

Volta Finance Ltd

Monthly Report – January 2022



Data as of 31 Jan 2022

Gross Asset Value	€285.2m
Liabilities	€14.8m
NAV	€270.4m
NAV per share	€7.39
Outstanding Shares	36.6m
Share Price (Euronext)	€6.20
Share Price (LSE)*	€6.15
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

8.8%	5.8%	1.7%
Annualised since inception ¹	Annualised over 5 years ¹	1 month ²

€270.4m

NAV as of January 2022

9.2%

Trailing 12-month Div. Yield³

Returns ²	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2022	1.7%												1.7%
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%
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%	6.7%

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

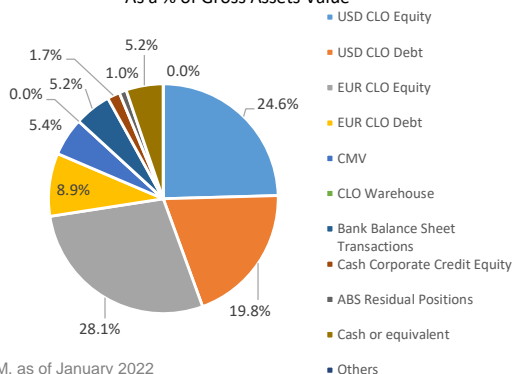
² Performance of published NAV (including dividend payments)

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

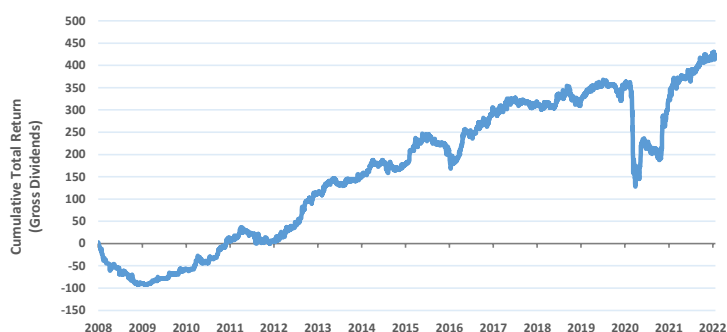
Asset Breakdown

As a % of Gross Assets Value



Source: AXA IM, as of January 2022

Historical Performance



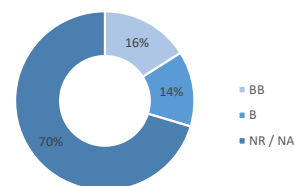
Source: Bloomberg, as of January 2022

Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.75%	Telecommunications
Virgin Media Secured Finance PLC	0.52%	Media
EG Group Ltd	0.44%	Retail
Asurion LLC	0.44%	Insurance
Clarios Global LP	0.41%	Auto Parts&Equipment
Lumen Technologies Inc	0.33%	Telecommunications
Froneri International Ltd	0.34%	Food
Upfield BV	0.31%	Food
Magic Newco LLC	0.32%	Software
TransDigm Inc	0.33%	Aerospace/Defense

Source: Intex, Bloomberg, AXA IM Paris as of January 2022 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

Portfolio Rating Breakdown



Source: AXA IM, as of January 2022

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Monthly Commentary

A good start for 2022 with a gain of 1.7% in January despite a challenging environment. Many markets, especially fixed income credit markets and equities are adapting themselves to a new environment regarding central banks' actions. The Fed is now expected to increase its rate by more than 100bps in 2022 while a first hike from the ECB is now priced for 2022 (AXA IM Research, January 2022).

As noted previously, Volta's performance is mostly dependent on loans' default rates and spreads and bear little correlation to wider markets. Loan cash flows remained resilient again this month and no meaningful news arose to alter the expectation that defaults will remain low and cash flows strong for 2022/2023.

Turning to the detailed asset classes, the monthly performances** were: +3.6% for Bank Balance Sheet transactions, +1.5% for CLO equity tranches; +1.4% for CLO debt; +5.5% for Cash Corporate Credit and ABS (together representing 2.9% of NAV).

