INVESTMENT MANAGERS

Volta Finance Ltd
Monthly Report – January 2023

Data as of 31 Jan 2023

Gross Asset Value	€227.0m
Liabilities	€1.8m
NAV	€225.2m
NAV per share	€6.16
Outstanding Shares	36.6m
Share Price (Euronext)	€5.22
Share Price (LSE)*	€5.23
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]	2.3 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

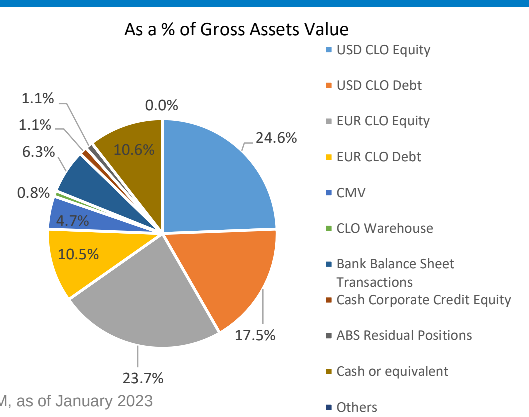
7.8%	3.3%	5.5%
Annualised since inception[1]	Annualised over 5 years[1]	1 month[2]

€225.2m	10.2%
NAV as of January 2023	Trailing 12-month Div. Yield[3]

Returns²	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023	5.5%												**5.5%**
2022	1.7%	-3.9%	1.5%	2.3%	-11.8%	-4.6%	4.5%	2.8%	-7.2%	-2.6%	6.3%	-0.9%	**-12.7%**
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%	**17.9%**
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%	**-5.7%**
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%	**6.8%**
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%	**0.0%**

[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



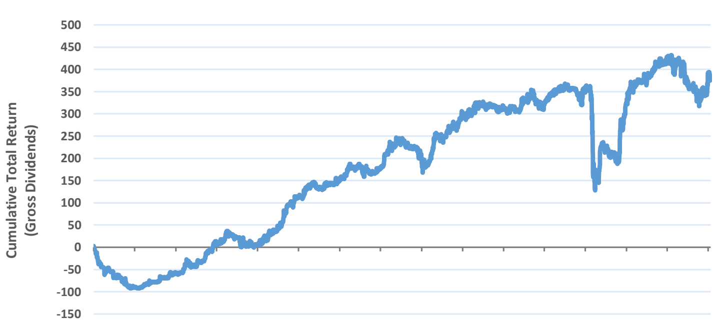
Source: AXA IM, as of January 2023

Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.77%	Telecommunications
Virgin Media Secured Finance PLC	0.57%	Media
EG Group Ltd	0.53%	Retail
Asurion LLC	0.44%	Insurance
Nidda Healthcare Holding GmbH	0.42%	Pharmaceuticals
Verisure Holding AB	0.41%	Commercial Services
BMC Software Inc	0.41%	Software
Clarios Global LP	0.40%	Auto Parts&Equipment
Laboratoire Cerba	0.40%	Healthcare-Services
Froneri International Ltd	0.36%	Food

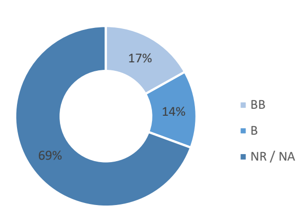
Source: Intex, Bloomberg, AXA IM Paris as of January 2023 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

Historical Performance



Source: Bloomberg, as of January 2023

Portfolio Rating Breakdown



Source: AXA IM, as of January 2023

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Monthly Commentary

Volta Finance is pleased report a strong performance of +5.5%, for the first month of 2023.

Although the CLO market is accustomed to a "January rally" the moves recorded in January 2023 were well above what might have been expected. Indeed, many investors were hesitant to invest in either CLO Debt or Equity tranches towards the end of 2022 but with the start of a new calendar year, the risk/reward perception shifted and translated into significant buying interest across the board. The demand for assets that were considered as cheap at the start of 2023 (CLO spread compression was lagging the spread compression observed on most of the broader credit markets in Q4 2022) was strong and led the way to a solid January performance, after a disappointing December.

At the end of January, the situation with regards to Loans fundamentals and CLOs is unchanged and still relatively supportive: default rates are low (0.4% for European loans and 0.8% for US loans on a last-12-month basis) and earnings are coming in slightly better than expected.

Q4 2022 earning season is again illustrating our view that inflation can provide some benefits: it erodes the value of debt (hence facilitating refinancings and reducing the occurrence of defaults) and helps passing higher costs through to clients (it is easier to adjust selling prices to maintain some profitability when overall prices move versus when they are flat).

