

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

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Guernsey, 10 December 2021

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

PERFORMANCE and PORTFOLIO ACTIVITY

November’s performance was positive at +1.0%. The year-to-date total return of the Company is 17.5%. Once again this month, the performance of Volta’s portfolio bore little correlation to wider markets: loan cash flows remained resilient and no meaningful news arose to alter the expectation that defaults will remain low and cash flows strong.

The new Omicron Covid variant had a much wider impact on broad equity market valuation but did not seem to significantly influence the solid outlook for loans in 2022 and 2023. There remain billions available to refinance debt (including loans) and the maturity wall of loan markets, both in the US and in Europe, appears to be moving from 2025/2026 to 2028/2029 as a result. Consequently, we anticipate several years with relatively low default rates (as at the end of November, last-12-month default rates are respectively 0.3% and 0.8% in the US and Europe).

For Volta, we remain significantly exposed to CLO Equity positions (2/3rds of our assets) to benefit from the large cash flows such positions are paying so far and are expected to continue paying. In 2021 we succeeded in reshaping most of our CLO equity positions by refinancing or resetting the long-term leverage that supports the CLO Equity position arbitrage. All other things being equal, we can expect to receive higher and longer-term cash flows from such CLO Equity positions.

November is generally a relatively low-volume month in terms of CLO interests and coupons with the equivalent of €1.2m being received. On a 6-month rolling basis to the end of November, Volta received the equivalent of €25.9m, representing a 19.1% annualised cash flow yield, based on the end of the month NAV.

In November, we purchased some BB and B tranches of CLOs, we took the opportunity of a CLO reset to add to an existing CLO Equity position at a very competitive price (81.5% of par) and we opened a new European CLO Warehouse for a total of €15.7m equivalent.

Turning to the detailed asset classes, the monthly performances** were: +0.8% for Bank Balance Sheet transactions, +0.7% for CLO equity tranches; -0.1% for CLO debt; +0.3% for Cash Corporate Credit and ABS (together representing 3.0% of NAV). The long USD exposure contributed positively to the monthly performance by 0.7%.

As at the end of November Volta is fully invested and CLO Debt/Equity/Warehouses are representing 90% of the assets. Month after month we are gradually transitioning Volta towards being a pure CLO vehicle and this process will continue with the remaining residual non-CLO assets during 2022.

As at the end of November 2021, Volta’s NAV was €270.6m or €7.40 per share.

**It should be noted that approximately 9.2% 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 3.2% as at 31 October 2021, 0.7% as at 30 September 2021, and 5.3% as at 31 July 2021.*



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*** "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.

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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.

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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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