

# Volta Finance Ltd

## Monthly Report – May 2017



### Data as at 31 May 2017

Gross Asset Value	€354.6m
Estimated liabilities	€43.3m
Estimated NAV	€311.3m
Estimated NAV per share	<b>€8.52</b>
Outstanding Shares	36.5m
Share Price (Euronext)	€7.55
Share Price (LSE)	€7.75
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>+11.9%</b> Annualised since inception <sup>1</sup>	<b>24.4%</b> Annualised over 5 years <sup>1</sup>
<b>+0.6%</b> 1 month <sup>2</sup>	<b>€311.3m</b> Estimated NAV as of May 17

### 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>	7.7%
Base currency	EUR
Assets types	Corporate Credit and ABS

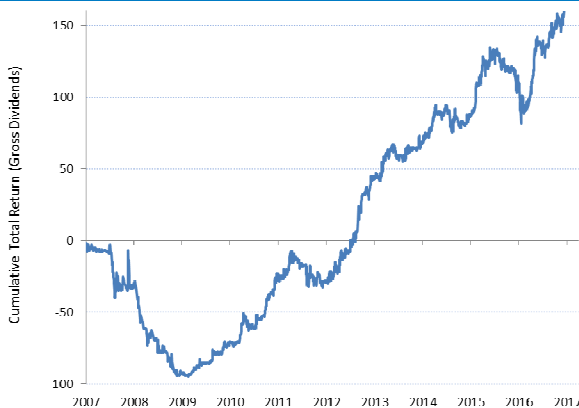
Returns <sup>2</sup>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	1.3%	0.9%	0.9%	-0.5%	0.6%	-	-	-	-	-	-	-	3.3%
2016	-4.0%	-2.9%	4.1%	2.0%	1.3%	-0.9%	5.5%	2.8%	1.4%	2.0%	2.7%	1.4%	15.2%
2015	3.7%	1.3%	3.1%	1.7%	1.6%	-0.7%	0.1%	-0.6%	-1.7%	0.1%	1.1%	0.1%	10.0%
2014	2.7%	-1.6%	0.8%	0.7%	1.5%	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%

<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)

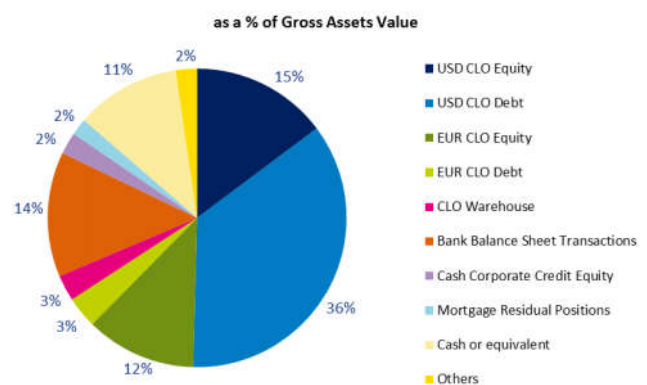
<sup>3</sup> Calculated as the most recent annual dividend payments versus the month-end share price (VTA.NA)

### Historical Performance



Source: Bloomberg (TRA function) as of May 2017

### Asset Breakdown



Source: AXA IM, as of May 2017

### Monthly Commentary

In May, Volta's Estimated NAV\* performance was +0.6%. This positive performance is mostly due to the good performance of the CLO Equity bucket and is in line with the modest but positive performance of credit markets in May.

The depreciation of the dollar against Euro contributed to -0.7%. The negative contribution this month needs to be put in perspective with the positive contribution (circa +2.1%) for the period from March 2016 to March 2017. Volta currency exposures are limited and through time are not expected to be a significant driver of performance.

During the month, Volta did not purchase nor sell any assets.

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At the end of May 2017, Volta's Estimated NAV\* was €311.3m or €8.52 per share. The GAV stood at €354.6m. A 16 cents per share quarterly dividend payment is scheduled to be paid on the 29th of June (ex-dividend date was June 8th).

