

# Volta Finance Ltd

## Monthly Report – November 2019



### Data as of 30 nov 2019

Gross Asset Value	€313.3m
Liabilities	€38.1m
NAV	€275.2m
NAV per share	€7.52
Outstanding Shares	36.6m
Share Price (Euronext)	€6.36
Share Price (LSE)	€6.32
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

**9.0%** Annualised since inception<sup>1</sup>      **10.5%** Annualised over 5 years<sup>1</sup>      **0.4%** 1 month<sup>2</sup>

**€275.2m**

**9.7%**

NAV as of November 2019      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
2019	3.1%	0.4%	0.5%	1.9%	1.4%	-1.0%	0.5%	-1.5%	0.4%	-2.6%	0.4%		<b>3.5%</b>
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%	<b>0.1%</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%	6.2%	2.1%	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>

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

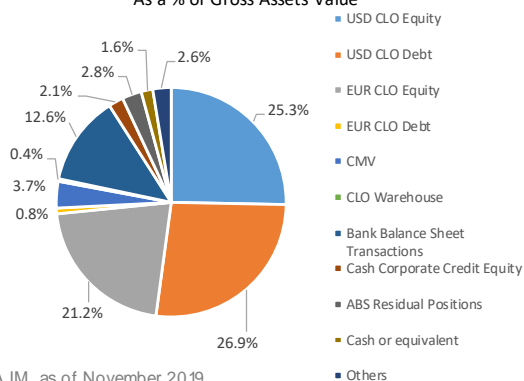
<sup>2</sup> Performance of published NAV (including dividend payments)

<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

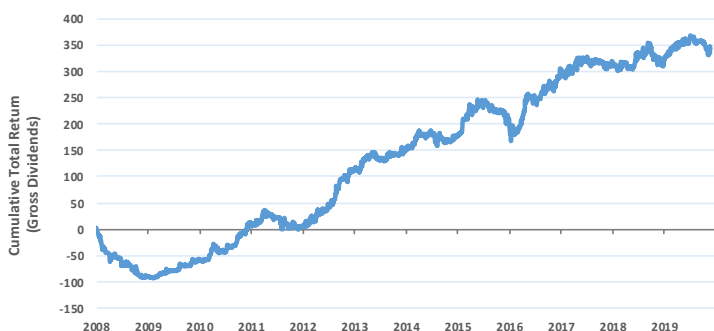
### Asset Breakdown

As a % of Gross Assets Value



Source: AXA IM, as of November 2019

### Historical Performance



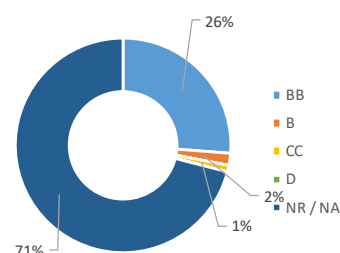
Source: Bloomberg, as of November 2019

### Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.67%	Telecommunications
Panther BF Aggregator 2 LP	0.45%	Auto Parts&Equipment
EG Group Ltd	0.40%	Retail
CenturyLink Inc	0.39%	Telecommunications
Asurion LLC	0.37%	Insurance
Upfield BV	0.32%	Food
Berry Global Inc	0.36%	Packaging&Containers
Virgin Media Secured Finance PLC	0.32%	Media
GTT Communications Inc	0.29%	Telecommunications
Paysafe Group Ltd	0.27%	Internet

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

### Portfolio Rating Breakdown



Source: AXA IM, as of November 2019

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### Monthly Commentary

In November, Volta's NAV\* total return performance was +0.4%. The YTD performance is 3.5%.

This month, performance was mainly driven by a modest rebound in both CLO debt and CLO Equity prices. The monthly performances\*\* of the sub-asset classes were the following, in local currency: +1.0% for Bank Balance Sheet transactions, +0.9% for CLO Equity tranches; +0.8% for CLO Debt; +0.7% for Cash Corporate Credit deals; and +0.2% for ABS.

Once again this month, CLO Equity positions outperformed CLO Debt (with the strongest performer being USD BB tranches). Year to date, CLO Debt has returned +3.7% and CLO Equity +6.4%.

This further outperformance of equity tranches confirms our strategic decision, developed over the last 18 months, to increase gradually the CLO Equity exposure relative to CLO Debt. Our view is that we are entering a more complex environment for loans which will be characterized by more downgrades than upgrades and default rates beginning to increase, albeit not to an alarming level. Our thesis, as noted previously, is that the best way to benefit from this environment is to invest in CLO equity tranches in preference to CLO BB debt. The price drawdown between CLO Debt and CLO Equity is usually comparable in periods of stress, but CLO Equity is paying far higher cashflows and is able to benefit (through reinvestments in loans at discount or new loans with higher spread) from this kind of environment on a medium to long term horizon.

