

Volta Finance Ltd

Monthly Report – December 2022



Data as of 31 Dec 2022

Gross Asset Value	€219.4m
Liabilities	€6.0m
NAV	€213.5m
NAV per share	€5.84
Outstanding Shares	36.6m
Share Price (Euronext)	€4.84
Share Price (LSE)*	€4.89
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

7.3%	1.8%	-0.9%
Annualised since inception ¹	Annualised over 5 years ¹	1 month ²

€213.5m

NAV as of December 2022

11.0%

Trailing 12-month Div. Yield³

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

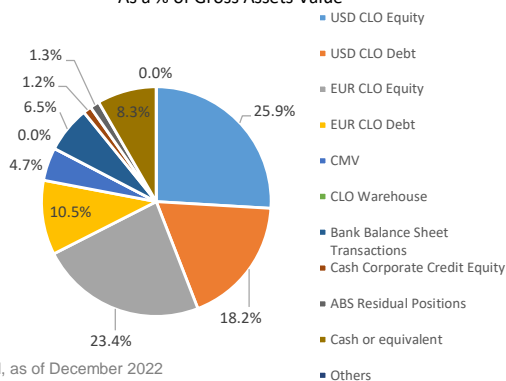
² Performance of published NAV (including dividend payments)

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



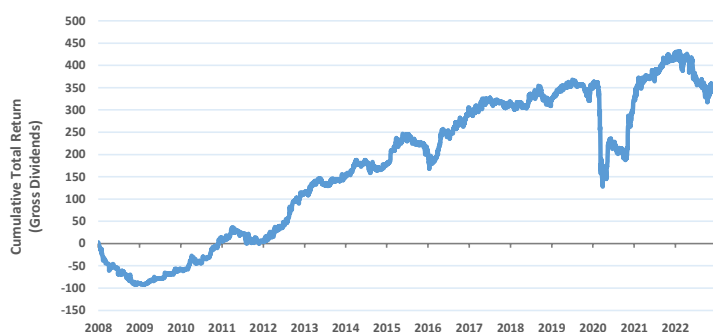
Source: AXA IM, as of December 2022

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	0.52%	Retail
Asurion LLC	0.44%	Insurance
Nidda Healthcare Holding GmbH	0.41%	Pharmaceuticals
BMC Software Inc	0.41%	Software
Clarios Global LP	0.40%	Auto Parts&Equipment
Verisure Holding AB	0.40%	Commercial Services
Laboratoire Cerba	0.39%	Healthcare-Services
Froneri International Ltd	0.37%	Food

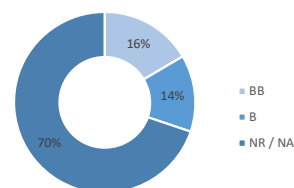
Source: Intex, Bloomberg, AXA IM Paris as of December 2022 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

Historical Performance



Source: Bloomberg, as of December 2022

Portfolio Rating Breakdown



Source: AXA IM, as of December 2022

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Monthly Commentary

After a very strong performance in November (+6.3%), December was slightly down with -1%, including the January dividend payment for which the record date was set in December.

Although CLO debt performed relatively well, Volta suffered from the underperformance of the USD against the Euro as well as slightly negative performances in December on Volta non-CLO exposures.

Volta's underlying sub asset classes monthly performances** were as follow: -0.3% for Bank Balance Sheet transactions, +0.5% for CLO Equity tranches, +1.3% for CLO Debt tranches; and -3.6% for Cash Corporate Credit and ABS (which represent circa 2.3% of the fund's NAV).

December usually is a relatively quiet month in terms of CLO Equity distributions. Over the month, Volta received the equivalent of €0.3m of interests and coupons. Over the usual 6-month-basis time frame Volta received €22.5m of interests and coupons, ie. a 21.1% annualized cash flow to NAV.

