

Contact on the portfolio composition

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## Volta Finance Limited

### January Monthly Report

At 31 January 2012

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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 January 2012, the Gross Asset Value (the "GAV") of Volta Finance Limited (the "Company", "Volta Finance" or "Volta") was €139.8 m or €4.52 per share, an increase of €0.01 per share from €4.51 GAV per share at the end of December 2011. Taking into account the €22 cents per share dividend paid in January, the GAV increased by €0.23 in January 2012.

After a 2011 +10.3% annual performance of Volta's assets mostly due to the actual cash flows received from the assets, 2012 starts the year with a positive 4.2% increase.

The January mark-to-market variations\* of Volta Finance's asset classes have been: +2.3% for ABS investments, +6.0% for mezzanine of CDO investments, +4.4% for residuals of CDO investments and +8.8% for Corporate Credit investments. The GAV increase in January was in line with positive credit markets in January.

Volta's assets generated the equivalent of €2.2m of cash flows in January 2012 (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 €15.4m. This amount can be compared with €11.9m for the previous six-month period ended in July 2011 (the most recent comparable period considering the seasonality of payments).

In January 2012, two assets were sold (Hermes 17-E and most of the Start 2010-6X position) by the Company for a combined amount equivalent to €2.5m.

At the end of January, Volta held €3.8m in cash, including €1.2m posted in respect of the currency hedge. Considering the pace at which cash flows are generated and the necessity to keep cash available for the next dividend payment in April, Volta's capacity for new investments is limited to a few million euros.

## MARKET ENVIRONMENT

In January 2012, credit spreads tightened significantly in Europe and in the USA reflecting some improvement regarding the economic situation in the US and less uncertainties regarding the Euro sovereign crisis. The spread of the 5y European iTraxx index and of the 5y iTraxx European Crossover Index (series 16) decreased, respectively, from 173 and 755 bps at the end of December 2011 to 143 and 620 bps at the end of January 2012. During the same period, credit spreads in the US, as illustrated by the 5y CDX main index (series 17), went from 120 to 103 bps at the end of January 2012. According to the CSFB Leverage Loan Index, the average price for USA liquid first lien loans modestly increased from 92.19% to 93.60% at the end of January 2012.\*\*

Overall, with the various tensions and uncertainties that weighted on risky assets over the last 12 months, Volta's prices are slightly below what they were one year ago. At the same time 6-month rolling cash flows received from our assets increased from €10.3m to €15.4m (close to one euro per share on an annual basis). Any easing in tensions and uncertainties should benefit Volta's assets valorisation as has been the case in this first month of the year.

# Comment (continued)

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## VOLTA FINANCE PORTFOLIO

In January 2012, no particular event materially affected the situation of the Corporate Credit holdings. However, it should be remembered that the first-loss positions in Jazz III and ARIA III remain highly sensitive to any credit event, especially to financial debts considering the significant exposures to bank debt held through these positions. As already mentioned, both assets are exposed to the Hellenic Republic through CDS. However, a default of Greece would have a limited direct impact on Volta's GAV as such default has been priced in for months (Indirect consequences on the rest of the portfolio however are difficult to quantify).

At the end of January, the average price of the assets in Corporate Credits (using end of period numbers) increased from 38.8% to 42.2% in line with the tightening observed in credit markets.

As regards the Company's investments in residual and mezzanine debt of CDOs, at the end of January 2012, all 53 positions in residual or mezzanine debt of CDOs are currently paying their coupons. No particular event materially affected the situation of these positions.

At the end of January 2012 the 40 mezzanine debt tranches of CDOs (38 tranches of CLOs, 1 tranche of Emerging Debt CDO and 1 tranche of CDO of ABS), were valued at an average price of 62% of par against 59% at the end of December 2011; the 12 classic residual tranches of CLOs were valued at an average price of 62% against 59% one month earlier; the remaining asset, the Tennenbaum loan fund was valued at 77% of par. As regards the Company's ABS investments, at the end of January 2012, nothing special affected the main position (Promise Mobility) or the other investments in this bucket (6 UK non-conforming residual positions).

The Company considers that opportunities could arise in several structured credit sectors in the current market environment. Amongst others, mezzanine tranches of CLOs and European ABS as well as tranches of Corporate Credit portfolios could be considered for investments. Potential investments could be made depending on the pace at which market opportunities could be seized and cash is available. The recent widening of discount margins has been seized upon by the Company to invest most of the cash available. Depending on market opportunities, the Company may aim at taking advantage of current volatility in prices to sell some assets in order to reinvest the sale proceeds on assets representing, at the time of purchase, what the Company considers a better opportunity.

