excellent performance from our Investment Manager, Axiom Alternative Investments SARL, who were active and able to use their key specialist skill set to exploit continuing developments in the regulatory capital space among financial institutions. Further details on the development of key market events and activity in the portfolio are given in the Investment Manager's Report, beginning on page 3.

Dividends

The Company has declared two dividends in relation to the half-year totalling 3.00p and the Company is therefore on track to meet its target of at least 6.00p for the year.

Outlook

The first half of 2021 has continued the positive trend of the end of 2020 both in terms of the global public health crisis and the financial markets. The continued, successful, vaccine roll-out has led to the tentative re-opening of borders in a number of countries and a phased move to a "new normal" in business and private lives. Different countries are moving at different rates in large measure down to their relative progress on vaccination. Sometimes there are set-backs but the trend is clear and, bar some extremely adverse development, irreversible. Political and economic realities dictate that it must be.

It could be said that the regulated financial sectors, especially the banks, have been through the ultimate stress test as a consequence of the COVID-19 crisis. Of course, some of the pain lies ahead in the form of rising unemployment from some sectors where workers will not necessarily be able to transition to the skill sets required by those other sectors which have been the winners. Businesses whose financial position has not been so robust may struggle to survive the end of government support schemes and as a consequence, non-performing loans are likely to tick up. Central banks appear to understand this and, as several have openly said, they will need to support the banks and the wider economy for some time to come. De-stocking in supply chains and production disruptions have led to some price pressures in commodities and intermediate goods and a consequent presumption of rising inflation by some market participants has been the catalyst for rising government bond yields. However, the relationships between commodity prices, general inflation and policy interest rates are more developed and subtle than they were a generation or two ago. Short term interest rates must inevitably normalise at some point but that is not the same thing as a disruptive change to monetary policy. Clearly, central banks will continue to be supportive and gradual in managing the recovery.

That the European banking industry has recently passed very draconian stress test assumptions from a starting point in the depth of the pandemic public health crisis with no significant general problems (apart from perhaps a single instance in Italy which is in any event on a path to its own corporate solution) is a testament to the capital resilience developed in the sector as a result of the regulatory changes post the Global Financial Crisis of 13 years ago.

We look forward with renewed optimism for the market for regulatory capital instruments issued by financial institutions in which we operate and where we can benefit from the application of our Investment Manager's specialist skills to a rich opportunity set which is not easily accessible to more generalist managers.

William Scott
Chairman
23 August 2021

INVESTMENT MANAGER'S REPORT

1. Market Commentary

January

Bank stocks struggled to find a clear direction in January as the resurgence of reflationary hopes after the Democrats won control of the Senate was mitigated by the prospect of extended lockdowns and the slow pace of vaccination rollouts. On the macro front, the ECB maintained its monetary policy and reiterated its focus on stimulus and the transmission channel to the real economy. The SubFin widened slightly from 111bps to 118bps mainly due to the political climate in Italy following the resignation of Prime Minister Giuseppe Conte.

The start of the reporting season was quite upbeat. In the US, better than expected results by the top 6 banks were driven by the writeback of USD6 billion of COVID-19 provisions, bringing the accumulated provisions down to USD40 billion for 2020. Investment banks slowed down as expected in the quarter but were still up in the year. In Europe, outperformance vs. consensus was driven by better revenues and costs in retail in Spain, very strong wealth and asset management results in Switzerland as well as bets on cost of risk and new lending volumes for the Nordic banks.

There were a few consolidation and restructuring stories as well. The planned exit of NatWest from Ireland continued to attract interest from local competitors and private equity firms, such as Permanent TSB and Lone Star. The appointment of Andrea Orcel as head of UniCredit should accelerate the absorption of Monte dei Paschi. In Germany, Commerzbank announced an aggressive restructuring plan that aimed at a 30% reduction in headcount, coupled with a reduction in the number of branches, half of which were to be closed. In Spain, Unicaja and Liberbank finalised the terms for their merger, creating the fifth largest bank in Spain with circa EUR110 billion in assets.

On the regulatory front, the ECB published the results of its Supervisory Review and Evaluation Process ("SREP") for 2021. It kept capital requirements unchanged, leaving room for manoeuvre for banks. The EBA published its scenarios for the upcoming stress tests. The regulator validated the most aggressive shock assumptions ever tested. In terms of GDP, a 12.9% downward deviation in GDP was assumed compared to a 7.8% deviation in 2018. The review of the restrictions on dividends was expected to take place following the results of the stress tests, expected in July.

The clean-up of the Legacy stock continued on an ongoing basis. The German bank DZ Bank announced on 12 January 2021 it would call 8 Legacy instruments at par. BBVA was authorised to call its CMS in advance. The regulatory capital infection risk (see our note on this subject at https://axiom-ai.com/web/en/2020/10/22/analysis/), as defined at the end of 2020 by the EBA and confirmed since then by the PRA, prompted issuers to clean-up their Legacy instruments, including those with the lowest coupons.

Finally, the primary market for Additional Tier 1 ("AT1") securities remained active, with Abanca (EUR375 million at 6%), Standard Chartered (USD1.25 billion at 4.75%) and Banco BPM (EUR400 million at 6.5%) issuing the most notable deals.

February

Bank stocks outperformed the market in February on the back of rising growth and inflation expectations. As investors started to question the ability of central banks to maintain ultra low rates for longer, banks were sought for their strong positive sensitivity to a steepening of the curves. The SX7R index was up by 15.76% vs. 1.67% for the SXXR. The SubFin index ended the month flat at 118bps.

Results continued to exceed analysts' expectations with all major banks but one reporting higher adjusted profits than expected. On balance, net interest margins, commissions and provisions surprised materially to the upside. HSBC unveiled a strategic update which focused on growing the global markets and wealth management businesses in Asia.

In Italy, Mario Draghi managed to secure support from the main parties and started to outline key structural reforms, including a revamp of corporate insolvency law, potentially leading to shorter proceedings and ultimately lower non-performing loans ("NPLs") for Italian banks. Political support for a merger between UniCredit and Monte dei Paschi seemed strong.

On the M&A front, Aviva sold its French operations at a higher price than expected (EUR3.2 billion). NatWest confirmed its intention to exit Ireland, leading to a more concentrated local market. AIB seemed interested in the SME loan portfolio while Permanent TSB could buy its mortgage portfolio. In Austria, Bawag acquired Depfa Bank, which specialises in real estate loans. In Greece, Bank of Piraeus' CFO announced they were preparing a capital increase of EUR1 billion.

The clean-up of Legacy bonds continued. UniCredit Bank Austria, a subsidiary of UniCredit, announced on 19 February 2021 the call of its Legacy BACA bonds, which were priced at 95. This was a perfect illustration of infection risk as raised at the end of 2020 by the EBA and confirmed since by the UK regulatory authority (the PRA) and by the transcription of BRRD 2 into French law. This risk prompted issuers to recall numerous Legacy securities, including those with the lowest coupons. Issuers were still working on the interpretation of the EBA opinion and the preparation of their Legacy processing plans, which had to be submitted before 31 March 2021.

Finally, UBS (USD1.5 billion at 4.375%) and BNP (USD1.25 billion at 4.625%) came to issue AT1 securities on the primary market.

March

March was a good month for Financials, buoyed by hopes of higher growth due to rapidly advancing vaccine campaigns in several countries. This, combined with the Fed's announcement to let the bank leverage exemption expire this month, resulted in further upward pressure on rates, which reached 1.75% in March. Large US banks would have to resume holding an additional layer of loss-absorbing capital against US Treasuries and central bank deposits starting next month. The SubFin, before the roll to the 35 series, tightened from 117 to 94bps. The volatile episodes experienced by the Turkish Lira, which had jumped more than 5% in mid-March, only to fall back after President Erdogan fired the central bank governor had a limited impact on prices.

Credit Suisse was back in the headlines after the collapse of Archegos Capital, a highly leveraged US family office which defaulted on margin calls. The poor handling of the fire sales combined with stretched valuations, position concentration and lack of risk limits on nominal exposures led to sizeable losses at the bank. Though this event would certainly lead regulators to review counterparty risk modelling practices, we would highlight that banks did not take extensive losses on hedge fund exposures over the COVID-19 sell-off last year, which should bring comfort over their capacity to weather a future market stress.

Early indicators pointed to a very strong first quarter for investment banks, driven by record fees from IPOs, SPACs and high-yield debt issuance activity. We expected an excellent reporting season overall, characterised by low defaults, provisions fine-tuning, further build-up in CET1 as well as strong revenues from asset and wealth management, insurance and capital markets.

On the M&A front, Amundi was emerging as the leading bidder for Lyxor (EUR160 billion assets under management). Chubb, the world largest publicly traded P&C insurer, made an offer for US commercial specialist Hartford, which valued the transaction at USD23.4 billion. Markets expected more M&A activity in Italy in the coming months, involving a game of musical chairs around Banco BPM, BPER, BMPS and UniCredit.

On the regulatory side, the latest consolidated EBA data for quarter 4 2020, showed capital ratios continuing to improve (+40bps to 15.5%). The NPL ratio, which declined by 20bps to 2.6%, also indicated a continued trend of balance sheet strengthening.

In other notable news, the clean-up of the Legacy instruments continued. Cofinoga (a subsidiary of BNP) announced on 15 March 2021 the call at par of its CFNG float legacy, which was worth 95.16 at the previous day's close. NatWest announced a buyback offer on legacy step-up securities with a make-whole, following the offer from last October, providing a low premium exit option for these securities, subject to rate volatility.

April

April was another good month for the financial sector, buoyed by good results and signals of inflationary pressure. The SubFin index remained unchanged, closing at 108bps.

Following the heavy losses related to the Archegos bankruptcy, Credit Suisse issued CHF1.7 billion of mandatory convertibles to shore up its CET1 ratio to around 13%. The Swiss bank also had to deal with losses related to the residual exposure of CSAM funds to Greensill amounting to about CHF4.8 billion.

Previously reported results were generally good, including Deutsche Bank and Sabadell. In terms of pre-tax profit, all banks beat the consensus. For the third quarter in a row, provisions were moderate with some reversals. Stage 2 and stage 3 ratios were generally lower. Investment banking activity was strong, particularly in equity trading, high-yield and equity capital markets activities. We expect these trends to continue to drive positive earnings per share revisions.

On the regulatory side, the Bank of England is proposing a consultation on the CRR regulations to simplify the standard approach for smaller banks.

After Cofinoga and NatWest last month, Deutsche Bank announced the call at par of one of its Legacy bonds, which was paying a variable coupon (CMS formula). This was increasing the call probability for its other two SPVs. Société Générale announced the call of a perpetual "discounted" bond as well as the introduction of a call option on its TMO bond. These operations were part of the trend of Legacy bond buybacks that had been accelerating over the previous few months as the end of the Basel II to Basel III transition period for banks approached.

May

Red hot consumer demand, expanding vaccine coverage and growing unease over the inflation trajectory fuelled the reflation trade further in May. European banks outperformed, with the SX7R delivering +5.83% vs. +3.09% for the SXXR. The 10-year French government bond rose above 0.2%. Risk assets performed very well, especially AT1s which returned to their all-time highs. Central banks reiterated that they were in control of the situation. The SubFin remained unchanged, closing at 108bps.

In Italy, the government requested an extension of tax benefits for M&A transactions. Unipol strengthened its position in Banca Popolare di Sondrio, increasing the chances of a merger between BPER and Sondrio. Generali expressed its interest in buying Cattolica di Assicurazioni in a deal valuing the latter at EUR1.5 billion. On the NPL front, Intesa sold EUR4 billion of NPLs to Bain. In Greece, Alpha Bank was considering a capital increase following the lead of Piraeus Bank.

