

Volta Finance Ltd

Monthly Report – March 2022



Data as of 31 Mar 2022

Gross Asset Value	€266.6m
Liabilities	€8.3m
NAV	€258.3m
NAV per share	€7.06
Outstanding Shares	36.6m
Share Price (Euronext)	€6.00
Share Price (LSE)*	€5.85
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

8.7%	5.5%	1.5%
Annualised since inception ¹	Annualised over 5 years ¹	1 month ²

€258.3m

NAV as of March 2022

12.0%

Trailing 12-month Div. Yield³

Returns ²	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2022	1.7%	-3.9%	1.5%										-0.8%
2021	3.9%	1.0%	1.1%	2.1%	0.4%	2.2%	1.9%	-0.5%	1.9%	1.2%	1.0%	0.3%	17.9%
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%

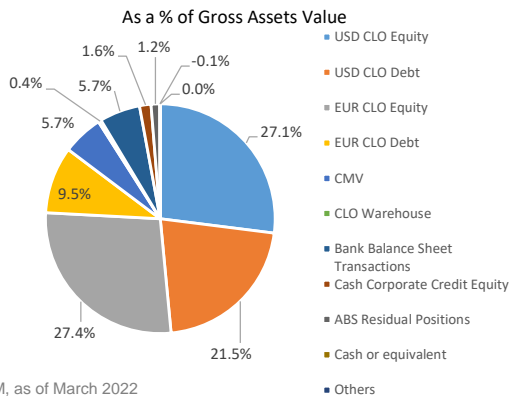
¹ Share (VTA.NA) performance (annualised figures with dividends re-invested). Source: Bbg (TRA function)

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

Asset Breakdown



Source: AXA IM, as of March 2022

Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.86%	Telecommunications
EG Group Ltd	0.59%	Retail
Virgin Media Secured Finance PLC	0.51%	Media
Asurion LLC	0.45%	Insurance
Clarios Global LP	0.42%	Auto Parts&Equipment
Froneri International Ltd	0.39%	Food
McAfee LLC	0.38%	Computers
Lumen Technologies Inc	0.34%	Telecommunications
Masmovil Holdphone SA	0.36%	Telecommunications
BMC Software Inc	0.35%	Software

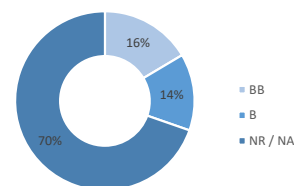
Source: Intex, Bloomberg, AXA IM Paris as of March 2022 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

Historical Performance



Source: Bloomberg, as of March 2022

Portfolio Rating Breakdown



Source: AXA IM, as of March 2022

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Monthly Commentary

March saw a good recovery from the losses experienced in February following the Russian invasion of Ukraine. At the end of March, the fund gained 1.5% which leaves the year-to-date performance at -0.8% as some of the uncertainty from the invasion lingers and as consequences on the markets persist.

Turning to the broad asset classes, the monthly performances** were: +1.0% for Bank Balance Sheet transactions, +1.4% for CLO equity tranches; +0.8% for CLO debt; +0.0% for Cash Corporate Credit and ABS (together representing 2.8% of NAV).

In recent weeks, both the US and the European loan markets saw price increases. Relative to end-of-year levels, loan prices are now down by roughly 1% in the US and 1.5% in Europe on average. Similarly, the percentage of loans trading below 85% has barely increased, confirming our initial analysis that there are very few borrowers, both in the European and the US loan markets that have significant exposure (either revenue or production) to the countries directly involved in the crisis (Russia, Ukraine, and Belarus).

The outlook for Volta turns principally, therefore, upon the macro-economic consequences of the war. Especially in Europe, a commodity crisis and the economic sanctions against Russia are increasing recession risks and we lack clarity regarding the length and strength of these issues. In the US, the focus is now more on the abrupt pivot from the US Federal Reserve with a heightened risk of policy error. The Fed is now expected to act rapidly and abruptly to fight against inflation. This is likely to impact housing affordability and household confidence is already declining.

We clearly have entered into a period of more uncertainty and higher volatility in financial markets. As always, it may generate stress with a potential rise in default rates this year and next, but it should also generate opportunities (inside CLOs, buying loans at a discount or new loans with far higher spread and, for Volta being able to purchase BB CLO tranches at an attractive spread).

When looking at the example of the US CLO market, since the Russian invasion on February 24th, the increase of CLO debt spreads (for AAA/AA/A tranches at least) is relatively modest (in the area of 15/20bps) thanks to the solid demand that persists for floating-rate instruments. So that the arbitrage for USD CLO Equity tranches is still good. There has been almost no increase in CCC loan buckets to date and we expect Volta's ongoing cashflows to stay high.

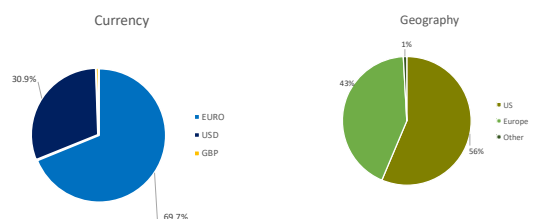
For the 6 months ended March 2022, Volta received €21.3m interest and coupons representing a 16.4% annualized return on NAV. This strong cash flow continues to underpin Volta's dividend (currently set at 8% of NAV per annum) and provides useful reinvestment opportunities. A dividend of €0.15 per share was declared in March and, at this level, has now almost fully regained the level of dividend payment before Covid. We do not anticipate any negative impacts on cash flows in the foreseeable future.

As at the end of March 2022, Volta's NAV was €258.3m or €7.06 per share ex-dividend.

**It should be noted that approximately 8.3% 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 2.0% as at 28 February 2022, 5.7% as at 31 January 2022, and 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.*

Currency and Geography exposures (%)



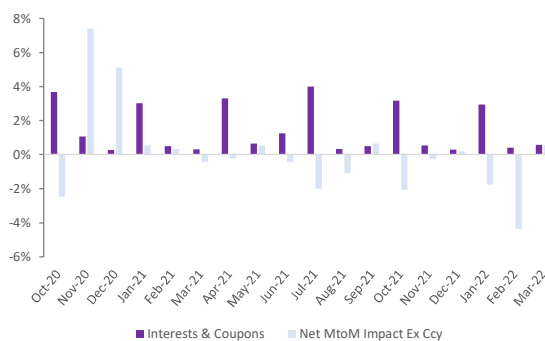
Source: AXA IM, as of March 2022 (% of NAV for ccy / % of GAV for geography)

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	238.9	USD CLO Equity	26.5%
		USD CLO Debt	21.0%
		EUR CLO Equity	26.8%
		EUR CLO Debt	9.3%
		CMV	5.6%
		CLO Warehouse	0.4%
Synthetic Credit	15.0	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	5.6%
Cash Corporate Credit	4.2	Cash Corporate Credit Equity	1.6%
		Cash Corporate Credit Debt	0.0%
ABS	3.2	ABS Residual Positions	1.2%
		ABS Debt	0.0%
Cash or equivalent	5.3	Cash or equivalent	2.0%
GAV	266.6		
Liability	(5.5)	Debt from Repurchase Agreement	(2.1)%
Fees due	(2.8)	Fees due to Investment Manager	(1.0)%
Estimated NAV	258.3	Per Share	7.06

Source: AXA IM, as of March 2022

Last Eighteen Months Performance Attribution



Source: AXA IM, as of March 2022

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