

Contact on the portfolio composition

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Volta Finance Limited

January Monthly Report

At 31 January 2008

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Dear Shareholders and Investors,

As part of its January monthly report, Volta Finance Limited (the “Company” or “Volta Finance”) reports that its expectations for cash flows of its leveraged loan Total Return Swap (TRS) and five of its ABS residuals have changed in view of deteriorating market circumstances.

As a result of these changes, Volta Finance expects to recognise losses in expected cash flows in an amount close to €49m in its semi-annual report for the period from 1 August 2007 to 31 January 2008. These expected write-offs will reduce the Distribution Income shown for that period in its income statement to the end of January 2008. As of end of July 2007, the Company’s had €263m total assets as previously stated in the latest annual report.

The definitive impact will be determined following consultation with Volta Finance’s advisors and more detail will be provided in the Company’s semi-annual report and accounts to be published at the end of March. However, at this time, the Company wishes to announce that, in view of the difficult market circumstances and the expected write-offs, it does not expect to pay any dividend for the period from 1 August 2007 to 31 January 2008.

As of the end of January 2008, the Gross Asset Value (the “GAV”) of the Company is down €0.90 to €7.29 per share at the end January 2008, from €8.19 per share at the end December 2007.

SUMMARY

General market conditions have been extremely difficult in January, with, for example, the leveraged loan market reaching historical lows, notably due to forced selling by certain market participants.

While Volta Finance’s diversification and the quality of its assets had allowed the Company to weather the financial crisis up until December 2007, the sheer extent of worsening conditions in January has led Volta Finance to reset the expected performance of 34% of its assets based on the end of January GAV of the Company.

▪ **Leveraged Loan Total Return Swap (TRS):** Due to the unanticipated magnitude and the acceleration of the loan price decline at the end of January and into February, Volta Finance has been obliged to sell a substantial amount of European loans underlying the TRS in order to remain within the terms of the TRS. Volta Finance recorded losses due to these sales, and must revise downwards the expected cash flows generated by this asset. The overall impact is estimated at €40m.

▪**ABS:** Due to the length of the UK Libor crisis and, over January, to the accumulation of elements pointing to further UK home price declines and potential rise in the cost of defaults, Volta Finance has decided to modify the expected cash flows on five of its six UK non-conforming ABS residuals. This change in expectations results in a write-off of €9m for these assets (calculated as the discounted value of the difference between the previous and current series of estimated cash flows).

Both amounts are current estimates. Volta Finance expects to publish its semi-annual report and accounts before the end of March, and will communicate on the final amount in advance of this publication.

As a result of the revision of the expected cash flows, Volta Finance's Distribution Income is expected to be significantly negative for the period from 1 August 2007 to 31 January 2008. Volta Finance expects that it will not distribute any dividend for this period. The Company will communicate dividend guidance for the semi-annual period from 1 February 2008 to 31 July 2008 in its semi-annual report.

As of today, the Company's expectations of cash flows from the other asset classes (all CDO assets, Corporate Credit assets, as well as two ABS, totalling 66% of Volta Finance's total investment portfolio based on the end of January GAV) have not been adversely affected in terms of cash flows by the worsening of the current market conditions. The cash flows being generated by these assets are still in line with, or in some cases better than, what had been anticipated at the time of their purchase.

MARKET ENVIRONMENT

Since the end of December, despite significant accommodative steps taken by various policymakers (US Federal Reserve, Bank of England, US administration), the financial environment has continued to deteriorate and to negatively affect structured credit.

This has turned some asset pools such as CDPOs and market value structures into forced sellers, depressing prices further. In particular, loan prices have been drawn to historically and astonishingly low levels, and investment grade corporate spreads have widened greatly.

Ongoing rating methodology reviews by rating agencies and the expectations of rating downgrades that could follow these reviews are further reducing the number of potential buyers for structured finance assets by shedding doubt on ratings based on current methodologies. This situation seems to be contributing to the substantial price decline of certain assets such as cash flow CDOs that cannot be fully explained by fundamental credit analysis.

For corporate credit* assets, from the end of December to the end of January, the spread of the 5y European iTraxx index (series 8) substantially widened from 50.6 bps to 78.6 and continued to widen into February. The fate of its Crossover counterpart (5y iTraxx European Crossover index series 8) has been similar, from an end-of-December level of 339.5 to 471.9 at the end of January.