On the regulatory front, the transition period under MREL was aligned with that under the CRR2 directive, which was expected to simplify analysis when considering eligibility. We saw the first Regulatory par call, exercised on an AT1 by Crédit Agricole.

Among other notable news, the clean-up of the Legacy instruments stock continued despite the disappointment on UniCredit Euribor cashes +450bps. The Italian bank announced on 20 May 2021 its decision not to pay a coupon, arguing that the financial year 2020 statutory loss registered at group level allowed them to take such a course of action despite the payment of a dividend. This unexpected decision was contrary to what was announced during the quarterly results investor call and resulted in a drop in the Cashes instruments of about 10 points. To address infection risk, Jyske Bank obtained the authorisation from its regulator to call 2 perpetuals with a CMS coupon. NatWest exercised the call option on a Tier 2 ("T2").

In the primary market, Permanent TSB and Fidelidade issued new T2s. In AT1s, we noted the issuances of Danske Bank (USD750 million at 4.375%), Santander (USD1 billion at 4.750%) and SocGen (USD1 billion at 4.750%).

June

Financial credit markets extended their upward trajectory throughout the month of June as central banks maintained their accommodating rhetoric. To quote Benoît Coeuré, a former member of the ECB's executive board, "[Central banks] must prepare to support the economy for a long time". The SubFin index closed at 102bps.

Andréa Enria pointed to a rapid lifting of the ECB's cap on banks' dividend payments. An official announcement was expected on 23 July 2021. Following comforting stress test results, American banks were allowed to resume normal distributions, which led to spectacular announcements like that of Morgan Stanley which doubled its dividend and disclosed an ambitious share buyback programme of USD12 billion.

On the regulatory front, the EBA published its "monitoring report" with an important section on UK Legacy instruments. In short, the EBA advised banks not to simultaneously recognise within the T2 bucket both old T1 instruments that could still qualify as T2, and genuine T2 instruments. They argued that all instruments within the same capital sleeve should have the same ranking in resolution. This was very positive for the UK Legacy bond asset class, as recalls by issuers of old T1 instruments were increasingly likely. NatWest made a tender offer in May 2021 on several UK Legacy securities with a premium of around 5 points. Despite the premium, the offer had very little success (only 15% contributed) as investors valued the high yield to perpetuity in a liquidity-rich world.

The primary market continued to be active with T1 issues from MACIF (first issue of RT1), Commerzbank, NatWest and UniCredit. Consolidation of the sector continued both in France, with the takeover of the French HSBC network by My Money Bank (motivated by the search for critical size which would relaunch its activity under the new CCF brand), and in Ireland, with the sale by Permanent TSB of its corporate loan portfolio to AIB (Allied Irish Bank).

On a more exotic note, the Basel Committee started to impose a full capital charge on any crypto investment by banks (for EUR1 invested, EUR1 of capital was required).

2. Investment Objective and Strategy

The Company is a closed-ended fund investing in liabilities issued by European financial institutions, predominantly legacy T1s, T2s, and AT1s across five sub-strategies:

- Liquid Relative Value: instruments issued by large and strong quality institutions, with significant liquidity. These can be purchased on either primary or secondary markets.
- Less Liquid Relative Value: instruments issued by large and strong quality institutions, with limited liquidity due to past tenders or complex features (secondary market).
- Restructuring: instruments issued by institutions in preparation or implementation of a restructuring process (secondary market).
- Special Situations: instruments issued by entities in run-off, under a merger process or split between several entities (secondary market).
- Midcap Origination: instruments issued by small institutions or small subsidiaries of larger institutions (primary market).

3. Company Activity

January

The Company realised gains in Liquid Relative Value and Less Liquid Relative Value to add part of the proceeds to Restructuring and Midcap Origination. The Company took profits on AT1s issued by FinecoBank, Permanent TSB and Aareal, as well as on MunRe and Sainsbury Bank T2s. The Company increased its size in French-based My Money Bank (formerly GE Money) as well as British lenders The Co-Operative Bank and Shawbrook. The Company also bought some of the recently issued Abanca AT1 in the secondary market below par. In Midcap Origination, the Company sold its exposure in Van Lanschot. In the insurance legacy space, it sold its Ageas Fresh and Fortis Cashes. Finally, the Company added a limited allocation to a basket of European bank equities to take advantage of attractive valuations and positive momentum.

The Company closed the month with a slightly higher gearing of 109% and a slightly higher cash allocation of 4%, constructively positioned in these conducive market conditions while maintaining liquidity.

February

In what was a supportive environment for the Italian financial sector, the Company followed the momentum by taking part in a new T2 issue from Italian life insurer Amissima Vita with a 7% coupon in Euros.

In Restructuring, the Company took a significant exposure to Grenke AG senior bonds after the sell-off related to the departure of the COO. The bonds had partially recovered since as additional disclosure reassured investors. The Company remained invested as Axiom AI were strongly convinced default risk was very remote and that any loss would be fully recovered. The Company sold BCP's AT1s due to the risk stemming from adverse legal developments regarding FX loans extended by its Polish subsidiary.

In Midcap Origination, the Company took profits on eSure and Ecclesiastical Insurance and added to its exposure to Nottingham Building Society's PIBS.

March

The Company took advantage of attractive flows to make adjustments to the Restructuring strategy. It reduced its exposure to Piraeus Bank T2s after the bonds rallied on the back of the announcement of the Sunrise risk reduction plan. The Company took profit on Just Group T2s, sold Virgin Money short call AT1s and built a small position on NDB T2s. The Company bought Provident Financial seniors after the group reported its intention to cap losses in its doorstep lending subsidiary through a Scheme of Arrangement or an administrative wind-down if necessary. Both scenarios were highly unlikely to lead to material losses at the group level.

April

In Restructuring, the Company took advantage of positive news flows around the payment of the Contingent Capital Agreement to sell long-dated Novo Banco seniors and reduce portfolio duration. It participated in the tender of Bank of Cyprus EUR9.25 2027 T2s at a 1.5pt premium.

In Midcap Origination, the Company took part in the first AT1 issuance for Kommunalkredit, a small IG-rated Austrian bank specialising in infrastructure finance and lending to the public sector.

The Company also added to its Legacy sleeve as the regulatory calendar around resolution and infection risk accelerated. It bought IKB discos, BNP TMOs and UniCredit Cashes.

May

In Restructuring, the Company took some profits on Grenke seniors following the issue of an unqualified audit opinion by KPMG. The Company took part in a first T2 issue from Fidelidade, a leading Portuguese insurer. It added to Anacap as NPL collection trends remained robust in Europe. Finally, the Company closed its position in Provident Financial Seniors following the adverse Court ruling on Amigo's scheme of arrangement.

In Liquid Relative Value, after the May coupon was unexpectedly skipped, the Company closed its position in Unicredit Cashes at a loss as it could no longer trust that the management would not try to activate the conversion clause in the future.

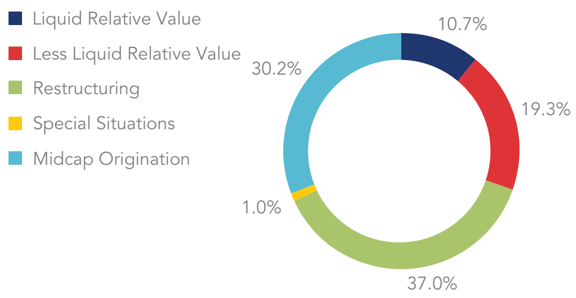
June

In Restructuring, the Company continued to reduce its exposure to Grenke senior bonds as the credit normalised. It added to its Piraeus T2 ahead of the issuance of their new AT1. Finally, the Company increased its allocation to West Bromwich CCDS, betting on further coupon increases.

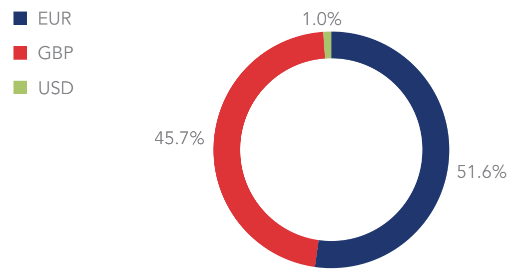
In Liquid Relative Value, the Company bought OTP's SPV-issued legacies, the Opus securities, which combined a decent yield to perpetuity with early take-out optionality.

4. Portfolio (as at 30 June 2021)

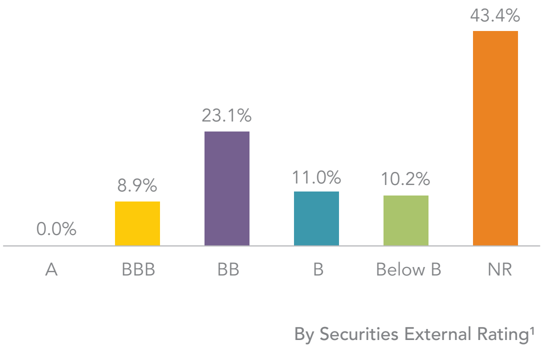
Strategy Allocation (as a % of total net assets)[1]

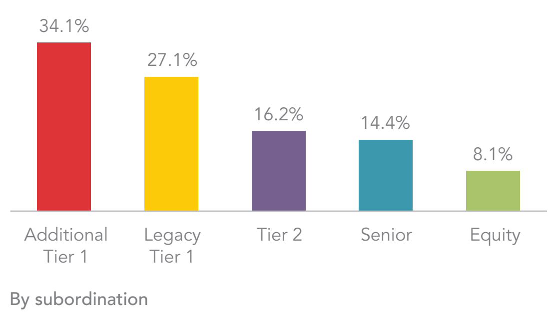


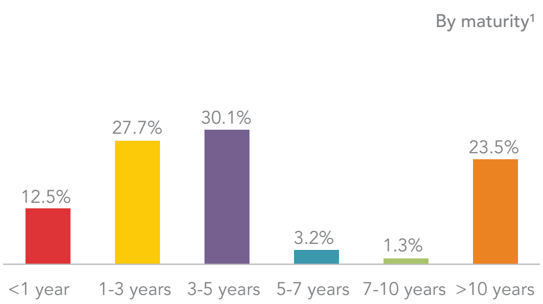
Denomination (as a % of total net assets)[1]

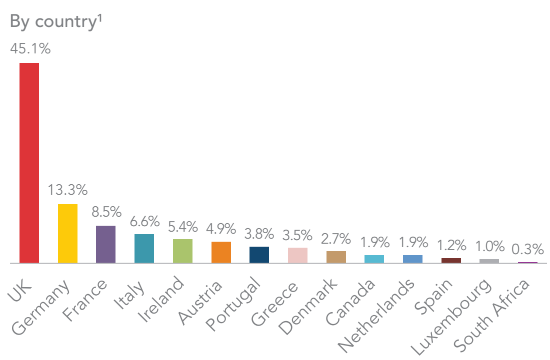


Portfolio Breakdown (as a % of total net assets)









[1] *Splits adjusted for single assets.*

5. Company metrics (as at 30 June 2021)

Share price and NAV information	
Share price (mid) (GB pence)	94.00
NAV per share (daily) (GB pence)	103.03
Dividends paid over last 12 months (GB pence)	6.00
Shares in issue	91,852,904
Market capitalisation (GBP mn)	86.342
Total net assets (GBP mn)	94.637
Premium/(Discount)	(8.76)%

