

Volta Finance Ltd

Monthly Report – July 2019



Data as of 31 July 2019

Gross Asset Value	€329.0m
Liabilities	€38.5m
NAV	€290.5m
NAV per share	€7.94
Outstanding Shares	
Share Price (Euronext)	€7.00
Share Price (LSE)	€7.00
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	1.9 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

+9.7%	+11.5%	+0.5%
Annualised since inception ¹	Annualised over 5 years ¹	1 month ²
€290.5m	8.7%	
NAV as of July 2019	Trailing 12-month Div. Yield ³	

Returns ²	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	3.1%	0.4%	0.5%	1.9%	1.4%	-1.0%	0.5%						6.9%
2018	-0.4%	0.7%	-0.2%	0.9%	2.4%	0.2%	0.6%	1.2%	-0.4%	1.3%	-1.4%	-4.8%	0.1%
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%

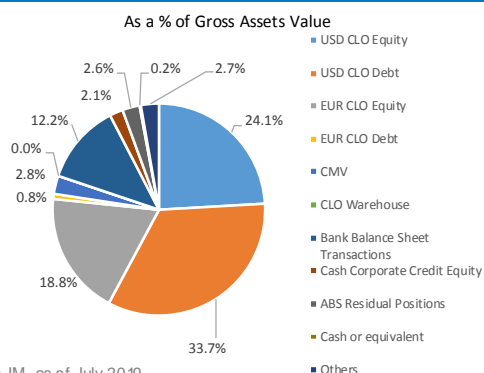
¹ Share (VTA.NA) performance (annualised figures with dividends re-invested). Source: Bbg (TRA function)

² Performance of published NAV (including dividend payments)

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

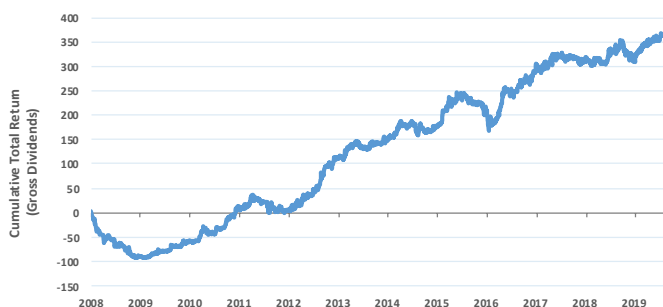
⁴ Calculated as total income divided by the most recent annual dividend payments

Asset Breakdown



Source: AXA IM, as of July 2019

Historical Performance



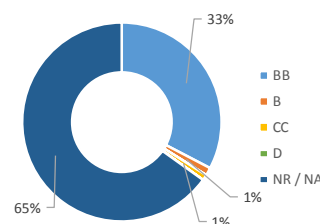
Source: Bloomberg, as of July 2019

Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.7%	Telecommunications
Refinitiv US Holdings Inc	0.38%	Commercial Services
CenturyLink Inc	0.38%	Telecommunications
TransDigm Inc	0.37%	Aerospace/Defense
Panther BF Aggregator 2 LP	0.34%	Auto Parts&Equipment
A surion LLC	0.35%	Insurance
EG Group Ltd	0.33%	Retail
Texas Competitive Electric Holdings Co LLC	0.32%	Electric
Calpine Corp	0.32%	Electric
Upfield BV	0.31%	Food

Source: Intex, Bloomberg, AXA IM Paris as of July 2019 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

Portfolio Rating Breakdown



Source: AXA IM, as of July 2019

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Monthly Commentary

In July, Volta's NAV* total return performance was +0.5%, bringing the YTD performance to 6.9%.

The principal driver for the month's performance was the appreciation of the USD appreciation against the EUR by 2.1%, which added slightly more than 0.5% to the monthly performance and reversing the negative impact in June.

The performance of the assets was, on average, slightly positive as the July monthly performances of Volta's sub-asset classes were, in local currency: +1.0% for Bank Balance Sheet transactions, +0.8% for CLO Equity tranches; -0.3% for CLO Debt; -4.4% for Cash Corporate Credit deals; and +0.5% for ABS.

