



# Volta Finance Ltd

## Monthly Report – February 2019



Data as of 28 February 2019

Gross Asset Value	€340.9m
Liabilities	€48.9m
NAV	€292m
NAV per share	<b>€7.98</b>
Outstanding Shares	36.6m
Share Price (Euronext)	€6.90
Share Price (LSE)	€6.93
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).

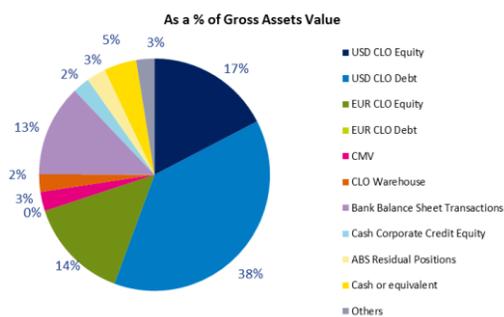
### Fund Performance

<b>+9.5%</b>	<b>+10.6%</b>	<b>+0.4%</b>
Annualised since inception <sup>1</sup>	Annualised over 5 years <sup>1</sup>	1 month <sup>2</sup>
<b>€292.0m</b>		<b>+9.0%</b>
NAV as of February 2019		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%	0.4%											<b>3.5%</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 February 2019

### Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.69%	Telecommunications
CenturyLink Inc	0.38%	Telecommunications
Calpine Corp	0.39%	Electric
TransDigm Inc	0.38%	Aerospace/Defense
Asurion LLC	0.35%	Insurance
Texas Competitive Electric Holdings Co LLC	0.34%	Electric
Albertson's LLC	0.32%	Food
Dell International LLC/Old	0.32%	Household Products/Wares
Nouryon Finance BV	0.28%	Chemicals
EG Group Ltd	0.28%	Retail

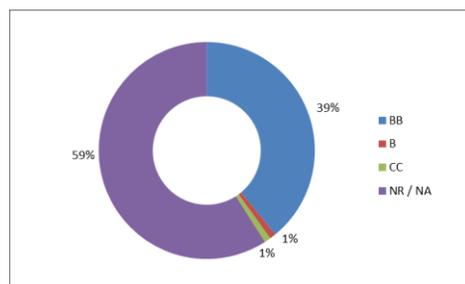
Source: Intex, Bloomberg, AXA IM Paris as of February 2019 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

### Historical Performance



Source: Bloomberg, as of February 2019

### Portfolio Rating Breakdown



Source: AXA IM, as of February 2019

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### Monthly Commentary

In February, Volta's NAV\* total return performance was +0.4%, bringing the YTD performance to 3.5% after a volatile end to 2018.

Volta will pay its quarterly dividend (€15 cents per share) on the 28th March (the ex-dividend date was the 7th March).

This positive performance was driven mainly by the good performance of bank balance sheet transactions (+1.2% for the month) and of CLO debt tranches (+0.8%). The performances of Volta's other asset classes in local currencies were: -0.4% for CLO Equity tranches; +0.1% for Cash Corporate Credit deals; and +0.5% for ABS.

Volta is almost fully invested when taking into account the need to keep cash for the dividend being paid in March. In February we added \$2m capital to a CLO warehouse. Currently, we hold only one warehouse, which was opened in late 2018. At the time of writing this warehouse facility has been successfully converted into a CLO. Because this warehouse was opened late in 2018 we avoided the painful situation faced by some market participants who have warehouse facilities holding expensive loans purchased several months previously and who now are struggling to convert the warehouse into a CLO.

Despite the recent volatility, Volta's assets continue to perform well. As an example, our CLO Equity positions, both in Europe and the US, are exposed to loan portfolios that hold fewer Caa1 or below rated loans than the market: 1.5% for our European positions against 1.6% for the market and 2.6% for our US positions against 4.1% for the market<sup>(1)</sup>.

These statistics together with the very low level of defaults experienced both for US and European loans are signs that despite the recent volatility, the fundamentals are still supportive.

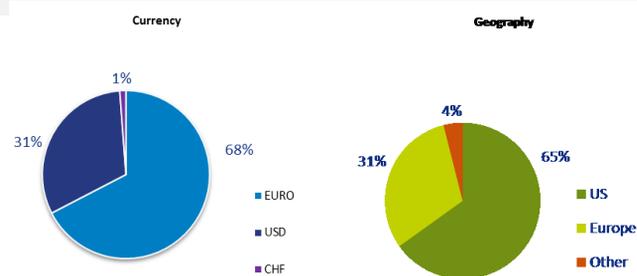
As we are increasing our CLO equity tranches and reducing CLO debt tranches, we are reducing Volta's leverage on its CLO debt by \$10m. We now prefer to take exposure to leverage through the long-term embedded borrowings provided by CLO Equity rather than leveraging CLO Debt through the repo, even though the repo is attractively structured. This repayment was done through cashflow generation and not through sales of debt tranches.

In February, Volta generated the equivalent of €0.6m 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 €20.1m; 13.8% on an annual basis of Volta's NAV. The projected IRR of Volta's current portfolio is 12% using reasonable and market standard assumptions. The 1.3% difference from the current yield of the portfolio reflects the assumption that at some point in time we will experience more defaults than we have experienced in recent years.

As at the end of February 2019, Volta's NAV was €292m or €7.98 per share. The GAV stood at €340.9m.

*\*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 January 2019 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.*

<sup>(1)</sup> Source Intex : comparable deals with same vintage and currency



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

### Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	256.0	USD CLO Equity	17.4%
		USD CLO Debt	38.2%
		EUR CLO Equity	14.3%
		EUR CLO Debt	0.0%
		CMV	2.7%
		CLO Warehouse	2.4%
Synthetic Corporate Credit	43.7	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	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	17.9	ABS Residual Positions	2.7%
		ABS Debt	2.5%
Cash or equivalent	15.3	Cash or equivalent	4.5%
<b>GAV</b>	<b>340.9</b>		
Liability	(44.3)	Debt from Repurchase Agreement	(13.0)%
Fees due	(4.8)	Fees due to Investment Manager	(1.4)%
<b>Estimated NAV</b>	<b>292.0</b>	<b>Per Share</b>	<b>7.98</b>

Source: AXA IM, as of February 2019

### Last Eighteen Months Performance Attribution



Source: AXA IM, as of February 2019

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### Contact:

**For the Investment Manager**  
AXA Investment Managers Paris  
Serge Demay  
Serge.demay@axa-im.com  
+33 (0) 1 44 45 84 47

**Company Secretary and Administrator**  
BNP Paribas Securities Services S.C.A, Guernsey Branch  
[guernsey.bp2s.volta.cosec@bnpparibas.com](mailto:guernsey.bp2s.volta.cosec@bnpparibas.com)  
+44 (0) 1481 750 853