Portfolio information	30 June 2021	31 December 2020	30 June 2020
Modified duration	4.87	4.54	4.20
Sensitivity to credit	5.64	5.51	6.00
Positions	80	85	89
Average price	109.27	104.56	98.84
Running yield	6.11%	5.76%	6.50%
Yield to perpetuity[1]	7.03%	6.67%	7.69%
Yield to call[2]	7.06%	8.51%	10.81%
Gross assets	114.6%	113.4%	120.0%
Net gearing = (Gross assets – Collateral)/Net assets	107.6%	107.0%	108.0%
Investments/Net assets	101.6%	104.0%	101.0%
Cash	6.0%	3.0%	7.0%
Collateral	7.0%	6.4%	12.0%
Net Repo/Net assets	12.6%	-0.1%	-2.1%
CDS/Net assets	76.6%	56.7%	56.2%

Net Return[3]

Total Performance					
1 month	3 months	6 months	1 year	3 years[4]	Since launch[4]
1.27%	5.14%	11.49%	23.09%	8.08%	5.76%

Monthly Performance	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Total
2015											0.19%	-1.48%	-1.29%
2016	-4.02%	-4.59%	3.57%	1.16%	2.62%	-1.97%	2.83%	1.69%	-0.21%	2.06%	-1.60%	1.91%	3.10%
2017	2.67%	0.93%	1.12%	2.01%	1.72%	-1.41%	1.86%	0.58%	1.76%	2.72%	1.31%	0.23%	16.14%
2018	3.12%	-0.70%	-1.95%	1.14%	-5.84%	-0.72%	1.60%	-1.26%	2.43%	-1.54%	-2.68%	-1.44%	-8.00%
2019	3.36%	2.30%	0.29%	2.53%	-1.59%	2.29%	0.30%	0.75%	0.97%	2.22%	1.77%	1.12%	16.98%
2020	1.99%	-0.87%	-19.95%	5.24%	3.68%	4.27%	1.90%	1.88%	-0.32%	0.53%	5.03%	1.48%	1.73%
2021	-0.16%	3.78%	2.45%	2.15%	1.65%	1.27%							11.49%

[1] The yield to perpetuity is the yield of the portfolio with the hypothesis that securities are not reimbursed and kept to perpetuity.
[2] The yield to call is the yield of the portfolio at the anticipated reimbursement date of the bonds.
[3] Net return has been calculated by comparing the NAV at the start of the period with the NAV, plus dividends paid, at the period end. Past performance does not guarantee future results.
[4] Annualised performance.

6. Outlook

During the first half, extensive fiscal stimulus packages from European Central Banks enabled consumers to save further, enhanced liquidity and preserved corporate balance sheets and financing conditions. This, together with the progress made in vaccination campaigns across Europe, that led to the easing of various lockdown restrictions and record consumer spending, created a very favourable backdrop for bonds issued by financial institutions and helped to drive our standout performance during the period.

Pent-up demand is, however, clashing with limited availability of raw materials, low inventories, inflexible supply chains and lower willingness to work, as evidenced by record high delivery times and backlogs as well as discrepancies between job openings and unemployment rates. In addition, acceleration in monetary aggregates was causing financial stability concerns, with housing markets posting dramatic price increases, especially in the US. These developments have put inflation risk in the spotlight again, causing volatility in the rates markets. 10 year treasuries yields climbed from +0.94% to +1.44%.

Supply-side worries are unlikely to disappear soon. The cost of managing the COVID-19 disruptions will remain elevated, while new production capacity will take years to emerge. Though job market imbalances will start to normalise with the phasing-out of exceptional benefits, record savings and changes in lifestyle preferences will likely result in a slow convergence to lower employment rates. As a result, economic growth is likely to be constrained and lag inflation.

Looking ahead, policymakers will need to address both rising financial stability risks and an uncertain outlook for the health of businesses across the Eurozone. While this is complicated further by the additional constraint of maintaining moderate issuance spreads across European countries, we believe that there are plenty of opportunities ahead despite these uncertainties.

We anticipate lower but more flexible asset purchases, a tightening of mortgage lending conditions, a shift in policies to support businesses rather than consumers and, while interest margins remain pressured by the excess of liquidity, the prospect of steeper curves as inflationary pressures intensify, all of which will support the ongoing performance of the fund.

On the regulatory front, supervisors confirmed the alignment of grandfathering periods for MREL and capital eligibility. The EBA, in its fourth AT1 Monitoring Report, reminded banks that all instruments within the same capital bucket, whether legacy or new style, could not have different rankings in resolution. Market activity was high, with calls at par and tenders from several issuers, including BBVA, DZ Bank, RBI, NatWest, Nationwide and Lloyds. We expect this trend to intensify as we approach the end of the Basel III grandfathering period by December 2021 and continue to see significant value in this legacy universe.

Gildas Surry
Axiom Alternative Investments SARL
23 August 2021

Antonio Roman
Axiom Alternative Investments SARL
23 August 2021

PRINCIPAL RISKS

Risk is inherent in the Company's activities, but it is managed through an ongoing process of identifying and assessing risks and ensuring that appropriate controls are in place. The key risks faced by the Company, are set out below:

- macroeconomic risk;
- investment risk;
- counterparty risk;
- credit risk;
- share price risk;
- regulatory risk; and
- reputational risk.

Further details of each of these risks and how they are mitigated are discussed in the Principal Risks section of the Strategic Report within the Company's Annual Report for the year ended 31 December 2020. The Board believes that these risks are applicable to the six month period ended 30 June 2021 and the remaining six months of the current financial year.

The COVID-19 pandemic was considered to be a risk to the global economy when the 31 December 2020 Strategic Report was released and it was very early in the vaccine roll-out. The impact of the various vaccines has yet to be seen, but there is light at the end of the COVID-19 pandemic tunnel, and it is expected that (as vaccine programmes are rolled out globally) the risk to the Company from the pandemic will continue to decrease throughout 2021. The Investment Manager continues to monitor the effect on issuers of investment instruments to ensure that the Company is as well-placed as it can be to maintain its objective and to exploit the opportunities that the evolving situation will continue to present. As a result, the operations of the Company are and will be kept under constant review to ensure the Company's liquid resources will be sufficient to cover any working capital requirements.

On behalf of the Board.

William Scott
Chairman
23 August 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the unaudited half-yearly report and condensed financial statements, which have not been audited or reviewed by an independent auditor, and which include the Chairman's Statement, Investment Manager's Report and Statement of Principal Risks and Uncertainties) together with the unaudited interim financial statements are required to:

- prepare the unaudited half-yearly financial statements in accordance with Disclosure and Transparency Rules ("DTR") 4.2.4R and International Accounting Standard 34, Interim Financial Reporting, as adopted by the United Kingdom;
- include a fair review of the information required by DTR 4.2.7R, being important events that have occurred during the period and their impact on the unaudited half-yearly report and condensed financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- include a fair review of information required by DTR 4.2.8R, being related party transactions that have taken place during the period which have had a material effect on the financial position or performance of the Company.

The Directors confirm that the unaudited half-yearly report and condensed financial statements comply with the above requirements.

On behalf of the Board.

William Scott
Chairman
23 August 2021

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2021

	Note	Period from 1 January 2021 to 30 June 2021 (unaudited) £'000	Period from 1 January 2020 to 30 June 2020 (unaudited) £'000
Income			
Capital instrument income		2,600	2,520
Credit default swap income		417	343
Bank interest receivable		3	13
Total income		**3,020**	**2,876**
Investment gains and losses on investments held at fair value through profit or loss			
Realised gains/(losses) on disposal of capital instruments and other investments	*13*	4,998	(775)
Movement in unrealised gains/(losses) on capital instruments and other investments	*13*	1,504	(3,968)
Realised gains/(losses) on derivative financial instruments	*16*	2,268	(655)
Movement in unrealised losses on derivative financial instruments	*16*	(51)	(3,064)
Total investment gains and losses		**8,719**	**(8,462)**
Expenses			
Loss on foreign currency		(595)	(886)
Investment management fee	*8a*	(435)	(377)
Performance fee	*8a*	(406)	–
Administration fee	*8b*	(65)	(65)
Directors' fees	*8f*	(47)	(47)
Interest payable and similar charges	*9*	(13)	(75)
Other expenses	*10*	(135)	(126)
Total expenses		**(1,696)**	**(1,576)**
Profit/(loss) for the period attributable to the Owners of the Company		**10,043**	**(7,162)**
Earnings/(loss) per Ordinary Share – basic and diluted	*12*	**10.93p**	**(7.80)p**

All of the items in the above statement are derived from continuing operations.
The accompanying notes on pages 18 to 44 form an integral part of these unaudited condensed half-yearly financial statements.
These financial statements are unaudited and are not the Company's statutory financial statements.

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2021

	Note	Period from 1 January 2021 to 30 June 2021 (unaudited) £'000	Period from 1 January 2020 to 30 June 2020 (unaudited) £'000
Distributable reserves and total:			
At 1 January 2021		87,350	91,284
(Profit/(loss) for the period		10,043	(7,162)
Contributions by and distributions to Owners			
Dividends paid	6	(2,756)	(2,756)
At 30 June 2021		**94,637**	**81,366**

The accompanying notes on pages 18 to 44 form an integral part of these unaudited condensed half-yearly financial statements. These financial statements are unaudited and are not the Company's statutory financial statements.

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	Note	As at 30 June 2021 (unaudited) £'000	As at 31 December 2020 (audited) £'000
Assets			
Investments in capital instruments at fair value through profit or loss	*13, 17*	89,030	83,466
Other investments at fair value through profit or loss	*13, 17*	3,987	4,766
Collateral accounts for derivative financial instruments at fair value through profit or loss	*14, 16*	7,153	5,905
Derivative financial assets at fair value through profit or loss	*16*	1,018	5,257
Other receivables and prepayments	*15*	2,446	1,995
Cash and cash equivalents		5,933	4,297
Total assets		**109,567**	**105,686**
Current liabilities			
Derivative financial liabilities at fair value through profit or loss	*16*	(12,467)	(12,331)
Short positions covered by reverse sale and repurchase agreements	*13*	–	(1,881)
Collateral accounts for derivative financial instruments at fair value through profit or loss	*14, 16*	(506)	(340)
Other payables and accruals	*18*	(1,733)	(2,134)
Bank overdrafts		(224)	(1,650)
Total liabilities		**(14,930)**	**(18,336)**
Net assets		**94,637**	**87,350**
Share capital and reserves			
Share capital	*19*	–	–
Distributable reserves		94,637	87,350
Total equity holders' funds		**94,637**	**87,350**
Net asset value per Ordinary Share: basic and diluted	*20*	**103.03p**	**95.10p**

These unaudited condensed half-yearly financial statements were approved by the Board of Directors on 23 August 2021 and were signed on its behalf by:

William Scott
Chairman
23 August 2021

John Renouf
Director
23 August 2021

The accompanying notes on pages 18 to 44 form an integral part of these unaudited condensed half-yearly financial statements. These financial statements are unaudited and are not the Company's statutory financial statements.

