

# Volta Finance Ltd

## Monthly Report – October 2018



### Data as of 31 October 2018

Gross Asset Value	€354.5m
Estimated liabilities	€47.8m
Estimated NAV	€306.7m
Estimated NAV per share	<b>€8.39</b>
Outstanding Shares	36.6m
Share Price (Euronext)	€6.96
Share Price (LSE)	€6.91
	VTA.NA
Tickers	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>	1.6 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

<b>+9.6%</b>	<b>+12.5%</b>	<b>+1.3%</b>
Annualised since inception <sup>1</sup>	Annualised over 5 years <sup>1</sup>	1 month <sup>2</sup>

<b>€306.7m</b>	<b>+8.6%</b>
Estimated NAV as of October 2018	Trailing 12-month Div. Yield <sup>3</sup>

Returns <sup>2</sup>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	-0.4%	0.7%	-0.2%	+0.9%	+2.4%	+0.2%	+0.6%	+1.2%	-0.4%	+1.3%			<b>6.3%</b>
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%	<b>6.6%</b>
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%	<b>15.2%</b>
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%	<b>10.0%</b>
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%	<b>12.4%</b>
2013	3.6%	1.5%	2.5%	0.1%	4.1%	-0.7%	3.1%	2.0%	0.7%	2.4%	2.9%	1.3%	<b>25.3%</b>

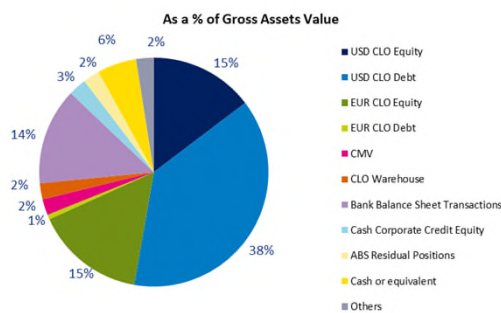
<sup>1</sup> Share (VTA.NA) performance (annualised figures with dividends re-invested). Source: Bbg (TRA function)

<sup>2</sup> Performance of published Estimated 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



Source: AXA IM, as of October 2018

### Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.81%	Media
Ziggo Bond Co BV	0.4%	Media
Texas Competitive Electric Holdings Co LLC	0.35%	Electric
Asurion LLC	0.3%	Insurance
TransDigm Inc	0.32%	Aerospace/Defense
Calpine Corp	0.33%	Electric
CenturyLink Inc	0.3%	Telecommunications
EG Group Ltd	0.32%	Retail
Albertson's LLC	0.29%	Food
ION Media Networks Inc	0.29%	Media

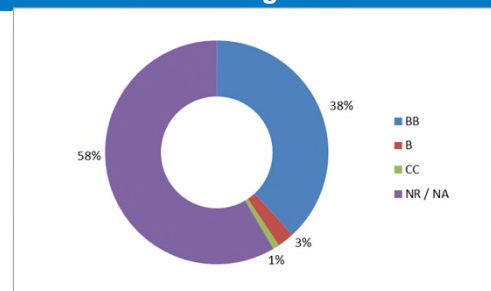
Source: Intex, Bloomberg, AXA IM Paris as of October 2018 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the Estimated NAV

### Historical Performance



Source: Bloomberg, as of October 2018

### Portfolio Rating Breakdown



Source: AXA IM, as of October 2018

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### Monthly Commentary

In October, Volta's Estimated NAV\* total return performance was +1.3%, a strongly positive performance in a context of volatile credit and equity markets. A significant portion of this positive monthly performance (0.8%) was due to USD appreciation in October.

In October, almost all buckets contributed to performance as shown by the mark-to-market performances of Volta's asset classes. In local currencies: +1.3% for Bank Balance Sheet Transactions; +1.0% for CLO Equity tranches; +0.6% for CLO Debt tranches; -2.7% for Cash Corporate Credit deals; and +1.1% for ABS.

In September, Volta converted a USD CLO warehouse facility into a CLO Equity position (USD13m was purchased) which settled in October. The holding period performance realised on this warehouse was 26.6%.

