

Volta Finance Ltd

Monthly Report – November 2022



Data as of 30 Nov 2022

Gross Asset Value	€221.2m
Liabilities	€1.4m
NAV	€219.8m
NAV per share	€6.01
Outstanding Shares	36.6m
Share Price (Euronext)	€4.90
Share Price (LSE)*	€4.98
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%	1.4%	6.3%
Annualised since inception ¹	Annualised over 5 years ¹	1 month ²

€219.8m

NAV as of November 2022

11.4%

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%		-11.9%
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)

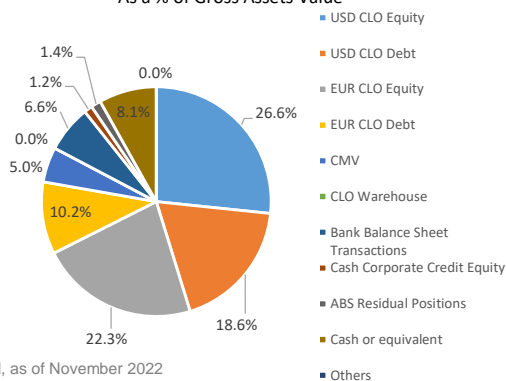
² Performance of published NAV (including dividend payments)

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

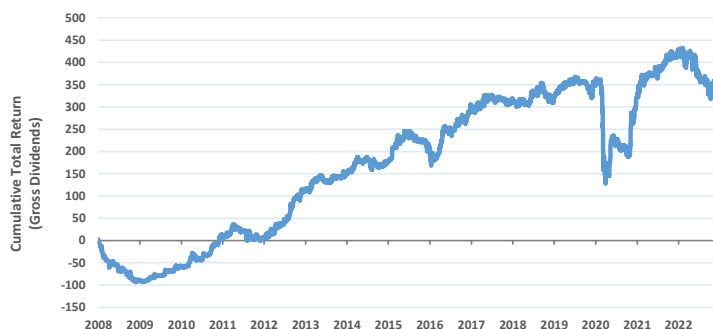
Asset Breakdown

As a % of Gross Assets Value



Source: AXA IM, as of November 2022

Historical Performance



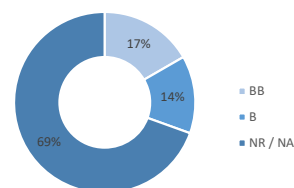
Source: Bloomberg, as of November 2022

Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.75%	Telecommunications
Virgin Media Secured Finance PLC	0.55%	Media
EG Group Ltd	0.51%	Retail
Asurion LLC	0.45%	Insurance
Nidda Healthcare Holding GmbH	0.41%	Pharmaceuticals
Clarios Global LP	0.40%	Auto Parts&Equipment
BMC Software Inc	0.39%	Software
Verisure Holding AB	0.39%	Commercial Services
Froneri International Ltd	0.38%	Food
Laboratoire Cerba	0.37%	Healthcare-Services

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

Portfolio Rating Breakdown



Source: AXA IM, as of November 2022

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Monthly Commentary

November was a strong month for Volta with a performance of +6.3%.

It is mainly due to the solid performance of Volta's CLO Equity positions, especially European ones, catching-up following months of underperformances but it is also due to better-than-expected recoveries on specific distressed names held in Volta's loan funds.

Diving into Volta's underlying sub asset classes, monthly performances** were as follow: +1.7% for Bank Balance Sheet transactions, +7.2% for CLO Equity tranches (+16.8% for European CLO Equity tranches); +2.5% for CLO Debt tranches; and +44.4% for Cash Corporate Credit and ABS (which represent circa 2.3% of the fund's NAV).

November is usually a relatively quiet month in terms of CLO Equity distributions. Volta received in November the equivalent of €2.1m in terms of interests and coupons. Over the usual 6-month-basis time frame Volta received €23.9m of interests and coupons. A 21.8% annualized cash flow to NAV.

Over the month, we purchased a European CLO Equity position (€2m nominal, purchased at 56%) with a projected yield in the 24% context (under reasonable assumptions).

