

Volta Finance Ltd

Monthly Report – August 2018



Data as of 31 August 2018

Gross Asset Value	€355.3m
Estimated liabilities	€45.7m
Estimated NAV	€309.6m
Estimated NAV per share	€8.46
Outstanding Shares	36.6m
Share Price (Euronext)	€7.26
Share Price (LSE)	€7.17
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	1.6 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

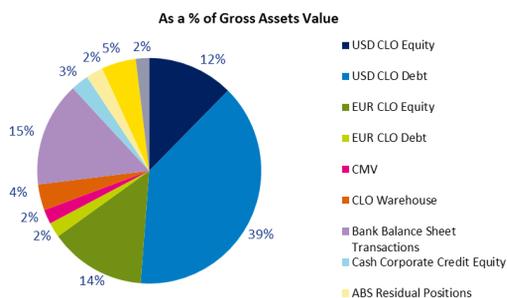
+10%
Annualised since inception¹
+12.9%
Annualised over 5 years¹
+1.2%
1 month²

€309.6m
Estimated NAV as of August 2018
+8.5%
Trailing 12-month Div. Yield³

Returns ²	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	-0.4%	0.7%	-0.2%	+0.9%	+2.4%	+0.2%	+0.6%	+1.2%					5.4%
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 Estimated 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



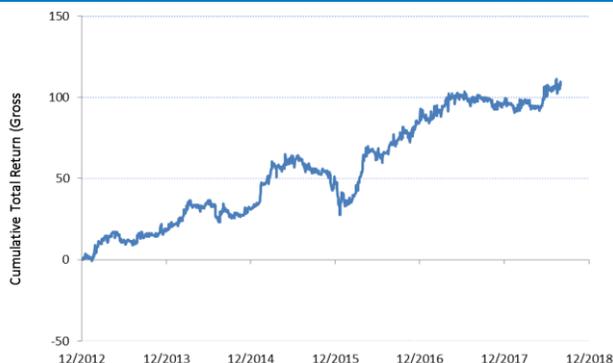
Source: AXA IM, as of August 2018

Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.85%	Media
Ziggo Bond Co BV	0.39%	Media
Texas Competitive Electric Holdings Co LLC	0.36%	Electric
EG Group Ltd	0.35%	Retail
Asurion LLC	0.32%	Insurance
Calpine Corp	0.31%	Electric
CenturyLink Inc	0.29%	Telecommunications
BMC Software Inc	0.25%	Software
TransDigm Inc	0.31%	Aerospace/Defense
Verisure Holding AB	0.33%	Commercial Services

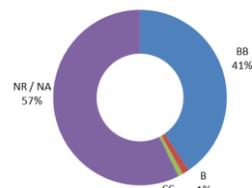
Source: Intex, Bloomberg, AXA IM Paris as of August 2018 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the Estimated NAV

Historical Performance



Source: Bloomberg, as of August 2018

Portfolio Rating Breakdown



Source: AXA IM, as of August 2018

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Monthly Commentary

In August, Volta's Estimated NAV* performance was +1.2%, a positive performance in a context of modestly constructive credit markets in general. Volta will pay a dividend of 0.15 euro per share on 27 September 2018 (Ex-dividend date was 6 September 2018).

In August, mark-to-market performances of Volta's asset classes, in local currencies, were: +1.4% for Bank Balance Sheet Transactions; +0.9% for CLO Equity tranches; +1.1% for CLO Debt tranches, +0.2% for Cash Corporate Credit deals and +0.4% for ABS.

Despite the oversupply situation in the CLO space (mostly affecting the spread at which AAA/AA and A rated tranches are issued), the mezzanine tranches of CLO owned by Volta (mostly BB rated tranches) performed positively this month reflecting the fact that on a fundamental basis these assets continue to perform well.

During the month Volta did not make any new investments but the equivalent of €5.3m was drawn from existing positions (various contributions to the 3 CLO warehouses that have been opened previously and contributions to the existing CMV and Crescent). On average and under market standard assumptions, the projected IRR of such instruments is in the area of 16%. It is worth mentioning that a previous warehouse closed in August, delivering through its four and one half months of existence an IRR slightly below 20%.

In August, Volta generated the equivalent of €1.0m 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 €19.6m, a level unseen for several years.

This time, the increasing amount of interest and coupons generated by Volta's assets on a six-month basis was mostly due to the closing of one warehouse (with the payment, at this point in time of the cumulative interest collected through its four and one half month duration).

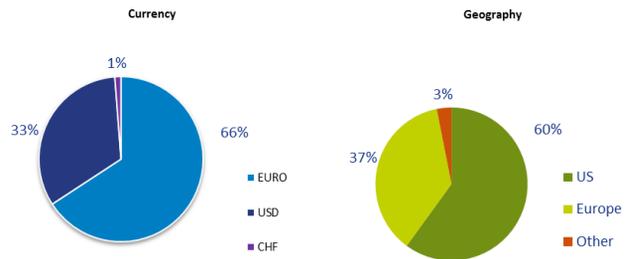
As planned, we continue to allocate capital to CLO warehousing facilities in order to source new CLO equity positions with attractive economic terms. It is anticipated that two warehouses to which Volta contributed this month should lead to a CLO pricing during Q3 2018. Expected returns on such CLO equity positions are in the area of 13% to 15%.

As of the end of August 2018, Volta's Estimated NAV was €309.6m or €8.46 per share. The GAV stood at €355.3m.

**It should be noted that approximately 10.9% 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 and an investment in one subordinated note security for which a fully up-to-date price might be unavailable. 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 7.5% as at 31 July 2018, for 1.3% as at 30 June 2018 and for 2.1% as at 31 March 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 (%)



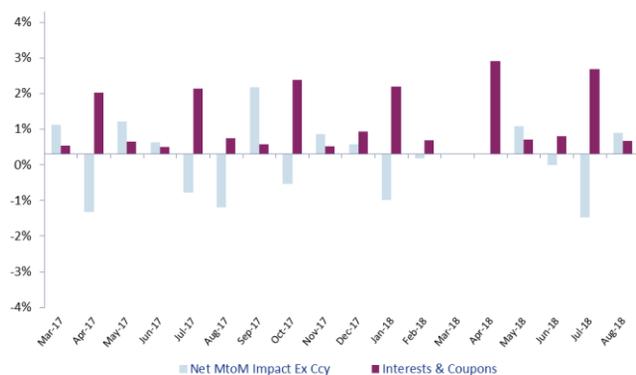
Source: AXA IM, as of August 2018 (% of NAV for ccy / % of GAV for geography)

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	257.9	USD CLO Equity	12.4%
		USD CLO Debt	38.8%
		EUR CLO Equity	13.9%
		EUR CLO Debt	2.2%
		CMV	2.1%
		CLO Warehouse	3.7%
Synthetic Corporate Credit	53.3	Synthetic Corporate Credit Equity	0.0%
		Bank Balance Sheet Transactions	15.0%
Cash Corporate Credit	9.1	Cash Corporate Credit Equity	2.6%
		Cash Corporate Credit Debt	0.0%
ABS	17.3	ABS Residual Positions	2.5%
		ABS Debt	2.4%
Cash or equivalent	17.6	Cash or equivalent	5.0%
GAV	355.3		
Liability	(43.5)	Debt from Repurchase Agreement	(12.2)%
Fees due	(2.3)	Fees due to Investment Manager	(0.7)%
Estimated NAV	309.6	Per Share	8.46

Source: AXA IM, as of August 2018

Last Eighteen Months Performance Attribution



Source: AXA IM, as of August 2018

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