

# Volta Finance Ltd

## Monthly Report – November 2016



Data as at 30 November 2016

Gross Asset Value	€352.2m
Estimated liabilities	€44.0m
Estimated NAV	€308.2m
Estimated NAV per share	€8.43
Outstanding Shares	36.5m
Share Price (Euronext)	€7.13
Share Price (LSE)	€7.18
Tickers	VTA.NA VTA.LN
ISIN	GG00B1GHHH78

### 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>+11.5%</b>	<b>29.8%</b>
Annualised since inception <sup>1</sup>	Annualised over 5 years <sup>1</sup>
<b>2.7%</b>	<b>€308.2m</b>
1 month <sup>2</sup>	Estimated NAV as of November-16

### Fund Facts

Launch Date	Dec-2006
Fund Domicile	Guernsey
Listing and Trading	AEX LSE
Type of Fund	Closed-ended
Dividend	Quarterly
Trailing 12m Div. Yield <sup>3</sup>	8.7%
Base currency	EUR
Assets types	Corporate Credit and ABS

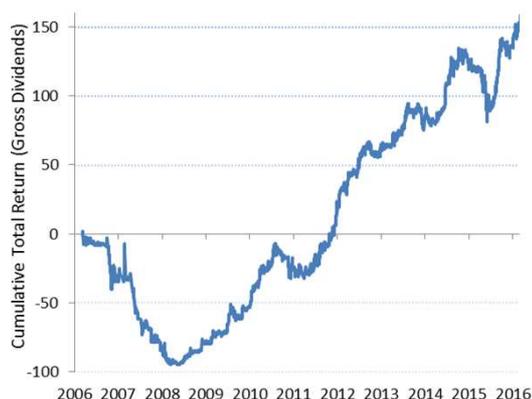
Returns <sup>2</sup>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016	-4.0%	-2.9%	4.2%	2.0%	1.3%	-0.9%	5.5%	2.8%	1.4%	2.0%	2.7%		13.8%
2015	3.7%	1.3%	3.1%	1.7%	1.6%	-0.7%	0.1%	-0.6%	-1.7%	0.1%	1.1%	0.1%	10.0%
2014	2.7%	-1.6%	0.8%	0.7%	1.5%	0.7%	1.3%	1.3%	2.4%	0.4%	1.7%	0.3%	12.4%
2013	3.6%	1.5%	2.5%	0.1%	4.1%	-0.7%	3.1%	2.0%	0.7%	2.4%	2.9%	1.3%	25.3%
2012	5.1%	6.0%	11.9%	-2.1%	5.4%	0.0%	4.2%	6.7%	5.4%	4.2%	2.0%	0.5%	56.8%

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

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

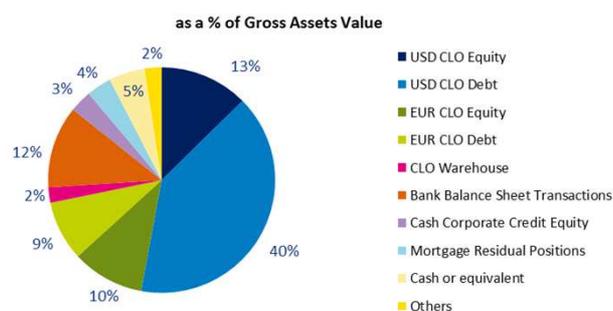
<sup>3</sup> Calculated as the most recent annual dividend payments versus the month-end share price (VTA.NA)

### Historical Performance



Source: Bloomberg (TRA function) as of November-2016

### Asset Breakdown



Source: AXA IM, as of November-2016

### Monthly Commentary

In November, Volta’s Estimated NAV\* performance was 2.7%, in line with a positive performance in most credit and equity markets. As at the end of November, the YTD NAV performance is 13.8%, adjusting for the April and September dividend payments. After 12.4% in 2014 and 10.0% in 2015, 2016 is so far another good year for Volta and its shareholders.

A dividend payment of €0.16 (16 cents) per share will be paid the 22nd of December and at the time of publishing this report we have passed the Ex-Dividend date.

In November, Volta purchased two positions (one BB and one Equity tranche of two different USD CLOs), both in the secondary market and for a total of €2.3m and sold three positions (two CLO BB tranches and one CLO Equity tranche) for a total of the equivalent of €10.3m. On average and based on standard market assumptions, the purchases were executed with an average expected yield close to 11% and the sales were traded with an average expected yield of close to 6%.

