



## VOLTA FINANCE – SEPTEMBER MONTHLY REPORT

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Guernsey, 21 October 2013 – Volta Finance Limited (the “Company” or “Volta Finance” or “Volta”) has published its monthly report. The full report is attached to this release and is available on Volta Finance Limited’s financial website ([www.voltafinance.com](http://www.voltafinance.com)).

#### Gross Asset Value

	At 30.09.13	At 30.08.13
Gross Asset Value (GAV / € million)	256.1	252.3
GAV per share (€)	7.19	7.14

At the end of September 2013, the Gross Asset Value\* (the “GAV”) of Volta Finance Limited (the “Company”, “Volta Finance” or “Volta”) was €256.1 m or €7.19 per share, modestly up from the end of August 2013 GAV.

Year to date 2013 performance is +17.7%.

It should be noted that €5.4m, relating to the Investment Manager’s Management and Performance Fees for the semi-annual period ended 31 July 2013 (see 2013 Annual Report for more details) have been subtracted from the GAV. Without this, the GAV per share would have been €7.35, a monthly performance of +2.9%. Approximately €2.0m of the €54m are in the form of newly issued Class C shares, whilst the remainder is payable in cash. Please note that going forward all fees to the Manager will be paid in cash.

The September mark-to-market variations\* of Volta’s asset classes have been: +9.8% for Synthetic Corporate Credit deals, -0.3% for CLO Equity tranches; +0.6% for CLO Debt tranches, +1.4% for Cash Corporate Credit deals and +3.1% for ABS. The positive performance of assets in September is explained by positive credit markets.

Volta’s assets generated the equivalent of €3.8m cash flows in September 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 €15.7m compared with €16.2m for the previous six-month period ended in March 2013.

In September the Company took advantage of the tightening in credit spreads to sell 7 CLO debt positions for a total of €14.8m and purchase one euro BB CLO debt for €2.6m (projected IRR of purchase was 8.9% under standard assumptions).

At the end of September, subtracting the amounts mentioned above in relation to the Investment Manager fees (to be paid in the coming weeks), Volta held €21.9m in cash, including €0.3m in relation to the Liquidity Enhancement Contract and €0.9m received in relation to its currency hedge positions and T-Notes positions. Volta could be considered to have approx €16m available to invest.

#### MARKET ENVIRONMENT

In September 2013, credit spreads tightened significantly 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 107 and 434 bps at the end of August 2013 to 94 and 378 bps at the end of



September 2013. During the same period, credit spreads in the US, as illustrated by the 5y CDX main index (series 20) went from 84 to 73 bps. According to the CSFB Leverage Loan Index, the average price for USA liquid first lien loans was roughly unchanged from 97.91% at the end of August 2013 to 97.81% at the end of September 2013. In Europe: the price of the S&P European Leveraged Loan Index increased significantly from 92.93% to 93.97% at the end of September 2013.\*\*

## **VOLTA FINANCE PORTFOLIO**

In September 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 September 2013, no particular event materially affected the situation of the positions in this bucket. All the positions are currently paying coupons.

Regarding the Company's ABS investments, no particular event affected the situation of these investments

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.

The Company took the opportunity of this summer's increases in US government rates to put in place a long position on US T-notes futures. At the end of September the position is equivalent to a USD20M nominal position and has generated a gain of USD0.8m. The aim of this position is to transform part of the USD floating rate positions of Volta into fixed .

Considering Volta's present cash position, we intend to purchase some new assets 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.*

(Full monthly report in attachment or on [www.voltafinance.com](http://www.voltafinance.com))

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## **ABOUT VOLTA FINANCE LIMITED**

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.

## **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 €553 billion in assets under management as of the end of December 2012. AXA IM employs approximately 2,450 people around the world and operates out of 21 countries.

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