

Volta Finance Ltd

Monthly Report – August 2019



Data as of 31 August 2019

Gross Asset Value	€325.4m
Liabilities	€39.3m
NAV	€286.0m
NAV per share	€7.82
Outstanding Shares	36.6m
Share Price (Euronext)	€6.84
Share Price (LSE)	€6.85
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	1.8 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

9.4% Annualised since inception¹ **10.8%** Annualised over 5 years¹ **-1.5%** 1 month²

€286.0m

8.9%

NAV as of August 2019

Trailing 12-month Div. Yield³

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%	-1.5%					5.3%
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%

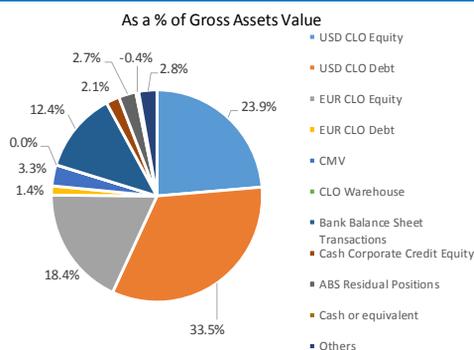
¹ Share (VTA.NA) performance (annualised figures with dividends re-invested). Source: Bbg (TRA function)

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 August 2019

Historical Performance



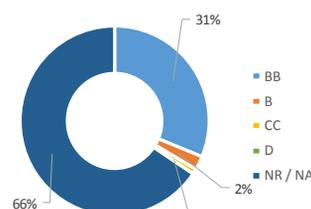
Source: Bloomberg, as of August 2019

Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Alice France SA/France	0.69%	Telecommunications
Panther BF Aggregator 2 LP	0.43%	Auto Parts & Equipment
CenturyLink Inc	0.40%	Telecommunications
Asurion LLC	0.38%	Insurance
Berry Global Inc	0.36%	Packaging & Containers
TransDigm Inc	0.39%	Aerospace/Defense
EG Group Ltd	0.35%	Retail
Ziggo Bond Co BV	0.32%	Media
Calpine Corp	0.32%	Electric
Upfield BV	0.31%	Food

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

Portfolio Rating Breakdown



Source: AXA IM, as of August 2019

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Monthly Commentary

In August, Volta's NAV* total return performance was -1.5%, bringing the YTD performance to 5.3%.

The monthly performances ** of the sub-asset classes were the following, in local currency: +0.8% for Bank Balance Sheet transactions, -2.6% for CLO Equity tranches; -0.6% for CLO Debt; -1.2% for Cash Corporate Credit deals; and +0.5% for ABS.

On average the prices of the CLO equity positions were contaminated by the overall increase in risk premium in credit markets with the increasing tension between US and China and the gesticulations around Brexit. At the time of writing it seems that, regarding Brexit, with the clock ticking down towards the 31 October 2019 deadline and a no-deal Brexit apparently off the agenda, the uncertainty risk premium may begin to unwind to the benefit of valuations of our European CLO positions going forward.

The recent easing from the ECB might also support the valuation of our assets going forward.

The main thing that happened in the CLO markets during the recent weeks is a significant tightening of Euro CLO AAA tranche spread. It might open the door for refinancing or reset of existing European CLO liabilities to the benefit of our CLO Equity positions.

In August, we invested the equivalent of €1.9m in a Euro CLO Debt tranche rated B and sold 3 other debt positions for the equivalent of €6m. With standard assumptions, the projected IRR of the B tranche that was purchased was close to 10%.

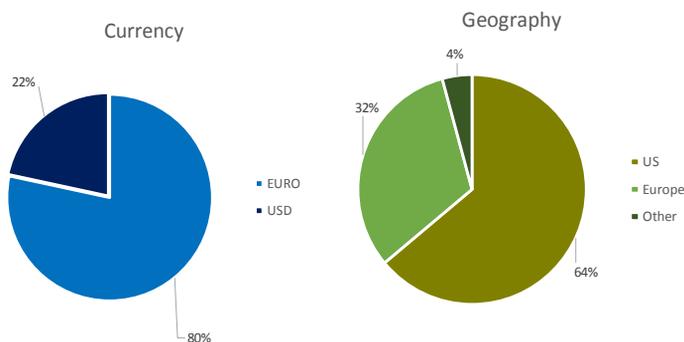
The total cash amount generated during the last six months in terms of interest and coupons reached €21.6m, an annualised 14.9% yield to closing NAV. This is a further new high for this measure of Volta's performance, reflecting the increasing share of CLO Equity positions in Volta's portfolio.

As at the end of August 2019, Volta's NAV was €286m or €7.82 per share. The GAV stood at €325.4m.

**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 6.1% as at 31 July 2019 and for 4.4% as at 28 June 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 August 2019 (% of NAV for ccy / % of GAV for geography)

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	261.7	USD CLO Equity	23.9%
		USD CLO Debt	33.5%
		EUR CLO Equity	18.4%
		EUR CLO Debt	1.4%
		CMV	3.3%
		CLO Warehouse	0.0%
Synthetic Credit	40.4	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	12.4%
Cash Corporate Credit	6.8	Cash Corporate Credit Equity	2.1%
		Cash Corporate Credit Debt	0.0%
ABS	17.8	ABS Residual Positions	2.7%
		ABS Debt	2.8%
Cash or equivalent	(1.4)	Cash or equivalent	-0.4%
GAV	325.4		
Liability	(36.7)	Debt from Repurchase Agreement	(11.3)%
Fees due	(2.6)	Fees due to Investment Manager	(0.8)%
Estimated NAV	286.0	Per Share	7.82

Source: AXA IM, as of August 2019

Last Eighteen Months Performance Attribution



Source: AXA IM, as of August 2019

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