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2021

	Note	Period from 1 January 2021 to 30 June 2021 (unaudited) £'000	Period from 1 January 2020 to 30 June 2020 (unaudited) £'000
Cash flows from operating activities			
Net profit/(loss) before taxation		10,043	(7,162)
Adjustments for:			
Foreign exchange movements		595	886
Total investment (gains)/losses at fair value through profit or loss		(8,719)	8,462
Capital instrument income		(2,600)	(2,520)
CDS income		(417)	(343)
Interest on sale and repurchase agreements		(9)	52
Cash flows relating to financial instruments:			
Payment to collateral accounts for derivative financial instruments	*14*	(1,082)	(5,357)
Purchase of investments at fair value through profit or loss		(57,686)	(26,431)
Sale of investments at fair value through profit or loss		57,880	33,529
Premiums received from selling credit default swap agreements	*16*	274	3,871
Premiums paid on buying credit default swap agreements	*16*	(83)	(3,715)
Purchase of foreign currency derivatives	*16*	(89,754)	(109,100)
Close-out of foreign currency derivatives	*16*	92,111	108,614
Purchase of bond futures	*16*	–	(1,320)
Sale of bond futures	*16*	–	1,314
Proceeds from sale and repurchase agreements	*16*	19,378	26,056
Payments to open reverse sale and repurchase agreements	*16*	–	(4,763)
Payments for closure of sale and repurchase agreements	*16*	(19,232)	(27,600)
Proceeds from closure of reverse sale and repurchase agreements	*16*	3,898	4,782
Opening of short positions		–	2,752
Closure of short positions		(1,932)	(2,315)
Opening of options	*16*	–	–
Closure of options	*16*	–	–
Cash paid during the period for interest		(1,078)	(804)
Cash received during the period for interest		4,188	4,208
Cash received during the period for dividends		180	135
Net cash inflow from operating activities before working capital changes		5,955	3,231
Increase in other receivables and prepayments		(15)	(1)
Increase in other payables and accruals		473	98
Net cash inflow from operating activities		**6,413**	**3,328**

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2021 *(continued)*

	Note	Period from 1 January 2021 to 30 June 2021 (unaudited) £'000	Period from 1 January 2020 to 30 June 2020 (unaudited) £'000
Cash flows from financing activities			
Dividends paid	6	(2,756)	(2,756)
Net cash outflow from financing activities		**(2,756)**	**(2,756)**
Increase in cash and cash equivalents *		**3,657**	**572**
Cash and cash equivalents brought forward		2,647	6,102
Effect of foreign exchange on cash and cash equivalents		(595)	(886)
Cash and cash equivalents carried forward *		**5,709**	**5,788**

* Cash and cash equivalents at the start of the period and at the period end includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

The accompanying notes on pages 18 to 44 form an integral part of these unaudited condensed half-yearly financial statements. These financial statements are unaudited and are not the Company's statutory financial statements.

1. General information

The Company was incorporated as an authorised closed-ended investment Company, under the Law on 7 October 2015 with registered number 61003. Its Ordinary Shares were admitted to trading on the Premium Segment of the main market of the London Stock Exchange and to the premium listing segment of the FCA's Official List on 15 October 2018 (prior to this, the Ordinary Shares traded on the SFS of the London Stock Exchange).

Investment objective

The investment objective of the Company is to provide Shareholders with an attractive return, while limiting downside risk, through investment in the following financial institution investment instruments:

- Regulatory Capital Instruments, being financial instruments issued by a European financial institution which constitute regulatory capital for the purposes of Basel I, Basel II or Basel III or Solvency I or Solvency II;
- Other financial institution investment instruments, being financial instruments issued by a European financial institution, including without limitation senior debt, which do not constitute Regulatory Capital Instruments; and
- Derivative Instruments, being CDOs, securitisations or derivatives, whether funded or unfunded, linked or referenced to Regulatory Capital Instruments or Other financial institution investment instruments.

Investment policy

The Company seeks to invest in a diversified portfolio of financial institution investment instruments. The Company focuses primarily on investing in the secondary market although instruments may also be subscribed in the primary market where the Investment Manager, Axiom, identifies attractive opportunities.

The Company invests its assets with the aim of spreading investment risk.

2. Statement of compliance

a) Basis of preparation

These unaudited condensed half-yearly financial statements present the results of the Company for the six months ended 30 June 2021. These unaudited condensed half-yearly financial statements have been prepared in accordance with the Disclosure and Transparency Rules of the FCA and International Accounting Standard 34, Interim Financial Reporting, as adopted by the United Kingdom.

The unaudited condensed half-yearly financial statements for the period ended 30 June 2021 have not been audited or reviewed by the Company's auditors and do not constitute statutory financial statements. They have been prepared on the same basis as the Company's annual financial statements.

These unaudited condensed half-yearly financial statements were authorised for issuance by the Board of Directors on 23 August 2021.

b) Going concern

After making reasonable enquiries, and assessing all data relating to the Company's liquidity, including its cash resources, income stream and Level 1 investments, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the Company. Therefore, the unaudited condensed half-yearly financial statements have been prepared on a going concern basis.

c) Basis of measurement

These unaudited condensed half-yearly financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value through profit or loss.

2. Statement of compliance *(continued)*

d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses.

Judgements made by management in the application of IFRS that have a significant effect on the unaudited condensed half-yearly financial statements and estimates with a significant risk of material adjustment are discussed in note 4.

3. Significant accounting policies

a) Income and expenses

Bank interest, bond income and credit default swap income is recognised on a time-proportionate basis.

Dividend income is recognised when the right to receive payment is established. Capital instrument income comprises bond interest and dividend income.

All expenses are recognised on an accruals basis. All of the Company's expenses (with the exception of share issue costs, which are charged directly to the distributable reserve) are charged through the Statement of Comprehensive Income in the period in which they are incurred.

b) Foreign currency

Foreign currency transactions are translated into Sterling 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.

The exchange rates used by the Company as at 30 June 2021 were £1/€1.1667, £1/US$1.3831, £1/DKK8.6744, £1/CA$1.7145 and £1/SGD1.8605 (31 December 2020: £1/€1.1185, £1/US$1.3670, £1/DKK8.3263, £1/CA$1.7422 and £1/SGD1.8061).

c) Taxation

Investment income is recorded gross of applicable taxes and any tax expenses are recognised through the Statement of Comprehensive Income as incurred.

d) Financial assets and liabilities

The financial assets and liabilities of the Company are investments in capital instruments at fair value through profit or loss, other investments at fair value through profit or loss, collateral accounts for derivative financial instruments, cash and cash equivalents, other receivables, derivative financial instruments and other payables.

In accordance with IFRS 9, the Company classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities as discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing in the near term; or
- On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

3. Significant accounting policies *(continued)*

d) Financial assets and liabilities *(continued)*

Financial assets

The Company classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

A financial asset is measured at fair value through profit or loss if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal interest ("SPPI") on the principal outstanding amount; or
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- At initial recognition, it is irrevocably designated as measured at fair value through profit or loss when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Company includes in this category:

- *Instruments held for trading*. This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative financial assets at fair value through profit or loss.
- *Debt instruments*. These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.

Financial liabilities

A financial liability is measured at fair value through profit or loss if it meets the definition of held for trading.

The Company includes in this category, derivative contracts in a liability position and equity and debt instruments sold short since they are classified as held for trading.

Derivative financial instruments, including credit default swap agreements, foreign currency forward contracts, bond future contracts and sale and repurchase agreements are recognised initially, and are subsequently measured at, fair value. Sale and repurchase agreements are recognised at fair value through profit or loss as they are generally not held to maturity and so are held for trading. Derivative financial instruments are classified as assets when their fair value is positive or as liabilities when their fair value is negative. Derivative assets and liabilities arising from different transactions are offset only if the transactions are with the same counterparty, a legal right of offset exists, and the parties intend to settle the cash flows on a net basis.

These financial instruments are classified at fair value through profit or loss upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with investment strategies and risk management of the Company.

Recognition

The Company recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

3. Significant accounting policies *(continued)*

d) Financial assets and liabilities *(continued)*

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and
- Either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement) and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

The Company derecognises a financial liability when the obligation under the liability is discharged, cancelled or expires.

Initial measurement

Financial assets and financial liabilities at fair value through profit or loss are recorded in the Statement of Financial Position at fair value. All transaction costs for such instruments are recognised directly in the Statement of Comprehensive Income.

Subsequent measurement

After initial measurement, the Company measures financial assets which are classified at fair value through profit or loss, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at fair value through profit or loss. Interest and dividends earned or paid on these instruments are recorded separately in interest income or expense and dividend income or expense.

Net gain or loss on financial assets and financial liabilities at fair value through profit or loss

The Company records its transactions in investments and the related revenue and expenses on a trade date basis. Unrealised gains and losses comprise changes in the fair value of financial instruments at the period end. These gains and losses represent the difference between an instrument's initial carrying amount and disposal amount, or cash payment on, or receipts from derivative contracts.

Offsetting of financial instruments

Financial assets and financial liabilities are reported net by counterparty in the Statement of Financial Position, provided that the legal right of offset exists, and is not offset by collateral pledged to or received from counterparties.

e) Collateral accounts for derivative financial instruments at fair value through profit or loss

Collateral accounts for derivative financial instruments at fair value through profit or loss comprises cash balances held at the Company's depositary and the Company's clearing brokers and cash collateral pledged to counterparties related to derivative contracts. Cash that is related to securities sold, not yet purchased, is restricted until the securities are purchased. Financial instruments held within the margin account consist of cash received from brokers to collateralise the Company's derivative contracts and amounts transferred from the Company's bank account.

f) Receivables and prepayments

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company includes in this category other short-term receivables.

g) Cash and cash equivalents

Cash in hand and in banks and short-term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as cash in hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

3. Significant accounting policies *(continued)*

h) Payables and accruals

Trade and other payables are carried at payment or settlement amounts. When payables are received in currencies other than the reporting currency, they are carried forward, translated at the rate prevailing at the period end date.

i) Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary Shares are recognised as a deduction from equity.

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are classified as Treasury Shares are presented as a deduction from equity. When Treasury Shares are sold or subsequently reissued, the amount received is recognised as an increase in equity and the resulting surplus or deficit is transferred to/from retained earnings.

Funds received from the issue of Ordinary Shares are allocated to share capital, to the extent that they relate to the nominal value of the Ordinary Shares, with any excess being allocated to distributable reserves.

j) Distributable reserves

All income and expenses, foreign exchange gains and losses and realised investment gains and losses of the Company are allocated to the distributable reserve.

k) NAV per share and earnings per share

The NAV per share disclosed on the face of the Statement of Financial Position is calculated by dividing the net assets by the number of Ordinary Shares in issue at the period end.

Earnings per share is calculated by dividing the earnings for the period by the weighted average number of Ordinary Shares in issue during the period.

l) Changes in accounting policy and disclosures

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. The Company adopted the following new and amended relevant IFRS in the period:

IFRS 7	Financial Instruments: Disclosures – *amendments regarding pre-placement issues in the context of the IBOR reform*
IFRS 9	Financial Instruments – *amendments regarding pre-placement issues in the context of the IBOR reform*
IAS 1	Presentation of Financial Statements – *amendments regarding the definition of material*
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors – *amendments regarding the definition of material*
IAS 39	Financial Instruments: Recognition and Measurement – *amendments regarding replacement issues in the context of the IBOR reform*

The adoption of the above standards did not have an impact on the financial position or performance of the Company.

3. Significant accounting policies *(continued)*

m) Accounting standards issued but not yet effective

The International Accounting Standards Board ("IASB") has issued/revised a number of relevant standards with an effective date after the date of these financial statements. Any standards that are not deemed relevant to the operations of the Company have been excluded. The Directors have chosen not to early adopt these standards and interpretations and they expect that they would not have a material impact on the Company's financial statements in the period of initial application.

		Effective date
IFRS 9	Financial Instruments – *amendments resulting from Annual Improvements to IFRS Standards 2018-2020*	1 January 2022
IAS 1	Presentation of Financial Statements – *amendments regarding the classification of liabilities*	1 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors – *amendments regarding the definition of accounting estimates*	1 January 2023
IAS 37	Provisions, Contingent Liabilities and Contingent Assets – *amendments regarding the costs to include when assessing whether a contract is onerous*	1 January 2022

4. Use of judgements and estimates

The preparation of the Company's unaudited condensed half-yearly financial statements requires the Directors to make judgements, estimates and assumptions that affect the reported amounts recognised in the unaudited condensed half-yearly financial statements and disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgement which had a significant effect on the amounts recognised in the unaudited condensed half-yearly financial statements:

i) Determination of functional currency

The performance of the Company is measured and reported to investors in Sterling. Although the majority of the Company's underlying assets are held in currencies other than Sterling, because the Company's capital is raised in Sterling, expenses are paid in Sterling and the Company hedges substantially all of its foreign currency risk back to Sterling the Directors consider Sterling to be the Company's functional currency.

