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

NOT FOR RELEASE, DISTRIBUTION OR PUBLICATION, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES

*****

Guernsey, 13 November 2019

AXA IM has published the Volta Finance Limited (the "Company" or "Volta Finance" or "Volta") monthly report for October. 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 October, Volta's NAV* total return performance was -2.6%. The YTD performance is 3.1%.

This relatively modest performance YTD is mostly due to the widening of discount margins in the CLO market although there has been a significant difference in the recent performances of CLO debt and CLO Equity.

Indeed, the monthly performances ** of the sub-asset classes were the following, in local currency: +0.7% for Bank Balance Sheet transactions, -1.0% for CLO Equity tranches; -3.5% for CLO Debt; -4.9% for Cash Corporate Credit deals; and +0.3% for ABS.

This month again, CLO Equity positions outperformed CLO Debt (mostly USD BB tranches). Taking a longer term perspective at the respective performances, for the last 6 months (excluding the market rebound of the first 4 months of the year) CLO Debt performed -3.5%, CLO equity, -1.3%. YTD, including the beginning of year nice rebound, CLO Debt performed +2.9%, CLO Equity +5.5%.

These simple measures of past performances seem to validate our strategic decision, developed for the last 18 months, to continuously increase the CLO Equities relative to the CLO Debt. Our view is that we are entering a more complex environment (more downgrades than upgrades in loan markets have been observed in 2019, default rates are expected to increase at some point (but not to an alarming level), loan spreads might widen in conjunction) and the best way to benefit from this environment is to invest in CLO equity tranches instead of CLO BB debt. The price drawdown between CLO Debt and CLO Equity might be comparable, as it has been the case in previous periods of stress, but CLO Equity is paying far higher cashflows and is able to benefit (through reinvestments in loans at discount or new loans with higher spread) from this kind of environment on a medium to long term horizon.

In line with that we were able to purchase 3 CLO Equity positions (at discounted prices) in October (add-ons to existing positions) for the equivalent of €8.5m. On average these positions were purchased at 66.6% of par with a projected yield above 15%. We sold two CLO debt positions.

During October, most of our CLO equity positions paid a cashflow. 24 CLO Equity positions, that were valued as at the end of September for the equivalent of €102.8m paid the equivalent of €5.7m; an annualized return at 22.1%.

Overall in the month, Volta received the equivalent of €8.4m in terms of interest and cash flows from its assets. On a rolling 6-month basis we were at €21.5m; an annualized yield at 15.6% of the end of month NAV.

As at the end of October 2019, Volta's NAV was €274.0m or €7.49 per share. The GAV stood at €313.3m.

**It should be noted that approximately 11.9% 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 10.7% as at 30 September 2019 and for 1.2% as at 28 June 2019.*

*** "monthly performances" are 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.*

CONTACTS

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

Company Secretary and Administrator
BNP Paribas Securities Services S.C.A, Guernsey Branch
guernsey.bp2s.volta.cosec@bnpparibas.com
+44 (0) 1481 750 853

Corporate Broker
Cenkos Securities plc
Andrew Worne
Oliver Packard
Sapna Shah
+44 (0) 20 7397 8900

*****

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 739 investment professionals and €750 billion in assets under management as of the end of March 2019.

*****

registration from the Securities Act. Volta Finance does not intend to register any portion of the offer of such securities in the United States or to conduct a public offering of such securities in the United States.

*****

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The securities referred to herein are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. Past performance cannot be relied on as a guide to future performance.

*****

This press release contains statements that are, or may deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "anticipated", "expects", "intends", "is/are expected", "may", "will" or "should". They include the statements regarding the level of the dividend, the current market context and its impact on the long-term return of Volta Finance's investments. By their nature, forward-looking statements involve risks and uncertainties and readers are cautioned that any such forward-looking statements are not guarantees of future performance. Volta Finance's actual results, portfolio composition and performance may differ materially from the impression created by the forward-looking statements. AXA IM does not undertake any obligation to publicly update or revise forward-looking statements.

Any target information is based on certain assumptions as to future events which may not prove to be realised. Due to the uncertainty surrounding these future events, the targets are not intended to be and should not be regarded as profits or earnings or any other type of forecasts. There can be no assurance that any of these targets will be achieved. In addition, no assurance can be given that the investment objective will be achieved.

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.

*****