Volta Finance Limited (VTA) – January 2018 monthly report

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Guernsey, 19 February 2018

AXA IM has published the Volta Finance Limited (the "Company" or "Volta Finance" or "Volta") monthly report for January. 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 January, Volta's Estimated NAV* performance was -0.4%.

Once again, the monthly performance was negatively impacted by weakness in the US dollar. The Company's exposure to the US dollar was in the region of 35% during the month and the dollar depreciated by 3.2% against euro. The performance of the underlying assets was strong as illustrated, for example, by the strong cash flows received again in January and by the mark-to-market performance of its CLO tranches in January.

In January, Volta generated the equivalent of €5.6m 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 €17.4m (representing an annualised yield of 11.5% of the Estimated NAV).

In January, mark-to-market performances of Volta's asset classes were: +0.1% for Bank Balance Sheet Transactions; +2.5% for CLO Equity tranches; +1.2% for CLO Debt tranches, 0.0% for Cash Corporate Credit deals and +0.2% for ABS.

On February 9th, the US Court of Appeals for the District of Columbia ruled in favour of the US Loan Syndications and Trading Association in its lawsuit against the US Securities and Exchange Commission (SEC) and the Board of Governors of the Federal Reserve System (FRB) over the application of the US credit risk retention requirements to managers of open-market collateralized loan obligations. The Court stated that managers of "open-market CLOs" (i.e. broadly syndicated CLOs) are not subject to the risk retention rules under Dodd-Frank regulation. Those rules require the securitiser of an asset-backed security to retain, on an unhedged basis, at least 5% of the credit risk of any issuance. Although the SEC and the FRB could theoretically petition for rehearing, the market views that as unlikely and that, if they did, it would be unlikely that a rehearing would be granted. In Europe there has been no sign that the retention rule would be abandoned or softened for CLOs (at least for the next few years). Therefore, going forward, the share of US CLOs satisfying the European retention requirement will decrease (from almost 45% in 2017).

For Volta, which can only invest in CLOs satisfying the European risk retention rules, it would mean that we would return towards the situation experienced in 2014/2015: having to convince US CLO managers to issue CLO satisfying the European risk retention rules although they aren't forced to comply with similar obligations in the US. This worked reasonably satisfactorily in the past. We will provide further information in future monthly reports as there is many options available to be able to continue seizing USD CLO opportunities for Volta.

In January Volta made one single investment (a BB tranche of USD CLO) for the equivalent of €3.2m. Under market standard assumptions this tranche is expected to yield near 8.5%.

Since the end of January, Volta opened a new USD CLO warehouse in order to secure a further investment in a USD CLO Equity tranche. Another CLO warehouse is expected to be opened in Europe in March.

This is in line with our global view that we have reached the right point in the cycle to increase our exposure to CLO Equity tranches, given the ability to lock in a low cost of debt and being more and more convinced that we broadly reached the end of the credit spread tightening cycle. CLO equity tranches being long term leveraged positions benefit from spread widening in the underlying loan market.

At the end of January 2018, Volta's Estimated NAV was €303.1m or €8.29 per share. The GAV stood at €345.6m.

**It should be noted that approximately 12.4% 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 for 12.4% as of 29 December 2017.*

*** "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.*

This announcement contains information that is inside information for the purposes of the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via Regulatory Information Service this inside information is now considered to be in the public domain.

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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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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 €717 billion in assets under management as of the end of December 2016. AXA IM employs approximately 2,420 people around the world.

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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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