*\* "Mark-to-market variation" is calculated as the Dietz-performance of the assets in each bucket, taking into account the MTM 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.*

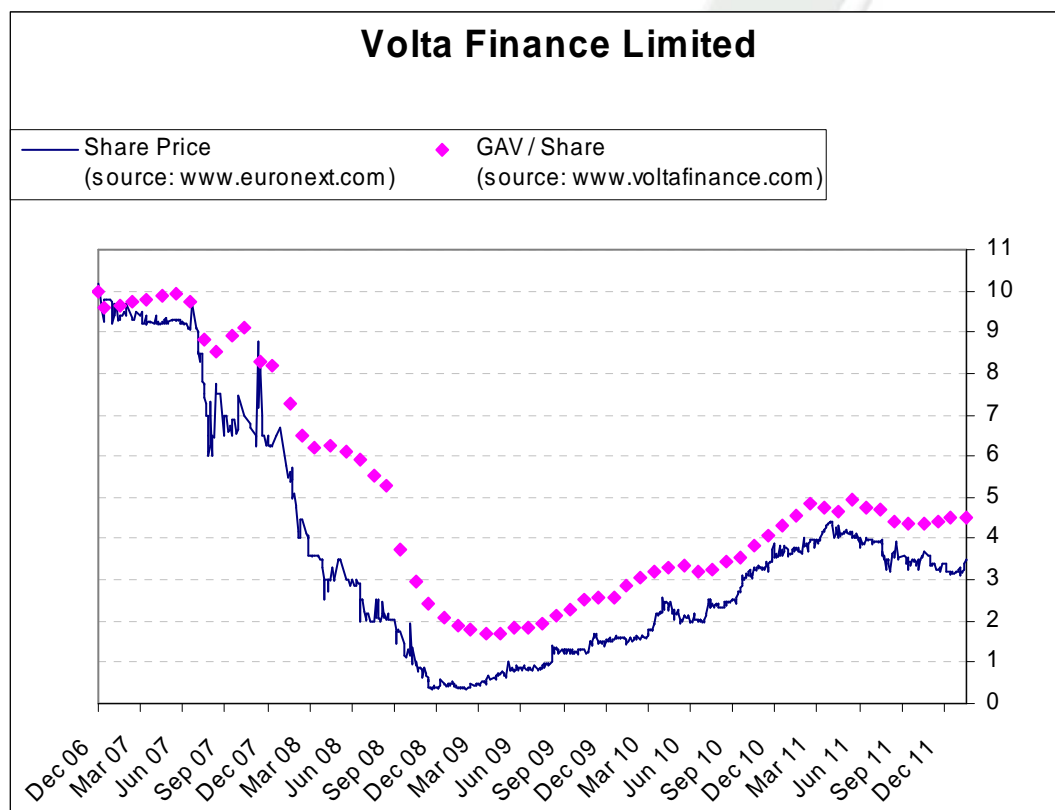
# Gross Asset Value

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	At 31.01.12	At 30.12.11	Note
Gross Asset Value (GAV – € million)	139.8	139.1	
GAV per Share (€)	4.52	4.51	30 932 217 outstanding shares

