



# Volta Finance Ltd

## Monthly Report – December 2021



### Data as of 31 Dec 2021

Gross Asset Value	€284.7m
Liabilities	€18.9m
NAV	€265.8m
NAV per share	€7.27
Outstanding Shares	36.6m
Share Price (Euronext)	€6.16
Share Price (LSE)*	€6.15
	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>	2.2 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

<b>8.8%</b>	<b>5.6%</b>	<b>0.3%</b>
Annualised since inception <sup>1</sup>	Annualised over 5 years <sup>1</sup>	1 month <sup>2</sup>

**€265.8m**

NAV as of December 2021

**9.3%**

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
2021	3.9%	1.0%	1.1%	2.1%	0.4%	2.2%	1.9%	-0.5%	1.9%	1.2%	1.0%	0.3%	<b>17.9%</b>
2020	1.1%	-2.6%	-32.4%	5.7%	4.5%	6.9%	-1.2%	1.9%	4.8%	1.6%	7.2%	4.3%	<b>-5.7%</b>
2019	3.1%	0.4%	0.5%	1.9%	1.4%	-1.0%	0.5%	-1.5%	0.4%	-2.6%	0.4%	3.3%	<b>6.8%</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>0.0%</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>6.7%</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>16.0%</b>

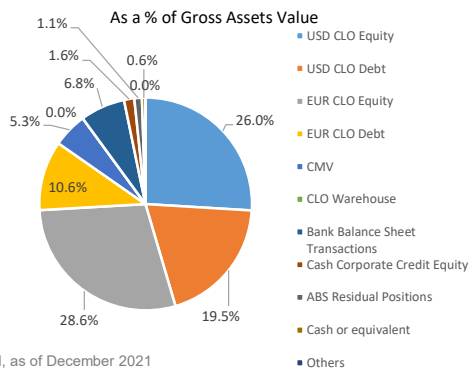
<sup>1</sup> Share (VTA.NA) performance (annualised figures with dividends re-invested). Source: Bbg (TRA function)

<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)

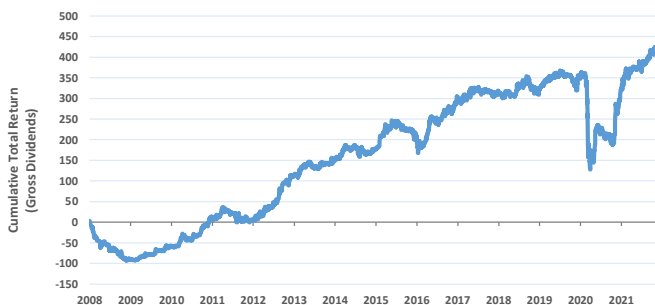
<sup>4</sup> Calculated as total income divided by the most recent annual dividend payments

### Asset Breakdown



Source: AXA IM, as of December 2021

### Historical Performance



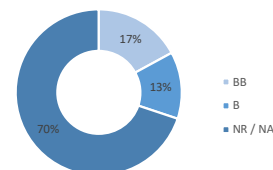
Source: Bloomberg, as of December 2021

### Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.73%	Telecommunications
Virgin Media Secured Finance PLC	0.50%	Media
EG Group Ltd	0.43%	Retail
Asurion LLC	0.42%	Insurance
Clarios Global LP	0.40%	Auto Parts&Equipment
Lumen Technologies Inc	0.33%	Telecommunications
Froneri International Ltd	0.35%	Food
Upfield BV	0.30%	Food
Nidda Healthcare Holding GmbH	0.30%	Pharmaceuticals
Magic Newco LLC	0.29%	Software

Source: Intex, Bloomberg, AXA IM Paris as of December 2021 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

### Portfolio Rating Breakdown



Source: AXA IM, as of December 2021

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### Monthly Commentary

Volta's performance was positive once again in December, rising by 0.3%, including the dividend of €0.15 per share accounted for in the period. This brings the total return for the full calendar year to 17.9%. Once again this month, the performance of Volta's portfolio bore little correlation to wider markets: loan cash flows remained resilient and no meaningful news arose to alter the expectation that defaults will remain low and cash flows strong.

