

Contact on the portfolio composition

Volta Admin Team  
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**Volta Finance Limited**

**July Monthly Report**

**At 31 July 2013**

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The valuation of financial assets can vary significantly from the prices that the Company could obtain if it sought to liquidate the positions 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. They follow the valuation policy of the Company as adapted from time to time in the best interests of the shareholders, taking into account the evolutions and the illiquidity of financial markets.

# Comment

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## Dear Shareholders and Investors,

At the end of July 2013, the Gross Asset Value\* (the "GAV") of Volta Finance Limited (the "Company", "Volta Finance" or "Volta") was €247.1 m or €7.0 per share, an increase of €0.21 (+3.1%) since the end of June 2013 GAV.

Year to date 2013 performance is +14.8%.

The July mark-to-market variations\* of Volta Finance's asset classes have been: +1.7% for Synthetic Corporate Credit deals, +5.9% for CLO Equity tranches; +0.7% for CLO Debt tranches, +2.8% for Cash Corporate Credit deals and +20.7% for ABS. The increase of the GAV in July is explained by the tightening of credit spreads and by an upward revaluation of the UK non-conforming residual positions held by Volta.

Volta's assets generated the equivalent of €2.4m cash flows in July 2013 (non-Euro amounts converted to Euro using end-of-month cross currency rates and excluding principal payments from debt assets) bringing the total cash generated during the last six months to €15.3m which can be compared with €16.0m for the previous six-month period ended in January 2013.

In July, the company purchased two tranches of European CLO (ARESE) for €7.4m. Under reasonable assumptions the expected IRR for these position is close to 9.5%.

At the end of July, Volta held €10.7m in cash, including €0.3m in relation with the Liquidity Enhancement Contract and €0.2m received in relation with its currency hedge positions. Volta could be considered as having roughly €2m available to invest considering the recent trade for €7.4m that is unsettled at the end of July.

## MARKET ENVIRONMENT

In July 2013, credit spreads tightened in Europe and in the US. The 5 year iTraxx European Main index and 5 year iTraxx European Crossover Index (series 19) spreads went respectively, from 119 and 477 bps at the end of June 2013 to 100 and 404 bps at the end of July 2013. During the same period, credit spreads in the US, as illustrated by the 5y CDX main index (series 20) tightened from 87 to 75 bps. According to the CSFB Leverage Loan Index, the average price for USA liquid first lien loans increased from 97.60% at the end of June 2013 to 98.24% at the end of July 2013. It was almost similar in Europe: the price of the S&P European Leveraged Loan Index went from 92.21% to 92.44% at the end of July 2013.\*\*

# Comment (continued)

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## VOLTA FINANCE PORTFOLIO

In July 2013, no particular event materially affected the situation of the Synthetic Corporate Credit deals. However, the first loss positions in this bucket (ARIA III and the residual positions in JAZZ III) remain highly sensitive to any new credit event.

Regarding the Cash Corporate Credit Deals, no particular event or information materially affected the situation of the positions in this bucket during the month.

Regarding the Company's investments in Equity or Debt tranches of CLOs, in May 2013, no particular event materially affected the situation of the positions in this bucket. All the positions are currently paying their coupons.

Regarding the Company's ABS investments, market participants took notice of the continuous and steady cash flows paid, on average, by these positions. Their valuation have thus been revised upward accordingly alongside with market practices, while still forecasting cautious future cash flows.

The Company considers that opportunities could arise in several structured credit sectors in the current market environment. Amongst others, mezzanine or equity tranches of CLOs, RMBS tranches as well as tranches of Cash or Synthetic Corporate Credit portfolios could be considered for investment.

Considering the cash position of Volta some investments should be executed in the coming weeks.