The Directors do not consider there to be any other judgements which have had a significant impact on the unaudited condensed half-yearly financial statements.

Estimates and assumptions

The Company based its assumptions and estimates on parameters available when the unaudited condensed half-yearly financial statements were approved. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

4. Use of judgements and estimates *(continued)*

i) Valuation of financial assets and liabilities

The Company uses the expertise of the Investment Manager to assess the prices of investments at the valuation date. The majority of the prices can be independently verified with reference to external data sources, however a minority of investments cannot be verified by reference to an external source and the Investment Manager secures an independent valuation with reference to the latest prices traded within the market place. These independent valuations take the form of quotes from brokers.

For further information on the assumptions and inputs used to fair value the financial instruments, please see note 17.

5. Segmental reporting

In accordance with IFRS 8, Operating Segments, it is mandatory for the Company to present and disclose segmental information based on the internal reports that are regularly reviewed by the Board in order to assess each segment's performance.

Management information for the Company as a whole is provided internally for decision making purposes. The Company does compartmentalise different investments in order to monitor compliance with investment restrictions, however the performance of these allocations does not drive the investment decision process. The Directors' decisions are based on a single integrated investment strategy and the Company's performance is evaluated on an overall basis. Therefore, the Directors are of the opinion that the Company is engaged in a single economic segment of business for all decision making purposes and no segmental reporting is required. The financial results of this segment are equivalent to the results of the Company as a whole.

6. Dividends

As set out in the Prospectus, the Company intends to distribute all of its income from investments, net of expenses, by way of dividends on a quarterly basis. The Company may retain income for distribution in a subsequent quarter to that in which it arises in order to smooth dividend amounts or for the purposes of efficient cash management.

The Company declared the following dividends during the period ended 30 June 2021:

	Total dividend declared in respect of earnings in the period		Amount per Ordinary Share	
	Period from 1 January 2021 to 30 June 2021 (unaudited) £'000	Period from 1 January 2020 to 30 June 2020 (unaudited) £'000	Period from 1 January 2021 to 30 June 2021 (unaudited) pence	Period from 1 January 2020 to 30 June 2020 (unaudited) pence
Dividends declared and paid in the period	2,756	2,756	3.00	3.00
Less, dividend declared in respect of the prior period that was paid in the period	(1,378)	(1,378)	(1.50)	(1.50)
Add, dividend declared out of the profits for the period but paid after the period end:	1,378	1,378	1.50	1.50
Dividends declared in respect of the period	2,756	2,756	3.00	3.00

In accordance with IFRS, dividends are only provided for when they become a contractual liability of the Company. Therefore, during the period a total of £2,756,000 (30 June 2020: £2,756,000) was incurred in respect of dividends, none of which was outstanding at the reporting date. The second dividend of £1,378,000 in respect of the earnings during the period had not been provided for at 30 June 2021 as, in accordance with IFRS, it was not a liability of the Company at that date.

7. Related parties

Details of the relationships between the Company and its related parties, being the Investment Manager and the Directors are disclosed in notes 8a and 8f.

Details of the relationships between the Company and its other advisers and service providers (the Administrator, the Broker, the Registrar and the Depositary) are also disclosed in note 8.

As at 30 June 2021, the Company had holdings in the following investments which were managed by the Investment Manager:

	30 June 2021			31 December 2020		
	Holding	**Cost £'000**	**Value £'000**	**Holding**	**Cost £'000**	**Value £'000**
Axiom Global CoCo UCIT ETF USD-hedged	35	2,984	3,096	35	2,984	3,011
Axiom Equity Class Z	500	467	891	500	467	666
Axiom Global CoCo UCIT ETF GBP-hedged	–	–	–	10	1,000	1,089

During the period, the Company sold 10 units in Axiom Global CoCo UCIT ETF GBP-hedged for £1,106,000, realising a gain of £106,000.

During the period ended 30 June 2020, the Company sold 2,450 units in Axiom Contingent Capital – Class E for £2,150,000, realising a loss of £312,000.

The Directors are not aware of any ultimate controlling party.

8. Key contracts

a) Investment Manager

The Company has entered into an Investment Management Agreement with Axiom under which the Company receives investment advice and management services.

Management fee

Under the terms of the Investment Management Agreement, a management fee is paid to the Investment Manager quarterly in arrears. The quarterly fee is calculated by reference to the following sliding scale:

i. where NAV is less than or equal to £250 million, 1% per annum of NAV;

ii. where NAV is greater than £250 million but less than or equal to £500 million, 1% per annum of NAV on the first £250 million and 0.8% per annum of NAV on the balance; and

iii. where NAV is greater than £500 million, 0.8% per annum of NAV, in each case, plus applicable VAT.

In respect of the management fee calculation above, any related party holdings are deducted from the NAV.

If in any quarter (other than the final quarter) of any accounting period the aggregate expenses of the Company (excluding management fees, performance fees, interest charged on sale and repurchase agreements, bank charges and withholding tax) during such quarter exceed an amount equal to one-quarter of 1.5% of the average NAV of the Company during such quarter (such amount being a "Quarterly Expenses Excess"), then the management fee payable in respect of that quarter shall be reduced by the amount of the Quarterly Expenses Excess, provided that the management fee shall not be reduced to an amount that is less than zero and no sum will be payable by the Investment Manager to the Company in respect of the Quarterly Expenses Excess.

8. Key contracts *(continued)*

a) Investment Manager *(continued)*

Management fee (continued)

If in the final quarter of any accounting period the aggregate expenses of the Company during such accounting period exceed an amount equal to 1.5% of the average NAV of the Company during such accounting period (such amount being an "Annual Expenses Excess"), then the management fee payable in respect of that quarter shall be reduced by the amount of the Annual Expenses Excess. If such reduction would not fully eliminate the Annual Expenses Excess (the amount of any such shortfall being a "Management Fee Deduction Shortfall"), the Investment Manager shall pay to the Company an amount equal to the Management Fee Deduction Shortfall (a "Management Fee Deduction Shortfall Payment") as soon as is reasonably practicable.

During the period, a total of £435,000 (30 June 2020: £377,000) was incurred in respect of Investment Management fees, of which £228,000 (31 December 2020: £185,000) was payable at the reporting date.

Under the terms of the Investment Management Agreement, if at any time there has been any deduction from the management fee as a result of the Quarterly Expenses Excess or Annual Expenses Excess (a "Management Fee Deduction"), and during any subsequent quarter:

i. all or part of the Management Fee Deduction can be paid; and/or

ii. all or part of the Management Fee Deduction Shortfall Payment can be repaid,

by the Company to the Investment Manager without:

iii. in any quarter (other than the final quarter) of any accounting period the aggregate expenses of the Company during such quarter exceeding an amount equal to one-quarter of 1.5% of the average NAV of the Company during such quarter; or

iv. in the final quarter of any accounting period the aggregate expenses of the Company during such accounting period exceeding an amount equal to 1.5% of the average NAV of the Company during such accounting period, then such payment and/or repayment shall be made by the Company to the Investment Manager as soon as is reasonably practicable.

The Quarterly Expenses Excess for the period was £7,000 (30 June 2020: £16,000 of the Expenses Excess was paid to the Investment Manager). At 30 June 2021, the Quarterly Expenses Excess and Annual Expenses Excess which could be payable to the Investment Manager in future periods was £744,000 (31 December 2020: £737,000) (see note 25).

Performance fee

The Investment Manager is entitled to receive from the Company a performance fee subject to certain performance benchmarks.

The fee is payable as a share of the Total Shareholder Return ("TSR") where TSR for this purpose is defined as:

i. the NAV (on a per share basis) at the end of the relevant accounting period; plus

ii. the total of all dividends and other distributions made to Shareholders since 5 November 2015 (being the date of the Company's original admission to the SFS) divided by the number of shares in issue during the period from 5 November 2015 to the end of the relevant accounting period.

The performance fee, if any, is equal to 15% of the TSR in excess of a weighted average hurdle equal to a 7% per annum return. The performance fee is subject to a high water mark. The fee, if any, is payable annually and calculated on the basis of audited annual accounts.

50% of the performance fee will be settled in cash. The balance will be satisfied in shares, subject to certain exceptions where settlement in shares would be prohibited by law or would result in the Investment Manager or any person acting in concert with it incurring an obligation to make an offer under Rule 9 of the City Code, in which case the balance will be settled in cash.

8. Key contracts *(continued)*

a) Investment Manager *(continued)*

Performance fee (continued)

Assuming no such requirement, the balance of the performance fee will be settled either by the allotment to the Investment Manager of such number of new shares credited as fully paid as is equal to 50% of the performance fee (net of VAT) divided by the most recent practicable NAV per share (rounded down to the nearest whole share) or by the acquisition of shares in the market, as required under the terms of the Investment Management Agreement. All shares allotted to (or acquired for) the Investment Manager in part satisfaction of the performance fee will be subject to a lock-up until the date that is 12 months from the end of the accounting period to which the award of such shares related.

At 30 June 2021, a performance fee of £406,000 was payable in respect of the period then ended (31 December 2020: £1,000 was payable in respect of the year ended 31 December 2019 and was due at 31 December 2020, and no performance fee was payable in respect of the six months ended 30 June 2020 or the year ended 31 December 2020). During the period, the Company paid the Investment Manager £1,000, in settlement of the remainder of the 2019 performance fee, which was subsequently used to purchase shares in the Company.

b) Administrator and Company Secretary

Elysium Fund Management Limited has been appointed by the Company to provide day to day administration services to the Company, to calculate the NAV per share as at the end of each calendar month and to provide company secretarial functions required under the Law.

Under the terms of the Administration Agreement, the Administrator is entitled to receive a fee of £110,000 per annum, which is subject to an annual adjustment upwards to reflect any percentage change in the retail prices index over the preceding year. In addition, the Company pays the Administrator a fee for any work undertaken in connection with the daily NAV, subject to a maximum aggregate amount of £10,000 per annum.

During the period, a total of £65,000 (30 June 2020: £65,000) was incurred in respect of Administration fees and £33,000 (31 December 2020: £33,000) was payable to the Administrator at the reporting date.

c) Broker

Winterflood Securities Limited ("Winterflood") has been appointed to act as Corporate Broker ("Broker") for the Company, for which the Company pays Winterflood an annual retainer fee of £35,000 per annum.

For the period ended 30 June 2021, the Company incurred Broker fees of £19,000 (30 June 2020: £18,000) of which £6,000 was payable at the period end date (31 December 2020: £6,000).

d) Registrar

Link Market Services (Guernsey) Limited is Registrar of the Company. Under the terms of the Registrar Agreement, the Registrar is entitled to receive from the Company certain annual maintenance and activity fees, subject to a minimum fee of £5,500 per annum.

During the period, a total of £10,000 (30 June 2020: £10,000) was incurred in respect of Registrar fees, of which £3,000 was payable at 30 June 2021 (31 December 2020: £3,000).

e) Depositary

CACEIS Bank France has been appointed by the Company to provide depositary, settlement and other associated services to the Company.

Under the terms of the Depositary Agreement, the Depositary is entitled to receive from the Company:

i. an annual depositary fee of 0.03% of NAV, subject to a minimum annual fee of €25,000;

ii. a safekeeping fee calculated using a basis point fee charge based on the country of settlement and the value of the assets; and

iii. an administration fee on each transaction, together with various other payment/wire charges on outgoing payments.

