

Volta Finance Ltd

Monthly Report – April 2023



Data as of 30 Apr 2023

Gross Asset Value	€228.7m
Liabilities	€1.0m
NAV	€227.7m
NAV per share	€6.22
Outstanding Shares	36.6m
Share Price (Euronext)	€5.06
Share Price (LSE)*	€5.00
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	2.5 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

7.6%	3.4%	3.0%
Annualised since inception ¹	Annualised over 5 years ¹	1 month ²

€227.7m

NAV as of April 2023

10.1%

Trailing 12-month Div. Yield³

Returns ²	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023	5.5%	1.7%	-1.5%	3.0%									8.9%
2022	1.7%	-3.9%	1.5%	2.3%	-11.8%	-4.6%	4.5%	2.8%	-7.2%	-2.6%	6.3%	-0.9%	-12.7%
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%

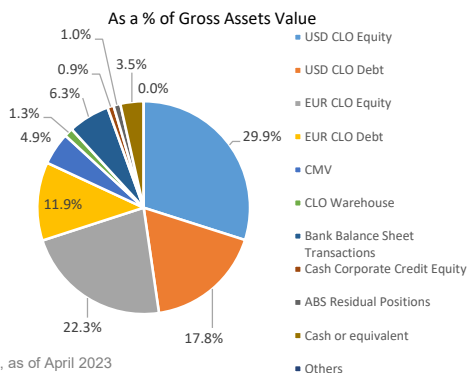
¹ Share (VTA.NA) performance (annualised figures with dividends re-invested). Source: Bbg (TRA function)

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 April 2023

Historical Performance



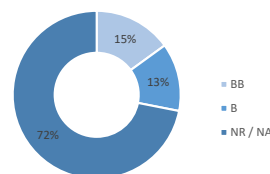
Source: Bloomberg, as of April 2023

Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.75%	Telecommunications
Virgin Media Secured Finance PLC	0.54%	Media
EG Group Ltd	0.51%	Retail
Nidda Healthcare Holding GmbH	0.48%	Pharmaceuticals
Asurion LLC	0.44%	Insurance
Laboratoire Cerba	0.38%	Healthcare-Services
BMC Software Inc	0.38%	Software
Verisure Holding AB	0.37%	Commercial Services
Clarios Global LP	0.37%	Auto Parts&Equipment
Masmovil Holdphone SA	0.36%	Telecommunications

Source: Intex, Bloomberg, AXA IM Paris as of April 2023 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

Portfolio Rating Breakdown



Source: AXA IM, as of April 2023

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Monthly Commentary

Volta Finance's performance in April was +3.02%; a solid return which confirmed that CLOs are relatively immune to the recent issues of the banking sector. The performance also stands at strong +8.9% year to date, a very good start for 2023.

Volta's underlying sub asset classes monthly performances** were as follows: +3.8% for Bank Balance Sheet transactions, +3.5% for CLO Equity tranches, +2.0% for CLO Debt tranches and +9.1% for Cash Corporate Credit and ABS (which represent circa 2.0% of the fund's NAV).

As hinted just above, the performances of all Volta's sub-asset classes confirmed our view that those have no direct connections with the recent issues that shook the banking segment. We believe that the Credit Suisse situation was very specific hence would not lead to a wider contagion in Europe. We also believed that even though we may occasionally see some US regional banks in need of a rescue plan - most likely of far smaller size than SVB or First Republic - we shall not expect any domino effect in the US financial system either.

Looking at the macro implications of the above, our view is still that we may see US regional banks pushed to reduce some of the support they used to provide to specific businesses in the quarters/years to come. The areas under most scrutiny seem to be the CRE one as well as local/small businesses and it is reasonable to expect that a reduction in financial support will impact access to credit for these players. It may marginally increase the overall cost of credit for a substantial chunk of the US economy although we expect this to be partially offset by lower-than-expected interest rates.