*\* "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.*

*\*\* Index data source: Markit, Bloomberg.*

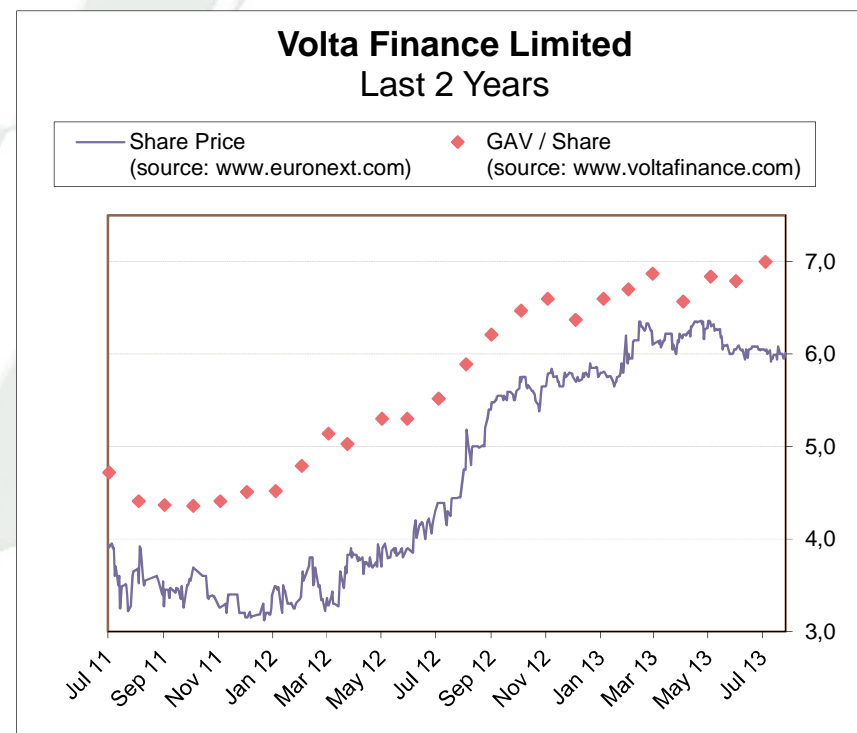
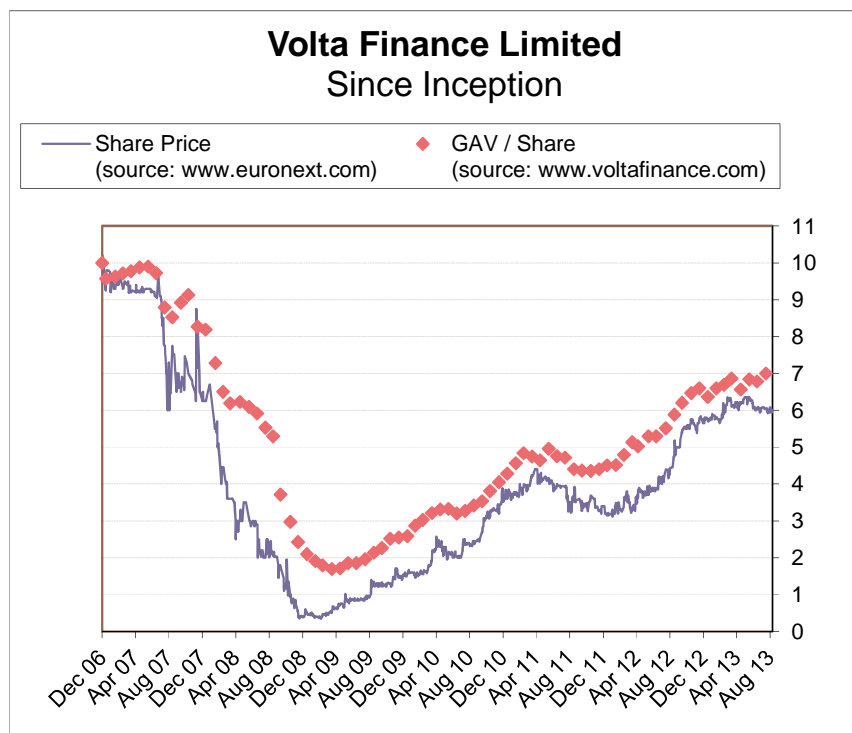
# Gross Asset Value

