

# Volta Finance Ltd

## Monthly Report – October 2017



Data as at 31 October 2017

Gross Asset Value	€351.4m
Estimated liabilities	€43.5m
Estimated NAV	€307.9m
Estimated NAV per share	<b>€8.42</b>
Outstanding Shares	36.6m
Share Price (Euronext)	€7.34
Share Price (LSE)	€7.40
Tickers	VTA.NA VTA.LN
ISIN	GG00B1GHHH 78

### 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>+11.6%</b>	<b>15.7%</b>
Annualised since inception <sup>1</sup>	Annualised over 5 years <sup>1</sup>
<b>+1.7%</b>	<b>€307.9m</b>
1 month <sup>2</sup>	Estimated NAV as of October 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>	8.17%
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%	0.9%	0.9%	-0.5%	0.6%	0.1%	-0.2%	0.4%	0.6%	1.7%	-	-	<b>5.7%</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: Bloomberg (TRA function)

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

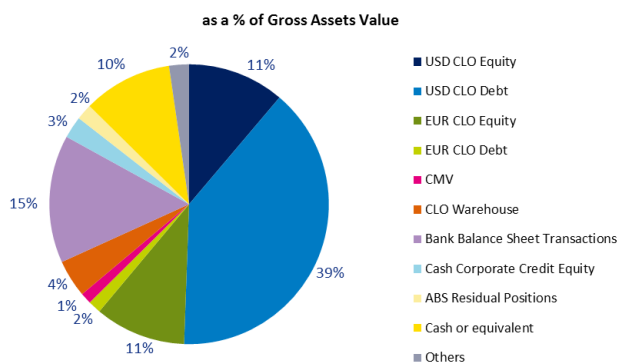
<sup>3</sup> Calculated as the most recent annual dividend payments versus the month-end share price (VTA.NA)

### Historical Performance



Source: Bloomberg (TRA function) as of October 2017

### Asset Breakdown



Source: AXA IM, as of October 2017

### Monthly Commentary

In October, Volta’s Estimated NAV\* performance was +1.7%.

During the month, Volta purchased two USD BB tranches of CLO for the equivalent of €9.3m with an average projected yield close to 9% under market standard assumptions. One BBB CLO debt tranche was sold for the equivalent of €4.4m with a projected yield close to 4.5%.

The CLO market was again very active with a pursuit of CLO debt spread tightening. As at the end of October, spreads on CLO debt reached post 2008-crisis record lows and were tightening again in November. This is beneficial for the mark-to-market of the existing CLO debt positions of Volta although price appreciation above par is limited due to the callable nature of these instruments. Fundamentally speaking it is highly favourable to CLO equity positions as they are able to lock in a cheaper cost of funding. Volta continue to consider increasing the portion of its investments in CLO equities.

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At the end of October 2017, Volta's Estimated NAV was €307.9m or €8.42 per share. The GAV stood at €351.4m.

In October, mark-to-market variations of Volta's asset classes were: +1.0% for Synthetic Corporate Credit deals; +2.3% for CLO Equity tranches; +0.8% for CLO Debt tranches, 0.0% for Cash Corporate Credit deals; and +0.7% for ABS.

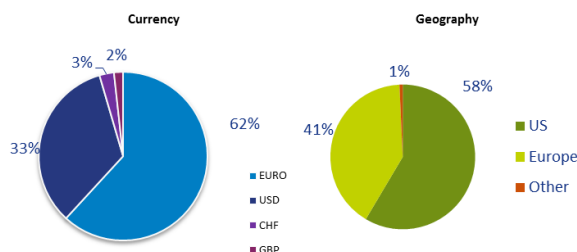
In October, Volta generated the equivalent of €6.2m in interest and coupons net of repo costs (non-euro amounts translated into euro using end-of-month cross currency rates). This brings the total cash amount generated during the last six months in terms of interest and coupons to €16.6m.

Due to the significant amounts received recently, cash holdings or cash equivalent instruments at the end of October are still near 10% of the NAV. It is expected that most of this cash will be deployed in coming weeks.

*"It should be noted that approximately 9.8% 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 29 September 2017 for 9.8%.*

*\*\* "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 (%)



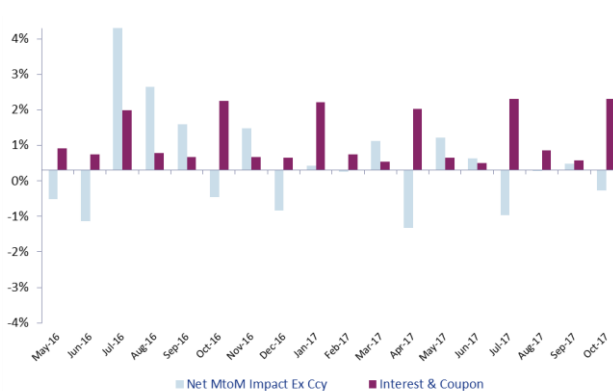
Source: AXA IM, as of October 2017 (% of NAV for ccy / % of GAV for geography)

### Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	240,4	USD CLO Equity	11,2%
		USD CLO Debt	39,3%
		EUR CLO Equity	10,5%
		EUR CLO Debt	1,5%
		CMV	1,5%
		CLO Warehouse	4,3%
Synthetic Corporate Credit	51,9	Synthetic Corporate Credit Equity	0,0%
		Bank Balance Sheet Transactions	14,8%
Cash Corporate Credit	8,9	Cash Corporate Credit Equity	2,5%
		Cash Corporate Credit Debt	0,0%
ABS	14,6	ABS Residual Positions	1,8%
		ABS Debt	2,3%
Cash or equivalent	35,7	Cash or equivalent	10,2%
<b>GAV</b>	<b>351,4</b>		
Liability	(38,8)	Debt from Repurchase Agreement	(11,0)%
Fees due	(4,7)	Fees due to Investment Manager	(1,3)%
<b>Estimated NAV</b>	<b>307,9</b>	<b>Per Share</b>	<b>8,42</b>

Source: AXA IM, as of October 2017

### Last Eighteen Months Performance Attribution



Source: AXA IM, as of October 2017

### Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice Financing	0.57%	Telecommunications
TransDigm	0.47%	Aerospace/Defense
First Data Corporation	0.43%	Software
Ziggo	0.42%	Telecommunications
Calpine	0.41%	Utilities

Issuer	%	Bloomberg Industry Group
Asurion	0.40%	Building and Development
Dell International	0.37%	Household Products
Advantage Sales & Marketing	0.36%	Advertising
Ineos Group	0.36%	Chemicals
ION Media Networks	0.33%	Media: Broadcasting & Subscription

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

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