

Volta Finance Ltd

Monthly Report – July 2018



Data as of 31 July 2018

Gross Asset Value	€350.5m
Estimated liabilities	€45.0m
Estimated NAV	€305.5m
Estimated NAV per share	€8.36
Outstanding Shares	36.6m
Share Price (Euronext)	€7.08
Share Price (LSE)	€7.09
Tickers	VTA.NA VTA.LN
ISIN	GG00B1GHHH78

Fund Facts

Launch Date	Dec-2006
Fund Domicile	Guernsey
Listing and Trading	AEX LSE
Type of Fund	Closed-ended
Dividend	Quarterly
Dividend Cover ⁴	1.6 times
Base currency	EUR
Assets types	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

+9.8%	+12.9%	+0.6%
Annualised since inception ¹	Annualised over 5 years ¹	1 month ²

€305.5m	+8.8%
Estimated NAV as of July 2018	Trailing 12-month Div. Yield ³

Returns ²	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	-0.4%	0.7%	-0.2%	+0.9%	+2.4%	+0.2%	+0.6%						4.2%
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%	6.6%
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%

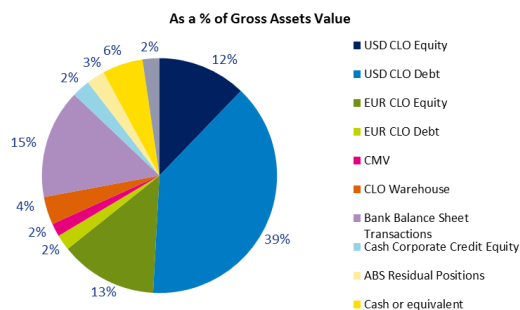
¹ Share (VTA.NA) performance (annualised figures with dividends re-invested). Source: Bbg (TRA function)

² Performance of published Estimated NAV (including dividend payments)

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

⁴ Calculated as total income divided by the most recent annual dividend payments

Asset Breakdown



Source: AXA IM, as of July 2018

Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.70%	Media
Ziggo Bond Co BV	0.36%	Media
Asurion LLC	0.32%	Insurance
Calpine Corp	0.32%	Electric
TransDigm Inc	0.32%	Aerospace/Defense
Texas Competitive Electric Holdings Co LLC	0.28%	Electric
ION Media Networks Inc	0.30%	Media
BMC Software Inc	0.28%	Software
Paysafe Group Ltd	0.25%	Internet
CenturyLink Inc	0.26%	Telecommunications

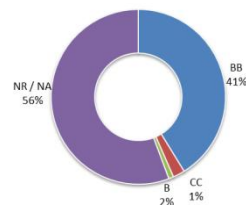
Source: Intex, Bloomberg, AXA IM Paris as of July 2018 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the Estimated NAV

Historical Performance



Source: Bloomberg, as of July 2018

Portfolio Rating Breakdown



Source: AXA IM, as of July 2018

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Monthly Commentary

In July, Volta's Estimated NAV* performance was +0.6%, an encouraging performance in a context of relatively quiet credit markets in general.

In July, mark-to-market performances of Volta's asset classes, in local currencies, were: +1.4% for Bank Balance Sheet Transactions; +3.7% for CLO Equity tranches; -0.2% for CLO Debt tranches, -0.9% for Cash Corporate Credit deals and 0.0% for ABS.

The negative performance from CLO debt reflects short term oversupply in the primary CLO market. There is too much CLO trying to price, refinance or reset at the same time. We expect this issue to persist for the remainder of August and probably into September as well. However, we consider this to be an opportunity to look to acquire CLO debt tranches at attractive pricing, after Volta's tilt towards equity tranches in recent months.

During the month, Volta invested the equivalent of €19.4m (various contributions to the 4 CLO warehouses that have been opened previously, the roll of 3 USD BB CLO debt tranches and the purchase of one Euro CLO equity position derived from one of the Company's open European warehouses). On average, and under market standard assumptions, the projected IRR of such instruments is in the area of 12%. Three USD CLO debt tranches were called during the month and represented the equivalent of €9.4m.

In July, Volta generated the equivalent of €7.2m 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 €19.8m, a level unseen for several years. €2.6m of these €19.8m are coupons arising from reset of existing CLO Equity positions. Although Refinancing/Reset of CLO have been a very active market for the last two years it could become less profitable on a long term basis.

The increase in interest and coupons generated from Volta's assets continues, reflecting the increase in the 3 month USD Libor rate as well as the growing importance of the CLO Equity bucket in the portfolio (being the asset class with the highest cash on cash contribution).

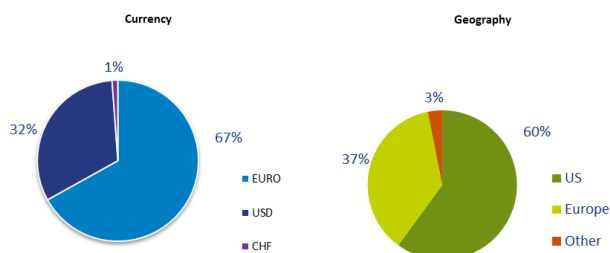
As planned, we continue to allocate capital to CLO warehousing facilities in order to source new CLO equity positions with attractive economic terms. It is anticipated that two warehouses to which Volta contributed this month should lead to a CLO pricing during Q3 2018. Expected returns on such CLO equity positions are in the area of 13% to 15%.

As of the end of July 2018, Volta's Estimated NAV was €305.5m or €8.36 per share. The GAV stood at €350.5m.

"It should be noted that approximately 11.8% 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 fund NAV was for 10.0% of Volta's GAV as at 30 June 2018 and for 1.8% of Volta's GAV 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 (%)



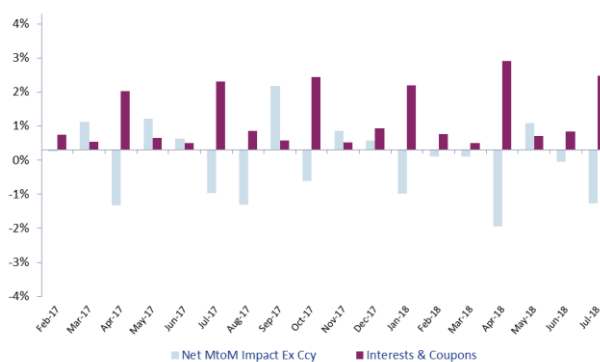
Source: AXA IM, as of July 2018 (% of NAV for ccy / % of GAV for geography)

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	252.3	USD CLO Equity	12.2%
		USD CLO Debt	38.7%
		EUR CLO Equity	13.4%
		EUR CLO Debt	2.2%
		CMV	1.8%
		CLO Warehouse	3.9%
Synthetic Corporate Credit	52.7	Synthetic Corporate Credit Equity	0.0%
		Bank Balance Sheet Transactions	15.0%
Cash Corporate Credit	8.8	Cash Corporate Credit Equity	2.5%
		Cash Corporate Credit Debt	0.0%
ABS	17.2	ABS Residual Positions	2.5%
		ABS Debt	2.4%
Cash or equivalent	19.6	Cash or equivalent	5.6%
GAV	350.5		
Liability	(42.9)	Debt from Repurchase Agreement	(12.2)%
Fees due	(2.1)	Fees due to Investment Manager	(0.6)%
Estimated NAV	305.5	Per Share	8.36

Source: AXA IM, as of July 2018

Last Eighteen Months Performance Attribution



Source: AXA IM, as of July 2018

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