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	At 31.07.13	At 28.06.13	Note
Gross Asset Value (GAV – € million)	247,1	239,8	
GAV per Share (€)	7,00	6.79	35 318 345 outstanding shares

## GAV and Share Price History



# Portfolio Composition

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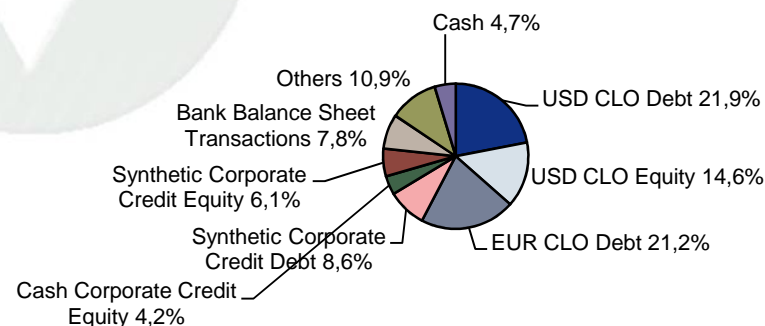
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Market Value (€m or %)				Average Price	Nominal Amount* (€m)
CLO	146,5	USD CLO Equity	14,6%	82%	43,95
		USD CLO Debt	21,9%	92%	59,12
		EUR CLO Equity	1,6%	44%	4,80
		EUR CLO Debt	21,2%	81%	64,73
Synthetic Corporate Credit	55,7	Synthetic Corporate Credit Equity	6,1%	42%	16,83
		Synthetic Corporate Credit Debt	8,6%	92%	23,19
		Bank Balance Sheet Transactions	7,8%	109%	17,67
Cash Corporate Credit	13,9	Cash Corporate Credit Equity	4,2%	61,4%	14,01
		Cash Corporate Credit Debt	1,4%	91,1%	3,77
ABS	19,5	Mortgage Residual Positions	6,5%	not relevant	17,08
		ABS Debt	1,4%	not relevant	4,05
Cash	11,5	Cash	4,7%		11,54
	247,1		100,0%		280,72
Per Share	7,00			Per Share	7,95

\* Nominal amount equal market value for funds, market value for ABS Residual positions, par amount for debt assets and remaining principal amount for Equity positions (see details in latest semi-annual or annual report)

Currency Exposures	
Euro Assets (EURm)	99,0
USD Assets (USDm)	175,6
USD Forward Sales	67,5
USD Call ** (46,1% Delta)	62,5
Residual exposure to USD (in USDm)	136,9
GBP Assets (GBPm)	12,2
CHF Assets (CHFm)	2,4