The performance of the CLO equity bucket was driven, this month, by the good performance of Euro CLO equity positions which benefited from the tightening on Euro Senior CLO tranches. In the course of just a few weeks Euro CLO AAA tranches tightened from 115bp over Euribor to 105bp. Further tightening would open the door for refinancing or reset of existing European CLO liabilities to the benefit of Equity positions.

In July, we invested the equivalent of €4.3m in 2 positions (one third of a €9m commitment to a Portuguese REO transaction and an investment in a Euro B rated CLO tranche at discount). On average, based on market standard assumptions, the IRR of these investments was close to 13%. The Portuguese REO transaction is relatively short term (around 2 years WAL) and benefit from a competitive embedded leverage. AXA IM Paris partnered with one of the leading servicer in the Portuguese market for this transaction.

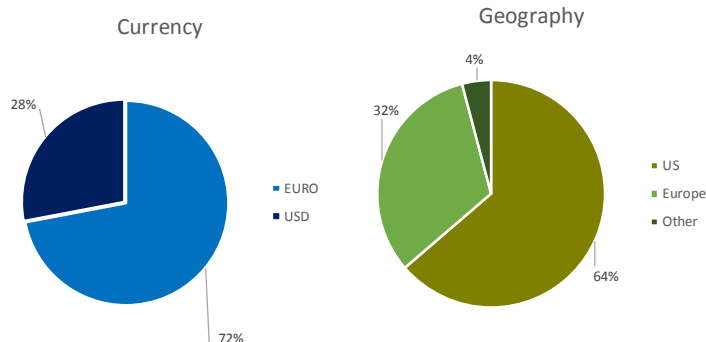
The total cash amount generated during the last six months in terms of interest and coupons reached €21.4m, an annualised 14.7% yield to closing NAV. This is a further new high for this measure of Volta's performance, reflecting the increasing share of CLO Equity positions in Volta's portfolio.

As at the end of July 2019, Volta's NAV was €290.5m or €7.94 per share. The GAV stood at €329.0m.

"It should be noted that approximately 9.9% 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. 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 8.8% as at 30 June 2019 and for 1.1% as at 29 March 2019.

*** "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 (%)



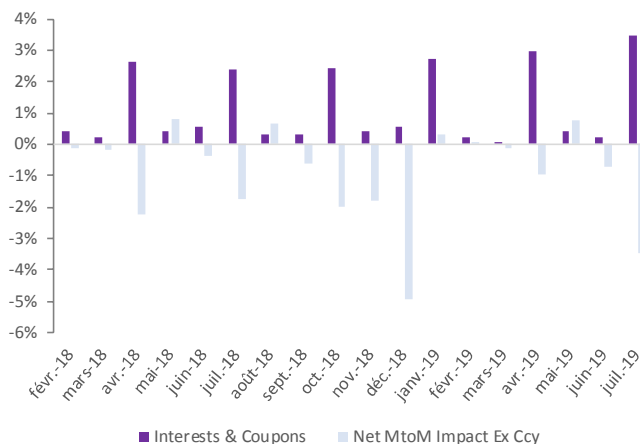
Source: AXA IM, as of July 2019 (%of NAV for ccy / %of GAV for geography)

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	263.8	USD CLO Equity	24.1%
		USD CLO Debt	33.7%
		EUR CLO Equity	18.8%
		EUR CLO Debt	0.8%
		CMV	2.8%
		CLO Warehouse	0.0%
Synthetic Corporate Credit	40.2	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	12.2%
Cash Corporate Credit	6.8	Cash Corporate Credit Equity	2.1%
		Cash Corporate Credit Debt	0.0%
ABS	17.6	ABS Residual Positions	2.6%
		ABS Debt	2.7%
Cash or equivalent	0.6	Cash or equivalent	0.2%
GAV	329.022		
Liability	(36.132)	Debt from Repurchase Agreement	(11.0)%
Fees due	(2.414)	Fees due to Investment Manager	(0.7)%
Estimated NAV	290.5	Per Share	7.94

Source: AXA IM, as of July 2019

Last Eighteen Months Performance Attribution



Source: AXA IM, as of July 2019

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