

# Volta Finance Ltd

## Monthly Report – January 2019



### Data as of 31 January 2019

Gross Asset Value	€338.8m
Liabilities	€48.1m
NAV	€290.7m
NAV per share	<b>€7.95</b>
Outstanding Shares	36.6m
Share Price (Euronext)	€6.78
Share Price (LSE)	€6.75
Tickers	VTA.NA VTA.LN VTAS.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 <sup>4</sup>	1.8 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

**+9.4%**  
Annualised since inception<sup>1</sup>
**+11.1%**  
Annualised over 5 years<sup>1</sup>
**+3.1%**  
1 month<sup>2</sup>

**€290.7m**  
NAV as of January 2019
**+9.1%**  
Trailing 12-month Div. Yield<sup>3</sup>

Returns <sup>2</sup>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	3.1%												<b>3.1%</b>
2018	-0.4%	0.7%	-0.2%	+0.9%	+2.4%	+0.2%	+0.6%	+1.2%	-0.4%	+1.3%	-1.4%	-4.8%	<b>0.1%</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>

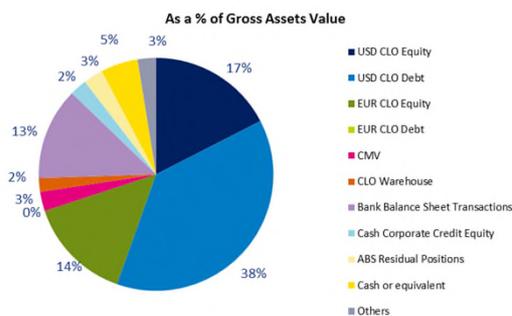
<sup>1</sup> Share (VTA.NA) performance (annualised figures with dividends re-invested). Source: Bbg (TRA function)

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

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

<sup>4</sup> Calculated as total income divided by the most recent annual dividend payments

### Asset Breakdown



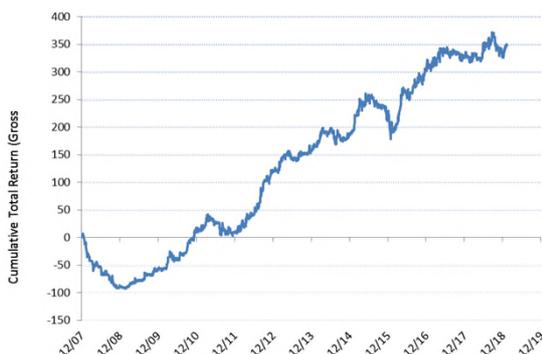
Source: AXA IM, as of January 2019

### Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.67%	Media
TransDigm Inc	0.35%	Aerospace/Defense
Calpine Corp	0.36%	Electric
CenturyLink Inc	0.36%	Telecommunications
Texas Competitive Electric Holdings Co LLC	0.31%	Electric
Asurion LLC	0.31%	Insurance
Ziggo Bond Co BV	0.29%	Media
Albertson's LLC	0.30%	Food
Dell International LLC/Old	0.27%	Household Products/Wares
McAfee LLC	0.25%	Computers

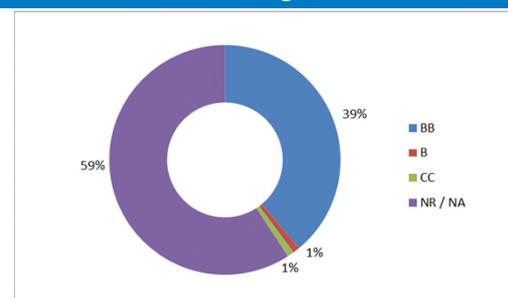
Source: Intex, Bloomberg, AXA IM Paris as of January 2019 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

### Historical Performance



Source: Bloomberg, as of January 2019

### Portfolio Rating Breakdown



Source: AXA IM, as of January 2019

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### Monthly Commentary

In January, Volta's NAV\* total return performance was +3.1%, a significant rebound after a volatile end of 2018.

This significantly positive performance is mainly driven by the strong performance of CLO debt and equity tranches. The overall monthly performances of Volta's asset classes in local currencies were: +1.0% for Bank Balance Sheet Transactions; +4.5% for CLO Equity tranches; +3.6% for CLO Debt tranches; -4% for Cash Corporate Credit deals; and +0.0% for ABS. The Cash Corporate Credit bucket comprises allocations to two funds for which the NAV is only available with one month delay, the performance of January is, in reality, reflecting the December market situation for this bucket.