The ride was dramatically rough for leveraged loans** in January, with the benchmark European 5y LevX index (senior series 1), which ended December at a mid-price of 96.91, ending January at 93.50 and continuing its free fall into the first half of February. At the beginning of February, loan prices for senior secured loans reached bid prices in the 86% area at a time of historically low default rates. Such a low level in prices had never been reached on the European or the US loan markets. In 2002, when default rates in the US loan market were close to 8%, the lowest average prices for current broadly syndicated senior secured loans were 95.8%, according to LSTA data.

VOLTA FINANCE PORTFOLIO

The overall GAV of Volta Finance decreased by €0.90 per share from the end of December 2007 to the end of January 2008, at €7.29 per share. The January mark-to-market variations*** of Volta Finance's asset classes are: -6.1% for the ABS investments, -11.4% for corporate credit investments, -4.7% for CDO investments and -25.6% for the leveraged loan TRS

The assets contained in three asset classes (all CDO assets, Corporate Credit assets, as well as two ABS) accounting for 66% of the January GAV continue to perform, in terms of cash flows, in line with or better than assumptions at the time of their purchase. While the mark-to-market values of these assets have also declined due to the imbalances between supply and demand in the current markets, these assets do not experience any external financing difficulty thanks to their embedded leverage and therefore shield Volta Finance from forced selling.

Unfortunately, however, as highlighted previously, expected cash flows for five of our ABS residuals, as well as Volta Finance's TRS, have been affected by the current crisis. Additional information on the current situation for these two asset classes is set out below:

Leveraged Loan Total Return Swap

The economic exposure of Volta Finance to the European loan market is gained through a TRS, which can create an exposure of up to €450m to European leveraged loans. Volta Finance posted an initial collateral of €71m for this TRS. As with most non-recourse TRSs, it requires Volta Finance to either post more collateral or to sell assets when prices go down significantly in order to avoid termination and liquidation of this asset.

Since this summer, in order to mitigate the downside risk in a volatile loan market, Volta Finance has reduced its exposure to approximately €350m, resulting in a reduction of the leverage, and has concentrated its exposure to senior secured loans, that is, the most senior part of the market. Since then, in order to adapt to the ongoing downward trend of the mark-to-market value of the loan portfolio, Volta Finance has taken some actions to restructure the terms of its TRS, and simultaneously started to sell assets in the underlying TRS portfolio prior to the steep decline of the end of January. At the time of writing, sales by Volta Finance have generated close to €17m of losses.

The increasingly bearish market dynamic forced the Company to continue selling assets in the early days of February, and we cannot exclude the possibility that further decline will force us to do so again in the coming weeks. If we assume further sales leading to more losses and reduced expected cash flows from the TRS, the estimated loss in expected cash flows from Volta Finance's TRS amounts to approximately €40 million.

Given that the TRS was already significantly valued down in Volta Finance's December GAV, 46% of the expected loss recognition was already incorporated in the December mark-to-market value of the TRS.

Nevertheless, an eventual stabilisation of the European loan market may result in a more favourable scenario for Volta Finance's TRS. The likelihood or timing of such a scenario is very uncertain. If such a scenario, however, were to materialise, it would lead to higher cash flows than the ones estimated at the time of writing this comment.

ABS

In accordance with Volta Finance's valuation methodology, the semi-annual report for the period ending 31 January 2008 is expected to reflect adjustments to the assumed default rates and prepayment assumptions for certain ABS residuals in response to a deterioration in credit outlook for the UK non-conforming market. The revised assumptions will result in reductions of expected cash flows for five out of seven ABS residuals held by Volta Finance.

As stated in previous reports, Volta Finance has been monitoring carefully the distribution of prepayment rates before and after mortgage resets of these ABS residuals. While the continuation of the UK Libor crisis points to higher prepayment rates after reset (given that it increases the incentive for the borrower to prepay when there is no more prepayment penalty due to the residual holder), the current tightening of lending criteria is pushing in the opposite direction by making it more difficult for borrowers to refinance in the coming months. Based on this information, we expect to increase the level of prepayment rates modestly, while delaying and extending the period over which higher prepayments are supposed to occur. The effect of these new assumptions is to shorten materially the weighted average life of our expected cash flows.

