

Volta Finance Ltd

Monthly Report – November 2020



Data as of 30 Nov 2020

Gross Asset Value	€239.5m
Liabilities	€1.4m
NAV	€238.1m
NAV per share	€6.51
Outstanding Shares	36.6m
Share Price (Euronext)	€4.89
Share Price (LSE)	€5.15
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	2.2 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

6.9%	2.8%	7.2%
Annualised since inception ¹	Annualised over 5 years ¹	1 month ²

	€238.1m						9.8%						
	NAV as of November 2020						Trailing 12-month Div. Yield ³						
Returns ²	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2020	1.1%	-2.6%	-32.4%	5.7%	4.5%	6.9%	-1.2%	1.9%	4.8%	1.6%	7.2%		-10.2%
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%	6.7%
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%	0.1%
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%	6.6%
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%	15.2%
2015	3.7%	1.3%	3.1%	1.7%	1.6%	-0.7%	0.1%	-0.6%	-1.7%	0.1%	1.1%	0.1%	10.0%

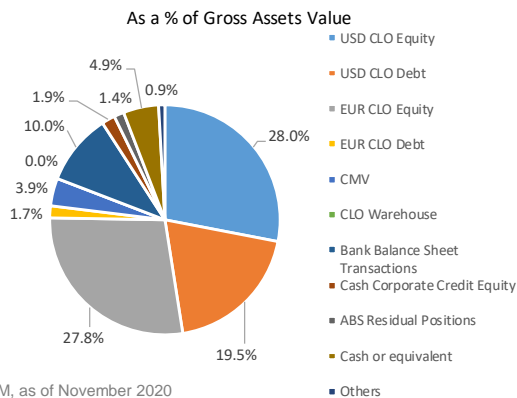
¹ Share (VTA.NA) performance (annualised figures with dividends re-invested). Source: Bbg (TRA function)

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



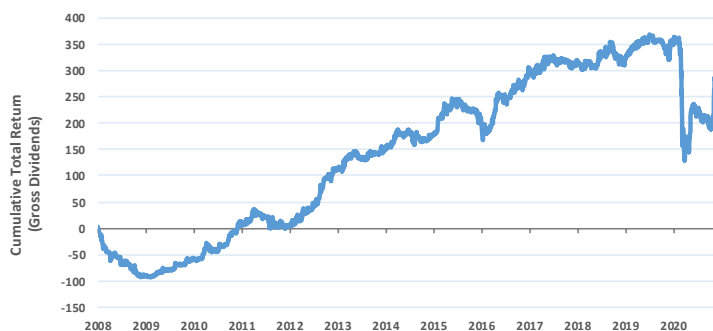
Source: AXA IM, as of November 2020

Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.60%	Telecommunications
Clarios Global LP	0.45%	Auto Parts&Equipment
EG Group Ltd	0.43%	Retail
Froneri International Ltd	0.48%	Food
Virgin Media Secured Finance PLC	0.44%	Media
GTT Communications Inc	0.38%	Telecommunications
Upfield BV	0.39%	Food
Action Nederland BV	0.27%	Retail
Paysafe Group Ltd	0.25%	Internet
Asurion LLC	0.32%	Insurance

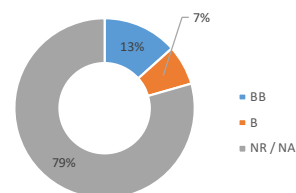
Source: Intex, Bloomberg, AXA IM Paris as of November 2020 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

Historical Performance



Source: Bloomberg, as of November 2020

Portfolio Rating Breakdown



Source: AXA IM, as of November 2020

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Monthly Commentary

In November, the monthly performance of Volta was +7.2%, a solid performance following the announcements regarding the availability of vaccines against the COVID-19 pandemic. The performance was mainly driven by the CLO debt and equity buckets.

The monthly asset class performances** were in local currency: -1.1% for Bank Balance Sheet transactions, +11.0% for CLO equity tranches; +10.2% for CLO Debt; -2.8% for Cash Corporate Credit deals (this bucket comprises funds that have a one-month delay in publishing their NAV); and +0.2% for ABS.

