

Volta Finance Ltd

Monthly Report – March 2017



Data as at 31 March 2017

Gross Asset Value	€357.7m
Estimated liabilities	€46.6m
Estimated NAV	€311.1m
Estimated NAV per share	€8.51
Outstanding Shares	36.5m
Share Price (Euronext)	€7.25
Share Price (LSE)	€7.45
Tickers	VTA.NA VTA.LN
ISIN	GG00B1GHHH78

Background and Investment Objective

AXA Investment Managers Paris (“AXA IM”) has been the Investment Manager of Volta Finance Limited (“Volta”) since inception. Volta’s investment objectives are to preserve capital across the credit cycle and to provide a stable stream of income to its Shareholders through dividends. For this purpose, Volta pursues a multi-asset investment strategy on deals, vehicles and arrangements that provide leveraged exposure to target Underlying Assets (including corporate credit, residential and commercial mortgages, auto and student loans, credit card and lease receivables).

Fund Performance

+11.7%	27.8%
Annualised since inception ¹	Annualised over 5 years ¹
0.9%	€311.1m
1 month ²	Estimated NAV as of March 17

Fund Facts

Launch Date	Dec-2006
Fund Domicile	Guernsey
Listing and Trading	AEX LSE
Type of Fund	Closed-ended
Dividend	Quarterly
Trailing 12m Div. Yield ³	8.7%
Base currency	EUR
Assets types	Corporate Credit and ABS

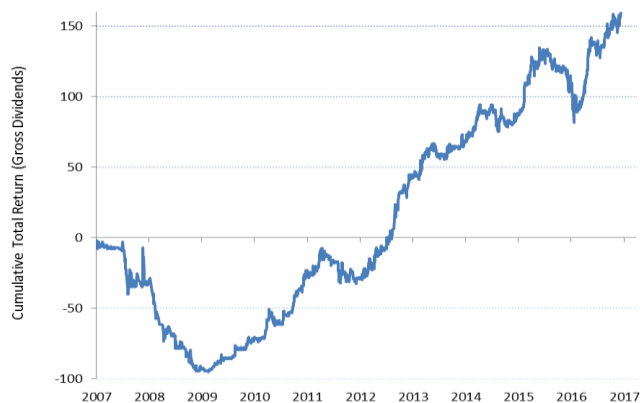
Returns ²	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	1.3%	0.9%	0.9%	-	-	-	-	-	-	-	-	-	3.2%
2016	-4.0%	-2.9%	4.1%	2.0%	1.3%	-0.9%	5.5%	2.8%	1.4%	2.0%	2.7%	1.4%	15.2%
2015	3.7%	1.3%	3.1%	1.7%	1.6%	-0.7%	0.1%	-0.6%	-1.7%	0.1%	1.1%	0.1%	10.0%
2014	2.7%	-1.6%	0.8%	0.7%	1.5%	0.7%	1.3%	1.3%	2.4%	0.4%	1.7%	0.3%	12.4%
2013	3.6%	1.5%	2.5%	0.1%	4.1%	-0.7%	3.1%	2.0%	0.7%	2.4%	2.9%	1.3%	25.3%

¹ Share (VTA.NA) performance (annualised figures with dividends re-invested). Source: Bloomberg (TRA function)

² Performance of published Estimated NAV (including dividend payments)

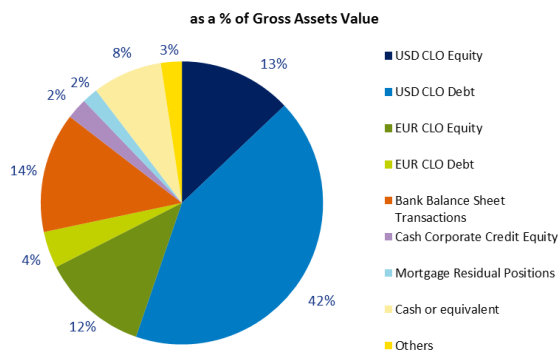
³ Calculated as the most recent annual dividend payments versus the month-end share price (VTA.NA)

Historical Performance



Source: Bloomberg (TRA function) as of March 2017

Asset Breakdown



Source: AXA IM, as of March 2017

Monthly Commentary

In March, Volta’s Estimated NAV* performance was +0.9%, in line with a positive performance in most credit and equity markets.

During the month, Volta purchased three assets (two USD CLO debt positions, one new USD CLO equity position) and the “CMV” announced in the January monthly report was partly drawn down for an aggregate equivalent of €13.4m. On average, and based on standard market assumptions, the purchases and the CMV drawdown have an average expected yield close to 10.7%. In March, three USD CLO debt were sold or called for an aggregate equivalent of €10.8m. On average, and based on standard market assumptions, the average expected yield of these three assets was close to 5.5%.

At the end of March 2017, Volta’s Estimated NAV* was €311.1m or €8.51 per share after a dividend of €15 cents per share was paid. The GAV stood at €357.7m.

In March, mark-to-market variations** of Volta’s asset classes were: +0.7% for Synthetic Corporate Credit deals; +1.8% for CLO Equity tranches; +1.5% for CLO Debt tranches, -10.9% for Cash Corporate Credit deals; and +0.2% for ABS.

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Cash corporate credit is a relatively small component of Volta (2.4% at the end of March) and the negative performance was due to the final payment of a German SME CDO (purchased by Volta in 2006) that depended on the assessment, by two independent experts, of the value of a pool of defaulted SME loans. By nature, this kind of final cash flow is always difficult to estimate. In recent years this asset has produced material cash flows well in excess of expectations but this last cash flow was below the carrying valuation. The impact was -0.4% to the monthly performance of Volta.

