

# Volta Finance Ltd

## Monthly Report – January 2020



### Data as of 31 Jan 2020

Gross Asset Value	€315.4m
Liabilities	€33.9m
NAV	€281.5m
NAV per share	€7.69
Outstanding Shares	36.6m
Share Price (Euronext)	€6.56
Share Price (LSE)	€6.60
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 <sup>4</sup>	1.9 times
Base currency	EUR
Asset 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

**9.1%** Annualised since inception<sup>1</sup>      **10.2%** Annualised over 5 years<sup>1</sup>      **1.1%** 1 month<sup>2</sup>

	NAV as of January 2020					Trailing 12-month Div. Yield <sup>3</sup>									
	€281.5m	9.5%													
Returns <sup>2</sup>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year		
2020	1.1%												1.1%		
2019	3.1%	0.4%	0.5%	1.9%	1.4%	-1.0%	0.5%	-1.5%	0.4%	-2.6%	0.4%	3.3%	6.7%		
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%	6.2%	2.1%	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%		

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

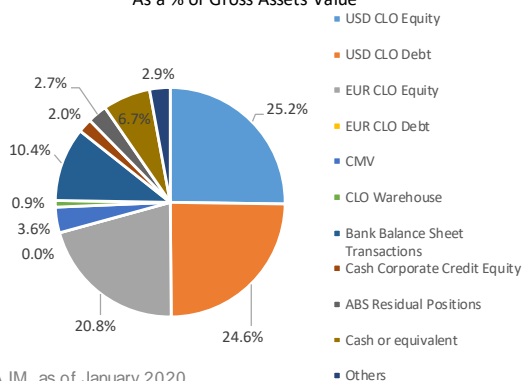
<sup>2</sup> Performance of published NAV (including dividend payments)

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

<sup>4</sup> Calculated as total income divided by the most recent annual dividend payments

### Asset Breakdown

As a % of Gross Assets Value



Source: AXA IM, as of January 2020

### Historical Performance



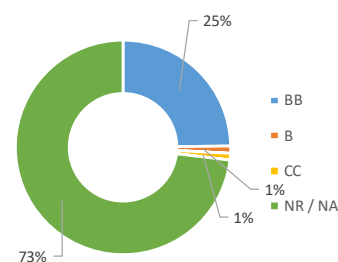
Source: Bloomberg, as of January 2020

### Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.66%	Telecommunications
Panther BF Aggregator 2 LP	0.47%	Auto Parts&Equipment
EG Group Ltd	0.44%	Retail
Virgin Media Secured Finance PLC	0.34%	Media
Upfield BV	0.32%	Food
GTT Communications Inc	0.31%	Telecommunications
Asurion LLC	0.32%	Insurance
Paysafe Gro up Ltd	0.28%	Internet
CenturyLink Inc	0.30%	Telecommunications
Verisure Holding AB	0.28%	Commercial Services

Source: Intex, Bloomberg, AXA IM Paris as of January 2020 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

### Portfolio Rating Breakdown



Source: AXA IM, as of January 2020

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### Monthly Commentary

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.

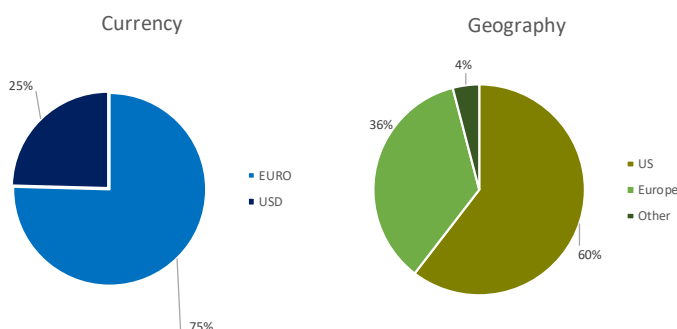
In January, we did not make any new investments but the equivalent of €1.5m was drawn on commitments to existing positions. On average, based on standard assumptions, this draw down has a projected yield close to 13.5%.

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.*

### Currency and Geography exposures (%)



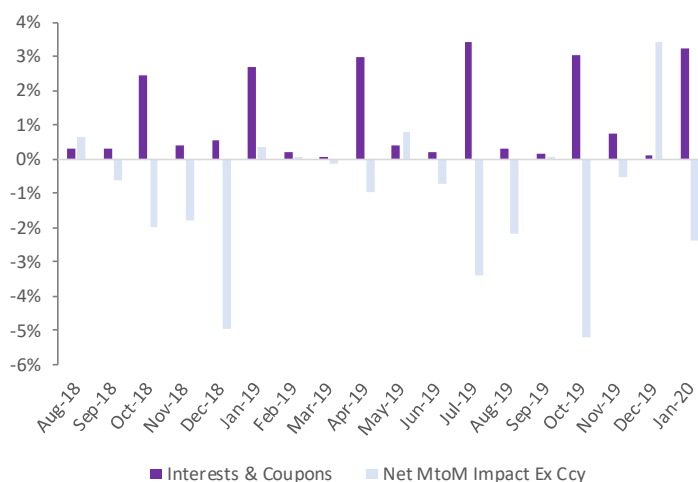
Source: AXA IM, as of January 2020 (%of NAV for ccy / %of GAV for geography)

### Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	237.3	USD CLO Equity	25.2%
		USD CLO Debt	24.6%
		EUR CLO Equity	20.8%
		EUR CLO Debt	0.0%
		CMV	3.6%
		CLO Warehouse	0.9%
Synthetic Credit	32.9	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	10.4%
Cash Corporate Credit	6.3	Cash Corporate Credit Equity	2.0%
		Cash Corporate Credit Debt	0.0%
ABS	17.8	ABS Residual Positions	2.7%
		ABS Debt	2.9%
Cash or equivalent	21.1	Cash or equivalent	6.7%
<b>GAV</b>	<b>315.4</b>		
Liability	(31.7)	Debt from Repurchase Agreement	(10.1)%
Fees due	(2.2)	Fees due to Investment Manager	(0.7)%
<b>Estimated NAV</b>	<b>281.5</b>	<b>Per Share</b>	<b>7.69</b>

Source: AXA IM, as of January 2020

### Last Eighteen Months Performance Attribution



Source: AXA IM, as of January 2020

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### Important Information

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