

Volta Finance Limited (VTA / VTAS) – January 2020 monthly report

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Guernsey, 12 February 2020

AXA IM has published the Volta Finance Limited (the “Company” or “Volta Finance” or “Volta”) monthly report for January. 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 January, Volta’s NAV* total return performance was +1.1%.

The monthly performances** were, in local currency: +1.0% for Bank Balance Sheet transactions, +1.0% for CLO Equity tranches; +2.0% for CLO Debt; -6.9% for Cash Corporate Credit deals; and +0.2% for ABS. The poor performance for the Cash Corporate Credit bucket was distorted by a small, historical position from a US loan fund launched in 2007, representing 0.8% of the NAV which revised down the marks of two illiquid positions inherited from a previous recovery process. All other Cash Corporate Credit positions traded satisfactorily during the month.

The tone both for European and US CLO markets has been very positive since the start of 2020. Following the rebound from December and in line with the low yield/low rate environment, CLO debt tranche spreads are compressing alongside the spreads on the underlying loans. A spike in loan refinancing, CLO refinancing and resets is commencing, and we expect to see this continue.

Such spread compression and refinancing activity, as usual, will have two opposite consequences for Volta’s CLO Equity positions if it were to continue: at some point it will have an impact on the WAS (Weighted Average Spread) of the underlying loan pools, reducing the cash flow that we would receive from our positions. The other side of the coin is that it would permit a lower cost of embedded leverage to the benefit of our CLO Equity positions (through Refi or Reset of the CLO debt), increasing the mid to long term value of our positions. For CLO debt, it is significantly contributing to convergence toward par given the higher call probability on top of the spread compression.

Fundamentally, loan spread compression and loan refinancing at lower spread will contribute to reduce the risk of downgrade and default in the loan markets.

January is usually a strong month in terms of interest and cashflow we received from our assets. This year was no different. During the month, Volta received the equivalent of €9.1m from its assets. On a rolling 6-month basis, the company has received €21.2m; an annualised yield at 15.1% of the end of month NAV.

In January, we did not make any new investments but the equivalent of €1.5m was drawn on commitments to existing positions. On average, based on standard assumptions, this draw down has a projected yield close to 13.5%.

As at the end of January 2020, Volta’s NAV was €281.5m or €7.69 per share. The GAV stood at €315.4m.

**It should be noted that approximately 12.6% 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 1.3% as at 30 September 2019 and for 11.3% as at 31 December 2019.*



*** “performances” of asset classes are calculated as the Dietz-performance of the assets in each bucket, taking into account the Mark-to-Market of the assets at period ends, 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.*

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

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.

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