

Volta Finance Ltd

Monthly Report – December 2017



Data as of 29 December 2017

Gross Asset Value	€347.4m
Estimated liabilities	€43.4m
Estimated NAV	€304.0m
Estimated NAV per share	€8.32
Outstanding Shares	36.6m
Share Price (Euronext)	€7.10
Share Price (LSE)	€7.08

Tickers	VTA.NA
	VTA.LN
ISIN	GG00B1GHHH78

Fund Facts

Launch Date	Dec-2006
Fund Domicile	Guernsey

Listing and Trading	AEX
	LSE

Type of Fund	Closed-ended
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Dividend	Quarterly
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Trailing 12m Div. Yield³	9%
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Base currency	EUR
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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

+11.3%	14.21%
Annualised since inception ¹	Annualised over 5 years ¹
+0.6%	€304m
1 month ²	Estimated NAV as of December 17

Returns ²	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%	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: Bloomberg (TRA function)

² Performance of published Estimated NAV (including dividend payments)

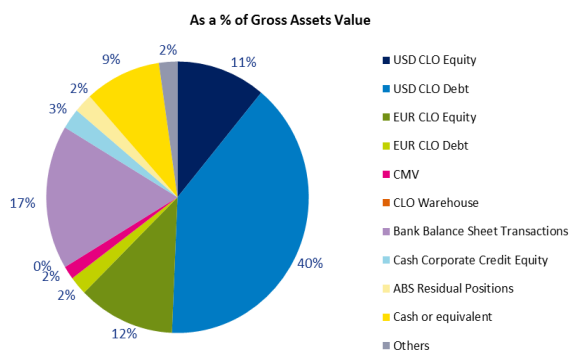
³ Calculated as the most recent annual dividend payments versus the month-end share price (VTA.NA)

Historical Performance



Source: Bloomberg (TRA function) as of December 2017

Asset Breakdown



Source: AXA IM, as of December 2017

Monthly Commentary

In December, Volta’s Estimated NAV* performance was +0.6% (taking into account the December dividend payment), bringing the performance for the year to date to 6.6% (dividends reinvested at NAV).

On 21 December, Volta paid a quarterly dividend of 0.16 euro per share (with an ex-dividend date of 30 November) representing an annualised yield of 9% based on the end of November share price.

The annual performance is somewhat below that recorded in the last few calendar years, primarily on account of the negative performance drag caused by currency exposure to the US Dollar (nearly 30% of the NAV on average through 2017). The overall estimated impact of currency exposures for 2017 is -3.6%, meaning that the performance of Volta, prior to the currency impact is above 10% (net of fees) for 2017. As we have noted previously, foreign currency exposure is not fully hedged back to Euro to avoid excessive liquidity demands if hedges were to move adversely and also to limit the cash drag that arises from the need to maintain margin against open hedges. This strategy has been in place for many years and historically has not had any material impact on the mid to long-term performance of Volta as the Euro/dollar cross rate has been relatively stable for many years.

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Late in December, Volta received the equivalent of €24.2m of prepayments from two positions. These repayments account for the rather significant amount of cash held at the end of December. Prepayment levels were very high in 2017 and this, in large part, accounted for periodically higher levels of cash in the Company than would be usual. However, it is encouraging that, throughout the year, we have continued to be able to source and reinvest in new opportunities at attractive IRRs, which bodes well for future returns. Volta was drawn on one asset (the lease transaction that was sourced in 2016) for the equivalent of €1.4m during December.

In 2018 we anticipate continuing to increase exposure to the CLO Equity bucket as well as the Bank Balance sheet bucket. It is expected that we will continue to do so at the expense of CLO Debt positions given the significant tightening of CLO debt tranches. This tandem increase to CLO Equity and Bank Balance sheets from CLO Debt means that aggregate risk levels should not increase meaningfully.

At the end of December 2017, Volta's Estimated NAV was €304.0m or €8.32 per share. The GAV stood at €347.4m.

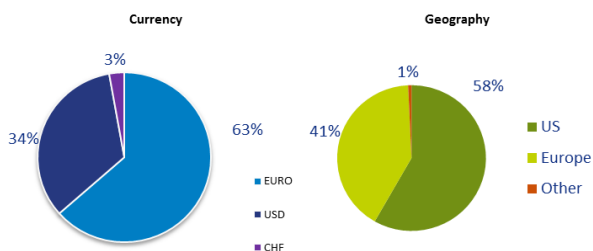
In December, mark-to-market variations of Volta's asset classes were: +0.5% for Bank Balance Sheet Transactions; +1.0% for CLO Equity tranches; +2.1% for CLO Debt tranches, 0.0% for Cash Corporate Credit deals as well as for ABS.

In December, Volta generated the equivalent of €1.9m 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 €17.4m.

"It should be noted that approximately 11.5% 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 for 8.9% as at 30 November 2017 and for 2.6% as at 29 September 2017.

*** "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 December 2017 (% of NAV for ccy / % of GAV for geography)

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	230,7	USD CLO Equity	11,0%
		USD CLO Debt	39,7%
		EUR CLO Equity	11,9%
		EUR CLO Debt	2,2%
		CMV	1,6%
		CLO Warehouse	0,0%
Synthetic Corporate Credit	59,7	Synthetic Corporate Credit Equity	0,0%
		Bank Balance Sheet Transactions	17,2%
Cash Corporate Credit	8,5	Cash Corporate Credit Equity	2,5%
		Cash Corporate Credit Debt	0,0%
ABS	15,9	ABS Residual Positions	2,3%
		ABS Debt	2,3%
Cash or equivalent	32,6	Cash or equivalent	9,4%
GAV	347,4		
Liability	(41,7)	Debt from Repurchase Agreement	(12,0)%
Fees due	(1,8)	Fees due to Investment Manager	(0,5)%
Estimated NAV	304,0	Per Share	8,32

Source: AXA IM, as of December 2017

Last Eighteen Months Performance Attribution



Source: AXA IM, as of December 2017

Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice / Numericable / SFR Group / Ypso	0.51%	Telecommunications
First Data Corporation	0.33%	Software
Ziggo	0.31%	Telecommunications
TransDigm	0.30%	Aerospace/Defense
Advantage Sales & Marketing	0.27%	Advertising

Issuer	%	Bloomberg Industry Group
Asurion	0.26%	Building and Development
Calpine	0.23%	Utilities
ION Media Networks	0.23%	Media: Broadcasting & Subscription
Springer Science+Business Media GmbH	0.22%	Telecommunications
Texas Competitive Electric Holdings Co LLC / TCEH Finance	0.20%	Utilities

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

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