Volta Finance Limited (VTA / VTAS) – March 2019 monthly report

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Guernsey, 23 April 2019

AXA IM has published the Volta Finance Limited (the "Company" or "Volta Finance" or "Volta") monthly report for March. The full report is attached to this release and will be available on Volta's website shortly (www.voltafinance.com).

PERFORMANCE and PORTFOLIO ACTIVITY

In March, Volta's NAV* total return performance was +0.5%, bringing the YTD performance to 4.0% after a volatile end to 2018.

Volta paid a quarterly dividend (€0.15 per share) on the 28th March (the ex-dividend date was the 7th March).

This positive performance was driven mainly by the good performance of bank balance sheet transactions (+0.7% for the month) and of CLO debt tranches (+0.6%). The performances of Volta's other asset classes in local currencies were: -0.2% for CLO Equity tranches; +0.7% for Cash Corporate Credit deals; and +0.4% for ABS.

As at the end of March, Volta was fully invested having purchased three new positions (1 Bank Balance Sheet transaction and 2 CLO Equity positions, one in Euro and one in USD) for a total of the equivalent of €24.2m. On average, using market standard assumptions, the projected yield of such purchases was 12.6%. Some of these purchases have a settlement in April, explaining why the cash position of Volta at the end of March was negative (on a trade date basis not on a settlement date basis).

At the end of March, Volta still had exposure to a CLO warehouse, which does not carry any more credit risk as the underlying CLO equity has been priced. The realized IRR on this warehouse is to be confirmed shortly (after the very last settlement in April) but it should likely be between 25 and 30%.

Being at the end of the first quarter of this year, it makes sense to reassess our view for 2019. What we observed, almost everywhere in the credit markets and it is even more true in structured finance, is that, on average, the maturity curve and the credit curve are very steep. For CLO debt tranches it has been rare to see such a steep maturity curve (same rating assets are yielding far more with a long maturity than with a mid to short term maturity). This situation characterizes periods in which investors, are globally cautious in the way they deploy capital (avoiding long credit duration instruments and the most sensitive ones).

This situation is very encouraging for the rest of the year even though we continue to think that it is near the end of the economic and credit cycles and that at some point in time more volatility will come back. The fact that investors are cautious limits the probability of a brutal rise in volatility in the coming months/quarters. More and more we think that the probability of having in 2019 a second spike of volatility like the one we had in Q4 2018 is declining. This overall cautiousness makes us a bit more comfortable deploying all the capital (balancing risks) and avoiding having too much cash.

We continued increasing our CLO equity tranche exposure and reducing CLO debt tranches as the CLO equity tranches are already benefiting from the fact that spreads stopped tightening in loan markets (we have noticed for some months that the CLO managers we selected have been able to increase the WAS (Weighted Average Spread) of the underlying loan pools, generating higher cash flows to the CLO Equity positions).

In March, Volta generated the equivalent of €0.2m 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 €19.6m.

As at the end of March 2019, Volta's NAV was €287.8m or €7.87 per share. The GAV stood at €326.3m.

**It should be noted that approximately 11.2% of Volta's GAV comprises investments 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 are valued using the most recently available NAV for each fund or quoted price for such subordinated note. The most recently available fund NAV or quoted price was for 6.9% as at 28 February 2019, 2.9% as at 31 December 2018 and for 1.4% as at 28 September 2018. ** "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.*

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ABOUT VOLTA FINANCE LIMITED

Volta Finance Limited is incorporated in Guernsey under The Companies (Guernsey) Law, 2008 (as amended) and listed on Euronext Amsterdam and the London Stock Exchange's Main Market for listed securities. Volta's home member state for the purposes of the EU Transparency Directive is the Netherlands. As such, Volta is subject to regulation and supervision by the AFM, being the regulator for financial markets in the Netherlands.

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. Volta seeks to attain its investment objectives predominantly through diversified investments in structured finance assets. The assets that the Company may invest in either directly or indirectly include, but are not limited to: corporate credits; sovereign and quasi-sovereign debt; residential mortgage loans; and, automobile loans. The Company's approach to investment is through vehicles and arrangements that essentially provide leveraged exposure to portfolios of such underlying assets. The Company has appointed AXA Investment Managers Paris an investment management company with a division specialised in structured credit, for the investment management of all its assets.

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ABOUT AXA INVESTMENT MANAGERS

AXA Investment Managers (AXA IM) is a multi-expert asset management company within the AXA Group, a global leader in financial protection and wealth management. AXA IM is one of the largest European-based asset managers with 766 investment professionals and €759 billion in assets under management as of the end of June 2018.

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This press release is published by AXA Investment Managers Paris ("AXA IM"), in its capacity as alternative investment fund manager (within the meaning of Directive 2011/61/EU, the "AIFM Directive") of Volta Finance Limited (the "Volta Finance") whose portfolio is managed by AXA IM.

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