We purchased two European CLO Equity positions from the secondary market in December for a total nominal amount of €2.5m, at an average purchase price of 59.75%. The projected yield of said purchases is - under reasonable assumptions regarding future underlying losses - in the 22% context.

Fundamentals-wise, December saw significantly more downgrades than upgrades especially in the US Loan market. Even though we are still waiting for December trustee reports, expectations are that CCC/Caa1 loan buckets increased on average by 1.5 to 2% in the US through the course of the month.

In terms of default rates, we now have the full list of defaults for 2022. Default rates were still very low, at 0.4% for European Loans and 0.7% for US loans. After the invasion of Ukraine, rating agencies were forecasting 2022 default rates to reach between 2% and 2.5% for the US and European loan markets... We closed the year far from those levels.

As we regularly highlight in this report, the main reason for such low default rates is the benefit of inflation, despite the economic slowdown. When companies' revenues are growing fast, even if said companies suffer from margins pressure, profits and EBITDA still manage to grow (at a lower pace than revenues but they still do grow on average).

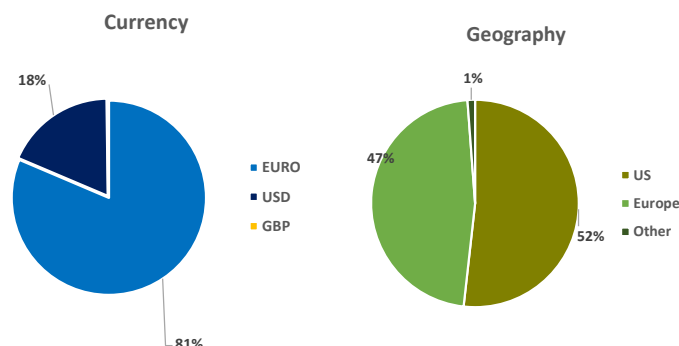
Such kind of default pattern should not materially impact the distribution of interests of Volta's assets in the near term. We believe that we can maintain a high level of coupons in the coming quarters and are actively looking to seize investment opportunities with the extra cash that is being generated.

As at the end of December 2022, Volta's NAV was €213.5m or €5.84 per share.

**It should be noted that approximately 6.6% 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 1.3% as at 30 November 2022, 4.7% was at 30 October 2022, 0.6% 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 (%)



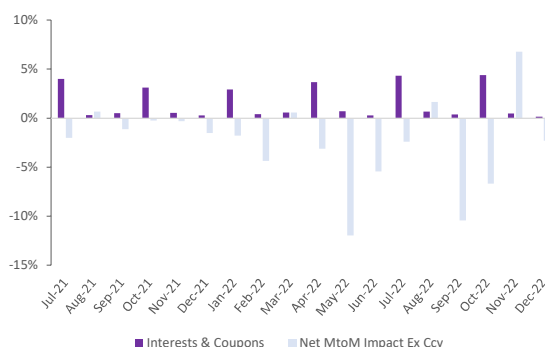
Source: AXA IM, as of December 2022 (% of NAV for ccy / % of GAV for geography)

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	181.4	USD CLO Equity	25.9%
		USD CLO Debt	18.2%
		EUR CLO Equity	23.4%
		EUR CLO Debt	10.5%
		CMV	4.7%
		CLO Warehouse	0.0%
Synthetic Credit	14.2	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	6.5%
Cash Corporate Credit	2.6	Cash Corporate Credit Equity	1.2%
		Cash Corporate Credit Debt	0.0%
ABS	2.9	ABS Residual Positions	1.3%
		ABS Debt	0.0%
Cash or equivalent	18.3	Cash or equivalent	8.3%
GAV	219.4		
Liability	-	Debt from Repurchase Agreement	0.0%
Fees due	(6.0)	Fees due to Investment Manager	(2.7)%
Estimated NAV	213.5	Per Share	5.84

Source: AXA IM, as of December 2022

Last Eighteen Months Performance Attribution



Source: AXA IM, as of December 2022

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