January was the fourth month in a row of decreasing average home prices in the UK. In addition, most surveys turned significantly bearish on future HPA (Home Price Appreciation). We cannot ignore this negative signal, which leads us to revise upwards the expected cumulative losses. On average, this revision almost doubles the expected cumulative losses over the whole life of these assets.

The new assumptions have been applied to the five UK non-conforming ABS residuals bought before the summer. The sixth UK non-conforming residual ABS held by Volta Finance has not been affected by the revision given that it was purchased after the summer crisis.

The expected discounted value of the difference in the expected cash flows amounts to €9m.

Given that these assets were already significantly valued down in Volta Finance's December GAV, 61% of the expected loss recognition was already incorporated in the December mark-to-market value of these assets.

These new assumptions, in accordance with the procedures set out in Volta Finance's prospectus, have already been reviewed and approved by a third party that concluded that they were fair and reasonable.

CONCLUSION AND OVERVIEW FOR THE FUTURE

The final impact on the IFRS income statement and on Distribution Income will be subject to market conditions and consultation with advisors before the release of the semi-annual report and account.

The Company wishes to remind investors that it is fully committed to facing the great challenges posed by these market conditions. The Company also is contemplating various market opportunities for reinvesting the cash generated by its assets in the best interests of its shareholders.

Notwithstanding this disappointing performance, the Directors are mindful of the Company's objective of seeking to provide shareholders with stable returns in the form of semi-annual dividends. The Directors remain committed to seeing that the Company continues to pay, as far as is possible, semi-annual dividends at a level that represents substantially all of the Company's Distribution Income. As of today, the Directors are also encouraged by the fact that the expected cash flows from a large part of the Company's assets remain in line with or above original assumptions.

**Index data source: Bloomberg*

***Index data source: Markit*

**** "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 assuming that changes in cross currency rates have no impact given that Volta Finance implements a currency hedge on non-euro assets. Nevertheless, some residual currency effects could impact the aggregate value of the portfolio when aggregating each bucket.*

Comment

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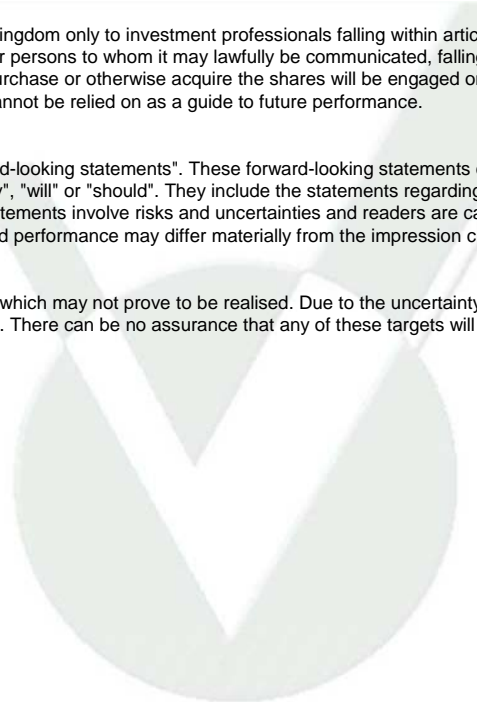
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Any target information is based on certain assumptions as to future events which may not prove to be realised. Due to the uncertainty surrounding these future events, the targets are not intended to be and should not be regarded as profits or earnings 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."