Regarding 2023 expected default rates, the consensus amongst rating agencies and bank research publications appears to be that default rates may reach somewhere between 2.5 to 5% for both US and European loans. Our house view remains at the bottom of this range. We believe that these expectations are predominantly model based and that those models incorporate the shape of the yield curve (which is highly inverted in the US) as an indicator of the extent of the potential recession. Models also incorporate the pace in interest rates hikes through 2022 (we fully agree that this parameter makes sense) but totally ignore the benefit of inflation.

Most of our CLO positions paid cashflows in January; it was again a good month payments-wise: Volta received the equivalent of €9.8m of interests and coupons. Over the usual 6-month-basis time frame Volta received €24.3m of interest and coupons, ie. a 21.6% annualized cash flow to NAV.

Given that defaults are still materializing at a low pace (remember that rating agencies were expecting default rates to be in the 2 to 2.5% range for 2022) - even if we are wrong and if default rates reach the higher end of the above-mentioned range – we consider CLO Equity quarterly payments being negatively impacted in 2023 as a very remote risk. On this front, we see an increased number of loan refinancings (amend-and-extend) enabling CLOs that are still reinvesting to increase the WAS (Weighted Average Spread) of their underlying loan books. All other things being equal, the higher the WAS the higher the cashflow distributed to the Equity.

Volta's underlying sub asset classes monthly performances** were as follow: +2.4% for Bank Balance Sheet transactions, +5.9% for CLO Equity tranches, +5.1% for CLO Debt tranches; and +6.3% for Cash Corporate Credit and ABS (which represent circa 2.2% of the fund's NAV).

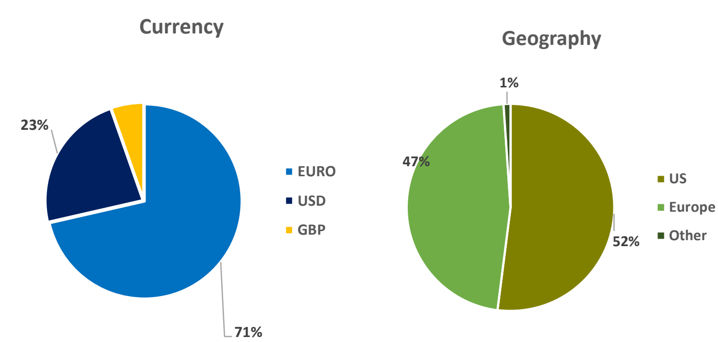
No significant purchases were made in January although Volta was drawn by €1.75m from the European warehouse we opened in October (this drawn amount corresponds to settlement of loans purchased in October/November).

As at the end of January 2023, Volta's NAV was €225.2m or €6.16 per share

**It should be noted that approximately 1.81% 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 1.23% as at 30 November 2022, 0.58% was at 30 September 2022.*

*** "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 (%)



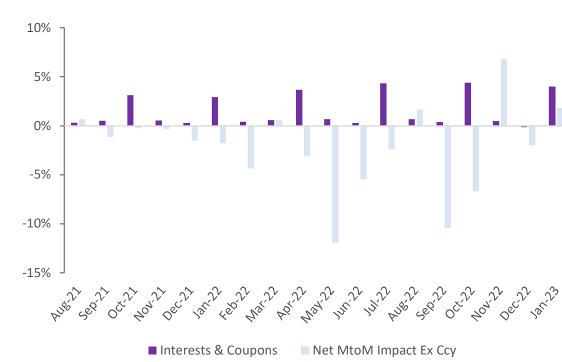
Source: AXA IM, as of January 2023 (% of NAV for ccy / % of GAV for geography)

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	185.5	USD CLO Equity	24.6%
		USD CLO Debt	17.5%
		EUR CLO Equity	23.7%
		EUR CLO Debt	10.5%
		CMV	4.7%
		CLO Warehouse	0.8%
Synthetic Credit	14.2	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	6.3%
Cash Corporate Credit	2.5	Cash Corporate Credit Equity	1.1%
		Cash Corporate Credit Debt	0.0%
ABS	2.4	ABS Residual Positions	1.1%
		ABS Debt	0.0%
Cash or equivalent	24.1	Cash or equivalent	10.6%
GAV	**227.0**		
Liability	-	Debt from Repurchase Agreement	0.0%
Fees due	(1.8)	Fees due to Investment Manager	(0.8)%
Estimated NAV	**225.2**	**Per Share**	**6.16**

Source: AXA IM, as of January 2023

Last Eighteen Months Performance Attribution



Source: AXA IM, as of January 2023

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