In May, mark-to-market variations\*\* of Volta's asset classes were: +0.9% for Synthetic Corporate Credit deals; +2.6% for CLO Equity tranches; 0.8% for CLO Debt tranches, 0.0% for Cash Corporate Credit deals; and -0.2% for ABS.

In May, Volta generated the equivalent of €1.1m in interest and coupons net of repo costs (non-euro amounts translated into euro using end-of-month cross currency rates). This brings the total cash amount generated during the last six months in terms of interest and coupons to €15.7m.

Cash holdings or cash equivalent instruments at the end of May totaled €40.2m. €5.8m will be used to pay for the end of June dividend.

The current level of cash is higher than usual and mainly reflects the strong prepayments that occurred recently. Our view is still that credit markets are now quite fully valued and this amount will be deployed in due course when better opportunities arise. Typically we expect to be able to deploy more capital in CLO Equity tranches and in Bank Balance Sheet transactions. We expect to utilize CLO warehouse exposure as a way to access CLO equity positions with better economics.

### Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	243.3	USD CLO Equity	14.8%
		USD CLO Debt	35.6%
		EUR CLO Equity	12.0%
		EUR CLO Debt	3.4%
		CLO Warehouse	2.8%
Synthetic Corporate Credit	48.0	Synthetic Corporate Credit Equity	0.0%
		Bank Balance Sheet Transaction	13.5%
Cash Corporate Credit	8.4	Cash Corporate Credit Equity	2.4%
		Cash Corporate Credit Debt	0.0%
ABS	14.7	Mortgage Residual Positions	1.8%
		ABS Debt	2.3%
Cash or equivalent	40.2	Cash or equivalent	11.3%
<b>GAV</b>	<b>354.6</b>		
Liability	(40.3)	Debt from Repurchase Agreement	(11.4)%
Fees due	(3.0)	Fees due to Investment Manager	(0.8)%
<b>Estimated NAV</b>	<b>311.3</b>	<b>Per Share</b>	<b>8.52</b>

Source: AXA IM, as of May 2017

### Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
First Data	0.87%	Software
Ineos Group	0.67%	Chemicals
Ziggo	0.66%	Telecommunications
Altice Financing	0.60%	Telecommunications
TransDigm	0.51%	Aerospace/Defense

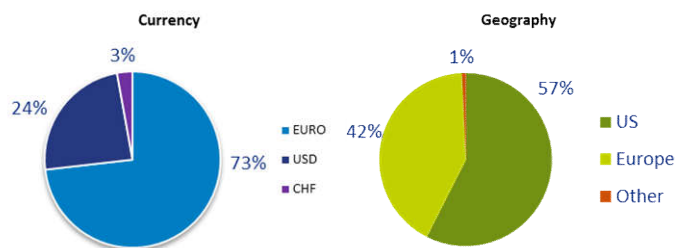
Source: Intex, Bloomberg, AXA IM Paris as of May 2017 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the Estimated NAV

Volta's currency exposure is relatively unchanged since the end of April. The exposure to the US Dollar at the end of May was still circa 24% against circa 33% one year ago.

In May we closed the modest and positive duration position that was added to the portfolio in Q4 2015. It modestly contributed to +0.2% to Volta performance during the period. This kind of hedge is aimed at dampening downside volatility arising from shorter-term mark to market developments that may arise. Ultimately, the returns of Volta continue to be predominantly driven by the performance and the strong cash flows from the structured finance assets held but we believe that these hedges will contribute to a better volatility profile.

\* It should be noted that approximately 10.2% 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: 31 March 2017 for 1.0% of Volta's GAV and at 28 April for 9.2% of Volta's GAV.

\*\* "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.



Source: AXA IM, as of May 2017 (% of NAV for ccy / % of GAV for geography)



Source: AXA IM, as of May 2017

Issuer	%	Bloomberg Industry Group
Energy Future	0.47%	Energy
Calpine	0.44%	Utilities
Telenet	0.40%	Media
Dell International	0.40%	Household Products
Kindred Healthcare	0.37%	Healthcare

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