As at the end of November, CLO Equity positions represented 50.4% of the total assets.

In line with this strategy to increase the CLO Equity bucket at the expense of the CLO debt bucket, we took the decision to reduce the size of the Repo to \$35m from the current level of \$40m. The Repo has been used to leverage USD CLO Debt which we had felt historically was a more attractive proposition than direct investment in Equity. The reduction will be implemented in December.

Accordingly, in November, we purchased 1 CLO Equity position and continue to commit capital to the existing CMV and CLO Warehouse for the equivalent of €5.7m. On average these positions were purchased with a projected yield above 15%. We sold four CLO debt positions (for the equivalent of €11m).

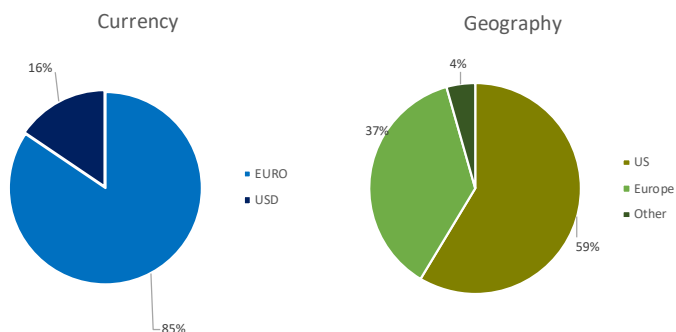
During the month, Volta received the equivalent of €2.2m in terms of interest and cash flows from its assets. On a rolling 6-month basis we were at €22.6m; an annualised yield at 16.3% of the end of month NAV. Once again, this is the highest level seen for many years for Volta in terms of its ability to generate cash flows from its assets.

As at the end of November 2019, Volta's NAV was €275.2m or €7.52 per share. The GAV stood at €313.3m.

*\*It should be noted that approximately 11.0% 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 4.9% as at 30 September 2019 and for 6.1% as at 31 October 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 (%)



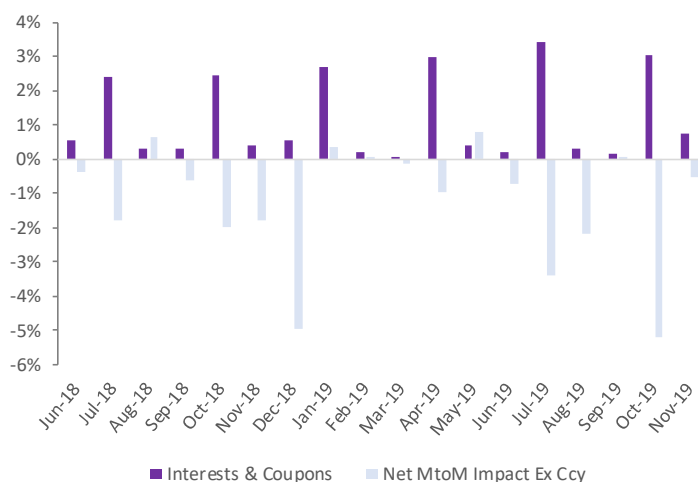
Source: AXA IM, as of November 2019 (%of NAV for ccy / %of GAV for geography)

### Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	245.3	USD CLO Equity	25.3%
		USD CLO Debt	26.9%
		EUR CLO Equity	21.2%
		EUR CLO Debt	0.8%
		CMV	3.7%
		CLO Warehouse	0.4%
Synthetic Credit	39.6	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	12.6%
Cash Corporate Credit	6.5	Cash Corporate Credit Equity	2.1%
		Cash Corporate Credit Debt	0.0%
ABS	17.8	ABS Residual Positions	2.8%
		ABS Debt	2.9%
Cash or equivalent	5.1	Cash or equivalent	1.6%
<b>GAV</b>	<b>313.3</b>		
Liability	(36.6)	Debt from Repurchase Agreement	(11.7)%
Fees due	(1.5)	Fees due to Investment Manager	(0.5)%
<b>Estimated NAV</b>	<b>275.2</b>	<b>Per Share</b>	<b>7.52</b>

Source: AXA IM, as of November 2019

### Last Eighteen Months Performance Attribution



Source: AXA IM, as of November 2019

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### Important Information

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