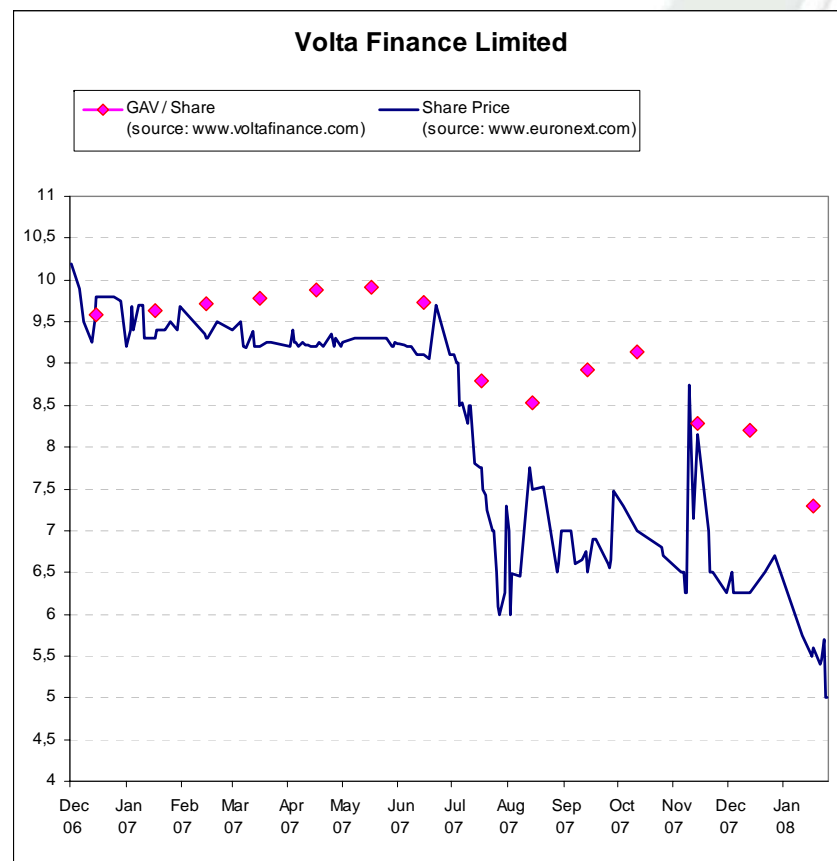
Gross Asset Value

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	At 31.01.08	At 31.12.07	Note
Gross Asset Value (GAV - €)	218,708,511	245,867,583	
GAV per Share (€)	7.29	8.19	30 021 611 outstanding shares

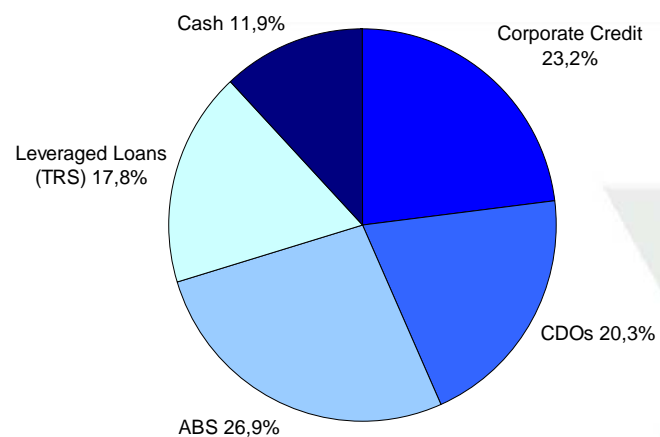
GAV and Share Price History



Portfolio Composition

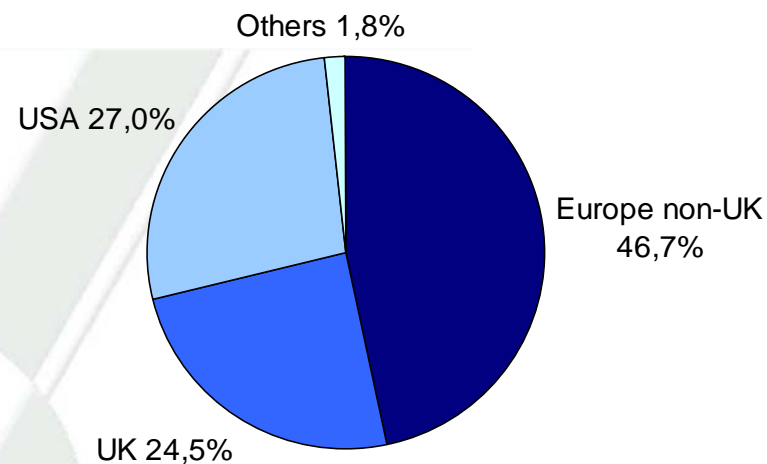
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Breakdown by Primary Target Asset Class



