



Volta Finance Limited (VTA) – May 2017 monthly report

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Guernsey, 16 June 2017

AXA IM has published the Volta Finance Limited (the “Company” or “Volta Finance” or “Volta”) monthly report for May. 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 May, Volta’s Estimated NAV* performance was +0.6%. This positive performance is mostly due to the good performance of the CLO Equity bucket and is in line with the modest but positive performance of credit markets in May.

The depreciation of the dollar against Euro contributed to -0.7%. The negative contribution this month needs to be put in perspective with the positive contribution (circa +2.1%) for the period from March 2016 to March 2017. Volta currency exposures are limited and through time are not expected to be a significant driver of performance.

During the month, Volta did not purchase nor sell any assets.

At the end of May 2017, Volta’s Estimated NAV* was €311.3m or €8.52 per share. The GAV stood at €354.6m. A 16 cents per share quarterly dividend payment is scheduled to be paid on the 29th of June (ex-dividend date was June 8th).

In May, mark-to-market variations** of Volta’s asset classes were: +0.9% for Synthetic Corporate Credit deals; +2.6% for CLO Equity tranches; 0.8% for CLO Debt tranches, 0.0% for Cash Corporate Credit deals; and -0.2% for ABS.

In May, Volta generated the equivalent of €1.1m 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 €15.7m.

Cash holdings or cash equivalent instruments at the end of May totaled €40.2m. €5.8m will be used to pay for the end of June dividend.

The current level of cash is higher than usual and mainly reflects the strong prepayments that occurred recently. Our view is still that credit markets are now quite fully valued and this amount will be deployed in due course when better opportunities arise. 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 is relatively unchanged since the end of April. The exposure to the US Dollar at the end of May was still circa 24% against circa 33% one year ago.

In May we closed the modest and positive duration position that was added to the portfolio in Q4 2015. It modestly contributed to +0.2% to Volta performance during the period. This kind of hedge is aimed at dampening 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 volatility profile.



** It should be noted that approximately 10.2% 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: 31 March 2017 for 1.0% of Volta's GAV and at 28 April for 9.2% 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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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.

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