

Volta Finance Ltd

Monthly Report – April 2017


Data as at 30 April 2017

Gross Asset Value	€355.8m
Estimated liabilities	€46.1m
Estimated NAV	€309.7m
Estimated NAV per share	€8.47
Outstanding Shares	36.5m
Share Price (Euronext)	€7.61
Share Price (LSE)	€7.69
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

+12.1%	25.1%
Annualised since inception ¹	Annualised over 5 years ¹
-0.5%	€309.7m
1 month ²	Estimated NAV as of April 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 ³	8.1%
Base currency	EUR
Assets types	Corporate Credit and ABS

Returns ²	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	1.3%	0.9%	0.9%	-0.5%	-	-	-	-	-	-	-	-	2.7%
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%

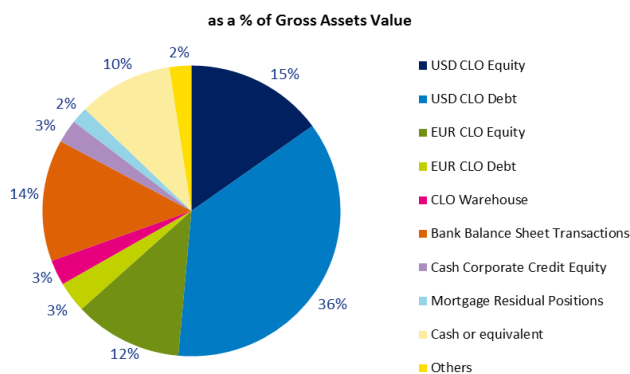
¹ Share (VTA.NA) performance (annualised figures with dividends re-invested). Source: Bloomberg (TRA function)

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)

Historical Performance


Source: Bloomberg (TRA function) as of April 2017

Asset Breakdown


Source: AXA IM, as of April 2017

Monthly Commentary

In April, Volta’s Estimated NAV* performance was -0.5%. This slightly negative performance is mostly due to the depreciation of the dollar against Euro, contributing -0.5%. Underlying performance excluding the impact of currency was modestly positive in line with very quiet credit markets in April.

During the month, Volta purchased two assets (one Euro CLO debt position and one new USD CLO equity position), entered into a European CLO warehouse and, in addition, the “CMV” announced in the January monthly report was partly drawn down for an aggregate equivalent of €19.2m. On average, and based on standard market assumptions, the purchases and the CMV drawdown have an expected yield close to 13%. In April, four CLO debt positions were sold or called for an aggregate equivalent of €21.2m. On average, and based on standard market assumptions, the expected yield of these four assets was close to 5.8%.

At the end of April 2017, Volta’s Estimated NAV* was €309.7m or €8.47 per share. The GAV stood at €355.8m. The variation relative to the Early Estimated NAV reflects lower prices received for CLO equity positions.

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In April, mark-to-market variations** of Volta's asset classes were: 0.0% for Synthetic Corporate Credit deals; +0.1% for CLO Equity tranches; 0.0% for CLO Debt tranches, +6.1% for Cash Corporate Credit deals; and +0.6% for ABS.

During April, Volta generated the equivalent of €5.4m 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 €15.7m.

Cash holdings or cash equivalent instruments at the end of April totaled €36.6m.

The current level of cash is higher than usual and mainly reflects the strong prepayments that occurred in April. Our view is still that credit markets are now quite fully valued and this amount will be deployed in due course when better opportunities arise. Typically we expect to be able to deploy more capital in CLO Equity tranches and in Bank Balance Sheet transactions. We expect to utilize CLO warehouse exposure as a way to access CLO equity positions with better economics.

Volta's currency exposure was relatively stable during April and the exposure to the US Dollar at month end was circa 24% against circa 33% one year ago. The negative contribution this month needs to be put in perspective with the positive contribution for the previous 12 month period (circa +2.1% from March 2016 to March 2017). Volta currency exposures are modest and through time are not expected to be a significant driver of performance.

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	247.0	USD CLO Equity	15.1%
		USD CLO Debt	36.3%
		EUR CLO Equity	11.8%
		EUR CLO Debt	3.4%
		CLO Warehouse	2.8%
Synthetic Corporate Credit	48.1	Synthetic Corporate Credit Equity	0.0%
		Bank Balance Sheet Transaction	13.5%
Cash Corporate Credit	9.2	Cash Corporate Credit Equity	2.6%
		Cash Corporate Credit Debt	0.0%
ABS	14.9	Mortgage Residual Positions	1.8%
		ABS Debt	2.4%
Cash or equivalent	36.6	Cash or equivalent	10.3%
GAV	355.8		
Liability	(41.4)	Debt from Repurchase Agreement	(11.6)%
Fees due	(4.6)	Fees due to Investment Manager	(1.3)%
Estimated NAV	309.7	Per Share	8.47

Source: AXA IM, as of April 2017

Top 10 Underlying Exposures

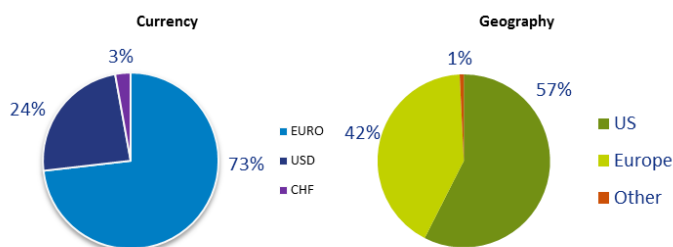
Issuer	%	Bloomberg Industry Group
First Data	1.16%	Software
Altice Financing	0.96%	Telecommunications
Ineos Group	0.79%	Chemicals
Ziggo Secured Finance	0.77%	Telecommunications
TransDigm	0.67%	Aerospace/Defense

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

A small exposure continues to be maintained to duration, which was accretive to returns during April. The modest short position that was taken on the S&P500 was closed with a very minor loss (less than 0.1%). These hedges are aimed at dampening downside volatility arising from shorter-term mark to market developments that may arise. Ultimately, the returns of Volta continue to be predominantly driven by the performance and the strong cash flows from the structured finance assets held but we believe that these hedges will contribute to a better short-term volatility profile.

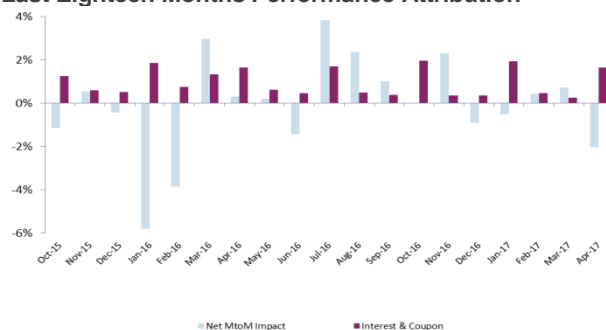
* It should be noted that approximately 8.8% of Volta's GAV comprises investments in funds for which the relevant NAVs as at the month-end date are normally available only after Volta's NAV has already been published. Volta's policy is to publish its own NAV on as timely a basis as possible in order 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: 31 March 2017 for 8.8% 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.



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

Last Eighteen Months Performance Attribution



Source: AXA IM, as of April 2017

Issuer	%	Bloomberg Industry Group
Energy Future	0.47%	Energy
Community Health Systems	0.46%	Healthcare
Calpine	0.41%	Utilities
Valeant Pharmaceuticals	0.39%	Pharmaceuticals
Dell International	0.38%	Household Products

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