

# Volta Finance Ltd

## Monthly Report – January 2017



### Data as at 31 January 2017

Gross Asset Value	€356.2m
Estimated liabilities	€45.4m
Estimated NAV	€310.8m
Estimated NAV per share	<b>€8.50</b>
Outstanding Shares	36.5m
Share Price (Euronext)	€7.36
Share Price (LSE)	€7.39
Tickers	VTA.NA VTA.LN
ISIN	GG00B1GHHH78

### 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>+11.9%</b>	<b>28.0%</b>
Annualised since inception <sup>1</sup>	Annualised over 5 years <sup>1</sup>
<b>1.3%</b>	<b>€310.8m</b>
1 month <sup>2</sup>	Estimated NAV as of January-17

### Fund Facts

Launch Date	Dec-2006
Fund Domicile	Guernsey
Listing and Trading	AEX LSE
Type of Fund	Closed-ended
Dividend	Quarterly
Trailing 12m Div. Yield <sup>3</sup>	8.7%
Base currency	EUR
Assets types	Corporate Credit and ABS

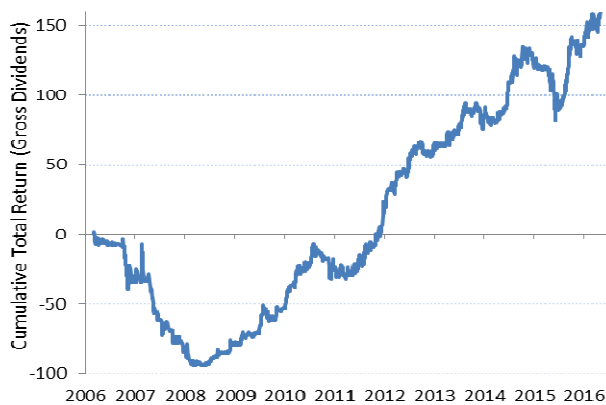
Returns <sup>2</sup>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	1.3%	-	-	-	-	-	-	-	-	-	-	-	1.3%
2016	-4.0%	-2.9%	4.1%	2.0%	1.3%	-0.9%	5.5%	2.8%	1.4%	2.0%	2.7%	1.4%	15.2%
2015	3.7%	1.3%	3.1%	1.7%	1.6%	-0.7%	0.1%	-0.6%	-1.7%	0.1%	1.1%	0.1%	10.0%
2014	2.7%	-1.6%	0.8%	0.7%	1.5%	0.7%	1.3%	1.3%	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%

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

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

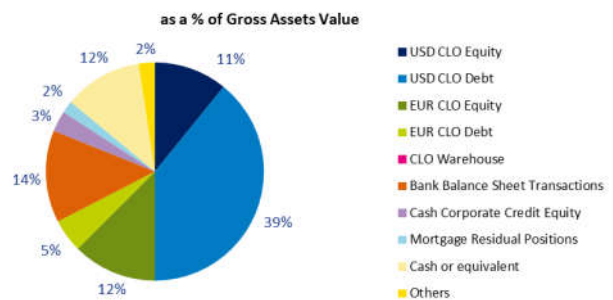
<sup>3</sup> Calculated as the most recent annual dividend payments versus the month-end share price (VTA.NA)

### Historical Performance



Source: Bloomberg (TRA function) as of January 2017

### Asset Breakdown



Source: AXA IM, as of January 2017

### Monthly Commentary

In January, Volta’s Estimated NAV\* performance was 1.3%, in line with a positive performance in most credit and equity markets.

During the month, Volta purchased just one position (a USD CLO Debt tranche) for the equivalent of €1.1m and received the equivalent of €18.4m from four assets that were maturing or called. On average, and based on standard market assumptions, the purchase was executed with an average expected yield close to 10%.

We also committed \$20m to a vehicle that has been set up to support one global CLO manager in issuing US and European CLOs in compliance with retention rules (a Capitalized Manager Vehicle or “CMV”). Over several years this position will give us access to a portfolio of CLO equity positions from this manager with favourable terms. It is expected that the total commitment amount will be deployed within 3 to 4 years depending on CLO market activity. We expect this investment to deliver a mid-teen IRR performance.

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At the end of January 2017, Volta's Estimated NAV\* was €310.8m or €8.50 per share. The GAV stood at €356.2m.

In January, mark-to-market variations\*\* of Volta's asset classes were: -0.4% for Synthetic Corporate Credit deals; +1.8% for CLO Equity tranches; +4% for CLO Debt tranches, -0.9% for Cash Corporate Credit deals; and +0.2% for ABS.