During March, Volta generated the equivalent of €0.7m in interest and coupons net of repo costs (non-euro amounts translated into euro using end-of-month cross currency rates). This brings the total cash amount generated during the last six months in terms of interest and coupons to €16.3m. Cash holdings or cash equivalent instruments at the end of March totaled €28.6m.

The current level of cash is higher than usual but reflects our view that credit markets are now quite fully valued and better opportunities will arise in due course. Typically we expect to be able to deploy more capital in CLO Equity tranches and in Bank Balance Sheet transactions. We expect to utilize CLO warehouse exposure as a way to access CLO equity positions with better economics.

Volta's currency exposure was relatively stable during March and the exposure to the US Dollar at month end was circa 24%.

A modest exposure continues to be maintained to duration, which was accretive to returns during March. Volta ended the month with a positive 0.3 years of duration via the overlay. In addition, a short position via options was initiated on the S&P500 during March given the growing uncertainty around the Trump administration. This S&P500 position is being utilized as a proxy credit hedge and represents 2.5% of Volta's NAV. These hedges are aimed at seeking to dampen downside volatility arising from shorter-term mark to market developments that may arise. Ultimately, the returns of Volta continue to be predominantly driven by the performance and the strong cash flows from the structured finance assets held but we believe that these hedges will contribute to a better short-term volatility profile.

** It should be noted that approximately 10.4% of Volta's GAV comprises investments in funds for which the relevant NAVs as at the month-end date are normally available only after Volta's NAV has already been published. Volta's policy is to publish its own NAV on as timely a basis as possible in order to provide shareholders with Volta's appropriately up-to-date NAV information. Consequently, such investments in funds are valued using the most recently available NAV for each fund. The most recently available fund NAV was as at: 30 September 2016 for 0.9% of Volta's GAV and as at 28 February 2017 for 9.5% of Volta's GAV.*

*** "Mark-to-market variation" is calculated as the Dietz-performance of the assets in each bucket, taking into account the Mark-to-Market of the assets at month-end, payments received from the assets over the period, and ignoring changes in cross currency rates. Nevertheless, some residual currency effects could impact the aggregate value of the portfolio when aggregating each bucket.*

Portfolio Composition by Asset Type

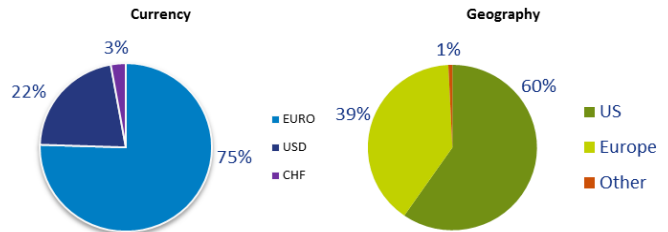
Market Value (€m)		Breakdown of Gross Asset Value (% GAV)	
CLO	256.5	USD CLO Equity	12.9%
		USD CLO Debt	42.3%
		EUR CLO Equity	12.2%
		EUR CLO Debt	4.2%
		CLO Warehouse	0.0%
Synthetic Corporate Credit	49.1	Synthetic Corporate Credit E	0.0%
		Bank Balance Sheet Transac	13.7%
Cash Corporate Credit	8.5	Cash Corporate Credit Equity	2.4%
		Cash Corporate Credit Debt	0.0%
ABS	15.0	Mortgage Residual Positions	1.8%
		ABS Debt	2.4%
Cash or equivalent	28.6	Cash or equivalent	8.0%
GAV	357.7		
Liability	(42.3)	Debt from Repurchase Agree	(11.8)%
Fees due	(4.3)	Fees due to Investment Man.	(1.2)%
Estimated NAV	311.1	Per Share	8.51

Source: AXA IM, as of March 2017

Top 10 Underlying Exposures

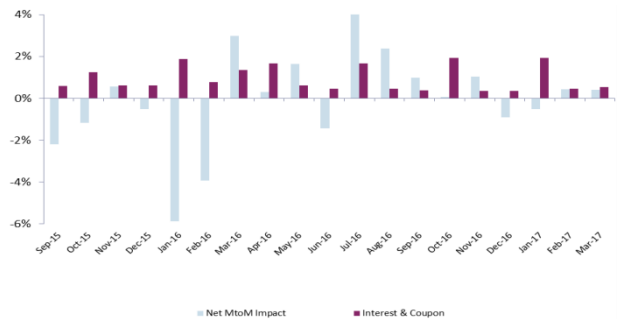
Issuer	%	Bloomberg Industry Group
First Data	1.05%	Software
Altice Financing	0.81%	Telecommunications
Ineos Group	0.66%	Chemicals
Ziggo Secured Finance	0.63%	Telecommunications
TransDigm	0.62%	Aerospace/Defense

Source: Intex, Bloomberg, AXA IM Paris as of March 2017 – unaudited figures - not accounting for unsettled trades - Figures expressed in % of the Estimated NAV



Source: AXA IM, as of March 2017 (% of NAV for ccy / % of GAV for geography)

Last Eighteen Months Performance Attribution



Source: AXA IM, as of March 2017

Issuer	%	Bloomberg Industry Group
Community Health Systems	0.60%	Healthcare
Energy Future	0.56%	Energy
Valeant Pharmaceuticals	0.46%	Pharmaceuticals
Kindred Healthcare	0.45%	Healthcare
Calpine	0.42%	Utilities

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