Asset class	At 31.01.08	At 31.12.07
Corporate Credits	23.2%	26.2%
CDOs	20.3%	19.5%
Asset Backed Securities	26.9%	25.8%
Leveraged Loans (TRS)	17.8%	21.4%
Cash	11.9%	7.1%

Breakdown by Geography **



Region	At 31.01.08	At 31.12.07
Europe non-UK	46.7%	43.8%
UK	24.5%	25.7%
USA	27.0%	28.4%
Others	1.6%	2.1%

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

Volta Finance Portfolio Holdings: Complete List

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Issuer	% GAV	Primary target asset class	Description of investment	Description of underlying asset	Manager/Service	Principal geographical exposure	ISIN	Arranging Institution
ARIA CDO II (IRELAND) PLC	19.30	Corporate Credit	Bespoke CDO tranche	Majority investment grade corporate credit	Axa Investment Managers Paris	USA	XS0293091673	JP Morgan
TRS *	17.80	Leveraged Loans	Leveraged loans	Senior secured, second lien and mezzanine debt	Axa Investment Managers Paris	Europe	NA	Bank of America
PROMISE MOBILITY 2006-1	4.99	ABS	Residual of ABS	German SME first loss	IKB	Europe non-UK	NA	Deutsche Bank
ALBA 2006-2 PLC	4.25	ABS	Residual of ABS	UK non-conforming RMBS	Oakwood	United Kingdom	NA	Credit Suisse
JAZZ III CDO (IRELAND) P.L.C.	3.86	Corporate Credit	Residual of Corporate CDO	Majority investment grade corporate credit	Axa Investment Managers Paris	USA	XS0263617374 / XS0263615675	Merrill Lynch International
RMAC 2007-NS1	3.73	ABS	Residual of ABS	UK non-conforming RMBS	GMAC-RFC	United Kingdom	NA	HSBC - RBS
ALBA 2007-1 PLC	3.44	ABS	Residual of ABS	UK non-conforming RMBS	Oakwood	United Kingdom	NA	Credit Suisse
EUROSAIL 2006-1 PLC	3.24	ABS	Residual of ABS	UK non-conforming RMBS	SPML	United Kingdom	NA	Lehman Brothers
NEWGATE FUNDING PLC 2006-2	3.16	ABS	Residual of ABS	UK non-conforming RMBS	Mortgage Plc	United Kingdom	NA	Merrill Lynch International
TENNENBAUM OPPORTUNITIES FUND V	2.33	CDO	Residual of CLO	High yield bonds and loans	Tennenbaum Capital Partners, LLC	USA	NA	Wachovia Bank, N.A.
ALBA 2006-1 PLC	2.07	ABS	Residual of ABS	UK non-conforming RMBS	Oakwood	United Kingdom	NA	Credit Suisse
NORTHWOODS CAPITAL LIMITED	1.99	CDO	Residual of CLO	Broadly syndicated loans	Angelo Gordon	USA	USG6666RAB18	JP Morgan
LIGHTPOINT PAN EUROPEAN CLO PLC	1.92	CDO	Residual of CLO	Broadly syndicated loans	Lightpoint	Europe	XS0282169803	Credit Suisse
OCEAN TRAILS CLO I LLC	1.85	CDO	Residual of CLO	Broadly syndicated loans	WG Horizons	USA	USG66999AA46	UBS

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Issuer	% GAV	Primary target asset class	Description of investment	Description of underlying asset	Manager/Service	Principal geographical exposure	ISIN	Arranging Institution
WASATCH CLO LTD	1.72	CDO	Residual of CLO	Broadly syndicated loans	Invesco	USA	USG94608AB57	JP Morgan
KINGSLAND IV LTD	1.33	CDO	Residual of CLO	Broadly syndicated loans	Kingsland Capital Management	USA	USG52702AB68	Wachovia Bank N.A.
GOLDEN TREE LOAN OPPORTUNITIES	1.26	CDO	Residual of CLO	Broadly syndicated loans	Golden Tree	USA	USG39607AC37	Deutsche Bank
LIGHTPOINT CLO V, LTD	1.23	CDO	Residual of CLO	Broadly syndicated loans	Lightpoint	USA	USG5487GAG31	Credit Suisse
OAK HILL EUROPEAN CREDIT PARTNERS PLC	1.21	CDO	Residual of CLO	Broadly syndicated loans	Oak Hill	Europe non-UK	XS0300349700	Deutsche Bank
SANDS POINT FUNDING LTD	1.15	CDO	Residual of CLO	Middle market loans	Guggenheim	USA	USG7800DAA93	Deutsche Bank
BATALLION CLO LTD	1.06	CDO	Residual of CLO	Broadly syndicated loans	Brigade Capital Management	USA	USG08887AA27	Deutsche Bank
CARLYLE HY PART IX	1.00	CDO	Residual of CLO	Broadly syndicated loans	Carlyle	USA	KYG1908R1048	Lehman Brothers
GALAXY VII CLO LTD	0.78	CDO	Residual of CLO	Broadly syndicated loans	AIG	USA	USG25796AB20	Morgan Stanley

