

Volta Finance Ltd

Monthly Report – September 2022



Data as of 30 Sep 2022

Gross Asset Value	€219.8m
Liabilities	€7.5m
NAV	€212.3m
NAV per share	€5.80
Outstanding Shares	36.6m
Share Price (Euronext)	€4.78
Share Price (LSE)*	€4.95
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

7.2%	0.6%	-7.2%
Annualised since inception ¹	Annualised over 5 years ¹	1 month ²

	€212.3m												11.7%													
	NAV as of September 2022												Trailing 12-month Div. Yield ³													
Returns ²	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	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%				-8.3%													
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%													

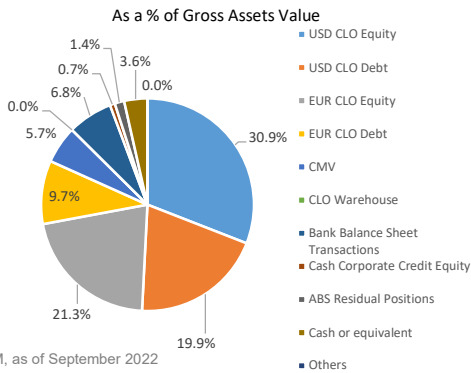
¹ Share (VTA.NA) performance (annualised figures with dividends re-invested). Source: Bbg (TRA function)

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



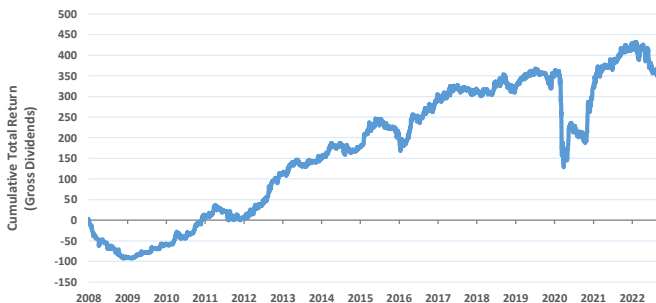
Source: AXA IM, as of September 2022

Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.69%	Telecommunications
Virgin Media Secured Finance PLC	0.49%	Media
EG Group Ltd	0.47%	Retail
Asurion LLC	0.44%	Insurance
McAfee LLC	0.42%	Computers
Clarios Global LP	0.37%	Auto Parts&Equipment
Masmovil Holdphone SA	0.37%	Telecommunications
Nidda Healthcare Holding GmbH	0.37%	Pharmaceuticals
Froneri International Ltd	0.34%	Food
BMC Software Inc	0.33%	Software

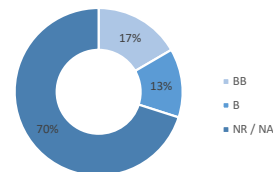
Source: Intex, Bloomberg, AXA IM Paris as of September 2022 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

Historical Performance



Source: Bloomberg, as of September 2022

Portfolio Rating Breakdown



Source: AXA IM, as of September 2022

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Monthly Commentary

This month, the structured debt market has been significantly impacted by the “liquidity” crunch resulting in the Volta net asset value (“NAV”) declining by -7.2%, totally reversing the +7.2% NAV uplift seen in July/August.

Examining the underlying sub asset classes, the monthly performances** were: +1.3% for Bank Balance Sheet transactions, -5.6% for CLO equity tranches; -8.7% for CLO debt; and -0.2% for Cash Corporate Credit and ABS (together representing 2.3% of NAV).

It is our view that the downdraft in pricing in the second half of September is the direct result of many investors having to face huge margin calls from currency hedging and/or from synthetic duration management (LDI: Liability Driven Investing) and becoming forced sellers in order to generate cash, in a context of new record high currency and interest rates volatility.

Volta avoided needing to raise cash through selling assets at distressed prices as it accumulated sufficient cash in August.

In the CLO markets, we saw a spike in BWIC lists (Bids Wanted In Competition) sometimes with very a very short time response window (less than a few hours); the usual practice, in normal market conditions, is to ask for bids for the next day.

As a consequence, CLO debt prices in particular have been temporarily depressed even though there was still almost no trade regarding CLO equity tranches as the vast majority of the BWIC was for AAA or AA tranches of CLO debts with a high focus on European CLO debt.

Looking at fundamentals, as expected, in September there have been more downgrades of loans than upgrades, but the overall quantum is still relatively low. There has been no significant increase in the proportion of CCC loans in CLOs and the CLO loan default rate remains very low (0.4% in Europe and 0.9% in the US for the last 12 months).

For the next month the focus will be on earnings publication for Q3 2022 but the overall outlook is not expected to change: we continue to expect for next year an increase in loan market default rates but not to a level that is would cause diversion of cash flows for CLO Equity positions in 2023. Volta is expected to receive in October all its cash flows from its CLO Equity position. We expect to continue to generate a high level of coupons we are looking to seize investment opportunities from the current liquidity crisis.

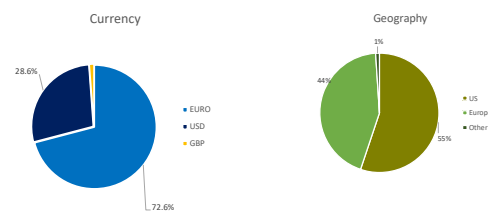
Last week we opened a European CLO Warehouse. No loans have yet been purchased but we expect to purchase some loans in the coming weeks/months at significant discount in order to form, later on, a very profitable CLO Equity position from this warehouse.

In September, Volta received the equivalent of €0.8m in terms of interest and coupons. For the 6 months ended September 2022, Volta received €24m interest and coupons representing a 22.4% annualized cash flow to NAV.

As at the end of September 2022, Volta's NAV was €212.3m or €5.80 per share.

**It should be noted that approximately 7.2% 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 notes. The most recently available fund NAV or quoted price was 1.0% as at 31 August 2022, 5.7% was at 31 July 2022 and 0.4% as at 30 June 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.*



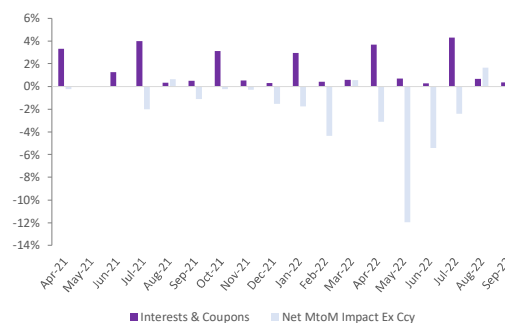
Source: AXA IM, as of September 2022 (% of NAV for ccy / % of GAV for geography)

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	192.2	USD CLO Equity	30.9%
		USD CLO Debt	19.9%
		EUR CLO Equity	21.3%
		EUR CLO Debt	9.7%
		CMV	5.7%
		CLO Warehouse	0.0%
Synthetic Credit	15.0	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	6.8%
Cash Corporate Credit	1.6	Cash Corporate Credit Equity	0.7%
		Cash Corporate Credit Debt	0.0%
ABS	3.2	ABS Residual Positions	1.4%
		ABS Debt	0.0%
Cash or equivalent	7.8	Cash or equivalent	3.6%
GAV	219.8		
Liability	(4.8)	Debt from Repurchase Agreement	(2.2)%
Fees due	(2.8)	Fees due to Investment Manager	(1.3)%
Estimated NAV	212.3	Per Share	5.80

Source: AXA IM, as of September 2022

Last Eighteen Months Performance Attribution



Source: AXA IM, as of September 2022

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