

**Volta Finance Limited (VTA) – March 2017 monthly report**

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*Guernsey, 19 April 2017*

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](http://www.voltafinance.com)).

**PERFORMANCE and PORTFOLIO ACTIVITY**

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.

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.*

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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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Any target information is based on certain assumptions as to future events which may not prove to be realised. Due to the uncertainty surrounding these future events, the targets are not intended to be and should not be regarded as profits or earnings or any other type of forecasts. There can be no assurance that any of these targets will be achieved. In addition, no assurance can be given that the investment objective will be achieved.

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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