



Volta Finance Limited (VTA) – January 2017 monthly report

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Guernsey, 22 February 2017

AXA IM has published the Volta Finance Limited (the “Company” or “Volta Finance” or “Volta”) monthly report for January. The full report is attached to this release and is available on Volta’s website (www.voltafinance.com).

PERFORMANCE AND PORTFOLIO ACTIVITY

In January, Volta’s Estimated NAV* performance was 1.3%, in line with a positive performance in most credit and equity markets.

During the month, Volta purchased just one position (a USD CLO Debt tranche) for the equivalent of €1.1m and received the equivalent of €18.4m from four assets that were maturing or called. On average, and based on standard market assumptions, the purchase was executed with an average expected yield close to 10%.

We also committed \$20m to a vehicle that has been set up to support one global CLO manager in issuing US and European CLOs in compliance with retention rules (a Capitalized Manager Vehicle or “CMV”). Over several years this position will give us access to a portfolio of CLO equity positions from this manager with favourable terms. It is expected that the total commitment amount will be deployed within 3 to 4 years depending on CLO market activity. We expect this investment to deliver a mid-teen IRR performance.

At the end of January 2017, Volta’s Estimated NAV* was €310.8m or €8.50 per share. The GAV stood at €356.2m.

In January, mark-to-market variations** of Volta’s asset classes were: -0.4% for Synthetic Corporate Credit deals; +1.8% for CLO Equity tranches; +4% for CLO Debt tranches, -0.9% for Cash Corporate Credit deals; and +0.2% for ABS.

During January, Volta generated the equivalent of €6.0m 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 €16.6m.

Cash holdings or cash equivalent instruments at the end of January totaled €41.4m and we expect to invest in some recent transactions, including some Bank Balance Sheet transactions and a CLO warehouse, in the coming months. 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.

Contrary to previous months, the US Dollar depreciated somewhat against the Euro in January which has been slightly detrimental to Volta. US Dollar exposure was approximately 26%.

As noted in previous commentaries, we believe that the addition of duration to the portfolio via government bond exposure can provide a good hedge against further potential economic disappointments, providing that the exposure is built at prudent yield levels. In November and December 2016 we added some duration to Volta through exposure to the US 5YR Note Future, with duration peaking at around 1.5 years. Following the recent rally in Treasuries we have partially taken profits on this position and at the end of January the duration overlay represented a modest 0.4 year of duration.



We continue to see opportunities in several structured credit sectors including mezzanine and equity tranches of CLOs and Bank Balance Sheet transactions. We also expect to utilise CLO warehouse exposure as a way to access CLO equity positions with better economic terms.

** It should be noted that approximately 10.5% 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 31 December 2016 for 9.6% 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.*

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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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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 €679 billion in assets under management as of the end of June 2016. AXA IM employs approximately 2,399 people around the world.

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The figures provided that relate to past months or years and past performance cannot be relied on as a guide to future performance or construed as a reliable indicator as to future performance. Throughout this review, the citation of specific trades or strategies is intended to illustrate some of the investment methodologies and philosophies of Volta Finance, as implemented by AXA IM. The historical success or AXA IM's belief in the future success, of any of these trades or strategies is not indicative of, and has no bearing on, future results.

The valuation of financial assets can vary significantly from the prices that the AXA IM could obtain if it sought to liquidate the positions on behalf of the Volta Finance due to market conditions and general economic environment. Such valuations do not constitute a fairness or similar opinion and should not be regarded as such.

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