There are still slightly more downgrades than upgrades in both the US and the European loan markets, although at a very moderate pace. In terms of default rates, we have been, for the-last-12-month measure, at 0.4% default rate for European loans and 0.7% for US loans. After the invasion of Ukraine, rating agencies were forecasting 2022 default rates to be between 2% and 2.5% for the US and European loan markets. We are one month from the end of the year and still far from such levels.

Rating agencies currently forecast default rates between 4% and 5.5% for 2023. Our default rates view for 2023 still lands in the 2% to 3% area for both US and European loans.

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.

Despite being relatively constructive and convinced that, at current prices, there is a lot of long-term value in Volta portfolio, we believe the recession that everybody expect in 2023 might be more pronounced that what we have in mind. We decided to hedge part of this risk by adding some overlay in terms of duration. We built some positions recently and Volta is long duration on a 4 years Euro swap for the equivalent of 0.8 years of duration (at 2.85% yield level) and long T-notes at roughly 3.9% yield level for circa 2 years of duration.

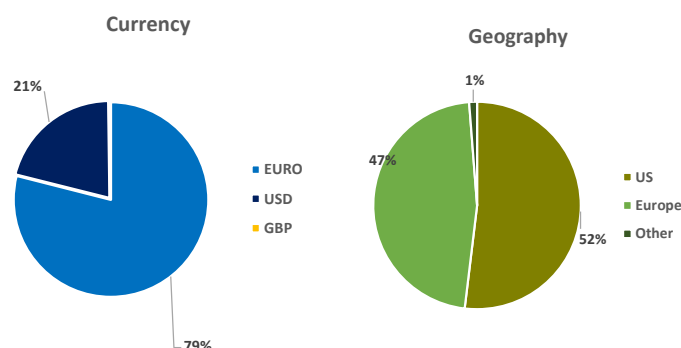
The idea here is to consider that if we are wrong on the fundamental scenario and if things get worse than our current anticipations, rates will very likely decrease, generating positive performances on our duration overlay positions. At the time of writing this comment we have a mark-to-market gain in the 0.6% area.

As at the end of November 2022, Volta's NAV was €219.8m or €6.01 per share.

"It should be noted that approximately 6.9% 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 6.3% as at 31 October 2022, 0.6% was at 30 September 2022. About 90% of the assets constituting Volta's NAV are valued by a third-party mark-to-market provider.

*** "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 (%)



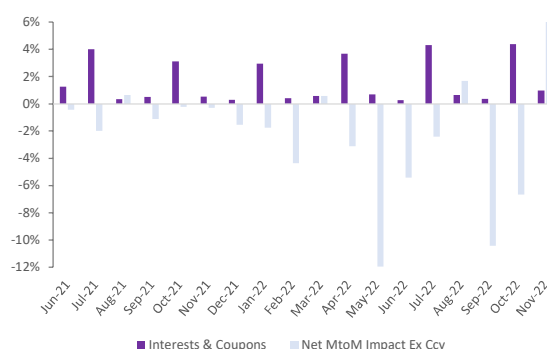
Source: AXA IM, as of November 2022 (% of NAV for ccy / % of GAV for geography)

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	183.0	USD CLO Equity	26.6%
		USD CLO Debt	18.6%
		EUR CLO Equity	22.3%
		EUR CLO Debt	10.2%
		CMV	5.0%
		CLO Warehouse	0.0%
Synthetic Credit	14.6	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	6.6%
Cash Corporate Credit	2.6	Cash Corporate Credit Equity	1.2%
		Cash Corporate Credit Debt	0.0%
ABS	3.1	ABS Residual Positions	1.4%
		ABS Debt	0.0%
Cash or equivalent	17.9	Cash or equivalent	8.1%
GAV	221.2		
Liability	-	Debt from Repurchase Agreement	0.0%
Fees due	(1.4)	Fees due to Investment Manager	(0.6)%
Estimated NAV	219.8	Per Share	6.01

Source: AXA IM, as of November 2022

Last Eighteen Months Performance Attribution



Source: AXA IM, as of November 2022

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