



Volta Finance Limited (VTA / VTAS) – February 2019 monthly report



VOLTA FINANCE
Limited

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Guernsey, 15 March 2019

AXA IM has published the Volta Finance Limited (the “Company” or “Volta Finance” or “Volta”) monthly report for February. The full report is attached to this release and will be available on Volta’s website shortly (www.voltafinance.com).

PERFORMANCE and PORTFOLIO ACTIVITY

In February, Volta’s NAV* total return performance was +0.4%, bringing the YTD performance to 3.5% after a volatile end to 2018.

Volta will pay its quarterly dividend (€15 cents per share) on the 28th March (the ex-dividend date was the 7th March).

This positive performance was driven mainly by the good performance of bank balance sheet transactions (+1.2% for the month) and of CLO debt tranches (+0.8%). The performances of Volta’s other asset classes in local currencies were: -0.4% for CLO Equity tranches; +0.1% for Cash Corporate Credit deals; and +0.5% for ABS.

Volta is almost fully invested when taking into account the need to keep cash for the dividend being paid in March. In February we added \$2m capital to a CLO warehouse. Currently, we hold only one warehouse, which was opened in late 2018. At the time of writing this warehouse facility has been successfully converted into a CLO. Because this warehouse was opened late in 2018 we avoided the painful situation faced by some market participants who have warehouse facilities holding expensive loans purchased several months previously and who now are struggling to convert the warehouse into a CLO.

Despite the recent volatility, Volta’s assets continue to perform well. As an example, our CLO Equity positions, both in Europe and the US, are exposed to loan portfolios that hold fewer Caa1 or below rated loans than the market: 1.5% for our European positions against 1.6% for the market and 2.6% for our US positions against 4.1% for the market⁽¹⁾.

These statistics together with the very low level of defaults experienced both for US and European loans are signs that despite the recent volatility, the fundamentals are still supportive.

As we are increasing our CLO equity tranches and reducing CLO debt tranches, we are reducing Volta’s leverage on its CLO debt by \$10m. We now prefer to take exposure to leverage through the long-term embedded borrowings provided by CLO Equity rather than leveraging CLO Debt through the repo, even though the repo is attractively structured. This repayment was done through cashflow generation and not through sales of debt tranches.

In February, Volta generated the equivalent of €0.6m 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; 13.8% on an annual basis of Volta’s NAV. The projected IRR of Volta’s current portfolio is 12% using reasonable and market standard assumptions. The 1.3% difference from the current yield of the portfolio reflects the assumption that at some point in time we will experience more defaults than we have experienced in recent years.

As at the end of February 2019, Volta’s NAV was €292m or €7.98 per share. The GAV stood at €340.9m.



**It should be noted that approximately 10.5% 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 or quoted price for such subordinated note. The most recently available fund NAV or quoted price was for 6.5% as at 31 January 2019 and for 4.0% as at 28 September 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.*

(1) Source Intex : comparable deals with same vintage and currency

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ABOUT VOLTA FINANCE LIMITED

Volta Finance Limited is incorporated in Guernsey under The Companies (Guernsey) Law, 2008 (as amended) and listed on Euronext Amsterdam and the London Stock Exchange's Main Market for listed securities. Volta's home member state for the purposes of the EU Transparency Directive is the Netherlands. As such, Volta is subject to regulation and supervision by the AFM, being the regulator for financial markets in the Netherlands.

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. Volta seeks to attain its investment objectives predominantly through diversified investments in structured finance assets. The assets that the Company may invest in either directly or indirectly include, but are not limited to: corporate credits; sovereign and quasi-sovereign debt; residential mortgage loans; and, automobile loans. The Company's approach to investment is through vehicles and arrangements that essentially provide leveraged exposure to portfolios of such underlying assets. The Company has appointed AXA Investment Managers Paris an investment management company with a division specialised in structured credit, for the investment management of all its assets.

ABOUT AXA INVESTMENT MANAGERS

AXA Investment Managers (AXA IM) is a multi-expert asset management company within the AXA Group, a global leader in financial protection and wealth management. AXA IM is one of the largest European-based asset managers with 766 investment professionals and €759 billion in assets under management as of the end of June 2018.

This press release is published by AXA Investment Managers Paris ("AXA IM"), in its capacity as alternative investment fund manager (within the meaning of Directive 2011/61/EU, the "AIFM Directive") of Volta Finance Limited (the "Volta Finance") whose portfolio is managed by AXA IM.

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The figures provided that relate to past months or years and past performance cannot be relied on as a guide to future performance or construed as a reliable indicator as to future performance. Throughout this review, the citation of specific trades or strategies is intended to illustrate some of the investment methodologies and philosophies of Volta Finance, as implemented by AXA IM. The historical success or AXA IM's belief in the future success, of any of these trades or strategies is not indicative of, and has no bearing on, future results.

The valuation of financial assets can vary significantly from the prices that the AXA IM could obtain if it sought to liquidate the positions on behalf of the Volta Finance due to market conditions and general economic environment. Such valuations do not constitute a fairness or similar opinion and should not be regarded as such.

Editor: AXA INVESTMENT MANAGERS PARIS, a company incorporated under the laws of France, having its registered office located at Tour Majunga, 6, Place de la Pyramide - 92800 Puteaux. AXA IMP is authorized by the *Autorité des Marchés Financiers* under registration number GP92008 as an alternative investment fund manager within the meaning of the AIFM Directive.
