

# Volta Finance Ltd

## Monthly Report – June 2017



Data as at 30 June 2017

Gross Asset Value	€348.6m
Estimated liabilities	€42.8m
Estimated NAV	€305.8m
Estimated NAV per share	<b>€8.37</b>
Outstanding Shares	36.5m
Share Price (Euronext)	€7.60
Share Price (LSE)	€7.65
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>	8.4%
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>+12.1%</b>	<b>23.6%</b>
Annualised since inception <sup>1</sup>	Annualised over 5 years <sup>1</sup>
<b>+0.1%</b>	<b>€305.8m</b>
1 month <sup>2</sup>	Estimated NAV as of June 17

Returns <sup>2</sup>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	1.3%	0.9%	0.9%	-0.5%	0.6%	0.1%	-	-	-	-	-	-	3.5%
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%
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%	25.3%

<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)

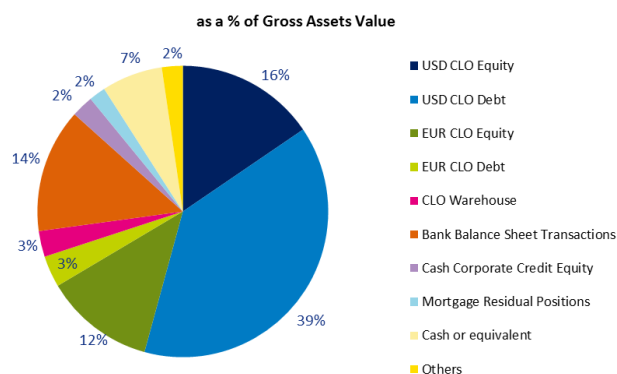
<sup>3</sup> Calculated as the most recent annual dividend payments versus the month-end share price (VTA.NA)

### Historical Performance



Source: Bloomberg (TRA function) as of June 2017

### Asset Breakdown



Source: AXA IM, as of June 2017

### Monthly Commentary

In June, Volta's Estimated NAV\* performance was +0.1%, including the 16 cents per share dividend paid on 29th of June. This modest but positive performance would have been higher without the negative impact of the USD's depreciation against Euro. The circa 25% USD exposure of Volta cost 0.4% to the June performance.

This negative contribution from currency exposure in June needs to be put in perspective. Volta's foreign currency exposure is limited and through time is not expected to be a significant driver of performance. On a twelve month basis the estimated impact of currency exposure is of the order of 0.5%, a relatively modest figure compared to the 20.8% performance of Volta through the same period (from June 2016 to June 2017, dividends reinvested at NAV).

Volta purchased four assets (2 USD CLO Debt and 2 USD CLO Equity) in June, to take advantage of a slight widening in discount margins. Volta also funded some of the CMV we committed to last year. A total equivalent of €12.0m was deployed with an average projected yield close to 9.5% under standard assumptions. No asset was sold or called.

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At the end of June 2017, Volta's Estimated NAV\* was €305.8m or €8.37 per share. The GAV stood at €348.6m. The 16 cents per share dividend paid on 29<sup>th</sup> of June represented a total amount of €5.8m.

In June, mark-to-market variations\*\* of Volta's asset classes were: +0.9% for Synthetic Corporate Credit deals; 0.0% for CLO Equity tranches; 1.1% for CLO Debt tranches, 4.1% for Cash Corporate Credit deals; and +1.9% for ABS.

In June, Volta generated the equivalent of €0.6m 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 €15.2m.

Cash holdings or cash equivalent instruments at the end of June totaled €23.6m

The current level of cash is slightly higher than usual and mainly reflects the strong prepayments that occurred recently. Our view is still that credit markets are now quite fully valued and this amount will be deployed in due course when better opportunities arise. Typically we expect to be able to deploy more capital in CLO Equity tranches, CLO Debt tranches and Bank Balance Sheet transactions.

### Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	253.9	USD CLO Equity	15.5%
		USD CLO Debt	38.8%
		EUR CLO Equity	12.2%
		EUR CLO Debt	3.5%
		CLO Warehouse	2.9%
Synthetic Corporate Credit	48.0	Synthetic Corporate Credit Equity	0.0%
		Bank Balance Sheet Transactions	13.8%
Cash Corporate Credit	8.5	Cash Corporate Credit Equity	2.4%
		Cash Corporate Credit Debt	0.0%
ABS	14.5	Mortgage Residual Positions	1.8%
		ABS Debt	2.3%
Cash or equivalent	23.6	Cash or equivalent	6.8%
<b>GAV</b>	<b>348.6</b>		
Liability	(39.4)	Debt from Repurchase Agreement	(11.3)%
Fees due	(3.4)	Fees due to Investment Manager	(1.0)%
<b>Estimated NAV</b>	<b>305.8</b>	<b>Per Share</b>	<b>8.37</b>

Source: AXA IM, as of June 2017

### Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
First Data	0.82%	Software
Ineos Group	0.68%	Chemicals
Altice Financing	0.64%	Telecommunications
Dell International	0.57%	Household Products
Ziggo	0.55%	Telecommunications

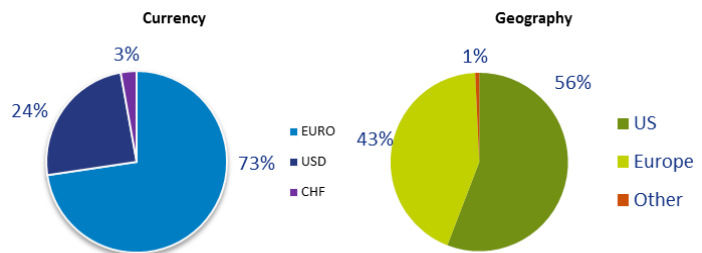
Source: Intex, Bloomberg, AXA IM Paris as of June 2017 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the Estimated NAV

Volta's currency exposure is relatively unchanged since the end of April. The exposure to the US Dollar at the end of June was 26.8% against about 33% a year ago.

\* It should be noted that approximately 10.4% 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: 31 March 2017 for 1.0% of Volta's GAV and at 31 May 2017 for 9.4% of Volta's GAV.

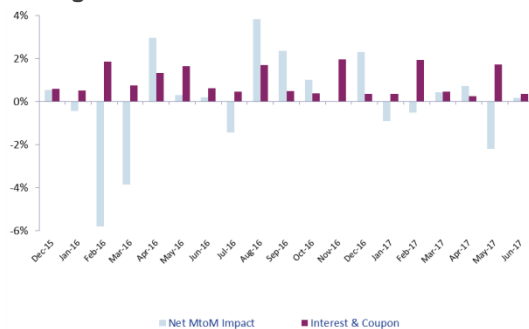
\*\* "Mark-to-market variation" is calculated as the Dietz-performance of the assets in each bucket, taking into account the Mark-to-Market of the assets at month-end, payments received from the assets over the period, and ignoring changes in cross currency rates. Nevertheless, some residual currency effects could impact the aggregate value of the portfolio when aggregating each bucket.

### Currency and Geography exposures (%)



Source: AXA IM, as of June 2017 (% of NAV for ccy / % of GAV for geography)

### Last Eighteen Months Performance Attribution



Source: AXA IM, as of June 2017

Issuer	%	Bloomberg Industry Group
TransDigm	0.49%	Aerospace/Defense
Energy Future	0.47%	Energy
Calpine	0.45%	Utilities
Telenet	0.37%	Media
Kindred Healthcare	0.37%	Healthcare

# Volta Finance Ltd

## Monthly Report – June 2017

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