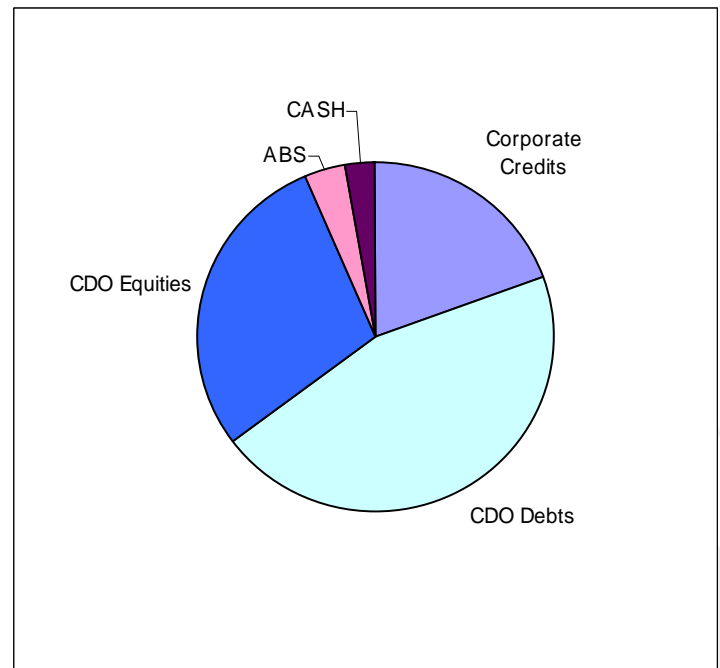
## GAV and Share Price History



# Portfolio Composition

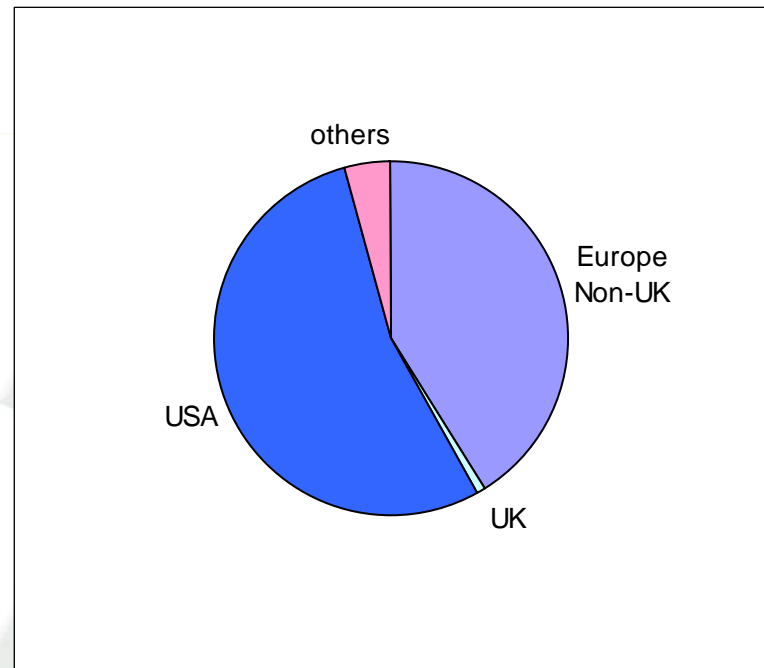
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**Breakdown by Primary Target Asset Class**



Asset class	At 31.01.12 (€ million)	At 30.12.11 (€ million)
Corporate Credits	27.2	26.7
CDO Debts	63.2	59.8
CDO Equities	40.5	39.9
Asset Backed Securities	5.1	6.0
Cash	3.8	6.7

**Breakdown by Geography \***



Region	At 31.01.12 (€ million)	At 30.12.11 (€ million)
Europe non-UK	58.0	57.1
UK	1.7	1.3
USA	73.8	74.9
Others	6.3	5.8

\* Look through. Includes the geographic exposure gained through the underlying portfolio of Jazz III, Aria II and Aria III. Does not include cash.