Regarding Volta's CLO equity positions, our conviction, pre-announcement of the vaccines, was that Volta could suffer limited diversion of cash flows for these positions. Considering that vaccination should allow faster economic recovery, it should reduce further the occurrence of loan defaults. Hence, the probability that Volta's CLO equity suffers some diversion of cash flows is expected to have further decreased. Our view is now that there shouldn't be an issue for Q1 2021. Going forward, cash diversion depends on the timing of default occurrences and loan upgrades/downgrades, but we are optimistic.

During recent months we have already observed more upgrades than downgrades (according to Moody's at least) in the US loan market. S&P reports were more balanced. Our view is still that, after such a massive and systematic wave of downgrades, we might see, in 2021, more upgrades than downgrades in the US loan market. With vaccines available early next year, this may also be the case in Europe (economically speaking we consider the availability of vaccines is more important for Europe than for the US as Europe took stronger measures to contain the pandemic).

November is, as always, a relatively quiet month for interest and coupons. Volta received in November 2020 the equivalent of €2.5m. On a 6-month rolling basis, Volta received the equivalent of €18.0m as at the end of November, representing a 15.1% annualised yield, based on the end November NAV (even taking into account the strong increase in NAV).

For next year, thanks to expected loan price increases and CLO spreads decreases, we might see some good opportunities to call some of our oldest positions (we have two CLO equity positions that would need to be called as most of the leverage has already disappeared due to earlier loan amortizations) and to refinance or even reset the more recent positions. Any opportunity to improve the situation of our CLO Equity positions will be exploited.

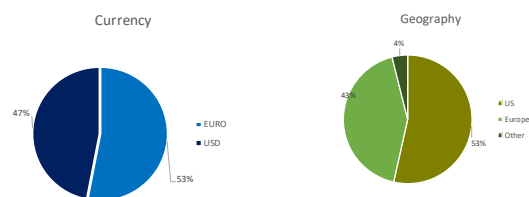
As at the end of November 2020, Volta's NAV was €238.1m or €6.51 per share.

The month-end available cash position was €11.8m.

"It should be noted that approximately 10.2% 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 note. The most recently available fund NAV or quoted price was for 9.0% as at 31 October 2020 and 1.2% as at 30 September 2020.

*** "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 (%)



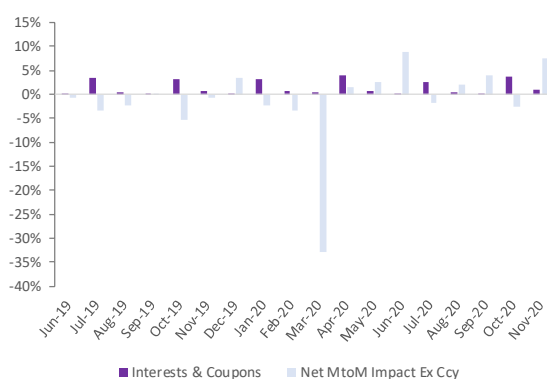
Source: AXA IM, as of November 2020 (% of NAV for ccy / % of GAV for geography)

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	193.6	USD CLO Equity	28.0%
		USD CLO Debt	19.5%
		EUR CLO Equity	27.8%
		EUR CLO Debt	1.7%
		CMV	3.9%
		CLO Warehouse	0.0%
Synthetic Credit	24.0	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	10.0%
Cash Corporate Credit	4.5	Cash Corporate Credit Equity	1.9%
		Cash Corporate Credit Debt	0.0%
ABS	5.4	ABS Residual Positions	1.4%
		ABS Debt	0.9%
Cash or equivalent	11.8	Cash or equivalent	4.9%
GAV	239.5		
Liability	-	Debt from Repurchase Agreement	0.0%
Fees due	(1.4)	Fees due to Investment Manager	(0.6)%
Estimated NAV	238.1	Per Share	6.51

Source: AXA IM, as of November 2020

Last Eighteen Months Performance Attribution



Source: AXA IM, as of November 2020

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