

# Volta Finance Ltd

## Monthly Report – December 2016



Data as at 31 December 2016

Gross Asset Value	€351.4m
Estimated liabilities	€45.0m
Estimated NAV	€306.4m
Estimated NAV per share	<b>€8.39</b>
Outstanding Shares	36.5m
Share Price (Euronext)	€7.38
Share Price (LSE)	€7.31
Tickers	VTA.NA
	VTA.LN
ISIN	GG00B1GHHH78

### Fund Facts

Launch Date	Dec-2006
Fund Domicile	Guernsey
Listing and Trading	AEX
	LSE
Type of Fund	Closed-ended
Dividend	Quarterly
Trailing 12m Div. Yield <sup>3</sup>	8.7%
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>+12.0%</b>	<b>30.4%</b>
Annualised since inception <sup>1</sup>	Annualised over 5 years <sup>1</sup>
<b>1.4%</b>	<b>€306.4m</b>
1 month <sup>2</sup>	Estimated NAV as of December-16

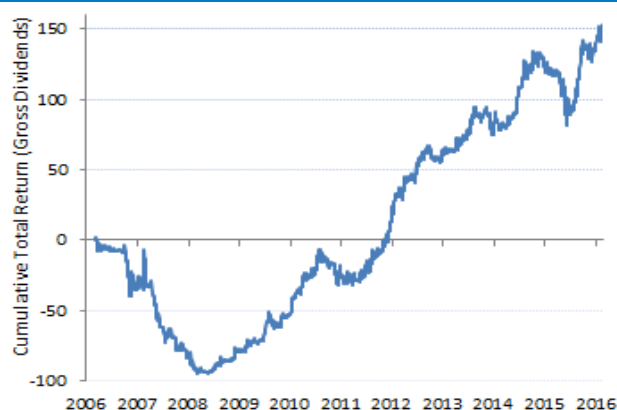
Returns <sup>2</sup>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2016	-4.0%	-2.9%	4.2%	2.0%	1.3%	-0.9%	5.5%	2.8%	1.4%	2.0%	2.7%	1.4%	<b>15.2%</b>
2015	3.7%	1.3%	3.1%	1.7%	1.6%	-0.7%	0.1%	-0.6%	-1.7%	0.1%	1.1%	0.1%	<b>10.0%</b>
2014	2.7%	-1.6%	0.8%	0.7%	1.5%	0.7%	1.3%	1.3%	2.4%	0.4%	1.7%	0.3%	<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>
2012	5.1%	6.0%	11.9%	-2.1%	5.4%	0.0%	4.2%	6.7%	5.4%	4.2%	2.0%	0.5%	<b>56.8%</b>

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

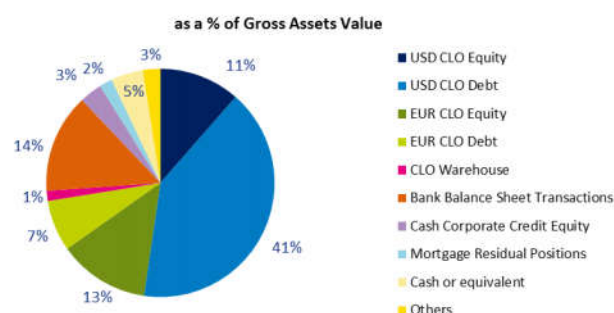
<sup>2</sup> Performance of published Estimated NAV (including dividend payments)

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

### Historical Performance



### Asset Breakdown



Source: AXA IM, as of December-2016

### Monthly Commentary

In December, Volta's Estimated NAV\* performance was 1.4% including the December dividend payment (€0.16 per share). It is in line with a positive performance in most credit and equity markets.

For 2016, the NAV performance was 15.2%, adjusting for the April, September and December dividend payments. This good performance was mostly due to the strong performance of the CLO Equity and CLO debt buckets. The rest of the portfolio provided diversification and stability to the portfolio as illustrated by the relatively modest drawdown of Volta's NAV in Q1 2016. Our ability to rotate the portfolio through the year was also key in producing such a performance.

In December, Volta purchased two positions (one Euro CLO Equity and one Bank Balance Sheet transaction) for a total of €16.1m and sold four positions (3 CLO debt tranches and the remaining UK non-conforming residual position) for a total of the equivalent of €14.0m. On average and based on standard market assumptions, the purchases were executed with an average expected yield close to 12.5% and the sales were traded with an average expected yield of close to 6.5%.

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At the end of December 2016, Volta's Estimated NAV\* was €306.4m or €8.39 per share. The GAV stood at €351.4m.

In December, mark-to-market variations\*\* of Volta's asset classes were: +0.2% for Synthetic Corporate Credit deals; +1.5% for CLO Equity tranches; +2.2% for CLO Debt tranches, -0.4% for Cash Corporate Credit deals; and -0.1% for ABS.