# Volta Finance Portfolio Holdings: Complete List

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Issuer	% GAV	Description of investment	Description of underlying asset	Manager/Service	Principal geographical exposure	ISIN	Arranging Institution
TENNEBAUM OPPORTUNITIES FUND V	6.35	Fund	High yield bonds and loans	Tennenbaum Capital Partners, LLC	USA	NA	Wachovia Bank, N.A.
JAZZ III CDO – AB - Junior AAA debt	5.97	Mezzanine debt of Corporate CDO	Majority investment grade corporate credit	Axa Investment Managers Paris	USA	US47215CAB19	Merrill Lynch International
ARIA CDO III (tranche 0%-3%)	3.56	Bespoke CDO tranche	Majority investment grade corporate credit	Axa Investment Managers Paris	USA	XS0375442307	JP Morgan
Bank Capital Opportunity Fund	3.56	Mezzanine Tranche of CSO	Majority investment grade corporate credit	Axa Investment Managers Paris	Europe non-UK	LU0648070216	AXA IMP
PROMISE MOBILITY 2006-1	3.54	Residual of ABS	German SME first loss	IKB	Europe non-UK	NA	Deutsche Bank
NORTHWOODS CAPITAL LIMITED	3.28	Residual of CLO	Broadly syndicated loans	Angelo Gordon	USA	USG6666RAB18	JP Morgan
BATALLION CLO LT- EQUITY	3.14	Residual of CLO	Broadly syndicated loans	Brigade Capital Management	USA	USG08887AA27	Deutsche Bank
BATALLION CLO LTD – E - BB debt	3.08	Mezzanine debt of CLO	Broadly syndicated loans	Brigade Capital Management	USA	USG08889AF79	Deutsche Bank
MCDONNELL LOAN OPPORTUNITY LTD	3.01	Mezzanine debt of CLO	Broadly syndicated loans	McDonnell Investment Mgt LLC	USA	USG6016MAA11	Deutsche Bank
GOLDEN TREE LOAN OPPORTUNITIES	2.85	Residual of CLO	Broadly syndicated loans	Golden Tree	USA	USG39607AC37	Deutsche Bank
WASATCH CLO LTD	2.63	Residual of CLO	Broadly syndicated loans	Invesco	USA	USG94608AB57	JP Morgan
CHEYNE CREDIT OPP. DO – BBB debt	2.38	Mezzanine debt of CLO	Broadly syndicated loans	Nomura	Europe non-UK	XS0243225728	Cheyne Capital Management Ltd
Boyne Valley 1X – C1 - A debt	2.31	Mezzanine debt of CLO	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0235642971	JP Morgan
ADAGIO III CLO – E -BB debt	2.05	Mezzanine debt of CLO	Broadly syndicated loans	Axa Investment Managers Paris	Europe non-UK	XS0262683971	Lehman Brothers
SANDS POINT FUNDING LTD	1.97	Residual of CLO	Middle market loans	Guggenheim	USA	USG7800DAA93	Deutsche Bank
Madison Park Funding E - BB debt	1.95	Mezzanine debt of CLO	Broadly syndicated loans	Credit Suisse Alternative Capital	USA	USG5744QAA34	Merrill Lynch
ICE 1 Emerg CLO- A3 – AA Debt	1.93	Mezzanine debt of CLO	Emerging Debt	ICE Canyon LLC	Other	USG4746PAD09	CitiGroup
LIGHTPOINT CLO V, LTD	1.87	Residual of CLO	Broadly syndicated loans	Lightpoint	USA	USG5487GAG31	Credit Suisse
Cadenza	1.81	Mezzanine Tranche of CSO	Majority investment grade corporate credit	Axa Investment Managers Paris	Europe non-UK	XS0672066908	UBS
OAK HILL EUROPEAN CREDIT PARTNERS PLC	1.68	Mezzanine debt of CLO	Broadly syndicated loans	Oak Hill	Europe non-UK	XS0300349379	Deutsche Bank
Dryden XVII - Junior AAA Debt	1.67	Senior Tranche of CSO	Majority investment grade corporate credit	Prudential IM	USA	USG7546RAP40	UBS

