Volta Finance Limited (VTA) – July 2018 monthly report

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Guernsey, 21 August 2018

AXA IM has published the Volta Finance Limited (the “Company” or “Volta Finance” or “Volta”) monthly report for July. 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 July, Volta’s Estimated NAV* performance was +0.6%, an encouraging performance in a context of relatively quiet credit markets in general.

In July, mark-to-market performances of Volta’s asset classes, in local currencies, were: +1.4% for Bank Balance Sheet Transactions; +3.7% for CLO Equity tranches; -0.2% for CLO Debt tranches, -0.9% for Cash Corporate Credit deals and 0.0% for ABS.

The negative performance from CLO debt reflects short term oversupply in the primary CLO market. There is too much CLO trying to price, refinance or reset at the same time. We expect this issue to persist for the remainder of August and probably into September as well. However, we consider this to be an opportunity to look to acquire CLO debt tranches at attractive pricing, after Volta’s tilt towards equity tranches in recent months.

During the month, Volta invested the equivalent of €19.4m (various contributions to the 4 CLO warehouses that have been opened previously, the roll of 3 USD BB CLO debt tranches and the purchase of one Euro CLO equity position derived from one of the Company’s open European warehouses). On average, and under market standard assumptions, the projected IRR of such instruments is in the area of 12%. Three USD CLO debt tranches were called during the month and represented the equivalent of €9.4m.

In July, Volta generated the equivalent of €7.2m in interest and coupons net of repo costs (non-euro amounts translated into euro using end-of-month cross currency rates). This brings the total cash amount generated during the last six months in terms of interest and coupons to €19.8m, a level unseen for several years. €2.6m of these €19.8m are coupons arising from reset of existing CLO Equity positions. Although Refinancing/Reset of CLO have been a very active market for the last two years it could become less profitable on a long term basis.

The increase in interest and coupons generated from Volta’s assets continues, reflecting the increase in the 3 month USD Libor rate as well as the growing importance of the CLO Equity bucket in the portfolio (being the asset class with the highest cash on cash contribution).

As planned, we continue to allocate capital to CLO warehousing facilities in order to source new CLO equity positions with attractive economic terms. It is anticipated that two warehouses to which Volta contributed this month should lead to a CLO pricing during Q3 2018. Expected returns on such CLO equity positions are in the area of 13% to 15%.

As of the end of July 2018, Volta’s Estimated NAV was €305.5m or €8.36 per share. The GAV stood at €350.5m.

**It should be noted that approximately 11.8% 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 and investments in certain subordinated notes which are in the process of liquidation for which fully up-to-date prices might be unavailable. 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 each such subordinated note. The most recently available fund NAV was for 10.0% of Volta's GAV as at 30 June 2018 and for 1.8% of Volta's GAV as at 31 March 2018.*

*** "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.*

This announcement contains information that is inside information for the purposes of the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via Regulatory Information Service this inside information is now considered to be in the public domain.

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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.

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ABOUT AXA INVESTMENT MANAGERS
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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.

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.

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