The underlying performance of the Company's assets, and even the mark-to-market performance, were little impacted by the new Omicron Covid variant and, for the moment, have not reacted to the more hawkish tone of US Federal Reserve monetary policy. The market is now pricing that the Fed will act more swiftly than a few months ago and it is probable that we will see more volatility on fixed-rate instruments in the coming months.

Volta is mainly invested in CLO tranches, whose performance would not be adversely impacted by the predicted future path of interest rates as long as those rate hikes are not so numerous that they begin to notably impair companies' ability to service their debts and refinance in due course. When considering what happened on this front (inflation/monetary policy) in 2021, it was constructive for Volta's assets: we had much more inflation than in previous years, most of the companies were able to adjust selling prices so that companies' EBITDA and profits increased significantly (10 to 15% expected for the whole of 2021) while no rate increases squeezed companies' cost of debt. As a result, the usual measure of default rates in loan markets finished the year at a very low level: 0.3% in the US and 0.6% in Europe (on a last 12-month basis).

For 2022, we expect debt erosion to continue helping companies rolling their debt, and the maturity wall for loan markets to continue migrating to 2028/2029 so that it is reasonable to expect default rates to stay relatively low in 2022 (and probably 2023). The consequence would be that Volta would continue receiving high cash flows from its investments (especially given that almost two-thirds of the portfolio is CLO Equity positions).

December is generally a relatively low-volume month in terms of CLO interests and coupons with the equivalent of €0.8m being received. On a 6-month rolling basis to the end of December, Volta received the equivalent of €23.6m, representing a 17.7% annualised cash flow yield, based on the end of the month NAV.

In December, we took the opportunity of the modest price decrease in loans to open a new US CLO warehouse. We expect this warehouse to be transformed into a US CLO Equity position at the end of Q1 2022. The more the CLO manager can purchase loans at a discount the better for our future CLO Equity position.

Turning to the detailed asset classes, the monthly performances\*\* were: +3.5% for Bank Balance Sheet transactions, +0.4% for CLO equity tranches; +1.2% for CLO debt; -0.8% for Cash Corporate Credit and ABS (together representing 3.0% of NAV). The long USD exposure contributed negatively to the monthly performance by 0.3%.

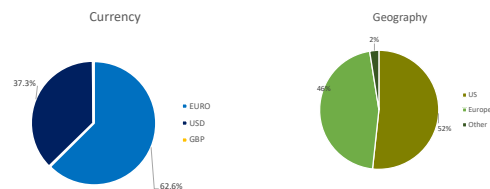
As at the end of December Volta was fully invested and CLO Debt/Equity/Warehouses represented 90% of the assets. Month after month we are gradually transitioning Volta towards being a pure CLO vehicle and this process will continue with the remaining residual non-CLO assets during 2022.

As at the end of December 2021, Volta's NAV was €265.8m or €7.27 per share.

*"It should be noted that approximately 7.5% 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 NAV on as timely a basis as possible 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 notes. The most recently available fund NAV or quoted price was 6.9% as at 30 November 2021, 0.6% as at 30 September 2021.*

*\*\* "performances" of asset classes are calculated as the Dietz-performance of the assets in each bucket, taking into account the Mark-to-Market of the assets at period ends, 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 2021 (% of NAV for ccy / % of GAV for geography)

### Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	256.0	USD CLO Equity	26.0%
		USD CLO Debt	19.5%
		EUR CLO Equity	28.6%
		EUR CLO Debt	10.6%
		CMV	5.3%
		CLO Warehouse	0.0%
Synthetic Credit	19.3	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	6.8%
Cash Corporate Credit	4.5	Cash Corporate Credit Equity	1.6%
		Cash Corporate Credit Debt	0.0%
ABS	3.3	ABS Residual Positions	1.1%
		ABS Debt	0.0%
Cash or equivalent	1.6	Cash or equivalent	0.6%
<b>GAV</b>	<b>284.7</b>		
Liability	-	Debt from Repurchase Agreement	0.0%
Fees due	(18.9)	Fees due to Investment Manager	(6.6)%
<b>Estimated NAV</b>	<b>265.8</b>	<b>Per Share</b>	<b>7.27</b>

Source: AXA IM, as of December 2021

### Last Eighteen Months Performance Attribution



Source: AXA IM, as of December 2021

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### Important Information

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