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

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Guernsey, 12 January 2021

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

PERFORMANCE and PORTFOLIO ACTIVITY

Volta's performance was positive once again in December, rising by 0.3%, including the dividend of €0.15 per share accounted for in the period. This brings the total return for the full calendar year to 17.9%. 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 underlying performance of the Company's assets, and even the mark-to-market performance, were little impacted by the new Omicron Covid variant and, for the moment, have not reacted to the more hawkish tone of US Federal Reserve monetary policy. The market is now pricing that the Fed will act more swiftly than a few months ago and it is probable that we will see more volatility on fixed-rate instruments in the coming months.

Volta is mainly invested in CLO tranches, whose performance would not be adversely impacted by the predicted future path of interest rates as long as those rate hikes are not so numerous that they begin to notably impair companies' ability to service their debts and refinance in due course. When considering what happened on this front (inflation/monetary policy) in 2021, it was constructive for Volta's assets: we had much more inflation than in previous years, most of the companies were able to adjust selling prices so that companies' EBITDA and profits increased significantly (10 to 15% expected for the whole of 2021) while no rate increases squeezed companies' cost of debt. As a result, the usual measure of default rates in loan markets finished the year at a very low level: 0.3% in the US and 0.6% in Europe (on a last 12-month basis).

For 2022, we expect debt erosion to continue helping companies rolling their debt, and the maturity wall for loan markets to continue migrating to 2028/2029 so that it is reasonable to expect default rates to stay relatively low in 2022 (and probably 2023). The consequence would be that Volta would continue receiving high cash flows from its investments (especially given that almost two-thirds of the portfolio is CLO Equity positions).

December is generally a relatively low-volume month in terms of CLO interests and coupons with the equivalent of €0.8m being received. On a 6-month rolling basis to the end of December, Volta received the equivalent of €23.6m, representing a 17.7% annualised cash flow yield, based on the end of the month NAV.

In December, we took the opportunity of the modest price decrease in loans to open a new US CLO warehouse. We expect this warehouse to be transformed into a US CLO Equity position at the end of Q1 2022. The more the CLO manager can purchase loans at a discount the better for our future CLO Equity position.

Turning to the detailed asset classes, the monthly performances** were: +3.5% for Bank Balance Sheet transactions, +0.4% for CLO equity tranches; +1.2% for CLO debt; -0.8% for Cash Corporate Credit and ABS (together representing 3.0% of NAV). The long USD exposure contributed negatively to the monthly performance by 0.3%.

As at the end of December Volta was fully invested and CLO Debt/Equity/Warehouses represented

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 December 2021, Volta's NAV was €265.8m or €7.27 per share.

**It should be noted that approximately 7.5% 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 6.9% as at 30 November 2021, 0.6% as at 30 September 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.

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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.

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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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