

Volta Finance Ltd

Monthly Report – September 2019



Data as of 30 Sept 2019

Gross Asset Value	€321.2m
Liabilities	€39.8m
NAV	€281.4m
NAV per share	€7.69
Outstanding Shares	36.6m
Share Price (Euronext)	€6.74
Share Price (LSE)	€6.74
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 ⁴	1.8 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

9.4%
Annualised since inception¹
11.5%
Annualised over 5 years¹
0.4%
1 month²

€281.4m

9.2%

NAV as of September 2019

Trailing 12-month Div. Yield³

Returns ²	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	3.1%	0.4%	0.5%	1.9%	1.4%	-1.0%	0.5%	-1.5%	0.4%				5.7%
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%	5.5%	2.8%	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%
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%	12.4%

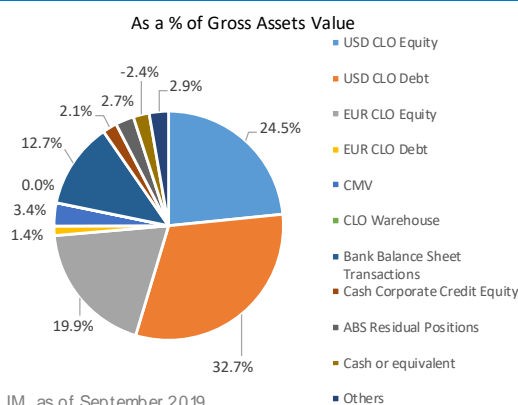
¹ Share (VTA.NA) performance (annualised figures with dividends re-invested). Source: Bbg (TRA function)

² Performance of published NAV (including dividend payments)

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

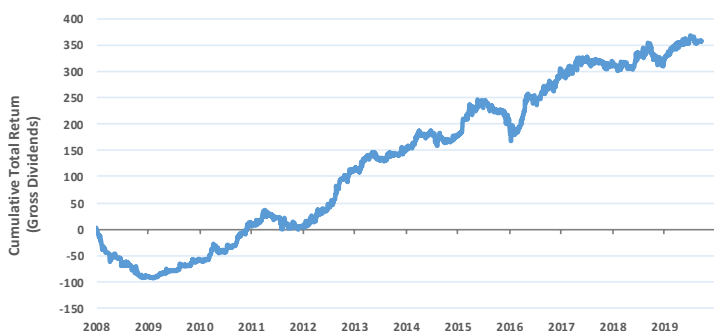
⁴ Calculated as total income divided by the most recent annual dividend payments

Asset Breakdown



Source: AXA IM, as of September 2019

Historical Performance



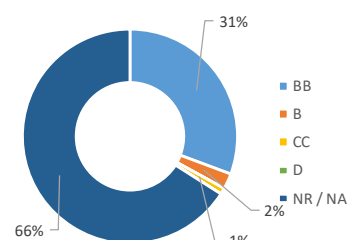
Source: Bloomberg, as of September 2019

Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.70%	Telecommunications
Panther BF Aggregator 2 LP	0.45%	Auto Parts&Equipment
CenturyLink Inc	0.44%	Telecommunications
EG Group Ltd	0.39%	Retail
Asurion LLC	0.38%	Insurance
Berry Global Inc	0.35%	Packaging&Containers
TransDigm Inc	0.38%	Aerospace/Defense
Upfield BV	0.32%	Food
Paysafe Group Ltd	0.29%	Internet
Ziggo Bond Co BV	0.30%	Media

Source: Intex, Bloomberg, AXA IM Paris as of September 2019 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

Portfolio Rating Breakdown



Source: AXA IM, as of September 2019

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Monthly Commentary

In September, Volta's NAV* total return performance was +0.4% (considering the €16 cents per share dividend payment late in September), bringing the YTD performance to 5.7%.

The monthly performances ** of the sub-asset classes were the following, in local currency: +0.8% for Bank Balance Sheet transactions, +0.5% for CLO Equity tranches; +0.2% for CLO Debt; +2.4% for Cash Corporate Credit deals; and +0.4% for ABS.

Despite a mix performance for US loans (the average loan price of the S&PLSTA index was unchanged in September) our CLO buckets performed positively reflecting the high projected yield at which these assets are valued. For example, our bucket of CLO equity position (24.5% of our assets) is valued at a projected yield near 16% currently, using market standard assumptions.

