

Volta Finance Ltd

Monthly Report – May 2021



Data as of 31 May 2021

Gross Asset Value	€270.2m
Liabilities	€9.6m
NAV	€260.6m
NAV per share	€7.12
Outstanding Shares	36.6m
Share Price (Euronext)	€6.00
Share Price (LSE)*	€6.05
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	1.8 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

8.5%	6.0%	0.4%
Annualised since inception ¹	Annualised over 5 years ¹	1 month ²

€260.6m	9.7%
NAV as of May 2021	Trailing 12-month Div. Yield ³

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%								8.9%
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%
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)

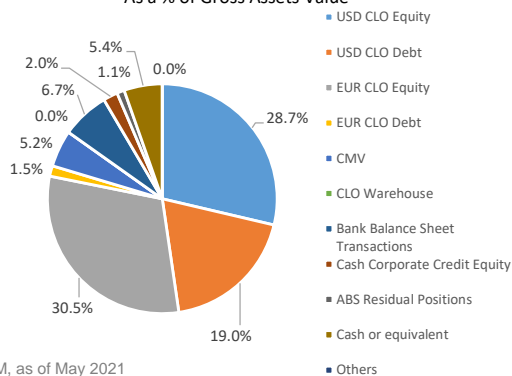
³ Calculated as the most recent annual dividend payments versus the month-end share price (VTA.NA)

⁴ Calculated as total income divided by the most recent annual dividend payments

* Quote as at 28 May 2021

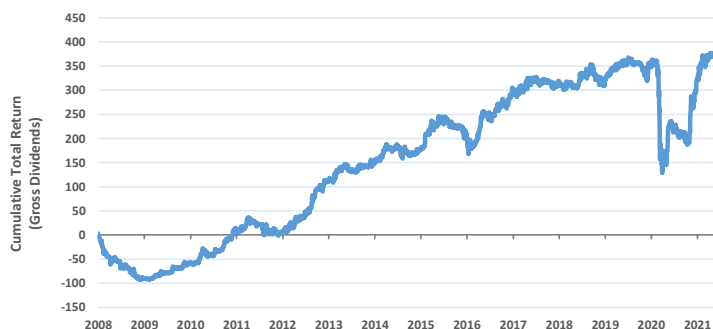
Asset Breakdown

As a % of Gross Assets Value



Source: AXA IM, as of May 2021

Historical Performance



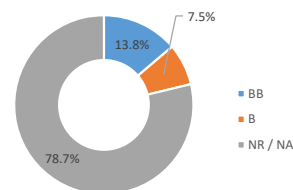
Source: Bloomberg, as of May 2021

Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.79%	Telecommunications
EG Group Ltd	0.62%	Retail
Froneri International Ltd	0.51%	Food
Clarios Global LP	0.47%	Auto Parts&Equipment
Upfield BV	0.40%	Food
Action Nederland BV	0.35%	Retail
GTT Communications Inc	0.35%	Telecommunications
Asurion LLC	0.41%	Insurance
BMC Software Inc	0.39%	Software
Virgin Media Secured Finance PLC	0.43%	Media

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

Portfolio Rating Breakdown



Source: AXA IM, as of May 2021

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Monthly Commentary

Volta has continued to perform well in May with +0.4%, reaching a total return of 8.9% for the first five months of 2021.

This time around, the performance was driven almost evenly by the good performance from CLO equity, CLO debt tranches, and Bank Balance sheet transactions. This month, the USD depreciation cost 0.7% of the monthly performance.

The monthly asset class performances** were: +1.4% for Bank Balance Sheet transactions, +1.6% for CLO equity tranches; +1.2% for CLO debt; -2.6% for Cash Corporate Credit and ABS (together representing 3.1% of GAV).

In terms of fundamentals, trailing-12-month default rates continued to decline in May, reaching post-Covid new lows with 1.7% default rate both for US loans and European loans. We were expecting default rates to converge between the US (where the impact of the Covid was more important) and Europe thanks to a faster economic recovery in the US at some point in time in 2021. It came sooner than expected and toward a lower default rate (our view was to expect a convergence in the area of 2/2.5%).

This relatively low default rate is manageable for CLOs and the improving situation should be favourable to the Company. It gives some ground to our strategy to reinforce our CLO Equity bucket in the recent years.

In terms of cash flows, May is structurally a weak month for Volta. Interests and coupons received during the month totaled the equivalent of €1.7m. On a 6-month rolling basis, Volta received the equivalent of €20.7m at the end of May, representing a 15.9% annualised cash flow yield, based on the end May NAV. We still expect overall cash flows to continue to increase in the coming months/quarters.

In May, Volta transformed a USD CLO warehouse into a new CLO and one existing USD CLO tranche was reset. All together the equivalent of €2.3m was allocated to these deals. On average, under market standard assumptions, the projected IRR of these add-ons was in the area of 13%.

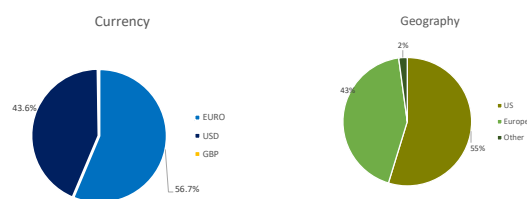
As at the end of May 2021, Volta's NAV was €260.6m or €7.12 per share.

The month-end cash position was €14.5m.

**It should be noted that approximately 9.5% 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 8.5% as at 30 April 2021 and 1.0% as at 31 March 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 (%)



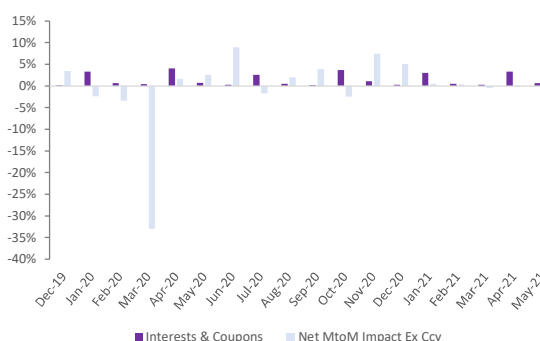
Source: AXA IM, as of May 2021 (% of NAV for ccy / % of GAV for geography)

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	229.2	USD CLO Equity	28.7%
		USD CLO Debt	19.0%
		EUR CLO Equity	30.5%
		EUR CLO Debt	1.5%
		CMV	5.2%
		CLO Warehouse	0.0%
Synthetic Credit	18.2	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	6.7%
Cash Corporate Credit	5.4	Cash Corporate Credit Equity	2.0%
		Cash Corporate Credit Debt	0.0%
ABS	2.9	ABS Residual Positions	1.1%
		ABS Debt	0.0%
Cash or equivalent	14.5	Cash or equivalent	5.4%
GAV	270.2		
Liability	-	Debt from Repurchase Agreement	0.0%
Fees due	(9.6)	Fees due to Investment Manager	(3.6)%
Estimated NAV	260.6	Per Share	7.12

Source: AXA IM, as of May 2021

Last Eighteen Months Performance Attribution



Source: AXA IM, as of May 2021

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