8. Key contracts *(continued)*

e) Depositary *(continued)*

During the period, a total of £17,000 (30 June 2020: £21,000) was incurred in respect of depositary fees, and £14,000 (31 December 2020: £6,000) was payable to the Depositary at the reporting date.

CACEIS Bank Luxembourg is entitled to receive a monthly valuation agent fee from the Company in respect of the provision of certain accounting services which will, subject to a minimum monthly fee of €2,500, be calculated by reference to the following tiered sliding scale:

i. where NAV is less than or equal to €50 million, 0.05% per annum of NAV;

ii. where NAV is greater than €50 million but less than or equal to €100 million, 0.04% per annum of NAV; and

iii. where NAV is greater than €100 million, 0.03% per annum of NAV, in each case, plus applicable VAT.

During the period, a total of £22,000 (30 June 2020: £20,000) was incurred in respect of fees paid to CACEIS Bank Luxembourg, of which £32,000 was payable at 30 June 2021 (31 December 2020: £10,000).

f) Directors' remuneration

William Scott (Chairman) is paid £35,000 per annum, John Renouf (Chairman of the Audit Committee) is paid £32,500 per annum, and Max Hilton is paid £27,500 per annum.

The Directors are also entitled to reimbursement of all reasonable travelling and other expenses properly incurred in the performance of their duties.

During the period, a total of £47,000 (30 June 2020: £47,000) was incurred in respect of Directors' fees, of which £nil (31 December 2020: £nil) was payable at the reporting date. No bonus or pension contributions were paid or payable on behalf of the Directors.

9. Interest payable and similar charges

	Period from 1 January 2021 to 30 June 2021 (unaudited) £'000	Period from 1 January 2020 to 30 June 2020 (unaudited) £'000
Bank interest	22	23
Interest payable on sale and repurchase agreements	(9)	52
	13	**75**

10. Other expenses

	Period from 1 January 2021 to 30 June 2021 (unaudited) £'000	Period from 1 January 2020 to 30 June 2020 (unaudited) £'000
PR expenses	30	20
Valuation agent fees *(note 8e)*	22	20
Broker fees *(note 8c)*	19	18
Audit fees	18	21
Depositary fees *(note 8e)*	17	21
Registrar fees *(note 8d)*	10	10
Other expenses	19	16
	135	**126**

11. Taxation

The Company is exempt from taxation in Guernsey, and it is the intention to conduct the affairs of the Company to ensure that it continues to qualify for exempt company status for the purposes of Guernsey taxation. The Company pays a fixed fee of £1,200 per annum to maintain exempt company status.

12. Earnings per Ordinary Share

The earnings per Ordinary Share of 10.93p (30 June 2020: loss of 7.80p) is based on a profit attributable to owners of the Company of £10,043,000 (30 June 2020: loss of £7,162,000) and on a weighted average number of 91,852,904 (30 June 2020: 91,852,904) Ordinary Shares in issue since 1 January 2021. There is no difference between the basic and diluted loss per share.

13. Investments at fair value through profit or loss

Movements in gains/(losses) in the period

	30 June 2021 (unaudited)			30 June 2020 (unaudited)		
	Unrealised £'000	Realised £'000	Total £'000	Unrealised £'000	Realised £'000	Total £'000
Investments in capital instruments	1,272	4,955	6,227	(3,691)	(811)	(4,502)
Other investments	220	106	326	(303)	(312)	(615)
Short positions covered by reverse sale and repurchase agreements	12	(63)	(51)	26	348	374
	1,504	**4,998**	**6,502**	**(3,968)**	**(775)**	**(4,743)**

Closing valuations

	30 June 2021 (unaudited) £'000	31 December 2020 (audited) £'000
Investments in capital instruments	89,030	83,466
Other investments	3,987	4,766
Short positions covered by reverse sale and repurchase agreements	–	(1,881)
Investments at fair value through profit or loss	**93,017**	**86,351**

13. Investments at fair value through profit or loss *(continued)*

Investments in capital instruments at fair value through profit or loss comprise mainly of investments in bonds, and also preference shares, structured notes and other securities that have a similar income profile to that of bonds. The other investments at fair value through profit or loss consist of investments in open ended funds managed by the Investment Manager (see note 7) to obtain diversified exposure on bank equities.

As at 30 June 2021, the Company had eleven (31 December 2020: fourteen) open sale and repurchase agreements, and no (31 December 2020: four) reverse sale and repurchase agreements (see note 16). The previously held reverse sale and repurchase agreements were open ended and were used to cover the sale of capital instruments (the short positions noted above).

The fair value of the capital instruments subject to sale and repurchase agreements (excluding the short positions) at 30 June 2021 was £25,831,000 (31 December 2020: £19,582,000). The fair value net of the short positions as at 31 December 2020 was £17,701,000.

14. Collateral accounts for derivative financial instruments at fair value through profit or loss

	30 June 2021 (unaudited) £'000	31 December 2020 (audited) £'000
JP Morgan	6,842	4,896
Goldman Sachs International	202	410
Credit Suisse	109	599
	7,153	5,905
CACEIS Bank France – negative balance	(506)	(340)
Net balance on collateral accounts held by brokers	**6,647**	**5,565**

With respect to derivatives, the Company pledges cash and/or other liquid securities ("Collateral") to third parties as initial margin and as variation margin. Collateral may be transferred either to the third party or to an unaffiliated custodian for the benefit of the third party. In the case where Collateral is transferred to the third party, the third party pursuant to these derivative arrangements will be permitted to use, reuse, lend, borrow, hypothecate or re-hypothecate such Collateral. The third parties will have no obligation to retain an equivalent amount of similar property in their possession and control, until such time as the Company's obligations to the third party are satisfied. The Company has no right to this Collateral but has the right to receive fungible, equivalent Collateral upon the Company's satisfaction of the Company's obligation in respect of the derivatives.

15. Other receivables and prepayments

	30 June 2021 (unaudited) £'000	31 December 2020 (audited) £'000
Due from sale of capital instrument	1,188	484
Accrued capital instrument income receivable	1,187	1,468
Interest due on credit default swaps	39	26
Prepayments	32	17
	2,446	**1,995**

16. Derivative financial instruments

Credit default swap agreements

A credit default swap agreement represents an agreement that one party, the protection buyer, pays a fixed fee, the premium, in return for a payment by the other party, the protection seller, contingent upon a specified credit event relating to an underlying reference asset. If a specified credit event occurs, there is an exchange of cash flows and/or securities designed so the net payment to the protection buyer reflects the loss incurred by holders of the referenced obligation in the event of its default. The International Swaps and Derivatives Association ("ISDA") establishes the nature of the credit event and such events include bankruptcy and failure to meet payment obligations when due.

	Period from 1 January 2021 to 30 June 2021 (unaudited) £'000	Period from 1 January 2020 to 30 June 2020 (unaudited) £'000	Year ended 31 December 2020 (audited) £'000
Opening balance	448	1,016	1,016
Premiums received from selling credit default swap agreements	(274)	(3,871)	(4,293)
Premiums paid on buying credit default swap agreements	83	4,021	4,511
Movement in unrealised losses in the period	(353)	(861)	(465)
Realised losses in the period	(57)	(28)	(321)
Outstanding (liabilities)/assets due on credit default swaps	**(153)**	**277**	**448**
Credit default swap assets at fair value through profit or loss	330	639	595
Credit default swap liabilities at fair value through profit or loss	(483)	(362)	(147)
Outstanding (liabilities)/assets due on credit default swaps	**(153)**	**277**	**448**

Interest paid or received on the credit default swap agreements has been accounted for in the Unaudited Condensed Statement of Comprehensive Income as it has been incurred or received. At the period end, £39,000 (31 December 2020: £26,000) of interest on credit default swap agreements was due to the Company.

Collateral totalling £7,153,000 (31 December 2020: £5,905,000) was held in respect of the credit default swap agreements.

Foreign currency forwards

Foreign currency forward contracts are used to hedge the Company's exposure to changes in foreign currency exchange rates on its foreign portfolio holdings. A foreign currency forward contract is a commitment to purchase or sell a foreign currency on a future date and at a negotiated forward exchange rate.

	Period from 1 January 2021 to 30 June 2021 (unaudited) £'000	Period from 1 January 2020 to 30 June 2020 (unaudited) £'000	Year ended 31 December 2020 (audited) £'000
Opening balance	775	1,219	1,219
Purchase of foreign currency derivatives	89,754	109,100	204,876
Closing-out of foreign currency derivatives	(92,111)	(108,614)	(204,573)
Movement in unrealised losses in the period	(104)	(1,951)	(444)
Realised gains/(losses) in the period	2,357	(486)	(303)
Net assets/(liabilities) on foreign currency forwards	**671**	**(732)**	**775**
Foreign currency forward assets at fair value through profit or loss	688	126	775
Foreign currency forward liabilities at fair value through profit or loss	(17)	(858)	–
Net assets/(liabilities) on foreign currency forwards	**671**	**(732)**	**775**

16. Derivative financial instruments *(continued)*

Bond futures

A bond future contract involves a commitment by the Company to purchase or sell bond futures for a predetermined price, with payment and delivery of the bond future at a predetermined future date.

	Period from 1 January 2021 to 30 June 2021 (unaudited) £'000	Period from 1 January 2020 to 30 June 2020 (unaudited) £'000	Year ended 31 December 2020 (audited) £'000
Opening balance	–	–	–
Purchase of bond futures	–	1,320	1,751
Sale of bond futures	–	(1,314)	(1,735)
Movement in unrealised gains in the period	–	–	–
Realised losses in the period	–	(6)	(16)
Balance payable on bond futures	**–**	**–**	**–**
Bond future assets at fair value through profit or loss	–	–	–
Bond future liabilities at fair value through profit or loss	–	–	–
Balance payable on bond futures	**–**	**–**	**–**

Sale and repurchase agreements

Under the terms of a sale and repurchase agreement one party in the agreement acts as a borrower of cash, using a security held as collateral, and the other party in the agreement acts as a lender of cash. Almost any security may be employed in the sale and repurchase agreement. Interest is paid by the borrower for the benefit of having funds to use until a specified date on which the effective loan needs to be repaid.

	Period from 1 January 2021 to 30 June 2021 (unaudited) £'000	Period from 1 January 2020 to 30 June 2020 (unaudited) £'000	Year ended 31 December 2020 (audited) £'000
Opening balance	(8,304)	(14,760)	(14,760)
Opening of sale and repurchase agreements	(19,378)	(26,056)	(34,679)
Opening of reverse sale and repurchase agreements	–	4,763	11,999
Closing-out of sale and repurchase agreements	19,231	27,600	38,953
Closing-out of reverse sale and repurchase agreements	(3,898)	(4,782)	(9,329)
Movement in unrealised gains/(losses) in the period	385	(252)	(415)
Realised losses in the period	(3)	(135)	(73)
Total liabilities on sale and repurchase agreements	**(11,967)**	**(13,622)**	**(8,304)**
Sale and repurchase assets at fair value through profit or loss	–	1,447	3,877
Sale and repurchase liabilities at fair value through profit or loss	(11,967)	(15,069)	(12,181)
Total liabilities on sale and repurchase agreements	**(11,967)**	**(13,622)**	**(8,304)**

Interest paid on sale and repurchase agreements has been accounted for in the Unaudited Condensed Statement of Comprehensive Income as it has been incurred. At 30 June 2021 £nil (31 December 2020: £nil) interest on sale and repurchase agreements was payable by the Company.

