

# Volta Finance Ltd

## Monthly Report – April 2019



### Data as of 30 April 2019

<b>Gross Asset Value</b>	€332.5m
<b>Liabilities</b>	€39.0m
<b>NAV</b>	€293.5m
<b>NAV per share</b>	€8.02
<b>Outstanding Shares</b>	36.6m
<b>Share Price (Euronext)</b>	€6.98
<b>Share Price (LSE)</b>	€6.94
	VTA.NA
<b>Tickers</b>	VTA.LN
	VTAS.LN
<b>ISIN</b>	GG00B1GHHH78

### Fund Facts

<b>Launch Date</b>	Dec-2006
<b>Fund Domicile</b>	Guernsey
<b>Listing and Trading</b>	AEX LSE
<b>Type of Fund</b>	Closed-ended
<b>Dividend</b>	Quarterly
<b>Dividend Cover<sup>4</sup></b>	1.8 times
<b>Base currency</b>	EUR
<b>Assets types</b>	Corporate Credit and ABS

### Background and Investment Objective

AXA Investment Managers Paris (“AXA IM”) has been the Investment Manager of Volta Finance Limited (“Volta”) since inception. 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. For this purpose, Volta pursues a multi-asset investment strategy on deals, vehicles and arrangements that provide leveraged exposure to target Underlying Assets (including corporate credit, residential and commercial mortgages, auto and student loans, credit card and lease receivables).

### Fund Performance

<b>9.7%</b>	<b>10.0%</b>	<b>1.9%</b>
Annualised since inception <sup>1</sup>	Annualised over 5 years <sup>1</sup>	1 month <sup>2</sup>
<b>€293.5m</b>		<b>9.0%</b>
NAV as of April 2019		Trailing 12-month Div. Yield <sup>3</sup>

Returns <sup>2</sup>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	3.1%	0.4%	0.5%	1.9%									<b>6.0%</b>
2018	-0.4%	0.7%	-0.2%	0.9%	2.4%	0.2%	0.6%	1.2%	-0.4%	1.3%	-1.4%	-4.8%	<b>0.1%</b>
2017	1.3%	0.9%	0.9%	-0.5%	0.6%	0.1%	-0.2%	0.4%	0.6%	1.7%	0.1%	0.6%	<b>6.6%</b>
2016	-4.0%	-2.9%	4.1%	2.0%	1.3%	-0.9%	5.5%	2.8%	1.4%	2.0%	2.7%	1.4%	<b>15.2%</b>
2015	3.7%	1.3%	3.1%	1.7%	1.6%	-0.7%	0.1%	-0.6%	-1.7%	0.1%	1.1%	0.1%	<b>10.0%</b>
2014	2.7%	-1.6%	0.8%	0.7%	1.5%	0.7%	1.3%	1.3%	2.4%	0.4%	1.7%	0.3%	<b>12.4%</b>

<sup>1</sup> Share (VTA.NA) performance (annualised figures with dividends re-invested). Source: Bbg (TRA function)

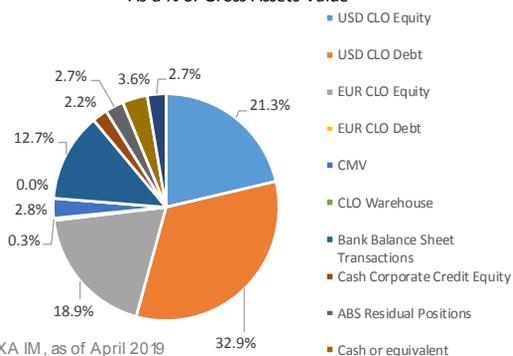
<sup>2</sup> Performance of published NAV (including dividend payments)

<sup>3</sup> Calculated as the most recent annual dividend payments versus the month-end share price (VTA.NA)

<sup>4</sup> Calculated as total income divided by the most recent annual dividend payments

### Asset Breakdown

As a % of Gross Assets Value



Source: AXA IM, as of April 2019

### Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.70%	Telecommunications
CenturyLink Inc	0.36%	Telecommunications
Refinitiv US Holdings Inc	0.34%	Commercial Services
EG Group Ltd	0.35%	Retail
Texas Competitive Electric Holdings Co LLC	0.34%	Electric
TransDigm Inc	0.36%	Aerospace/Defense
Asurion LLC	0.34%	Insurance
Calpine Corp	0.33%	Electric
Verisure Holding AB	0.30%	Commercial Services
Nouryon Finance BV	0.28%	Chemicals

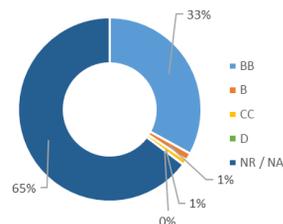
Source: Intex, Bloomberg, AXA IM Paris as of April 2019 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

### Historical Performance



Source: Bloomberg, as of April 2019

### Portfolio Rating Breakdown



Source: AXA IM, as of April 2019

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### Monthly Commentary

In April, Volta's NAV\* total return performance was +1.9%, bringing the YTD performance to 6.0% after a volatile end to 2018.

