



Volta Finance Limited (VTA / VTAS) – November 2019 monthly report

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Guernsey, 11 December 2019

AXA IM has published the Volta Finance Limited (the “Company” or “Volta Finance” or “Volta”) monthly report for November. 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 November, Volta’s NAV* total return performance was +0.4%. The YTD performance is 3.5%.

This month, performance was mainly driven by a modest rebound in both CLO debt and CLO Equity prices. The monthly performances ** of the sub-asset classes were the following, in local currency: +1.0% for Bank Balance Sheet transactions, +0.9% for CLO Equity tranches; +0.8% for CLO Debt; +0.7% for Cash Corporate Credit deals; and +0.2% for ABS.

Once again this month, CLO Equity positions outperformed CLO Debt (with the strongest performer being USD BB tranches). Year to date, CLO Debt has returned +3.7% and CLO Equity +6.4%.

This further outperformance of equity tranches confirms our strategic decision, developed over the last 18 months, to increase gradually the CLO Equity exposure relative to CLO Debt. Our view is that we are entering a more complex environment for loans which will be characterized by more downgrades than upgrades and default rates beginning to increase, albeit not to an alarming level. Our thesis, as noted previously, is that the best way to benefit from this environment is to invest in CLO equity tranches in preference to CLO BB debt. The price drawdown between CLO Debt and CLO Equity is usually comparable in periods of stress, but CLO Equity is paying far higher cashflows and is able to benefit (through reinvestments in loans at discount or new loans with higher spread) from this kind of environment on a medium to long term horizon.

As at the end of November, CLO Equity positions were represented 50.4% of the total assets.

In line with this strategy to increase the CLO Equity bucket at the expense of the CLO debt bucket, we took the decision to reduce the size of the Repo to \$35m from the current level of \$40m. The Repo has been used to leverage USD CLO Debt which we had felt historically was a more attractive proposition than direct investment in Equity. The reduction will be implemented in December.

Accordingly, in November, we purchased 1 CLO Equity position and continue to commit capital to the existing CMV and CLO Warehouse for the equivalent of €5.7m. On average these positions were purchased with a projected yield above 15%. We sold four CLO debt positions (for the equivalent of €11m).

During the month, Volta received the equivalent of €2.2m in terms of interest and cash flows from its assets. On a rolling 6-month basis we were at €22.6m; an annualised yield at 16.3% of the end of month NAV. Once again, this is the highest level seen for many years for Volta in terms of its ability to generate cash flows from its assets.

As at the end of November 2019, Volta’s NAV was €275.2m or €7.52 per share. The GAV stood at €313.3m.



**It should be noted that approximately 11.0% 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 such subordinated note. The most recently available fund NAV or quoted price was for 4.9% as at 30 September 2019 and for 6.1% as at 31 October 2019.*

*** "monthly performances" are 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.*

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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.

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 739 investment professionals and €750 billion in assets under management as of the end of March 2019.

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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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