

Volta Finance Ltd

Monthly Report – September 2021



Data as of 30 Sep 2021

Gross Asset Value	€279.2m
Liabilities	€14.4m
NAV	€264.8m
NAV per share	€7.24
Outstanding Shares	36.6m
Share Price (Euronext)	€6.28
Share Price (LSE)*	€6.20
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 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

9.0%	7.0%	1.9%
Annualised since inception ¹	Annualised over 5 years ¹	1 month ²

€264.8m

NAV as of September 2021

10.4%

Trailing 12-month Div. Yield³

Returns ²	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%				15.0%
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%
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%	16.0%

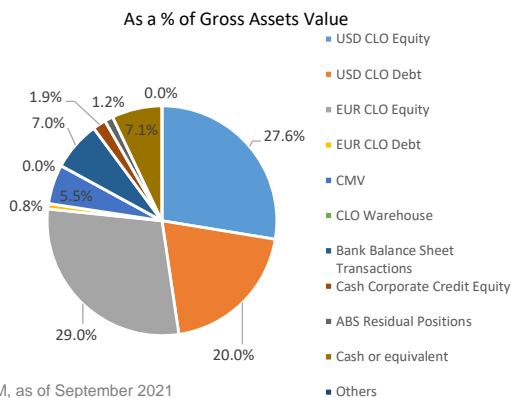
¹ Share (VTA.NA) performance (annualised figures with dividends re-invested). Source: Bbg (TRA function)

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 September 2021

Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Alice France SA/France	0.79%	Telecommunications
EG Group Ltd	0.60%	Retail
Virgin Media Secured Finance PLC	0.55%	Media
Cianios Global LP	0.45%	Auto Parts&Equipment
Froneri International Ltd	0.49%	Food
Asurion LLC	0.48%	Insurance
Upfield BV	0.38%	Food
GTT Communications Inc	0.35%	Telecommunications
BMC Software Inc	0.39%	Software
Action Nederland BV	0.33%	Retail

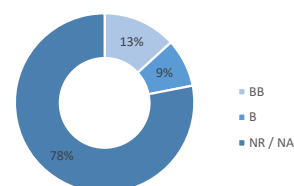
Source: Intex, Bloomberg, AXA IM Paris as of September 2021 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

Historical Performance



Source: Bloomberg, as of September 2021

Portfolio Rating Breakdown



Source: AXA IM, as of September 2021

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Monthly Commentary

September's performance, including the €0.14 dividend per share paid at the end of September, was outstanding at 1.9% relative to the negative performance for most equity markets. The year-to-date total return of the company is 15.0%.

This recently observed uncorrelated performance may result from being predominantly invested in floating-rate instruments (corporate loans through CLOs) and having a relatively short duration. Noting that this negative correlation may be temporary.

With ongoing cash flows continuing at a pace close to 20% (annualized), Volta's strategy is expected to differ from investments like equity strategies (especially growth stocks) that may be more sensitive to long-term interest rates. In this way, Volta looks like a perfect complement to classic equity exposure, with a performance that exhibits less dependence on long-term dividend growth and profitability and more on short to medium-term company solvency.

At the end of September, the 12-month default rate was at 0.5% for US loans and 0.8% for European loans. Companies can more easily refinance their debt and M&A activity is frequently providing an exit strategy to some of the stocks that suffered the most from the Covid crisis. Whatever the exit strategy being pursued so far, many loans found a way to refinance and the maturity wall is being extended towards 2027-2028, reducing significantly the probability of default for the coming few years.

Turning to the details, the monthly asset class performances** were: +0.8% for Bank Balance Sheet transactions, +2.1% for CLO equity tranches; +0.2% for CLO debt; +0.3% for Cash Corporate Credit and ABS (together representing 3.0% of NAV). In September, USD appreciation against Euro contributed +0.8% to the overall performance

As usual, September is a relatively low volume month in terms of interest and coupons with the currency equivalent of €1.3m being received. On a 6-month rolling basis, Volta had received the currency equivalent of €26.5m to the end of September, representing a 20.0% annualised cash flow yield, based on the end of the month NAV.

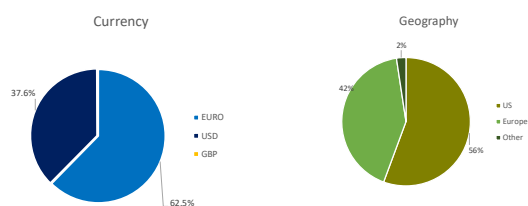
In September, Volta had a €1m BB tranche called and made no new investment. As at the end of September Volta held nearly €12m of cash available for re-investment. The pipeline in the primary market for CLO issuance, both in the US and in Europe, is extremely high for October (with an unprecedented volume YTD) that we are expecting some spread widening and to be able to reinvest cash at attractive levels.

As at the end of September 2021, Volta's NAV was €264.8m or €7.24 per share.

**It should be noted that approximately 8.0% 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 1.7% as at 31 August 2021, 5.5% as at 31 July 2021, and 0.8% as at 30 June 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 September 2021 (% of NAV for ccy / % of GAV for geography)

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	231.5	USD CLO Equity	27.6%
		USD CLO Debt	20.0%
		EUR CLO Equity	29.0%
		EUR CLO Debt	0.8%
		CMV	5.5%
		CLO Warehouse	0.0%
Synthetic Credit	19.5	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	7.0%
Cash Corporate Credit	5.1	Cash Corporate Credit Equity	1.9%
		Cash Corporate Credit Debt	0.0%
ABS	3.3	ABS Residual Positions	1.2%
		ABS Debt	0.0%
Cash or equivalent	19.7	Cash or equivalent	7.1%
GAV	279.2		
Liability	-	Debt from Repurchase Agreement	0.0%
Fees due	(14.4)	Fees due to Investment Manager	(5.1)%
Estimated NAV	264.8	Per Share	7.24

Source: AXA IM, as of September 2021

Last Eighteen Months Performance Attribution



Source: AXA IM, as of September 2021

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