16. Derivative financial instruments *(continued)*

Options

An option offers the buyer the opportunity to buy or sell an underlying asset at a stated price within a specified timeframe.

	Period from 1 January 2021 to 30 June 2021 (unaudited) £'000	Period from 1 January 2020 to 30 June 2020 (unaudited) £'000	Year ended 31 December 2020 (audited) £'000
Opening balance	7	–	–
Opening of options	–	–	29
Closure of options	–	–	–
Movement in unrealised losses in the period	22	–	(22)
Realised losses in the period	(29)	–	–
Balance receivable on options	**–**	**–**	**7**
Option assets at fair value through profit or loss	–	–	10
Option liabilities at fair value through profit or loss	–	–	(3)
Balance receivable on options	**–**	**–**	**7**

Offsetting of derivative financial instruments

The Company presents the fair value of its derivative assets and liabilities on a gross basis, no such assets or liabilities have been offset in the Unaudited Condensed Statement of Financial Position. Certain derivative financial instruments are subject to enforceable master netting arrangements, such as ISDA master netting agreements, or similar agreements that cover similar financial instruments.

The similar agreements include derivative clearing agreements, global master repurchase agreements, global master securities lending agreements, and any related rights to financial collateral. The similar financial instruments and transactions include derivatives, sale and repurchase agreements, reverse sale and repurchase agreements, securities borrowing, and securities lending agreements.

The Company's agreements allow for offsetting following an event of default, but not in the ordinary course of business, and the Company does not intend to settle these transactions on a net basis or settle the assets and liabilities on a simultaneous basis.

The table below sets out the carrying amounts of recognised capital instruments and short position(s) which could be offset under the applicable derivative agreements (as described above):

16. Derivative financial instruments *(continued)*

Offsetting of derivative financial instruments (continued)

	Gross carrying amount before offsetting £'000	Amounts offset in accordance with offsetting criteria £'000	Net amount presented in Unaudited Condensed Statement of Financial Position £'000	Effect of remaining rights of offset that do not meet the criteria for offsetting in the Unaudited Condensed Statement of Financial Position – Cash held as collateral £'000	Net exposure £'000
30 June 2021 (unaudited)					
Financial assets					
Derivatives *(note 16)*	1,018	–	1,018	–	1,018
Collateral accounts for derivative financial instruments *(note 14)*	7,153	–	7,153	(483)	6,670
Total assets	**8,171**	**–**	**8,171**	**(483)**	**7,688**
Financial liabilities					
Derivatives *(note 16)*	(12,467)	–	(12,467)	11,324	(1,143)
Collateral accounts for derivative financial instruments *(note 14)*	(506)	–	(506)	–	(506)
Total liabilities	**(12,973)**	**–**	**(12,973)**	**11,324**	**(1,649)**
31 December 2020 (audited)					
Financial assets					
Derivatives *(note 16)*	5,257	–	5,257	(1,792)	3,465
Collateral accounts for derivative financial instruments *(note 14)*	5,905	–	5,905	(147)	5,758
Total assets	**11,162**	**–**	**11,162**	**(1,939)**	**9,223**
Financial liabilities					
Derivatives *(note 16)*	(12,331)	–	(12,331)	11,760	(571)
Collateral accounts for derivative financial instruments *(note 14)*	(340)	–	(340)	–	(340)
Total liabilities	**(12,671)**	**–**	**(12,671)**	**11,760**	**(911)**

17. Fair value of financial instruments at fair value through profit or loss

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

At the period end, the financial assets and liabilities designated at fair value through profit or loss were as follows:

30 June 2021 (unaudited)	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Listed capital instruments at fair value through profit or loss	88,816	214	–	89,030
Other investments at fair value through profit or loss *(note 7)*	3,987	–	–	3,987
Credit default swap assets *(note 16)*	–	330	–	330
Credit default swap liabilities *(note 16)*	–	(483)	–	(483)
Other derivative financial assets	–	688	–	688
Other derivative financial liabilities	–	(11,984)	–	(11,984)
Short position covered by sale and repurchase agreements	–	–	–	–
	92,803	**(11,235)**	**–**	**81,568**
31 December 2020 (audited)				
Listed capital instruments at fair value through profit or loss	83,018	448	–	83,466
Other investments at fair value through profit or loss *(note 7)*	4,766	–	–	4,766
Credit default swap assets *(note 16)*	–	595	–	595
Credit default swap liabilities *(note 16)*	–	(147)	–	(147)
Other derivative financial assets	–	4,662	–	4,662
Other derivative financial liabilities	–	(12,184)	–	(12,184)
Short positions covered by sale and repurchase agreements	–	(1,881)	–	(1,881)
	87,784	**(8,507)**	**–**	**79,277**

Level 1 financial instruments include listed capital instruments at fair value through profit or loss, unlisted open ended funds and bond future contracts which have been valued at fair value by reference to quoted prices in active markets. No unobservable inputs were included in determining the fair value of these investments and, as such, alternative carrying values for ranges of unobservable inputs have not been provided.

Level 2 financial instruments include broker quoted bonds, credit default swap agreements, foreign currency forward contracts, sale and repurchase agreements and options. Each of these financial investments are valued by the Investment Manager using market observable inputs. The fair value of the other investments are based on the market price of the underlying securities.

The model used by the Company to fair value credit default swap agreements prices a credit default swap as a function of its schedule, deal spread, notional value, credit default swap curve and yield curve. The key assumptions employed in the model include: constant recovery as a fraction of par, piecewise constant risk neutral hazard rates and default events being statistically independent of changes in the default-free yield curve.

The fair values of the derivative financial instruments are based on the forward foreign exchange rate curve.

17. Fair value of financial instruments at fair value through profit or loss *(continued)*

The sale and repurchase agreements have been valued by reference to the notional amount, expiration dates and rates prevailing at the valuation date.

The options were valued using the relevant options prices curve.

Transfers between levels

Transfers between levels during the period are determined and deemed to have occurred at each financial reporting date. There were no investments classified as Level 3 during the period, and no transfers between levels in the period. See notes 13, 14 and 16 for movements in instruments held at fair value through profit or loss.

18. Other payables and accruals

	30 June 2021 (unaudited) £'000	31 December 2020 (audited) £'000
Due on purchase of capital instruments	964	1,833
Performance fee *(note 8a)*	406	1
Investment management fee *(note 8a)*	228	185
Administration fee *(note 8b)*	33	33
Valuation agent fees *(note 8e)*	32	10
Audit fees	18	22
Other accruals	15	16
Share issue costs	14	14
Depositary fees *(note 8e)*	14	6
Broker fee *(note 8c)*	6	6
Registrar fee *(note 8d)*	3	3
Accrued interest payable on capital instrument short position	–	5
	1,733	**2,134**

19. Share capital

	30 June 2021 (unaudited) Number	30 June 2021 (unaudited) £'000	31 December 2020 (audited) Number	31 December 2020 (audited) £'000
Authorised:				
Ordinary shares of no par value	Unlimited	–	Unlimited	–
Allotted, called up and fully paid:				
Ordinary Shares of no par value	91,852,904	–	91,852,904	–

Issued share capital	**Number of shares**
Shares in issue as at 30 June 2020, 31 December 2020, 30 June 2021 and 23 August 2021	91,852,904

The Ordinary Shares carry the right to receive all dividends declared by the Company. Shareholders are entitled to all dividends paid by the Company and, on a winding up, provided the Company has satisfied all of its liabilities, the Shareholders are entitled to all of the surplus assets of the Company. Shareholders will be entitled to attend and vote at all general meetings of the Company and, on a poll, will be entitled to one vote for each Ordinary Share held.

20. Net asset value per Ordinary Share

The net asset value per Ordinary Share is based on the net assets attributable to owners of the Company of £94,637,000 (31 December 2020: £87,350,000), and on 91,852,904 (31 December 2020: 91,852,904) Ordinary Shares in issue at the period end.

21. Changes in liabilities arising from financing activities

The Company did not raise any capital from the placing of new shares in the period. At the period end £14,000 (31 December 2020: £14,000) of share issue costs in relation to previous placings were outstanding, resulting in cash flows in relation to share issue costs in the period of £nil (30 June 2020: £nil).

22. Financial instruments and risk management

The Company invests its assets with the aim of spreading investment risk.

Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring. The Company is exposed to market risk (which includes currency risk, interest rate risk and price risk), credit risk and liquidity risk from the financial instruments it holds. Risk management procedures are in place to minimise the Company's exposure to these financial risks, in order to create and protect Shareholder value.

Risk management structure

The Investment Manager is responsible for identifying and controlling risks. The Board of Directors supervises the Investment Manager and is ultimately responsible for the overall risk management approach within the Company.

The Company has no employees and is reliant on the performance of third party service providers. Failure by the Investment Manager, Administrator, Depositary, Registrar or any other third party service provider to perform in accordance with the terms of its appointment could have a significant detrimental impact on the operation of the Company.

The market in which the Company participates is competitive and rapidly changing.

Risk concentration

Concentration indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographical location. Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of liquidity risk may arise from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentrations of foreign exchange risk may arise if the Company has a significant net open position in a single foreign currency, or aggregate net open position in several currencies that tend to move together.

Within the aim of maintaining a diversified investment portfolio, and thus mitigating concentration risks, the Company has established the following investment restriction in respect of the general deployment of assets:

Concentration

No more than 15% of NAV, calculated at the time of investments, will be exposed to any one financial counterparty. This limit will increase to 20% where, in the Investment Manager's opinion (having informed the Board in writing of such increase) the relevant financial institution investment instrument is expected to amortise such that, within 12 months of the date of the investment, the expected exposure (net of any hedging costs and expenses) will be equal to or less than 15% of NAV, calculated at the time of the investment.

22. Financial instruments and risk management *(continued)*

Market risk

i. Price risk

Price risk exposure arises from the uncertainty about future prices of financial instruments held. It represents the potential loss that the Company may suffer through holding positions in the face of price movements. The investments in capital instruments, unlisted open ended funds and bond futures at fair value through profit or loss (see notes 13, 16 and 17) are exposed to price risk and it is not the intention to mitigate the price risk.

At 30 June 2021, if the valuation of these investments at fair value through profit or loss had moved by 5% with all other variables remaining constant, the change in net assets would amount to approximately +/- £4,651,000 (31 December 2020: £4,318,000). The fair value of financial instruments exposed to price risk at 30 June 2021 was £93,017,000 (31 December 2020: £86,351,000).

ii. Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign currency exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company invests in securities and other investments that are denominated in currencies other than Sterling. Accordingly, the value of the Company's assets may be affected favourably or unfavourably by fluctuations in currency rates and therefore the Company will necessarily be subject to foreign exchange risks.

In order to limit the exposure to foreign currency risk, the Company entered into hedging contracts during the period. At the period end, the Company held the following foreign currency forward contracts:

30 June 2021 (unaudited) **Maturity date**	**Amount to be sold**	**Amount to be purchased**
29 July 2021	€52,000,000	£44,603,000
29 July 2021	US$7,000,000	£5,063,000

31 December 2020 (audited) **Maturity date**	**Amount to be sold**	**Amount to be purchased**
21 January 2021	€43,000,000	£38,889,000
21 January 2021	US$10,500,000	£8,047,000

22. Financial instruments and risk management *(continued)*

Market risk (continued)

ii. Foreign currency risk (continued)

As at the period end a proportion of the net financial assets of the Company were denominated in currencies other than Sterling, as follows:

30 June 2021 (unaudited)	Investments at fair value through profit or loss £'000	Receivables £'000	Cash and cash equivalents £'000	Exposure £'000	Foreign currency forward contracts £'000	Net exposure £'000
Euro	40,573	1,858	5,539	47,970	(44,603)	3,367
US Dollar	4,275	11	(224)	4,062	(5,063)	(1,001)
	44,848	**1,869**	**5,315**	**52,032**	**(49,666)**	**2,366**
31 December 2020 (audited)						
Euro	45,147	936	1,665	47,748	(38,473)	9,275
US Dollar	4,694	2	2,632	7,328	(7,687)	(359)
	49,841	**938**	**4,297**	**55,076**	**(46,160)**	**8,916**

Other future foreign exchange hedging contracts may be employed, such as currency swap agreements, futures contracts and options. There can be no certainty as to the efficacy of any hedging transactions.