\*\* USD Calls are purchased to reduce margining calls on the USD forward sales



# Volta Finance Portfolio Holdings: Complete List

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Issuer	% GAV	Main Asset Class	Sub Classification	Description of underlying asset	Manager/Service	Principal geographical exposure	ISIN	Arranging Institution
ARIA CDO III (tranche 0%-3%)	4,78	Synthetic Corporate Credit	Equity	Majority investment grade corporate credit	Axa Investment Managers Paris	USA	XS0375442307	JP Morgan
JAZZ III CDO – AB - Junior AAA debt	4,20	Synthetic Corporate Credit	Debt	Majority investment grade corporate credit	Axa Investment Managers Paris	USA	US47215CAB19	Merrill Lynch International
TENNENBAUM OPPORTUNITIES FUND V	3,35	Cash Corporate Credit	Equity (Fund)	High yield bonds and loans	Tennenbaum Capital Partners, LLC	USA	NA	Wachovia Bank, N.A.
NORTHWOODS CAPITAL LIMITED	3,24	CLO	Equity	Broadly syndicated loans	Angelo Gordon	USA	USG6666RAB18	JP Morgan
ALBA 2007-1PLC	2,36	ABS	Residual	UK non-conforming RMBS	Oakwood	United Kingdom	XS0301709621	Credit Suisse
ADAGIO III CLO – E -BB debt	2,32	CLO	Debt	Broadly syndicated loans	Axa Investment Managers Paris	Europe non-UK	XS0262683971	Lehman Brothers
BATALLION CLO LTD – E - BB debt	2,25	CLO	Debt	Broadly syndicated loans	Brigade Capital Management	USA	USG08889AF79	Deutsche Bank
Acas CLO 2013-1 - E - BB Debt	2,22	CLO	Debt	Broadly syndicated loans	ACAM	USA	USG0067AAA81	Deutsche Bank
OAK HILL EUROPEAN CREDIT PARTNERS PLC	2,21	CLO	Debt	Broadly syndicated loans	Oak Hill	Europe non-UK	XS0300349379	Deutsche Bank
Bank Capital Opportunity Fund	2,17	Synthetic Corporate Credit	Bank Balance Sheet	Majority investment grade corporate credit	Axa Investment Managers Paris	Europe non-UK	LU0648070216	AXA IMP
WASATCH CLO LTD	2,15	CLO	Equity	Broadly syndicated loans	Invesco	USA	USG94608AB57	JP Morgan
CARLYLE HY PART IX	2,13	CLO	Equity	Broadly syndicated loans	Carlyle	USA	KYG1908R1048	Lehman Brothers
GOLDEN TREE LOAN OPPORTUNITIES	2,13	CLO	Equity	Broadly syndicated loans	Golden Tree	USA	USG39607AC37	Deutsche Bank
CARAVELA 3	2,02	Synthetic Corporate Credit	Bank Balance Sheet	SME Loans	European Bank	Europe non-UK	XS0945192762	StormHarbour
BATALLION CLO LT- EQUITY	1,88	CLO	Equity	Broadly syndicated loans	Brigade Capital Management	USA	USG08887AA27	Deutsche Bank
Cadenza	1,84	Synthetic Corporate Credit	Debt	Majority investment grade corporate credit	Axa Investment Managers Paris	Europe non-UK	XS0672066908	UBS
CIFC 2006-2X - BB Debt	1,82	CLO	Debt	Broadly syndicated loans	CIMC	USA	XS0279835614	Bear Stearns & Co Inc
CHEYNE CREDIT OPP. DO – BBB debt	1,80	CLO	Debt	Broadly syndicated loans	Nomura	Europe non-UK	XS0243225728	Cheyne Capital Management Ltd
ALBA 2006-2 PLC	1,71	ABS	Residual	UK non-conforming RMBS	Oakwood	United Kingdom	XS0271780651	Credit Suisse
Aquarius	1,55	Synthetic Corporate Credit	Bank Balance Sheet	Majority investment grade corporate credit	Major European Bank	USA	XS0870021366	Major European Bank
ICE 1Emerg CLO- A3 – AA Debt	1,39	Cash Corporate Credit	Debt	Corporate Emerging Debt	ICE Canyon LLC	Other	USG4746PAD09	CitiGroup