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GALAXY VII CLO LTD	1.62	Residual of CLO	Broadly syndicated loans	AIG	USA	USG25796AB20	Morgan Stanley
PGAEA 2007 - 1A - AAA Debt	1.59	Mezzanine debt of CDO	European ABS	Investec	Europe non-UK	XS0287257280	Bear Stearns
Limerock 1A – D –BB Debt	1.50	Mezzanine debt of CLO	Broadly syndicated loans	Invesco	USA	US532623AH83	Credit Suisse
PRELUDE	1.47	Fund of residual of CLO	Broadly syndicated loans	AXA IM Paris	USA	XS0213954802	Wachovia Bank N.A.
LightPoint CLO V – C – BBB Debt	1.45	Mezzanine debt of CLO	Broadly syndicated loans	Lightpoint	USA	USG5487GAD00	Credit Suisse
BATALLION CLO LTD – D - BBB debt	1.44	Mezzanine debt of CLO	Broadly syndicated loans	Brigade Capital Management	USA	US071322AE14	Deutsche Bank
ORYX 1X – D – BBB Debt	1.38	Mezzanine debt of CLO	Broadly syndicated loans	AXA IM	Europe non-UK	XS0230415373	UBS
JAZZ III CDO (IRELAND) P.L.C.	1.35	Residual of Corporate CDO	Majority investment grade corporate credit	Axa Investment Managers Paris	USA	XS0263617374 / XS0263615675	Merrill Lynch International
Centurion 10 – E - BB debt	1.30	Mezzanine debt of CLO	Broadly syndicated loans	River Source Investments LLC	USA	US15132PAA12	Morgan Stanley
LIGHTPOINT PAN EUROPEAN CLO PLC	1.29	Residual of CLO	Broadly syndicated loans	Lightpoint	Europe	XS0282169803	Credit Suisse
DUANE STREET CLO – D1 - BBB debt	1.27	Mezzanine debt of CLO	Broadly syndicated loans	Dimaio Capital	USA	US26358BAL27	Morgan Stanley
SIERA 2006-2X - B2L - BB Debt	1.26	Mezzanine debt of CLO	Broadly syndicated loans	Apidos Capital Management	USA	XS0276546065	Bear Stearns
CARLYLE HY PART IX	1.23	Residual of CLO	Broadly syndicated loans	Carlyle	USA	KYG1908R1048	Lehman Brothers
OAK HILL EUROPEAN CREDIT PARTNERS PLC	1.12	Residual of CLO	Broadly syndicated loans	Oak Hill	Europe non-UK	XS0300349700	Deutsche Bank
Tara Hill 1X - III - BBB Debt	1.07	Mezzanine debt of CLO	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0122499931	Morgan Stanley
LAURELIN – D1 – BBB debt	1.06	Mezzanine debt of CLO	Broadly syndicated loans	Golden Tree Asset Management LP	Europe non-UK	XS0305010711	Barclays Capital
H1776 CLO – D - BBB debt	1.02	Mezzanine debt of CLO	Broadly syndicated loans	W.R.Huff Asset Management	USA	US81806PAE07	Lehman Brothers
Apidos 2006 3 – C – BBB debt	0.97	Mezzanine debt of CLO	Broadly syndicated loans	Apidos Capital Management	USA	US03761KAG31	Morgan Stanley
Harvest IV – C - A debt	0.95	Mezzanine debt of CLO	Broadly syndicated loans	Mizuho Corporate Bank	Europe non-UK	XS0189775249	Merrill Lynch
LFE IV – S4 – BBB-Debt	0.94	Mezzanine debt of CLO	Broadly syndicated loans	BNP Paribas	Europe non-UK	XS0269248398	BNP Paribas
Black Diamond 2006 1X - E - BB Debt	0.88	Mezzanine debt of CLO	Broadly syndicated loans	Black Diamond Capital Management LLC	USA	XS0282504280	Bear Stearns

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ADAGIO III CLO – C - A debt	0.87	Mezzanine debt of CLO	Broadly syndicated loans	Axa Investment Managers Paris	Europe non-UK	XS0262682148	Lehman Brothers
Clare Island 1X IV - B - BB debt	0.87	Mezzanine debt of CLO	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0143896875	Morgan Stanley
Corsair 06/30/2015	0.86	Mezzanine Tranche of CSO	Majority investment grade corporate credit	JP Morgan	USA	XS0280348573	JP Morgan
EURO GALAXY CLO BV – E – BB debt	0.68	Mezzanine debt of CLO	Broadly syndicated loans	AIG Global Investments	Europe non-UK	US29871UAG31	Morgan Stanley
ALPSTAR CLO 2 PLC – E - BB debt	0.68	Mezzanine debt of CLO	Broadly syndicated loans	Alpstar Management	Europe non-UK	XS0291723079	Bank of America
GALAXY VIII CLO LTD – E – BB Debt	0.60	Mezzanine debt of CLO	Broadly syndicated loans	AIG	USA	US36317KAA51	Morgan Stanley
ADAGIO II CLO – D1 - BBB debt	0.56	Mezzanine debt of CLO	Broadly syndicated loans	Axa Investment Managers Paris	Europe non-UK	XS0237058424	Merrill Lynch International
Apidos CDO - E - BB Debt	0.55	Mezzanine debt of CLO	Broadly syndicated loans	Apidos Capital Management	USA	US03761NAA00	Morgan Stanley
Tara Hill 1X - IV - BB- Debt	0.53	Mezzanine debt of CLO	Broadly syndicated loans	AIB Capital Markets plc	Europe non-UK	XS0122500027	Morgan Stanley
Skellig Rock 2006 1X - C - A Debt	0.53	Mezzanine debt of CDO	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0273474444	JP Morgan
Century CDO 2007 – C - BBB Debt	0.47	Mezzanine debt of CLO	Broadly syndicated loans	Lightpoint	USA	US15134UAA88	Credit Suisse
Black Rock SISC 2004-1A - D1 - BB	0.45	Mezzanine debt of CLO	Broadly syndicated loans	BlackRock	USA	US09249DAA19	JP Morgan
ATRIUM CDO – D1 - BB Debt	0.44	Mezzanine debt of CLO	Broadly syndicated loans	CSAS	USA	US049629AF50	CSFB
JAZZ III CDO (IRELAND) P.L.C. – CA - A debt	0.43	Mezzanine debt of Corporate CDO	Majority investment grade corporate credit	AXA Investment Managers Paris	USA	XS0262646697	Merrill Lynch International
Regent Park 1X - E - BB	0.39	Mezzanine debt of CLO	Broadly syndicated loans	GSO Blackstone	Europe non-UK	XS0268111126	JP Morgan
COLTS 2007 1 - D - BBB Debt	0.30	Mezzanine debt of CLO	Middle Market loans	Structured Asset Investors, LLC	USA	USG23108AD83	Wachovia Bank N.A.
Denali Capital VI	0.30	Residual of CLO	Broadly syndicated loans	Denali Capital LLC	USA	US24821MAB46	JP Morgan
Octagon IP XI – D - BB debt	0.29	Mezzanine debt of CLO	Broadly syndicated loans	Octagon Investment Partners	USA	USG67245AF09	Citigroup / GS
Start 2010-6X A	0.28	Mezzanine Tranche of CSO	Majority investment grade corporate credit	Standard Chartered	USA	XS0562803758	Standard Chartered
BLACK DIAMOND CLO LTD - 2005-2X E1	0.22	Mezzanine debt of Corporate CDO	Broadly syndicated loans	Black Diamond Capital Management LLC	USA	XS0232465202	Bear Stearns
Leopard CLO BV – BB Debt	0.19	Mezzanine debt of CLO	Broadly syndicated loans	M&G Investment Management Ltd	Europe non-UK	XS0251752472	RBS



