

# Volta Finance Ltd

## Monthly Report – September 2018



### Data as of 30 September 2018

Gross Asset Value	€348.9m
Estimated liabilities	€46.0m
Estimated NAV	€302.9m
Estimated NAV per share	<b>€8.28</b>
Outstanding Shares	36.6m
Share Price (Euronext)	€7.20
Share Price (LSE)	€7.27
	VTA.NA
Tickers	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 <sup>4</sup>	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

<b>+10%</b>	<b>+13.2%</b>	<b>-0.4%</b>
Annualised since inception <sup>1</sup>	Annualised over 5 years <sup>1</sup>	1 month <sup>2</sup>

<b>€302.9m</b>	<b>+8.6%</b>
Estimated NAV as of September 2018	Trailing 12-month Div. Yield <sup>3</sup>

Returns <sup>2</sup>	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%	-0.4%				<b>5.0%</b>
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%	<b>6.6%</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>

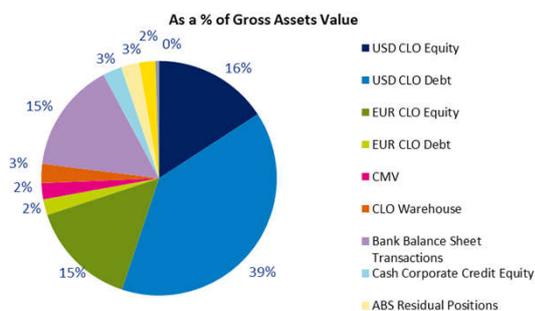
<sup>1</sup> Share (VTA.NA) performance (annualised figures with dividends re-invested). Source: Bbg (TRA function)

<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)

<sup>4</sup> Calculated as total income divided by the most recent annual dividend payments

### Asset Breakdown



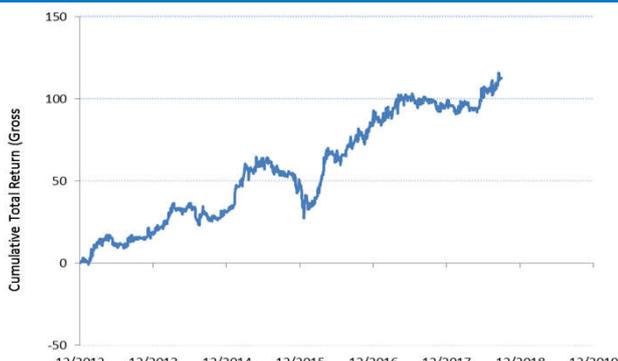
Source: AXA IM, as of September 2018

### Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0,83%	Media
Ziggo Bond Co BV	0,38%	Media
Texas Competitive Electric Holdings Co LLC	0,36%	Electric
Asurion LLC	0,33%	Insurance
EG Group Ltd	0,35%	Retail
BMC Software Inc	0,27%	Software
CenturyLink Inc	0,30%	Telecommunications
TransDigm Inc	0,37%	Aerospace/Defense
Calpine Corp	0,37%	Electric
Sigma Bidco BV	0,30%	Food

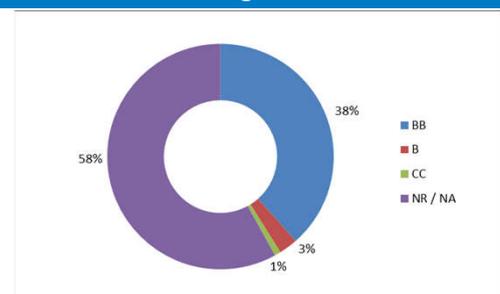
Source: Intex, Bloomberg, AXA IM Paris as of September 2018 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the Estimated NAV

### Historical Performance



Source: Bloomberg, as of September 2018

### Portfolio Rating Breakdown



Source: AXA IM, as of September 2018

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### Monthly Commentary

In September, Volta's Estimated NAV\* performance was -0.4% in total return, a slightly negative performance in a context of volatile credit and FX markets in general. Volta paid a dividend of 0.15 euro per share in September 2018, representing an 8.6% yield based on a share price of €7.20 as at end of September.