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Madison Park Funding E - BB debt	1,36	CLO	Debt	Broadly syndicated loans	Credit Suisse Alternative Capital	USA	USG5744QAA34	Merrill Lynch
JAZZ III CDO (IRELAND) P.L.C.	1,35	Synthetic Corporate Credit	Equity	Majority investment grade corporate credit	Axa Investment Managers Paris	USA	XS0263617374 / XS0263615675	Merrill Lynch International
ORYX 1X - D - BBB debt	1,33	CLO	Debt	Broadly syndicated loans	AXA IM	Europe non-UK	XS0230415373	UBS
JUBIL1R - D - BBB Debt	1,31	CLO	Debt	Broadly syndicated loans	Alicentra	Europe non-UK	XS0292633533	JP Morgan
Skellig Rock 2006 1X - C - A Debt	1,31	CLO	Debt	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0273474444	JP Morgan
St Bernard Opportunity Fund	1,29	ABS	Debt (Fund)	US Mortgages	Axa Investment Managers Paris	USA	QS0002021030	NA
Limerock 1A - D - BB Debt	1,25	CLO	Debt	Broadly syndicated loans	Invesco	USA	US532623AH83	Credit Suisse
Dryden XVII - Junior AAA Debt	1,19	Synthetic Corporate Credit	Debt	Majority investment grade corporate credit	Prudential IM	USA	USG7546RAP40	UBS
Regatta Funding 2007-1X - B 1L - BBB Debt	1,16	CLO	Debt	Broadly syndicated loans	Citi Capital Advisor	USA	USG7476XAF71	Bear Stearns
BATALLION CLO LTD - D - BBB debt	1,14	CLO	Debt	Broadly syndicated loans	Brigade Capital Management	USA	US071322AE44	Deutsche Bank
SANDS POINT FUNDING LTD	1,13	CLO	Equity	Middle market loans	Guggenheim	USA	USG7800DAA93	Deutsche Bank
LightPoint CLO V - C - BBB Debt	1,11	CLO	Debt	Broadly syndicated loans	Neuberger Berman	USA	USG5487GAD00	Credit Suisse
Centurion 10 - E - BB debt	1,04	CLO	Debt	Broadly syndicated loans	River Source Investments LLC	USA	US15132PAA12	Morgan Stanley
Alpine-Taurus	1,03	Synthetic Corporate Credit	Bank Balance Sheet	Majority investment grade corporate credit	Major European Bank	Europe non-UK	XS0791159758	Major European Bank
EGLXY 2006-1D - BBB - Debt	1,00	CLO	Debt	Broadly syndicated loans	Pinnebridge (aka AIG)	Europe non-UK	XS0264791855	Morgan Stanley
Clock 2013	0,99	Synthetic Corporate Credit	Bank Balance Sheet	Majority investment grade corporate credit	Major European Bank	Europe non-UK	XS0908245037	Major European Bank
PGAEA 2007 - 1A - AAA Debt	0,98	ABS	Debt	European ABS	Investec	Europe non-UK	XS0287257280	Bear Stearns
BlackDiamond 2012 - D - BB Debt	0,98	CLO	Debt	Broadly syndicated loans	Black Diamond Capital Management LLC	USA	USG1146TAA00	Crédit Suisse
DUANE STREET CLO - D1- BBB debt	0,96	CLO	Debt	Broadly syndicated loans	Citi Capital Advisor	USA	US26358BAL27	Morgan Stanley
Carlyle GM SE 1X - E - BB	0,96	CLO	Debt	Broadly syndicated loans	Carlyle	Europe non-UK	XS0941552407	Barclays Capital
SIERA 2006-2X - B2L - BB Debt	0,94	CLO	Debt	Broadly syndicated loans	Apidos Capital Management	USA	XS0276546065	Bear Stearns

