



## VOLTA FINANCE – FEBRUARY MONTHLY REPORT

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Guernsey, 25 March 2015 – 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 30.01.15	At 27.02.15
Gross Asset Value (GAV / € million)	290.2	293.9
GAV per share (€)	7.95	8.05

### PERFORMANCE

At the end of February 2015, the Gross Asset Value\* (the “GAV”) of Volta Finance Limited (the “Company”, “Volta Finance” or “Volta”) was €293.9 m or €8.05 per share, an increase of €0.10 per share or 1.3% since the end of January 2015 GAV.

The YTD performance for 2015 stands at +5.0% as at the end of February. It is an encouraging start to the year following a gain of 12.4% for 2014 (including the April & December 2014 dividends).

During the preparation of Volta's interim financial report, to be published in the coming days, the reconciliation of the end of January GAV estimate published last month has identified a small understatement. The January GAV should have been €7.95 per share rather than the reported €7.92.

The February mark-to-market variations\* of Volta’s asset classes were: +1.4% for Synthetic Corporate Credit deals, +4.0% for CLO Equity tranches; +1.9% for CLO Debt tranches, -0.3% for Cash Corporate Credit deals and +0.3% for ABS. The positive performance of Volta in February is in line with the better tone to credit markets and the further appreciation of the USD against Euro. At 27th February 2015 Volta had 43.1% net exposure to the US Dollar, after accounting for the impact of currency hedging.

Volta’s assets generated the equivalent of €2.4m cash flows in February 2015 (non-Euro amounts translated 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 €17.2m.

In February, Volta invested the equivalent of €4.7m in 2 CLO tranches : the B and the equity tranche of a new USD CLO (Flatiron 2015-1). Together, these two positions have an expected performance circa 10%. The equivalent of €9.6m was drawn down on existing commitments. No assets were sold during the month.

At the end of February, Volta held €6.4m in cash, excluding €2.5m pledged as margin under its currency hedging facilities and €4.7m due to broker in relation with the most recent purchases.

Since the end of February Volta has announced that it has entered into a repurchase agreement with Societe Generale. USD30m has been received against some of the USD CLO debt tranches of the Company. The proceeds will be used principally to purchase debt tranches of CLOs. This should increase the implied IRR of the portfolio and boost the net yield. A further USD30m can be drawn using a similar repurchase agreement, subject to certain conditions.

Through this repurchase agreement Volta will, in effect, have incurred leverage and contracted a debt



for USD30m. As Volta has now direct leverage in operating its investment strategy, the Company will provide additional reporting henceforth to allow investors to have a clearer understanding of the gross and net asset values of the Company.

The Company will continue to calculate and report a Gross Asset Value ("GAV") in accordance with the existing methodology and the Company's investment restrictions will continue, where relevant, to be measured and monitored in relation to GAV.

The Company will report a new measure on a monthly basis – an Estimated NAV. Estimated NAV will be net of the liabilities coming from repurchase agreements. The Estimated NAV will continue to allow shareholders to have a fairly accurate estimate of the likely NAV of the Company on a monthly basis. A fully reconciled NAV will continue to be reported as at 31st January and 31st July, as previously.

## **MARKET ENVIRONMENT**

In February 2015, credit market spreads tightened significantly both in the US and in Europe. The tightening was more pronounced in Europe than in the US following the introduction of Quantitative Easing from the ECB. The 5 year iTraxx European Main index and 5 year iTraxx European Crossover Index (series 22) spreads tightened from 60 and 323 bps at the end of January 2015 to 50 and 261 bps at the end of February 2015. In the US, the 5y CDX main index (series 23) tightened from 70 to 61 bps. According to the CSFB Leverage Loan Index, the average price for US liquid first lien loans increased modestly from 96.12% at the end of January 2015 to 97.18% at the end of February 2015. In Europe, the price of the S&P European Leveraged Loan Index increased as well from 96.54% to 96.73%. \*\*

## **VOLTA FINANCE PORTFOLIO**

In February 2015, no particular event materially impacted any of Volta's assets.

We continue to see opportunities in several structured credit sectors including mezzanine or equity tranches of CLOs, RMBS tranches as well as tranches of Cash or Synthetic Corporate Credit portfolios.

## **SHARE PRICE PERFORMANCE**

Recent share price performance has been encouraging, with the shares rallying from around €6.25 at the beginning of the year to around €7.00 by mid March. Strong buying interest has been seen from a range of existing and new investors. According to Bloomberg and including volume across brokers, 6.2m shares traded in February. As a result, the share price discount has narrowed to approximately 10% relative to the previously published GAV. However, the discount remains markedly wider than the Company's London listed peers.

As recently announced, the Company's listing on the London Stock Exchange is anticipated to occur in May 2015.

*\* "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) Law, 2008 (as amended) and listed on NYSE 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 €607 billion in assets under management as of the end of September 2014. AXA IM employs approximately 2,300 people around the world and operates out of 21 countries.

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