This positive performance was partially due to a change in the way Volta values its CLO Equity positions. Since inception of Volta, CLO Equity positions have been valued using prices from banks or brokers from whom the position was acquired (most of the time the CLO arranging bank). We have now decided to use an independent pricing provider for our CLO Equity positions. As at the end of April, this change had a slightly positive impact on the NAV of +0.2%.

In April, the performances of Volta's asset classes in local currencies were: +0.9% for Bank Balance Sheet transactions, +3.0% for CLO Equity tranches (including the impact mentioned above); +0.4% for CLO Debt; -0.5% for Cash Corporate Credit deals; and +1.1% for ABS.

As at the end of April, Volta was almost fully invested having sold 5 CLO debt positions to finance the settlement of CLO equity positions purchased in March.

As at the end of April we saw again the positive impact of Volta's current strategy (increasing the CLO Equity bucket and reducing CLO debt and the leverage on CLO debt) as Volta established a new record in terms of interest and coupons received. The total cash amount generated during the last six months in terms of interest and coupons reached €20.2m. An annualized 13.7% yield to closing NAV.

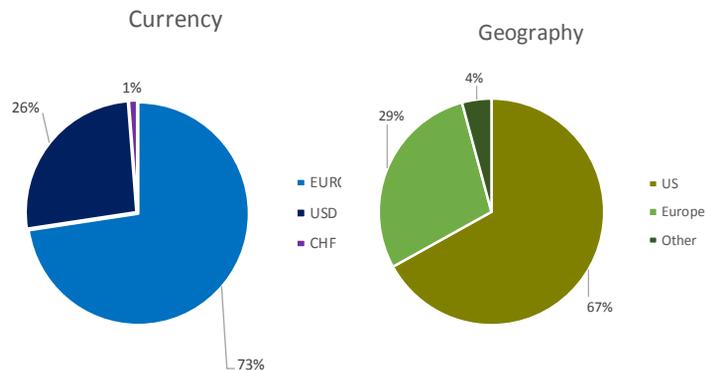
CLO Equity tranches, including our investment in a CMV (Capitalized Manager Vehicle), represented 43% of our assets as at the end of April 2019 and already generated more than 50% of Volta's ongoing cash flow even though a quarter of the current CLO equity positions have been recently acquired and have not yet paid any cash out. We continue to have a constructive view on CLO equities as default rates in the loan markets are still very low and spreads in the loan markets have been able to stay at levels that make the CLO arbitrage profitable for Equity positions.

As at the end of April 2019, Volta's NAV was €293.5m or €8.02 per share. The GAV stood at €332.5m.

It has to be noted that we took the opportunity of the settlement of some recent purchases in Euro to slightly decrease the overall exposure of Volta to USD (at the end of April Volta's exposure to USD is 26.2%, down from 31.5% at the end of March).

*"It should be noted that approximately 10.3% of Volta's GAV comprises investments 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 are valued using the most recently available NAV for each fund or quoted price for each subordinated note. The most recently available fund NAV or quoted price was for 6.4% as at 29 March 2019, 3.9% as at 31 December 2018. \*\* "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.*

### Currency and Geography exposures (%)



Source: AXA IM, as of April 2019 (%of NAV for ccy / %of GAV for geography)

### Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	253.6	USD CLO Equity	21.3%
		USD CLO Debt	32.9%
		EUR CLO Equity	18.9%
		EUR CLO Debt	0.3%
		CMV	2.8%
		CLO Warehouse	0.0%
Synthetic Corporate Credit	42.1	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	12.7%
Cash Corporate Credit	7.2	Cash Corporate Credit Equity	2.2%
		Cash Corporate Credit Debt	0.0%
ABS	17.7	ABS Residual Positions	2.7%
		ABS Debt	2.7%
Cash or equivalent	11.9	Cash or equivalent	3.6%
<b>GAV</b>	<b>332.5</b>		
Liability	(35.8)	Debt from Repurchase Agreement	(10.8)%
Fees due	(3.2)	Fees due to Investment Manager	(0.9)%
<b>Estimated NAV</b>	<b>293.5</b>	<b>Per Share</b>	<b>8.02</b>

Source: AXA IM, as of April 2019

### Last Eighteen Months Performance Attribution



Source: AXA IM, as of April 2019

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