

Volta Finance Limited (VTA / VTAS) – September 2021 monthly report

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Guernsey, 12 October 2021

AXA IM has published the Volta Finance Limited (the “Company” or “Volta Finance” or “Volta”) monthly report for September. The full report is attached to this release and will be available on Volta’s website shortly (www.voltafinance.com).

PERFORMANCE and PORTFOLIO ACTIVITY

September’s performance, including the €0.14 dividend per share paid at the end of September, was outstanding at 1.9% relative to the negative performance for most equity markets. The year-to-date total return of the company is 15.0%.

This recently observed uncorrelated performance may result from being predominantly invested in floating-rate instruments (corporate loans through CLOs) and having a relatively short duration. Noting that this negative correlation may be temporary.

With ongoing cash flows continuing at a pace close to 20% (annualized), Volta's strategy is expected to differ from investments like equity strategies (especially growth stocks) that may be more sensitive to long-term interest rates. In this way, Volta looks like a perfect complement to classic equity exposure, with a performance that exhibits less dependence on long-term dividend growth and profitability and more on short to medium-term company solvency.

At the end of September, the 12-month default rate was at 0.5% for US loans and 0.8% for European loans. Companies can more easily refinance their debt and M&A activity is frequently providing an exit strategy to some of the stocks that suffered the most from the Covid crisis. Whatever the exit strategy being pursued so far, many loans found a way to refinance and the maturity wall is being extended towards 2027-2028, reducing significantly the probability of default for the coming few years.

Turning to the details, the monthly asset class performances** were: +0.8% for Bank Balance Sheet transactions, +2.1% for CLO equity tranches; +0.2% for CLO debt; +0.3% for Cash Corporate Credit and ABS (together representing 3.0% of NAV). In September, USD appreciation against Euro contributed +0.8% to the overall performance

As usual, September is a relatively low volume month in terms of interest and coupons with the currency equivalent of €1.3m being received. On a 6-month rolling basis, Volta had received the currency equivalent of €26.5m to the end of September, representing a 20.0% annualised cash flow yield, based on the end of the month NAV.

In September, Volta had a €1m BB tranche called and made no new investment. As at the end of September Volta held nearly €12m of cash available for re-investment. The pipeline in the primary market for CLO issuance, both in the US and in Europe, is extremely high for October (with an unprecedented volume YTD) that we are expecting some spread widening and to be able to reinvest cash at attractive levels.

As at the end of September 2021, Volta’s NAV was €264.8m or €7.24 per share.

**It should be noted that approximately 8.0% 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 1.7% as at 31 August 2021, 5.5% as at 31 July 2021, and 0.8% as at 30 June 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.*

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ABOUT VOLTA FINANCE LIMITED

Volta Finance Limited is incorporated in Guernsey under The Companies (Guernsey) Law, 2008 (as amended) and listed on Euronext Amsterdam and the London Stock Exchange's Main Market for listed securities. Volta's home member state for the purposes of the EU Transparency Directive is the Netherlands. As such, Volta is subject to regulation and supervision by the AFM, being the regulator for financial markets in the Netherlands.

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. Volta seeks to attain its investment objectives predominantly through diversified investments in structured finance assets. The assets that the Company may invest in either directly or indirectly include, but are not limited to: corporate credits; sovereign and quasi-sovereign debt; residential mortgage loans; and, automobile loans. The Company's approach to investment is through vehicles and arrangements that essentially provide leveraged exposure to portfolios of such underlying assets. The Company has appointed AXA Investment Managers Paris an investment management company with a division specialised in structured credit, for the investment management of all its assets.

ABOUT AXA INVESTMENT MANAGERS

AXA Investment Managers (AXA IM) is a multi-expert asset management company within the AXA Group, a global leader in financial protection and wealth management. AXA IM is one of the largest European-based asset managers with 767 investment professionals and €866 billion in assets under management as of the end of June 2021.

This press release is published by AXA Investment Managers Paris ("AXA IM"), in its capacity as alternative investment fund manager (within the meaning of Directive 2011/61/EU, the "AIFM Directive") of Volta Finance Limited (the "Volta Finance") whose portfolio is managed by AXA IM.

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The figures provided that relate to past months or years and past performance cannot be relied on as a guide to future performance or construed as a reliable indicator as to future performance. Throughout this review, the citation of specific trades or strategies is intended to illustrate some of the investment methodologies and philosophies of Volta Finance, as implemented by AXA IM. The historical success or AXA IM's belief in the future success, of any of these trades or strategies is not indicative of, and has no bearing on, future results.

The valuation of financial assets can vary significantly from the prices that the AXA IM could obtain if it sought to liquidate the positions on behalf of the Volta Finance due to market conditions and general economic environment. Such valuations do not constitute a fairness or similar opinion and should not be regarded as such.

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