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LIGHTPOINT PAN EUROPEAN CLO PLC	0,93	CLO	Equity	Broadly syndicated loans	Neuberger Berman	Europe	XS0282169803	Credit Suisse
CEL F 2005-2 D - BBB Debt	0,92	CLO	Debt	Broadly syndicated loans	Carlyle Europe	Europe non-UK	XS0233121234	JP Morgan
ACASC 2012 1X - E - BB Debt	0,90	CLO	Debt	Broadly syndicated loans	ACAM	USA	USG00669AA28	Deutsche Bank
ADAGIO III-X - D - BBB debt	0,88	CLO	Debt	Broadly syndicated loans	Axa Investment Managers Paris	Europe non-UK	XS0262683203	Lehman Brothers
Corsair 06/30/2014	0,88	Synthetic Corporate Credit	Debt	Majority investment grade corporate credit	JP Morgan	USA	XS0280348573	JP Morgan
PROMISE MOBILITY 2006-1	0,88	Cash Corporate Credit	Equity	German SME Loans	IKB	Europe non-UK	DE000A0LDYP7	Deutsche Bank
LAURELIN – D1–BBB debt	0,88	CLO	Debt	Broadly syndicated loans	Golden Tree Asset Management LP	Europe non-UK	XS0305010711	Barclays Capital
EUROSAIL 2006-1PLC	0,85	ABS	Residual	UK non-conforming RMBS	SPML	United Kingdom	XS0254441081	Lehman Brothers
Tara Hill 1X - III - BBB Debt	0,82	CLO	Debt	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0122499931	Morgan Stanley
Harvest IV – C - A debt	0,78	CLO	Debt	Broadly syndicated loans	3i Debt Management	Europe non-UK	XS0189775249	Merrill Lynch
EURO GALAXY CLO BV – E – BB debt	0,75	CLO	Debt	Broadly syndicated loans	AIG Global Investments	Europe non-UK	US29871UAG31	Morgan Stanley
Black Diamond 2006 1X - E - BB Debt	0,73	CLO	Debt	Broadly syndicated loans	Black Diamond Capital Management LLC	USA	XS0282504280	Bear Stearns
H1776 CLO – D - BBB debt	0,72	CLO	Debt	Broadly syndicated loans	W.R.Huff Asset Management	USA	US81806PAE07	Deutsche Bank
ADAGIO III CLO – C - A debt	0,69	CLO	Debt	Broadly syndicated loans	Axa Investment Managers Paris	Europe non-UK	XS0262682148	Lehman Brothers
LFE IV – S4 – BBB-Debt	0,67	CLO	Debt	Broadly syndicated loans	BNP Paribas	Europe non-UK	XS0269248398	BNP Paribas
OAK HILL EUROPEAN CREDIT PARTNERS PLC	0,67	CLO	Equity	Broadly syndicated loans	Oak Hill	Europe non-UK	XS0300349700	Deutsche Bank
Clare Island 1X IV - B - BB debt	0,63	CLO	Debt	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0143896875	Morgan Stanley
LIGHTPOINT CLO V, LTD	0,62	CLO	Equity	Broadly syndicated loans	Neuberger Berman	USA	USG5487GAG31	Credit Suisse
PRELUDE	0,62	CLO	Equity	Broadly syndicated loans	AXA IM Paris	USA	XS0213954802	Wachovia Bank N.A.
CLOML 2007-1X - D - BBB Debt	0,59	CLO	Debt	Broadly syndicated loans	Denali Capital LLC	USA	USG60283AK75	Merrill Lynch
Acas CLO 2013-1 - F - B Debt	0,57	CLO	Debt	Broadly syndicated loans	ACAM	USA	USG0067AAB64	Deutsche Bank