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In November, mark-to-market variations\*\* of Volta's asset classes were: +0.9% for Synthetic Corporate Credit deals; +2.2% for CLO Equity tranches; +1.0% for CLO Debt tranches, +0.8% for Cash Corporate Credit deals; and, 0.0% for ABS.

In November, Volta generated the equivalent of €0.9m in interest and coupons net of repo costs (non-euro amounts translated into euro using end-of-month cross currency rates), bringing the total cash amount generated during the last six months in terms of interest and coupons to €15.0m.

Cash holdings or cash equivalent instruments at the end of November totaled €17.7m and we expect to invest in some recent transactions, including some Bank Balance Sheet transactions, by the end December 2016.

On top of that, considering the significant rally that occurred on CLO debt tranches since the summer, we expect to continue selling some of the old positions and buying more recently issued deals in order to increase the projected yield of the portfolio.

Since the end of October, the US Dollar appreciated somewhat against the Euro which is beneficial to Volta as the US Dollar exposure is in the area of 27%.

US mid and long term rates have increased toward levels unseen for some time and we decided to add some duration in mid-November and then in mid-December through the US 5YR Note Future. At the time of writing this report the position represents circa 1.5 year of duration. AXA IM believe that fixed rate exposure (at a reasonable interest rate level) can provide a good hedge against further potential economic disappointments.

We continue to see opportunities in several structured credit sectors including mezzanine and equity tranches of CLOs, RMBS tranches and tranches of Cash Corporate Credit and Synthetic Corporate Credit portfolios.

\*\* "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 (%)



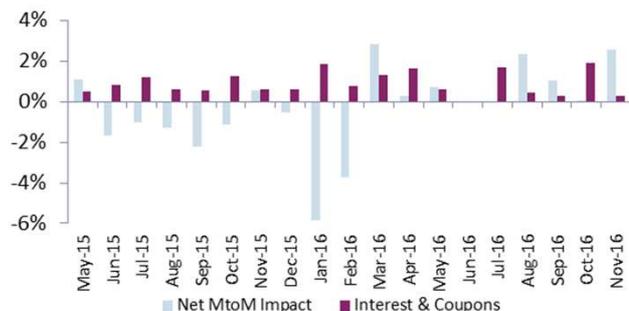
Source: AXA IM, as of November-2016 (% of NAV for ccy / % of GAV for geography)

### Portfolio Composition by Asset Type

Market Value (€m)		Breakdown of Gross Asset Value (% GAV)	
CLO	260,8	USD CLO Equity	12,6%
		USD CLO Debt	40,3%
		EUR CLO Equity	10,3%
		EUR CLO Debt	8,6%
		CLO Warehouse	2,2%
Synthetic Corporate Credit	41,5	Synthetic Corporate Credit Equity	0,0%
		Bank Balance Sheet Transactions	11,8%
Cash Corporate Credit	11,1	Cash Corporate Credit Equity	3,1%
		Cash Corporate Credit Debt	0,0%
ABS	21,1	Mortgage Residual Positions	3,6%
		ABS Debt	2,4%
Cash or equivalent	17,7	Cash or equivalent	5,0%
<b>GAV</b>	<b>352,2</b>		
Liability	(42,7)	Debt from Repurchase Agreement	(12,1)%
Fees due	(1,4)	Fees due to Investment Manager	(0,4)%
<b>Estimated NAV</b>	<b>308,2</b>	<b>Per Share</b>	<b>8,43</b>

Source: AXA IM, as of November-2016

### Last Eighteen Months Performance Attribution



Source: AXA IM, as of November-2016

### Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
First Data	0.87%	Software
Altice Financing	0.85%	Telecommunications
Ineos Group	0.80%	Chemicals
Compass Group / Compass Diversified	0.79%	Banking, Finance & Real Estate
Ziggo Secured Finance	0.72%	Telecommunications

Issuer	%	Bloomberg Industry Group
TransDigm	0.55%	Aerospace/Defense
Valeant Pharmaceuticals	0.50%	Pharmaceuticals
Dell International	0.48%	Household Products
Springer Science & Business	0.45%	Media
Calpine	0.42%	Utilities

Source: Intex, Bloomberg, AXA IM Paris as of November 2016 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the Estimated NAV

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### Important Information

\* It should be noted that approximately 10.7% 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 as at: 30 September 2016 for 2.6% of Volta's GAV and as at 31 October 2016 for 8.1% of Volta's GAV.

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