In September, mark-to-market performances of Volta's asset classes, in local currencies, were: 0.0% for Bank Balance Sheet Transactions; +0.2% for CLO Equity tranches; +0.4% for CLO Debt tranches; +0.1% for Cash Corporate Credit deals; and +0.1% for ABS.

For the second consecutive month, the CLO market was characterised by an oversupply situation (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 again reflecting the fact that on a fundamental basis these assets continue to perform well.

In October, one of the USD CLO warehouse facilities held by Volta since the early summer was distributed as a CLO. Volta purchased USD13m of the CLO Equity tranche. The exact performance of this facility will not be known before the closing, but we can reasonably expect a performance in the area of a 20% IRR.

During the month of September, Volta received capital calls under the warehouse facilities it had subscribed earlier and under the existing CMV. Volta also purchased \$2m of a USD BB CLO Debt tranche. Through the month, a total of €17m equivalent was invested. On average and under market standard assumptions, the projected IRR of all instruments was in the area of 13%.

In September, Volta generated the equivalent of €0.9m 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 €20.1m.

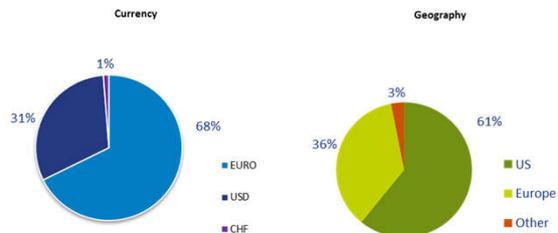
As planned, we continue to allocate capital to CLO warehousing facilities in order to source new CLO Equity positions with attractive economic terms. As at the end of September 2018, Volta allocation to CLO Equity tranches moved in excess of 30% of the GAV for the first time in many years. We intend to increase the CLO Equity bucket as we consider this instrument as one of the rare instruments that can benefit from market volatility thanks to its reinvestment capabilities.

As at the end of September 2018, Volta's Estimated NAV was €302.9m or €8.28 per share. The GAV stood at €348.9m.

*\*It should be noted that approximately 11.7% 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. 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. The most recently available fund NAV was for 8.1% as at 31 August 2018 and for 3.6% as at 30 June 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 (%)



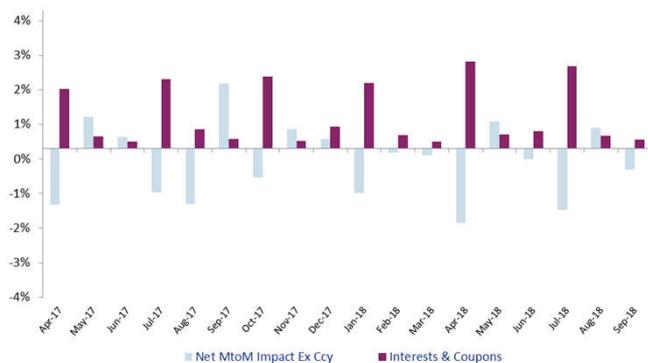
Source: AXA IM, as of September 2018 (% of NAV for ccy / % of GAV for geography)

### Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	261,7	USD CLO Equity	15,8%
		USD CLO Debt	39,3%
		EUR CLO Equity	14,8%
		EUR CLO Debt	2,2%
		CMV	2,2%
		CLO Warehouse	2,6%
Synthetic Corporate Credit	53,1	Synthetic Corporate Credit Equity	0,0%
		Bank Balance Sheet Transactions	15,2%
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	7,7	Cash or equivalent	2,2%
<b>GAV</b>	<b>348,9</b>		
Liability	(43,1)	Debt from Repurchase Agreement	(12,4)%
Fees due	(2,8)	Fees due to Investment Manager	(0,8)%
<b>Estimated NAV</b>	<b>302,9</b>	<b>Per Share</b>	<b>8,28</b>

Source: AXA IM, as of September 2018

### Last Eighteen Months Performance Attribution



Source: AXA IM, as of September 2018

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### Contact:

**For the Investment Manager**  
AXA Investment Managers Paris  
Serge Demay  
Serge.demay@axa-im.com  
+33 (0) 1 44 45 84 47

**Company Secretary and Portfolio Administrator**  
Sanne Group (Guernsey) Limited  
voltafinance@sannegroup.com  
+44 (0) 1481 739810