As at the end of January 2022, CLO tranches (Debt and Equity) represent 91.5% of the NAV and we expect some Bank Balance Sheet transactions to be called in the coming months. At that point, Volta will become an almost pure CLO fund given that the investment case for CLO tranches is the most appealing in the current market environment.

In 2021, default rates for loans were respectively 0.3% in the US and 0.6% in Europe. The loan market is still very active, helping companies roll their debt, and the maturity wall for loan markets continues to migrate to 2028/2029 so it is reasonable to expect default rates to stay relatively low in 2022 (and probably 2023). Under this assumption, Volta would continue receiving high cash flows from its investments (especially given that two-thirds of the portfolio is CLO Equity positions).

In January, Volta received interest and coupons of the equivalent of €8.0m. On a 6-month rolling basis to the end of January, Volta received the equivalent of €20.9m, representing a 15.5% annualised cash flow yield, based on the end of the month NAV. The amount of cash flows received in January was lower than in October 2021 as one CLO Equity position paid its cash flow earlier than on the normal payment date (because of a reset) and another will pay its next cash flow with a long 6-month period after a significant upsize of the transaction (as if it has been a newly issued position).

In December, we took the opportunity of the modest price decreases 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. In normal market conditions, the more the CLO manager can purchase loans at a discount the better it should be for our future CLO Equity position.

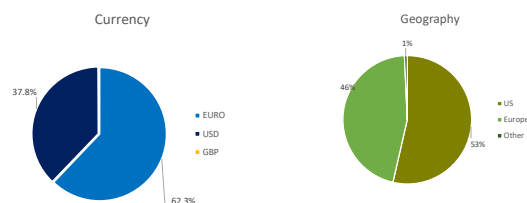
As at the end of January Volta has again some dry power (nearly €6m). With the price decrease on High Yield bonds, CLO BB tranches may trade at a discount in the coming weeks. That may be an opportunity for Volta as we continue to have some positions called from time to time (in January one EUR BB was called at par for example).

As at the end of January 2021, Volta's NAV was €270.4m or €7.39 per share.

"It should be noted that approximately 2.4% 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 1.8% as at 31 December 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 (%)



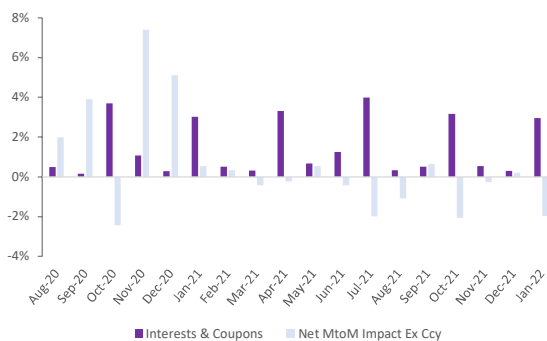
Source: AXA IM, as of January 2022 (% of NAV for ccy / % of GAV for geography)

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	247.6	USD CLO Equity	24.6%
		USD CLO Debt	19.8%
		EUR CLO Equity	28.1%
		EUR CLO Debt	8.9%
		CMV	5.4%
		CLO Warehouse	0.0%
Synthetic Credit	14.8	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	5.2%
Cash Corporate Credit	5.0	Cash Corporate Credit Equity	1.7%
		Cash Corporate Credit Debt	0.0%
ABS	2.9	ABS Residual Positions	1.0%
		ABS Debt	0.0%
Cash or equivalent	14.9	Cash or equivalent	5.2%
GAV	285.2		
Liability	-	Debt from Repurchase Agreement	0.0%
Fees due	(14.8)	Fees due to Investment Manager	(5.2)%
Estimated NAV	270.4	Per Share	7.39

Source: AXA IM, as of January 2022

Last Eighteen Months Performance Attribution



Source: AXA IM, as of January 2022

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