

**Volta Finance Limited (VTA / VTAS) – January 2022 monthly report**

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*Guernsey, 11 February 2022*

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

**PERFORMANCE and PORTFOLIO ACTIVITY**

A good start for 2022 with a gain of 1.7% in January despite a challenging environment. Many markets, especially fixed income credit markets and equities are adapting themselves to a new environment regarding central banks’ actions. The Fed is now expected to increase its rate by more than 100bps in 2022 while a first hike from the ECB is now priced for 2022 (AXA IM Research, January 2022).

As noted previously, Volta's performance is mostly dependent on loans’ default rates and spreads and bear little correlation to wider markets. Loan cash flows remained resilient again this month and no meaningful news arose to alter the expectation that defaults will remain low and cash flows strong for 2022/2023.

Turning to the detailed asset classes, the monthly performances\*\* were: +3.6% for Bank Balance Sheet transactions, +1.5% for CLO equity tranches; +1.4% for CLO debt; +5.5% for Cash Corporate Credit and ABS (together representing 2.9% of NAV).

As at the end of January 2022, CLO tranches (Debt and Equity) represent 91.5% of the NAV and we expect some Bank Balance Sheet transactions to be called in the coming months. At that point, Volta will become an almost pure CLO fund given that the investment case for CLO tranches is the most appealing in the current market environment.

In 2021, default rates for loans were respectively 0.3% in the US and 0.6% in Europe. The loan market is still very active, helping companies roll their debt, and the maturity wall for loan markets continues to migrate to 2028/2029 so it is reasonable to expect default rates to stay relatively low in 2022 (and probably 2023). Under this assumption, Volta would continue receiving high cash flows from its investments (especially given that two-thirds of the portfolio is CLO Equity positions).

In January, Volta received interest and coupons of the equivalent of €8.0m. On a 6-month rolling basis to the end of January, Volta received the equivalent of €20.9m, representing a 15.5% annualised cash flow yield, based on the end of the month NAV. The amount of cash flows received in January was lower than in October 2021 as one CLO Equity position paid its cash flow earlier than on the normal payment date (because of a reset) and another will pay its next cash flow with a long 6-month period after a significant upsize of the transaction (as if it has been a newly issued position).

In December, we took the opportunity of the modest price decreases 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. In normal market conditions, the more the CLO manager can purchase loans at a discount the better it should be for our future CLO Equity position.

As at the end of January Volta has again some dry power (nearly €6m). With the price decrease on High Yield bonds, CLO BB tranches may trade at a discount in the coming weeks. That may be an opportunity for Volta as we continue to have some positions called from time to time (in January one EUR BB was called at par for example).

As at the end of January 2021, Volta’s NAV was €270.4m or €7.39 per share.



*\*It should be noted that approximately 2.4% 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 1.8% as at 31 December 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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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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