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EUROSAIL 2006-1 PLC	0.07	Residual of ABS	UK non-conforming RMBS	SPML	United Kingdom	XS0254441081	Lehman Brothers
ALBA 2007-1 PLC	0.02	Residual of ABS	UK non-conforming RMBS	Oakwood	United Kingdom	XS0301709621	Credit Suisse
ALBA 2006-2 PLC	0.01	Residual of ABS	UK non-conforming RMBS	Oakwood	United Kingdom	XS0271780651	Credit Suisse
ALBA 2006-1 PLC	0.01	Residual of ABS	UK non-conforming RMBS	Oakwood	United Kingdom	XS0255043050	Credit Suisse
RMAC 2007-NS1	0.00	Residual of ABS	UK non-conforming RMBS	GMAC-RFC	United Kingdom	XS030812470	HSBC - RBS
NEWGATE FUNDING PLC 2006-2	0.00	Residual of ABS	UK non-conforming RMBS	Mortgage Plc	United Kingdom	XS0259286101	Merrill Lynch International

# Asset Class Analysis

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Asset Class	Number of Positions at 31/01/12	Average Position Size (K€) at 31/01/12
Corporate Credit	9	3,027
CDO Debt	40	1,579
CDO Equity	13	3,115
ABS	8	729

# About Volta Finance Ltd

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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.

## **Corporate Credits**

Investment grade, sub-investment grade and unrated credits. These may include industrial companies as well as financial institutions (such as banks), among others. The Company uses the term "corporate credits" to refer both to cash obligations (bonds or loans) of corporate or other commercial borrowers and to synthetic arrangements (such as credit default swaps) referencing these entities.

The Company's focus in this area is on acquiring or creating leveraged exposure to diversified portfolios of these credits (e.g., through bespoke collateralised swap obligations ("CSOs")). The Company includes in this Primary Target Asset Class cash and synthetic CDOs/CSOs that have corporate credits a majority of which are investment grade.

## **Asset-Backed Securities**

The Company's initial focus in this area is on residual income positions of asset-backed securities, although the Company may also invest in debt tranches of ABS.

## **CDOs**

The Company intends to invest in the securities of collateralised debt obligations, collateralised loan obligations (CLO), collateralised synthetic obligations and similar leveraged investment vehicles (collectively "CDOs").

The Company's focus in this Primary Target Asset Class is through residual income or mezzanine debt positions of CLOs actively managed.