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Duane Street 2006-3X - E - BB	0,55	CLO	Debt	Broadly syndicated loans	Citi Capital Advisor	USA	USG29281AA33	Morgan Stanley
GALAXY VII CLO LTD	0,54	CLO	Equity	Broadly syndicated loans	AIG	USA	USG25796AB20	Morgan Stanley
ALPSTAR CLO 2 PLC – E - BB debt	0,52	CLO	Debt	Broadly syndicated loans	Alpstar Management	Europe non-UK	XS0291723079	Bank of America
ALBA 2006-1PLC	0,49	ABS	Residual	UK non-conforming RMBS	Oakwood	United Kingdom	XS0255043050	Credit Suisse
GALAXY VIII CLO LTD – E – BB Debt	0,48	CLO	Debt	Broadly syndicated loans	AIG	USA	US36317KAA51	Morgan Stanley
ADAGIO II CLO – D1- BBB debt	0,44	CLO	Debt	Broadly syndicated loans	Axa Investment Managers Paris	Europe non-UK	XS0237058424	Merrill Lynch International
Apidos CDO - E - BB Debt	0,42	CLO	Debt	Broadly syndicated loans	Apidos Capital Management	USA	US03761NAA00	Morgan Stanley
Tara Hill 1X - IV - BB - Debt	0,39	CLO	Debt	Broadly syndicated loans	AIB Capital Markets plc	Europe non-UK	XS0122500027	Morgan Stanley
JAZZ III CDO (IRELAND) P.L.C. – CA - A debt	0,37	Synthetic Corporate Credit	Debt	Majority investment grade corporate credit	AXA Investment Managers Paris	USA	XS0262646697	Merrill Lynch International
Regent Park 1X - E - BB	0,36	CLO	Debt	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0268111126	JP Morgan
Century CDO 2007 – C - BBB Debt	0,35	CLO	Debt	Broadly syndicated loans	Lightpoint	USA	US15134UAA88	Credit Suisse
Octagon IP XI – D - BB debt	0,21	CLO	Debt	Broadly syndicated loans	Octagon Investment Partners	USA	USG67245AF09	Citigroup / GS
RLOC 2007-1X E2B - BB debt	0,21	ABS	Debt	UK non-conforming RMBS	GMAC	United Kingdom	XS0300477535	Morgan Stanley
Leopard CLO BV – BB Debt	0,19	CLO	Debt	Broadly syndicated loans	M & G Investment Management Ltd	Europe non-UK	XS0251752472	RBS
BLACK DIAMOND CLO LTD - 2005-2X E1	0,17	CLO	Debt	Broadly syndicated loans	Black Diamond Capital Management LLC	USA	XS0232465202	Bear Stearns
Start 2010-6X A	0,16	Synthetic Corporate Credit	Debt	Majority investment grade corporate credit	Standard Chartered	USA	XS0562803758	Standard Chartered
Denali Capital V	0,15	CLO	Equity	Broadly syndicated loans	Denali Capital LLC	USA	US24821MAB46	JP Morgan
NEWGATE FUNDING PLC 2006-2	0,00	ABS	Residual	UK non-conforming RMBS	Mortgage Plc	United Kingdom	XS0259286101	Merrill Lynch International
BallyRock 2006-1X - D - BBB Debt	0,00	CLO	Debt	Broadly syndicated loans	Ballyrock	USA	USG0717JAD75	Goldman Sachs

Volta Finance Limited is incorporated in Guernsey under the Companies (Guernsey) Laws, 1994 to 1996 (as amended) and listed on Euronext Amsterdam. Its investment objectives are to preserve capital and to provide a stable stream of income to its shareholders through dividends. For this purpose, it pursues a multi-asset investment strategy targeting various underlying 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; automobile loans. Volta Finance Limited's basic approach to its underlying assets is through vehicles and arrangements that provide leveraged exposure to some of those underlying assets.

Volta Finance Limited 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.

## **Synthetic Corporate Credit**

This asset class regroups the Company investments in securities issued by collateralised swap obligations ("CSO") as well as bank balance-sheet transactions. Through this asset class, the Company aim to get an exposure to investment grade, sub-investment grade or unrated credits. The vast majority of these credit exposures are investment grade corporate credit exposures mainly through synthetic arrangements such as Credit Default Swaps ("CDS").

This asset class is split depending on the subordination to default of the securities. The equity positions have no subordination to default but receive a high cash-on cash payment; the debt positions benefit from subordination to default and receive a lower coupon payment.

Through a bank balance-sheet transaction, the Company aim to get an equity or mezzanine exposure to a specific core business of a bank. They are structured through synthetic arrangements, such as CDS, Total Return Swap or Credit Linked Note and are often private transactions.

## **CLO**

This asset class regroups the Company investments in securities issued by actively managed Collateralized Loan Obligations (CLO). This asset class is split based on the risk position within the CLO capital structure (ie between equity and mezzanine debt positions) and on the geographical main exposures of the underlying portfolio (ie US or European senior secured loans).

## **Cash Corporate Credit**

This asset class offers a direct exposure to corporate credit portfolios (either investment grade, high yield or unrated). It currently encompasses an unlevered fund of leverage loans, a small and medium enterprise CLO equity tranche and an emerging market CDO debt tranche offering a cash exposure to a portfolio of mainly emerging market corporates.

## **ABS**

This asset class regroups the Company investments in securities issued by structures for which payments depends on residential mortgage loans. This asset class is split based on the riskiness of the positions (ie between Residual Interest and debt tranches)