In December, Volta generated the equivalent of €1.1m in interest and coupons net of repo costs (non-euro amounts translated into euro using end-of-month cross currency rates), bringing the total cash amount generated during the last six months in terms of interest and coupons net of repo costs to €14.6m.

Cash holdings or cash equivalent instruments at the end of December totaled €16.0m and we expect to invest in some recent transactions, including some Bank Balance Sheet transactions, in early 2017.

On top of that, considering the significant rally that occurred on CLO debt tranches since the summer, we expect to continue selling some of the old debt positions and buying more recently issued ones as well as CLO Equity positions in order to increase the projected yield of the portfolio.

Again this month, the US Dollar appreciated somewhat against the Euro which is beneficial to Volta as the US Dollar exposure is in the area of 26%.

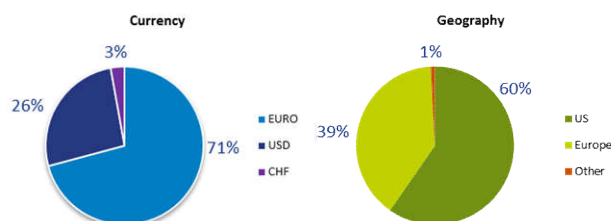
In November and December we added some duration through the US 5YR Note Future. At the time of writing this report we took some profits on this position that represents circa 0.75 year of duration. AXA IM believes that fixed rate exposure (at a reasonable interest rate level) can provide a good hedge against further potential economic disappointments.

We continue to see opportunities in several structured credit sectors including mezzanine and equity tranches of CLOs and Bank Balance Sheet transactions.

\* It should be noted that approximately 10.9% of Volta's GAV comprises investments in funds 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 in funds are valued using the most recently available NAV for each fund. The most recently available fund NAV was as at: 30 September 2016 for 0.9% of Volta's GAV and as at 30 November 2016 for 10.0% of Volta's GAV.

\*\* "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 (%)



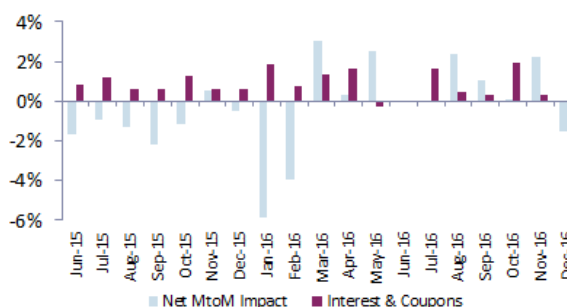
Source: AXA IM, as of December-2016 (% of NAV for ccy / % of GAV for geography)

#### Portfolio Composition by Asset Type

Market Value (€m)		Breakdown of Gross Asset Value (% GAV)	
CLO	259.6	USD CLO Equity	11.5%
		USD CLO Debt	40.9%
		EUR CLO Equity	12.9%
		EUR CLO Debt	7.2%
		CLO Warehouse	1.4%
Synthetic Corporate Credit	49.3	Synthetic Corporate Credit Equity	0.0%
		Bank Balance Sheet Transactions	14.0%
Cash Corporate Credit	11.2	Cash Corporate Credit Equity	3.2%
		Cash Corporate Credit Debt	0.0%
ABS	15.1	Mortgage Residual Positions	1.8%
		ABS Debt	2.5%
Cash or equivalent	16.0	Cash or equivalent	4.6%
<b>GAV</b>	<b>351.4</b>		
Liability	(42.8)	Debt from Repurchase Agreement	(12.2)%
Fees due	(2.1)	Fees due to Investment Manager	(0.6)%
<b>Estimated NAV</b>	<b>306.4</b>	<b>Per Share</b>	<b>8.39</b>

Source: AXA IM, as of December-2016

#### Last Eighteen Months Performance Attribution



Source: AXA IM, as of December-2016

#### Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice Financing	0.92%	Telecommunications
First Data	0.84%	Software
Ineos Group	0.82%	Chemicals
Ziggo Secured Finance	0.81%	Telecommunications
Compass Group / Compass Diversified	0.80%	Banking, Finance & Real Estate

Issuer	%	Bloomberg Industry Group
TransDigm	0.59%	Aerospace/Defense
Valeant Pharmaceuticals	0.54%	Pharmaceuticals
Dell International	0.53%	Household Products
Springer Science & Business	0.49%	Media
Calpine	0.46%	Utilities

Source: Intex, Bloomberg, AXA IM Paris as of December 2016 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the Estimated NAV

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#### Contact:

**For the Investment Manager**  
AXA Investment Managers Paris  
Serge Demay  
Serge.demay@axa-im.com  
+33 (0) 1 44 45 84 47

**Company Secretary and Portfolio  
Administrator**  
Sanne Group (Guernsey) Limited  
voltafinance@sannegroup.com  
+44 (0) 1481 739810