

Volta Finance Ltd

Monthly Report – March 2019



Data as of 31 March 2019

Gross Asset Value	€326.3m
Liabilities	€38.5m
NAV	€287.8m
NAV per share	€7.87
Outstanding Shares	36.6m
Share Price (Euronext)	€6.90
Share Price (LSE)	€6.87
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 ⁴	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).

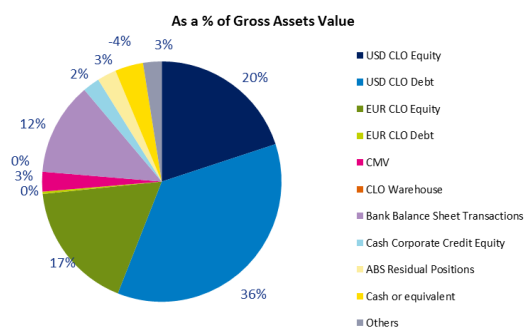
Fund Performance

+9.6%	+9.9%	+0.5%
Annualised since inception ¹	Annualised over 5 years ¹	1 month ²
€287.8m		+9.0%
NAV as of March 2019		Trailing 12-month Div. Yield ³

Returns ²	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	3.1%	0.4%	0.5%										4.0%
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%	0.1%
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 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 March 2019

Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.67%	Telecommunications
Calpine Corp	0.35%	Electric
TransDigm Inc	0.36%	Aerospace/Defense
Asurion LLC	0.36%	Insurance
CenturyLink Inc	0.31%	Telecommunications
Texas Competitive Electric Holdings Co LLC	0.31%	Electric
CSC Holdings LLC	0.29%	Media
Nouryon Finance BV	0.30%	Chemicals
Refinitiv US Holdings Inc	0.27%	Commercial Services
Advantage Sales & Marketing Inc	0.25%	Advertising

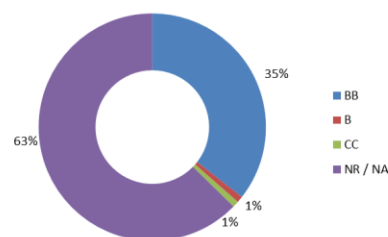
Source: Intex, Bloomberg, AXA IM Paris as of March 2019 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

Historical Performance



Source: Bloomberg, as of March 2019

Portfolio Rating Breakdown



Source: AXA IM, as of March 2019

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Monthly Commentary

In March, Volta's NAV* total return performance was +0.5%, bringing the YTD performance to 4.0% after a volatile end to 2018.

Volta paid a quarterly dividend (€0.15 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 (+0.7% for the month) and of CLO debt tranches (+0.6%). The performances of Volta's other asset classes in local currencies were: -0.2% for CLO Equity tranches; +0.7% for Cash Corporate Credit deals; and +0.4% for ABS.

As at the end of March, Volta was fully invested having purchased three new positions (1 Bank Balance Sheet transaction and 2 CLO Equity positions, one in Euro and one in USD) for a total of the equivalent of €24.2m. On average, using market standard assumptions, the projected yield of such purchases was 12.6%. Some of these purchases have a settlement in April, explaining why the cash position of Volta at the end of March was negative (on a trade date basis not on a settlement date basis).

At the end of March, Volta still had exposure to a CLO warehouse, which does not carry any more credit risk as the underlying CLO equity has been priced. The realized IRR on this warehouse is to be confirmed shortly (after the very last settlement in April) but it should likely be between 25 and 30%.

Being at the end of the first quarter of this year, it makes sense to reassess our view for 2019. What we observed, almost everywhere in the credit markets and it is even more true in structured finance, is that, on average, the maturity curve and the credit curve are very steep. For CLO debt tranches it has been rare to see such a steep maturity curve (same rating assets are yielding far more with a long maturity than with a mid to short term maturity). This situation characterizes periods in which investors, are globally cautious in the way they deploy capital (avoiding long credit duration instruments and the most sensitive ones).

This situation is very encouraging for the rest of the year even though we continue to think that it is near the end of the economic and credit cycles and that at some point in time more volatility will come back. The fact that investors are cautious limits the probability of a brutal rise in volatility in the coming months/quarters. More and more we think that the probability of having in 2019 a second spike of volatility like the one we had in Q4 2018 is declining. This overall cautiousness makes us a bit more comfortable deploying all the capital (balancing risks) and avoiding having too much cash.

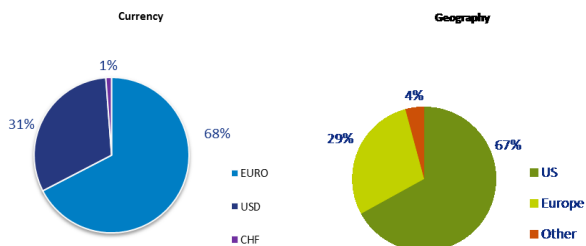
We continued increasing our CLO equity tranche exposure and reducing CLO debt tranches as the CLO equity tranches are already benefiting from the fact that spreads stopped tightening in loan markets (we have noticed for some months that the CLO managers we selected have been able to increase the WAS (Weighted Average Spread) of the underlying loan pools, generating higher cash flows to the CLO Equity positions).

In March, Volta generated the equivalent of €0.2m 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 €19.6m.

As at the end of March 2019, Volta's NAV was €287.8m or €7.87 per share. The GAV stood at €326.3m.

**It should be noted that approximately 11.2% 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 6.9% as at 28 February 2019, 2.9% as at 31 December 2018 and for 1.4% 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 (%)



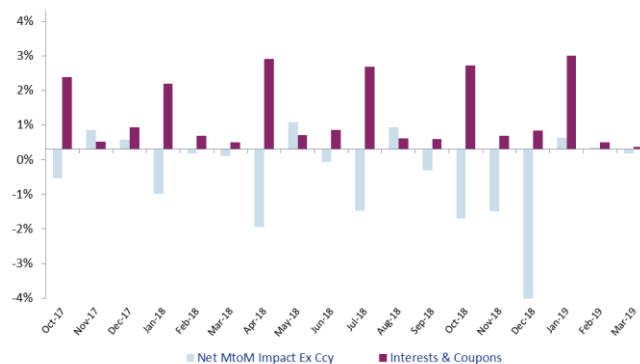
Source: AXA IM, as of March 2019 (% of NAV for ccy / % of GAV for geography)

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	269,3	USD CLO Equity	21.6%
		USD CLO Debt	39.0%
		EUR CLO Equity	18.8%
		EUR CLO Debt	0.3%
		CMV	2.9%
		CLO Warehouse	0.0%
Synthetic Corporate Credit	44,2	Synthetic Corporate Credit Equity	0.0%
		Bank Balance Sheet Transactions	13.5%
Cash Corporate Credit	8,0	Cash Corporate Credit Equity	2.5%
		Cash Corporate Credit Debt	0.0%
ABS	18,0	ABS Residual Positions	2.8%
		ABS Debt	2.7%
Cash or equivalent	(13,2)	Cash or equivalent	-4.0%
GAV	326,3		
Liability	(35,7)	Debt from Repurchase Agreement	(10,9)%
Fees due	(2,8)	Fees due to Investment Manager	(0,9)%
Estimated NAV	287,8	Per Share	7,87

Source: AXA IM, as of March 2019

Last Eighteen Months Performance Attribution



Source: AXA IM, as of March 2019

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