

# Volta Finance Ltd

## Monthly Report – May 2018



### Data as of 31 May 2018

<b>Gross Asset Value</b>	€355.8m
<b>Estimated liabilities</b>	€46.7m
<b>Estimated NAV</b>	€309.1m
<b>Estimated NAV per share</b>	<b>€8.45</b>
<b>Outstanding Shares</b>	36.6m
<b>Share Price (Euronext)</b>	€6.84
<b>Share Price (LSE)</b>	€6.86
<b>Tickers</b>	VTA.NA
	VTA.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>Trailing 12m Div. Yield<sup>3</sup></b>	9%
<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>+9.4%</b>	<b>+10.7%</b>
Annualised since inception <sup>1</sup>	Annualised over 5 years <sup>1</sup>
<b>+2.4%</b>	<b>€355.8m</b>
1 month <sup>2</sup>	Estimated NAV as of May 2018

Returns <sup>2</sup>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	-0.4%	0.7%	-0.2%	+0.9%	+2.4%								<b>3.4%</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>
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%	<b>25.3%</b>

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

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

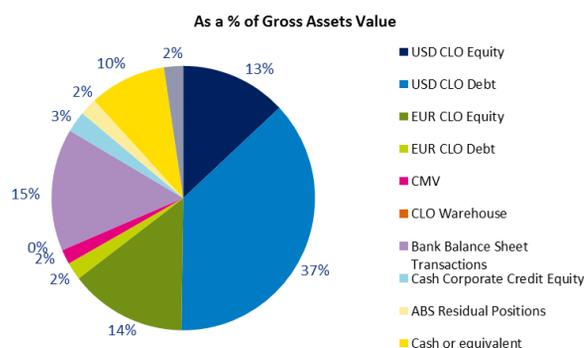
<sup>3</sup> Calculated as the most recent annual dividend payments versus the month-end share price (VTA.NA)

### Historical Performance



Source: Bloomberg (TRA function) as of May 2018

### Asset Breakdown



Source: AXA IM, as of May 2018

### Monthly Commentary

In May, Volta's Estimated NAV\* performance was +2.4%, a very good monthly performance in a context of relatively quiet credit markets in general. This month the dollar exposure of Volta contributed positively to half of the performance (1.2% impact).

On 28th of June Volta will pay a quarterly dividend corresponding to €0.16 per share (ex-dividend date was the 7th of June).

In May, mark-to-market performances of Volta's asset classes, in local currencies, were: +1.9% for Bank Balance Sheet Transactions mainly thanks to coupon payments; +0.2% for CLO Equity tranches; +1.3% for CLO Debt tranches, +0.7% for Cash Corporate Credit deals and +0.4% for ABS.

In May, Volta generated the equivalent of €1.3m 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 €18.2m, a level unseen for several years.

The increasing quantum of interest and coupons generated by Volta assets continue being the result of the increase in 3 month LIBOR rate as well as the result of the increasing size of the CLO Equity bucket (being the asset class with the highest cash contribution).

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During the month some of our clients did have some questions relative to our exposure to Italy. As a platform and it is the obviously the case for Volta, we never invested in bank balance sheet transactions from an Italian bank and do not intend to do so as we never reached such level of confidence in the deals we looked at that made us comfortable. Regarding European CLOs, the exposure to loans from corporate entities based in Italy represented, as of the end of May, less than 2.5% of the underlying loan portfolios from our European CLO bucket (16.6% of Volta GAV as of the end of May). Overall Volta direct exposure to Italy is insignificant.

Volta saw two USD CLO debts being called during the month for a total of the equivalent of €12.0m and the equivalent of €1.8m was drawn on the two CLO warehouses that were opened in April.

As planned, we continue allocating capital to CLO warehousing facilities. It is anticipated that the two warehouses to which Volta contributed this month should lead to a CLO pricing by the end of Q2/early Q3 2018. Expected return on such CLO equity positions are most of the time in the area of 13% to 15%.

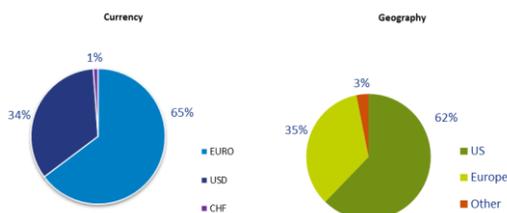
On top of the good performance that we expected and realised on the warehouse facilities, they generally offer a way to secure attractive terms for new CLO equity positions.

As of the end of May 2018, Volta's Estimated NAV was €309.1m or €8.45 per share. The GAV stood at €355.8m.

*"It should be noted that approximately 11.4% 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 and investments in certain subordinated notes which are in the process of liquidation for which fully up-to-date prices might be unavailable. 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 such subordinated note. The most recently available valuation was for 7.0% as at 30 April 2018 and for 4.4% as at 31 March 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 (%)



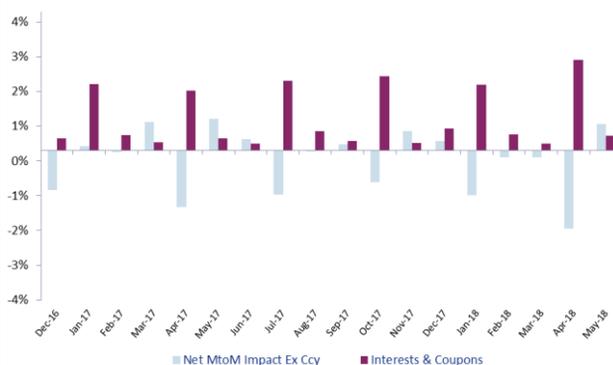
Source: AXA IM, as of May 2018 (% of NAV for ccy / % of GAV for geography)

### Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	243,8	USD CLO Equity	12,9%
		USD CLO Debt	37,2%
		EUR CLO Equity	14,4%
		EUR CLO Debt	2,2%
		CMV	1,8%
		CLO Warehouse	0,0%
Synthetic Corporate Credit	53,3	Synthetic Corporate Credit Equity	0,0%
		Bank Balance Sheet Transactions	15,0%
Cash Corporate Credit	9,2	Cash Corporate Credit Equity	2,6%
		Cash Corporate Credit Debt	0,0%
ABS	15,9	ABS Residual Positions	2,1%
		ABS Debt	2,3%
Cash or equivalent	33,6	Cash or equivalent	9,4%
<b>GAV</b>	<b>355,8</b>		
Liability	(43,1)	Debt from Repurchase Agreement	(12,1)%
Fees due	(3,5)	Fees due to Investment Manager	(1,0)%
<b>Estimated NAV</b>	<b>309,2</b>	<b>Per Share</b>	<b>8,45</b>

Source: AXA IM, as of May 2018

### Last Eighteen Months Performance Attribution



Source: AXA IM, as of May 2018

### Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Alice France SA/France	0,71%	Media
Ziggo Bond Co BV	0,39%	Media
TransDigm Inc	0,34%	Aerospace/Defense
CenturyLink Inc	0,31%	Telecommunications
Calpine Corp	0,32%	Electric

Issuer	%	Bloomberg Industry Group
Asurion LLC	0,32%	Insurance
ION Media Networks Inc	0,29%	Media
Dell International LLC/Old	0,28%	Household Products/Wares
BMC Software Inc	0,27%	Software
Advantage Sales & Marketing Inc	0,25%	Advertising

Source: Intex, Bloomberg, AXA IM Paris as of May 2018 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the Estimated NAV

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