

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

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Guernsey, 12 August 2022

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

PERFORMANCE and PORTFOLIO ACTIVITY

July saw a recovery from the losses faced the previous two months. The fund gained +4.5%, mainly driven by EUR CLO equity holdings (+2,7% contribution in NAV performance).

Through asset classes, the monthly performances** were: -2.8% for Bank Balance Sheet transactions, +5% for CLO equity tranches; +2.3% for CLO debt; -5% for Cash Corporate Credit and ABS (together representing 2.3% of NAV).

In the footsteps of most markets (July was one of the best months for the High Yield bonds market since years), the loan markets rallied and therefore CLO followed.

Across CLO market, USD CLO equity received cashflows below expected due to the loss of the Libor floor, in contrast with EUR deals that received higher cashflows than expected. In addition to the EUR CLO equity prices rally (after two tough months), it leads to a double digit performance for this asset class in July.

During the last month, the fund sold 2 USD CLO tranches rated BB and B, and acquired 2 EUR tranches (of the same deal) rated BB and B too. The purchases were based on the following assumptions : 18 months to call, 15% and 22% IRR respectively.

For the coming weeks, Volta will participate in two CLO warehouses, one short USD warehouse and an EUR warehouse thereafter, both investments will be rolled in the CLO equity issuance. Under the current assumptions, the target IRR is around 15% for both deal, with limited risk for the USD warehouse as the fund is investing after CLO pricing. More details will be communicated in the next report.

In July, Volta received the equivalent of €9.8m in terms of interest and coupons. For the 6 months ended July 2022, Volta received €24.3m interest and coupons representing a 21.4% annualized cash flow to NAV.

As already stated in the past, Volta didn’t suffer from any diversion of cash flows from its CLO Equity positions, we think that it would continue for the coming quarters.

As at the end of July 2022, Volta’s NAV was €227.7m or €6.22 per share.

**It should be noted that approximately 7.0% 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 6.4% as at 30 June 2022 and 0.6% as at 31 March 2022..*

*** “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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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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