* See following page for more information on the TRS.

Asset Class Analysis

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Asset Class	Number of Positions	Average Position Size (€)
CDOs	13	3,167,314
Corporate Credit	2	25,327,590
ABS	7	7,775,694
Leveraged Loans (TRS) *	1	39,008,678

* Leveraged loans exposure is gained through a Total Return Swap. The amount published in the table above is the equity equivalent of the TRS (which is equal to the posted collateral). **Information on the invested underlying TRS portfolio is the following:**

TRS portfolio description

(Settled asset as of end January)

Mark-to-Market value (€) *	322,376,803
Number of Issuers	50
Average position size (€)	6,447,536

Breakdown by type of asset

(Settled asset as of end January)

Senior Secured	99.4%
Second Lien	0.0%
Mezzanine	0.6%

About Volta Finance Ltd

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Volta Finance Ltd. (the "**Company**") is incorporated in Guernsey under the Companies (Guernsey) Laws. The Company's investment objectives are to preserve capital and to provide a stable stream of income to its shareholders through dividends. It seeks to attain its investment objectives by pursuing a multi-asset class investment strategy. The strategy focuses on direct and indirect investment in and exposures to a variety of assets selected for the purpose of generating overall stable and predictable cash flows for the company. The underlying assets principally targeted for direct and indirect investment (collectively, the "**Primary Underlying Assets**") consists of (but not limited to): corporate credits, sovereign and quasi-sovereign debt, residential mortgage loans, commercial mortgage loans, automobile loans, student loans, credit card receivables, leases, and debt and equity interests in infrastructure projects.

Volta Finance Ltd.'s basic approach to investment in these Primary Underlying Assets is through vehicles and arrangements that essentially provide leveraged exposure to portfolios of Primary Underlying Assets (for example, the kind of risk/reward profile typically associated with the residual interest in a securitisation transaction). In this regard, the Company has instructed AXA Investment Managers Paris, the company's investment portfolio manager (the "**Investment Manager**"), to pursue its investment strategy by concentrating initially on five principal target asset classes, each of which is supported principally if not entirely by cash flows generated by Primary Underlying Assets ("**Primary Target Asset Classes**"):

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 the equivalent of a first loss or a junior second loss investment exposure to diversified portfolios of these credits (e.g., through bespoke collateralised swap obligations ("CSOs") managed by the Investment Manager). As a general matter, 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 and that are managed by the Investment Manager.

CDOs

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

The Company's initial focus in this Primary Target Asset Class will be on the residual income positions of CDOs managed by portfolio managers other than the Investment Manager, although the Company may invest to a lesser extent in higher-ranking positions in a leveraged format as well.

Leveraged Loans

Leveraged loan obligations, including positions in mezzanine and second lien loans, as well as loans with higher payment priorities. These loan obligations may be rated or unrated, secured or unsecured and senior or subordinated. Initially, the Company intends to obtain exposure to this asset class in a leveraged format through a synthetic arrangement (Total Return Swap).

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 in a leveraged format.

Infrastructure Assets

Infrastructure assets. The Company will seek to acquire investments in infrastructure projects generally but not necessarily located in Europe. Among the sectors in which the Company may invest are transport, public buildings, energy and utilities. The Company may invest in both "greenfield" and "brownfield" projects, and may acquire both debt and equity/quasi-equity interests in infrastructure projects.