In the end, the impacts for loans (those are broadly syndicated credits and do not depending on US regional banks) could be neutral: on one hand pressure from higher cost of credit but on the other hand the FED may stop hiking rates in May thus reducing the pressure from interest rate hikes on interest coverage ratios.

We still consider that the most likely scenario for 2023 is to close the year with higher but manageable default rates: from current 0.6% in Europe and 1.3% in the US at the end of April toward something in the 1/1.5% context for European loans and 2/2.5% for US loans. The levels, even modestly higher levels, may not cause any issue for CLO Equity quarterly payments (no interruption/diversion of payments in 2023 and most probably in 2024 as well).

Except for one deal that we did in April, with a significant rebate regarding the price we paid, all Volta CLO Equity are from pre-Ukrainian invasion vintages, the vast majority of them were refinanced/reset in 2021 and benefit from a cheap cost of leverage (in the 170bps area, relative to close to 300bps for the most recent CLOs). This cheap cost of leverage is the main driver of Volta quarterly cashflows and future performances.

In April, Volta received the equivalent of €10.3m of interests and coupons. Through the last 6 months, Volta received €23.4m of interests and coupons, ie. a 20.5% annualized cash flow to NAV.

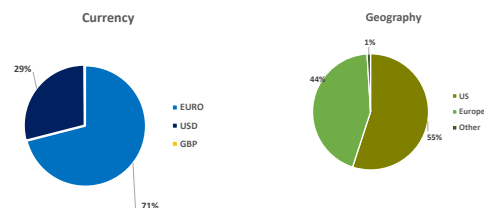
In April, we purchased one USD CLO Equity position as well as the BB tranche of the same deal (for a total of \$9.4m), plus the BB and the B tranche of a European CLO (for a total of €2.2m). Those debt tranches were purchased with projected IRR between 12.5 and 15% while the CLO Equity tranche was purchased with a projected IRR in the 13%. The Equity position was purchased under the assumption that such projected return will be significantly improved in 18/24 months when being able to reset the transaction with a lower cost of leverage.

As at the end of April 2023, Volta's NAV was €227.7m or €6.22 per share.

"It should be noted that approximately 10.23% 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 3.73% as at 14 April 2023, 6.04% as at 31 March 2023, 0.46% as at 31 December 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.*

Currency and Geography exposures (%)



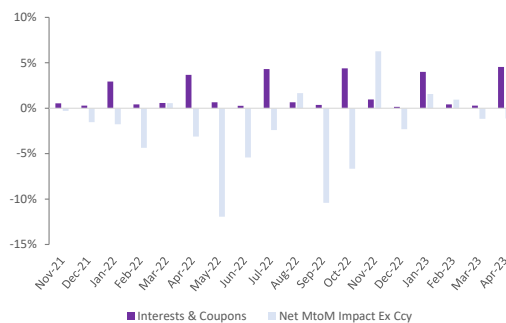
Source: AXA IM, as of April 2023 (% of NAV for ccy / % of GAV for geography)

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	201.7	USD CLO Equity	29.9%
		USD CLO Debt	17.8%
		EUR CLO Equity	22.3%
		EUR CLO Debt	11.9%
		CMV	4.9%
		CLO Warehouse	1.3%
Synthetic Credit	14.4	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	6.3%
Cash Corporate Credit	2.1	Cash Corporate Credit Equity	0.9%
		Cash Corporate Credit Debt	0.0%
ABS	2.4	ABS Residual Positions	1.0%
		ABS Debt	0.0%
Cash or equivalent	8.1	Cash or equivalent	3.5%
GAV	228.7		
Liability	-	Debt from Repurchase Agreement	0.0%
Fees due	(1.0)	Fees due to Investment Manager	(0.4)%
Estimated NAV	227.7	Per Share	6.22

Source: AXA IM, as of April 2023

Last Eighteen Months Performance Attribution



Source: AXA IM, as of April 2023

Volta Finance Ltd

Monthly Report – April 2023

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