In October, another warehouse was converted into a CLO Equity position (€6.4m was purchased). It is too early to finalise the performance of this warehouse but it is expected to be in the 20% area again.

A new USD CLO warehouse was opened in October with an initial contribution of USD4m.

Overall, during the month the equivalent of €24.0m was amortized or reimbursed from previous deals and the equivalent of €17.3m was invested (representing various contributions to the existing warehouses and the purchase in the primary market of a USD5m position on a USD Middle Market CLO Equity position). On average and under market standard assumptions, the projected average IRR of all purchases was in the area of 14.5%.

We continue to pursue our investment strategy that consists in increasing the allocation to CLO Equity tranches in order to benefit from the structural optionality embedded with such positions (contrary to CLO debt positions). At the end of October, Volta's CLO Equities represented 32.5% of GAV with a further 2.3% invested in CLO warehouses that will be converted into CLO Equity positions. Depending on the market situation, a target allocation in the area of 40% into CLO Equity positions seems reasonable for Volta.

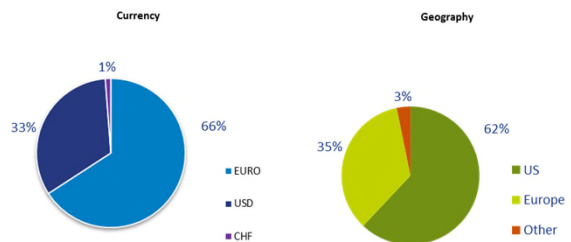
In October, Volta generated the equivalent of €7.1m in interest and coupons net of repo costs (non-Euro amounts translated into Euro using end-of-month cross currency rates). This brings the total cash amount generated during the last six months in terms of interests and coupons to €19.3m.

As at the end of October 2018, Volta's Estimated NAV was €306.7m or €8.39 per share. The GAV stood at €354.5m.

*"It should be noted that approximately 9.2% 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 5.6% as at 30 September 2018 and for 3.6% as at 30 June 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.*

### Currency and Geography exposures (%)



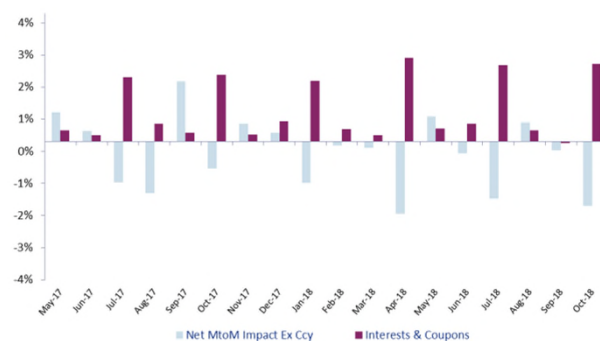
Source: AXA IM, as of October 2018 (% of NAV for ccy / % of GAV for geography)

### Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	260,3	USD CLO Equity	14,7%
		USD CLO Debt	38,1%
		EUR CLO Equity	15,5%
		EUR CLO Debt	0,7%
		CMV	2,3%
		CLO Warehouse	2,3%
Synthetic Corporate Credit	48,4	Synthetic Corporate Credit Equity	0,0%
		Bank Balance Sheet Transactions	13,6%
Cash Corporate Credit	8,9	Cash Corporate Credit Equity	2,5%
		Cash Corporate Credit Debt	0,0%
ABS	17,1	ABS Residual Positions	2,3%
		ABS Debt	2,5%
Cash or equivalent	19,8	Cash or equivalent	5,5%
<b>GAV</b>	<b>354,5</b>		
Liability	(44,4)	Debt from Repurchase Agreement	(12,5)%
Fees due	(3,4)	Fees due to Investment Manager	(0,9)%
<b>Estimated NAV</b>	<b>306,7</b>	<b>Per Share</b>	<b>8,39</b>

Source: AXA IM, as of October 2018

### Last Eighteen Months Performance Attribution



Source: AXA IM, as of October 2018

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