One direct consequence of larger discount yields is that we can acquire more assets and generate larger cashflows from these assets. As at the end of September, the amount of interest and coupons we received for the last 6 months was at the equivalent of €21.9m, an annual yield at 15.6% of the current Net Asset Value. The last time ongoing cashflows over NAV reached these figures was in December 2012. At the time our assets were still recouping from the Global Financial Crisis and were still priced at significant discounts. Our view is not that we can expect a similar performance over the next couple of years as the one we had in 2013 and 2014 (25.3% and 12.4% respectively) but to make it clear that our assets are now priced at a significant discount relative to what has been observed for the last 6 years.

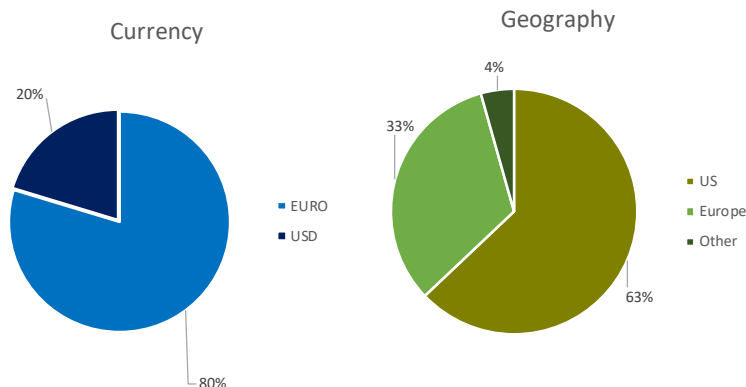
In September, we invested the equivalent of €3.9m in a Euro CLO Equity position and sold 2 debt positions for the equivalent of €5m. With standard assumptions, the projected IRR of the Euro CLO Equity position was close to 11%.

As at the end of September 2019, Volta's NAV was €281.4m or €7.69 per share. The GAV stood at €321.2m.

**It should be noted that approximately 10.7% 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 6.2% as at 30 August 2019 and for 4.5% 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.*

Currency and Geography exposures (%)



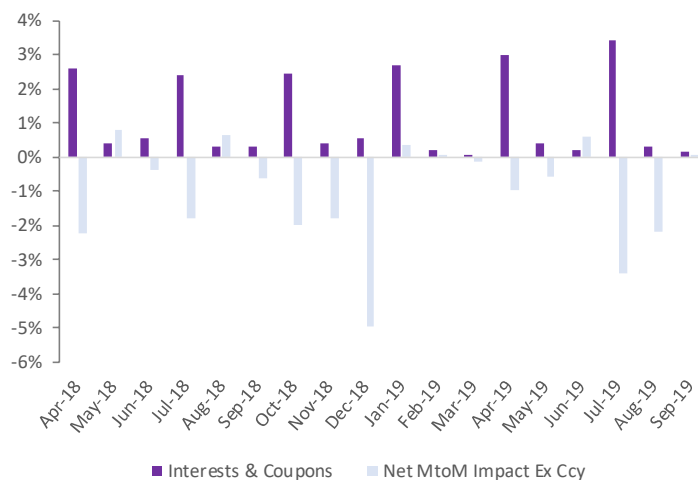
Source: AXA IM, as of September 2019 (%of NAV for ccy / %of GAV for geography)

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	263.1	USD CLO Equity	24.5%
		USD CLO Debt	32.7%
		EUR CLO Equity	19.9%
		EUR CLO Debt	1.4%
		CMV	3.4%
		CLO Warehouse	0.0%
Synthetic Credit	40.9	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	12.7%
Cash Corporate Credit	6.8	Cash Corporate Credit Equity	2.1%
		Cash Corporate Credit Debt	0.0%
ABS	17.9	ABS Residual Positions	2.7%
		ABS Debt	2.9%
Cash or equivalent	(7.6)	Cash or equivalent	-2.4%
GAV	321.2		
Liability	(36.7)	Debt from Repurchase Agreement	(11.4)%
Fees due	(3.0)	Fees due to Investment Manager	(0.9)%
Estimated NAV	281.4	Per Share	7.69

Source: AXA IM, as of September 2019

Last Eighteen Months Performance Attribution



Source: AXA IM, as of September 2019

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