At the end of December, we were fully invested, having taken the opportunity of the December price declines to purchase more assets, deploying the surplus cash balances previously held. We believe we were therefore, well positioned for the January price rebound.

On a more fundamental basis, there are still few defaults in the US and European loan markets (respectively 1.4% and 0% default on the last-twelve-month basis as at the end of January), the maturity wall remains distant (most loans mature in 2024/2025) and the latest earnings reporting season was again globally positive. The market volatility experienced in Q4 2018 is, even accounting for its short duration, structurally positive for CLO Equity positions: it gave the opportunity of some purchases at a discount by the CLO managers.

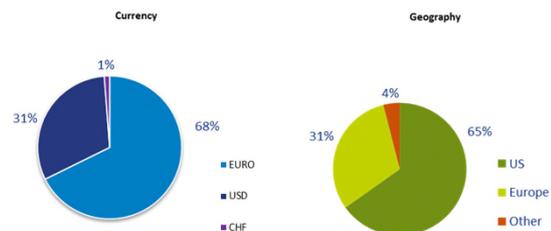
In January, Volta generated the equivalent of €8.8m in interest and coupons net of repo costs (non-Euro amounts translated into Euro using end-of-month cross currency rates). This brings the total cash amount generated during the last six months in terms of interests and coupons to €20.6m. This is a multi-year record for Volta, representing 14.4% annualised cash return on the current NAV.

As at the end of January 2019, Volta's NAV was €290.7m or €7.95 per share. The GAV stood at €338.8m.

As noted in last month's reports, Volta has a limited exposure to Sterling & the UK (6% of underlying credits are from UK based companies) and so would be unlikely to suffer materially from direct losses from a disorderly Brexit (taking into account the 5 to 7.5% drop in GDP that many economists, including the BoE, expect from the most adverse scenario around Brexit). However, it is likely that there would be some volatility in UK based assets and we are alert to any opportunities that might arise in these circumstances.

*\*It should be noted that approximately 10.5% 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 6.5% as at 31 December 2018 and for 4.0% as at 28 September 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 (%)



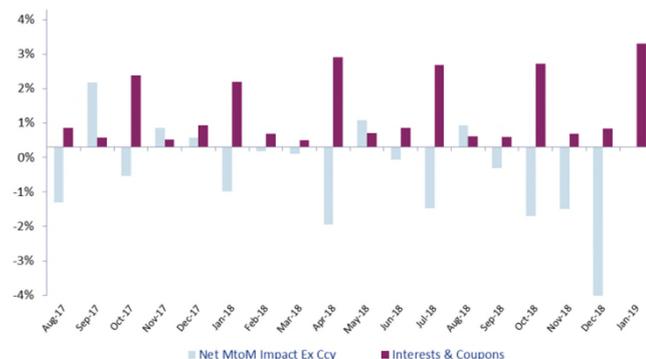
Source: AXA IM, as of January 2019 (% of NAV for ccy / % of GAV for geography)

### Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	252,4	USD CLO Equity	17,4%
		USD CLO Debt	38,0%
		EUR CLO Equity	14,5%
		EUR CLO Debt	0,0%
		CMV	2,7%
		CLO Warehouse	1,9%
Synthetic Corporate Credit	43,3	Synthetic Corporate Credit Equity	0,0%
		Bank Balance Sheet Transactions	12,8%
Cash Corporate Credit	8,0	Cash Corporate Credit Equity	2,4%
		Cash Corporate Credit Debt	0,0%
ABS	17,7	ABS Residual Positions	2,7%
		ABS Debt	2,5%
Cash or equivalent	17,4	Cash or equivalent	5,1%
<b>GAV</b>	<b>338,8</b>		
Liability	(43,9)	Debt from Repurchase Agreement	(13,0)%
Fees due	(4,2)	Fees due to Investment Manager	(1,2)%
<b>Estimated NAV</b>	<b>290,7</b>	<b>Per Share</b>	<b>7,95</b>

Source: AXA IM, as of January 2019

### Last Eighteen Months Performance Attribution



Source: AXA IM, as of January 2019

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