At 30 June 2021, if the exchange rates had strengthened/weakened by 5% against Sterling with all other variables remaining constant, net assets at 30 June 2021 would have decreased/increased by £118,000 (31 December 2020: £446,000).

iii. Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company is exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial instruments and cash flow. A large number of the capital instruments bear interest at a fixed rate, but capital instruments to the value of £56,880,000 (31 December 2020: £59,355,000), cash and cash equivalents, net of overdrafts, of £5,709,000 (31 December 2020: £2,647,000), collateral account balances of £6,648,000 (31 December 2020: £5,565,000) and short positions of £nil (31 December 2020: £1,881,000) were the only interest bearing financial instruments subject to variable interest rates at 30 June 2021. Therefore, if interest rates had increased/decreased by 50 basis points, with all other variables remaining constant, the change in the value of interest cash flows of these assets in the period would have been £361,000 (31 December 2020: +/- £309,000).

22. Financial instruments and risk management *(continued)*

Market risk (continued)

iii. Interest rate risk (continued)

30 June 2021 (unaudited)	Fixed interest £'000	Variable interest £'000	Non-interest bearing £'000	Total £'000
Financial assets				
Investments at fair value through profit or loss	21,631	56,880	14,506	93,017
Cash and cash equivalents	–	5,933	–	5,933
Collateral accounts for derivative financial instruments at fair value through profit or loss	–	7,153	–	7,153
Derivative financial assets at fair value through profit or loss	1,018	–	–	1,018
Other receivables	–	–	2,446	2,446
Total financial assets	**22,649**	**69,966**	**16,952**	**109,567**
Financial liabilities				
Bank overdrafts	–	(224)	–	(224)
Collateral accounts for derivative financial instruments at fair value through profit or loss	–	(506)	–	(506)
Derivative financial liabilities at fair value through profit or loss	(12,450)	–	(17)	(12,467)
Other payables and accruals	–	–	(1,733)	(1,733)
Total financial liabilities	**(12,450)**	**(730)**	**(1,750)**	**(14,930)**
Total interest sensitivity gap	**10,199**	**69,236**	**15,202**	**94,637**

31 December 2020 (audited)	Fixed interest £'000	Variable interest £'000	Non-interest bearing £'000	Total £'000
Financial assets				
Investments at fair value through profit or loss	16,001	59,355	12,876	88,232
Cash and cash equivalents	–	4,297	–	4,297
Collateral accounts for derivative financial instruments at fair value through profit or loss	–	5,905	–	5,905
Derivative financial assets at fair value through profit or loss	4,472	–	785	5,257
Other receivables	–	–	1,995	1,995
Total financial assets	**20,473**	**69,557**	**15,656**	**105,686**
Financial liabilities				
Bank overdrafts	–	(1,650)	–	(1,650)
Collateral accounts for derivative financial instruments at fair value through profit or loss	–	(340)	–	(340)
Derivative financial liabilities at fair value through profit or loss	(12,328)	–	(3)	(12,331)
Short positions covered by sale and repurchase agreements	–	(1,881)	–	(1,881)
Other payables and accruals	–	–	(2,134)	(2,134)
Total financial liabilities	**(12,328)**	**(3,871)**	**(2,137)**	**(18,336)**
Total interest sensitivity gap	**8,145**	**65,686**	**13,519**	**87,350**

22. Financial instruments and risk management *(continued)*

Market risk (continued)

iii. Interest rate risk (continued)

It is estimated that the fair value of the fixed interest and non-interest bearing capital instruments of £36,137,000 (31 December 2020: £28,887,000) at 30 June 2021 would increase/decrease by +/-£882,000 (0.95%) (31 December 2020: +/-£656,000 (0.74%)) if interest rates were to change by 50 basis points.

The Investment Manager manages the Company's exposure to interest rate risk, paying heed to prevailing interest rates and economic conditions, market expectations and its own views as to likely movements in interest rates.

Although it has not done so to date, the Company may implement hedging and derivative strategies designed to protect investment performance against material movements in interest rates. Such strategies may include (but are not limited to) interest rate swaps 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. There can be no certainty as to the efficacy of any hedging transactions.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company.

At 30 June 2021, credit risk arose principally from investment in capital instruments of £89,030,000 (31 December 2020: £83,466,000), cash and cash equivalents of £5,933,000 (31 December 2020: £4,297,000), balances held as collateral for derivative financial instruments at fair value through profit or loss of £7,153,000 (31 December 2020: £5,905,000) and investments in sale and repurchase assets of £nil (31 December 2020: £3,877,000). The Company seeks to trade only with reputable counterparties that the Investment Manager believes to be creditworthy.

The Investment Manager manages the Company's credit risk by investing in a diverse portfolio of capital instruments, in line with the Prospectus. At 30 June 2021, the capital instrument rating profile of the portfolio was as follows:

	30 June 2021 (unaudited) Percentage	**31 December 2020 (audited) Percentage**
A	–	–
BBB	9.09	20.07
BB	23.52	32.28
B	11.22	12.11
Below B	10.38	7.56
No rating	45.79	27.98
	100.00	**100.00**

The investments without a credit rating correspond to issuers that are not rated by an external rating agency. Although no external rating is available, the Investment Manager considers and internally rates the credit risk of these investments, along with all other investments. The internal risk score is based on the Investment Manager's fundamental view (stress test, macro outlook, solvency, liquidity risk, business mix, and other relevant factors) and is determined by the Investment Manager's risk committee. The risk grades are mapped to an external Baseline Credit Assessment, and any discrepancy of more than two notches is monitored closely.

The cash pending investment may be held without limit with a financial institution with a credit rating of A-1 (Standard & Poor's) or P-1 (Moody's) to protect against counterparty failure.

22. Financial instruments and risk management *(continued)*

Credit risk (continued)

The Company may implement hedging and derivative strategies designed to protect against credit risk. Such strategies may include (but are not limited to) credit default swaps 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. There can be no certainty to the efficacy of hedging transactions.

Due to the Company's investment in credit default swap agreements the Company is exposed to additional credit risk as a result of possible counterparty failure. The Company has entered into ISDA contracts with Credit Suisse, JP Morgan and Goldman Sachs, all rated A+. At 30 June 2021, the overall net exposure to these counterparties was 5.84% of NAV (31 December 2020: 5.11%). The collateral held at each counterparty is disclosed in note 14.

Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulties in realising assets or otherwise raising funds to meet financial commitments. The principal liquidity risk is contained in unmatched liabilities. The liquidity risk at 30 June 2021 was very low since the ratio of cash and cash equivalents (net of overdrafts) to unmatched liabilities was 7:1 (31 December 2020: 17:1).

In addition, the Company diversifies the liquidity risk through investment in capital instruments with a variety of maturity dates, as follows:

	30 June 2021 (unaudited) Percentage	31 December 2020 (audited) Percentage
Less than 1 year	12.72	7.99
1 to 3 years	28.16	29.24
3 to 5 years	30.64	30.62
5 to 7 years	3.28	9.62
7 to 10 years	1.33	4.15
More than 10 years	23.87	18.38
	100.00	**100.00**

As at 30 June 2021, the Company's liquidity profile was such that 63.7% of investments were realisable within one day (31 December 2020: 67.4%), 30.7% was realisable between two days and one week (31 December 2020: 29.5%) and 3.9% was realisable between eight days and one month (31 December 2020: 3.1%).

As at 30 June 2021, the Company's liabilities fell due as follows:

	30 June 2021 (unaudited) Percentage	31 December 2020 (audited) Percentage
0 to 3 months	78.37	93.55
3 to 6 months	0.15	–
6 to 12 months	–	–
1 to 3 years	21.48	6.45
3 to 5 years	–	–
	100.00	**100.00**

23. Capital management policy and procedures

The Company's capital management objectives are:

- to ensure that it will be able to meet its liabilities as they fall due; and
- to maximise its total return primarily through the capital appreciation of its investments.

Pursuant to the Company's Articles of Incorporation, the Company may borrow money in any manner. However, the Board has determined that the Company should borrow no more than 20% of direct investments.

The Company uses sale and repurchase agreements to increase the gearing of the Company. As at 30 June 2021 the Company had eleven (31 December 2020: fourteen) open sale and repurchase agreements, none (31 December 2020: four) being reverse sale and repurchase agreements, committing the Company to make a total repayment of £11,967,000 post the period end (31 December 2020: £12,182,000). As a result of the reverse sale and repurchase agreements the Company was due to receive £nil after the period end (31 December 2020: £3,877,000).

The raising of capital through the placing programme forms part of the capital management policy. See note 19 for details of the Ordinary Shares issued since incorporation.

As disclosed in the Unaudited Condensed Statement of Financial Position, at 30 June 2021, the total equity holders' funds were £94,637,000 (31 December 2020: £87,350,000).

24. Capital commitments

The Company holds a number of derivative financial instruments which, by their very nature, give rise to capital commitments post 30 June 2021. These are as follows:

- At the period end, the Company had sold eleven credit default swap agreements for a total of £910,000, each receiving quarterly interest (31 December 2020: twelve agreements for £677,000). The fair value of these agreements at the period end date was £(98,000) (31 December 2020: £571,000). Collateral of £7,153,000 for these agreements was held at 30 June 2021 (31 December 2020: £5,905,000).
- At the period end the Company had committed to two (31 December 2020: two) foreign currency forward contracts dated 29 July 2021 (see note 22), giving rise to a total loss of £671,000 (31 December 2020: gain of £775,000).
- At the period end, the Company held eleven open sale and repurchase agreements (31 December 2020: ten, excluding the one open sale and repurchase agreement) committing the Company to make a total repayment of £12,279,000 (31 December 2020: £12,255,000).

25. Contingent assets and contingent liabilities

In line with the terms of the Investment Management Agreement, as detailed in note 8a, should the Company's NAV reach a level at which the TER reduced to less than 1.5% of the average NAV in a future accounting period then the Quarterly Expenses Excess and Annual Expenses Excess totalling £744,000 at 30 June 2021 (31 December 2020: £737,000) would become payable to the Investment Manager, to the extent that the total expenses including any repayment did not exceed 1.5% of the average NAV for that period.

For a significant amount of the £744,000 (31 December 2020: £737,000) Expenses Excess to become payable within the foreseeable future, the NAV would have to increase considerably. The Directors consider that it is possible, but not probable, that an increase in the NAV leading to a significant payment of the Expenses Excess will be achieved in the foreseeable future. Accordingly, the possible payment to the Investment Manager has been treated as a contingent liability in the financial statements.

There were no other contingent assets or contingent liabilities in existence at the year end.

26. Events after the financial reporting date

On 19 July 2021, the Company declared a dividend of 1.50p per Ordinary Share for the period from 1 April 2021 to 30 June 2021, out of the profits for the period ended 30 June 2021, which (in accordance with IFRS) was not provided for at 30 June 2021 (see note 6). This dividend will be paid on 27 August 2021.

DIRECTORS

William Scott *(non-executive Chairman)*
John Renouf *(non-executive Director)*
Max Hilton *(non-executive Director)*

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