During January, Volta generated the equivalent of €6.0m 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 €16.6m.

Cash holdings or cash equivalent instruments at the end of January totaled €41.4m and we expect to invest in some recent transactions, including some Bank Balance Sheet transactions and a CLO warehouse, in the coming months. The current level of cash is higher than usual but reflects our view that credit markets are now quite fully valued and better opportunities will arise in due course.

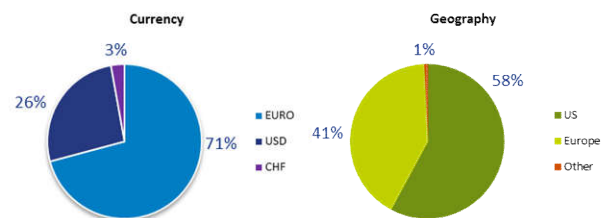
Contrary to previous months, the US Dollar depreciated somewhat against the Euro in January which has been slightly detrimental to Volta. US Dollar exposure was approximately 26%.

As noted in previous commentaries, we believe that the addition of duration to the portfolio via government bond exposure can provide a good hedge against further potential economic disappointments, providing that the exposure is built at prudent yield levels. In November and December 2016 we added some duration to Volta through exposure to the US 5YR Note Future, with duration peaking at around 1.5 years. Following the recent rally in Treasuries we have partially taken profits on this position and at the end of January the duration overlay represented a modest 0.4 year of duration.

*\* It should be noted that approximately 10.5% of Volta's GAV comprises investments in funds 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 in funds are valued using the most recently available NAV for each fund. The most recently available fund NAV was as at: 30 September 2016 for 0.9% of Volta's GAV and as at 31 December 2016 for 9.6% of Volta's GAV.*

*\*\* "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 (%)



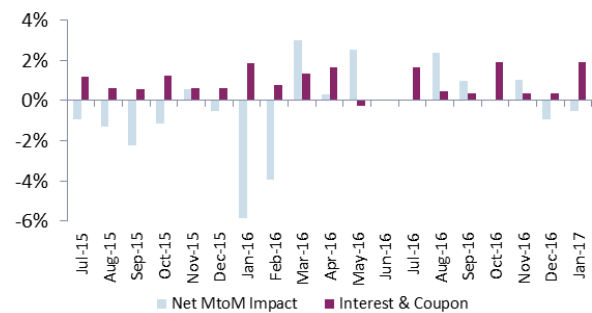
Source: AXA IM, as of January-2017 (% of NAV for ccy / % of GAV for geography)

### Portfolio Composition by Asset Type

Market Value (€m)		Breakdown of Gross Asset Value (% GAV)	
CLO	240.2	USD CLO Equity	10.9%
		USD CLO Debt	39.1%
		EUR CLO Equity	12.5%
		EUR CLO Debt	4.9%
		CLO Warehouse	0.0%
Synthetic Corporate Credit	48.7	Synthetic Corporate Credit Equity	0.0%
		Bank Balance Sheet Transactions	13.7%
Cash Corporate Credit	11.0	Cash Corporate Credit Equity	3.1%
		Cash Corporate Credit Debt	0.0%
ABS	14.9	Mortgage Residual Positions	1.8%
		ABS Debt	2.4%
Cash or equivalent	41.4	Cash or equivalent	11.6%
<b>GAV</b>	<b>356.2</b>		
Liability	(41.9)	Debt from Repurchase Agreement	(11.8)%
Fees due	(3.5)	Fees due to Investment Manager	(1.0)%
<b>Estimated NAV</b>	<b>310.8</b>	<b>Per Share</b>	<b>8.50</b>

Source: AXA IM, as of January 2017

### Last Eighteen Months Performance Attribution



Source: AXA IM, as of January 2017

### Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice Financing	0.73%	Telecommunications
Ziggo Secured Finance	0.71%	Telecommunications
Compass Group / Compass Diversified	0.70%	Banking, Finance & Real Estate
Ineos Group	0.70%	Chemicals
First Data	0.63%	Software

Issuer	%	Bloomberg Industry Group
Dell International	0.55%	Household Products
Valeant Pharmaceuticals	0.52%	Pharmaceuticals
TransDigm	0.52%	Aerospace/Defense
Calpine	0.46%	Utilities
Springer Science & Business	0.45%	Media

Source: Intex, Bloomberg, AXA IM Paris as of January 2017 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the Estimated NAV

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