

Volta Finance Ltd

Monthly Report – September 2020



Data as of 30 Sep 2020

Gross Asset Value	€225.2m
Liabilities	€2.7m
NAV	€222.5m
NAV per share	€6.08
Outstanding Shares	36.6m
Share Price (Euronext)	€4.10
Share Price (LSE)	€4.30
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	2.9 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

5.4%	-1.8%	4.8%
Annualised since inception ¹	Annualised over 5 years ¹	1 month ²

€222.5m

9.0%

NAV as of September 2020

Trailing 12-month Div. Yield³

Returns ²	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2020	1.1%	-2.6%	-32.4%	5.7%	4.5%	6.9%	-1.2%	1.9%	4.8%				-17.3%
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%	6.7%
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%	0.1%
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%	6.6%
2016	-4.0%	-2.9%	4.1%	2.0%	1.3%	-0.9%	6.2%	2.1%	1.4%	2.0%	2.7%	1.4%	15.2%
2015	3.7%	1.3%	3.1%	1.7%	1.6%	-0.7%	0.1%	-0.6%	-1.7%	0.1%	1.1%	0.1%	10.0%

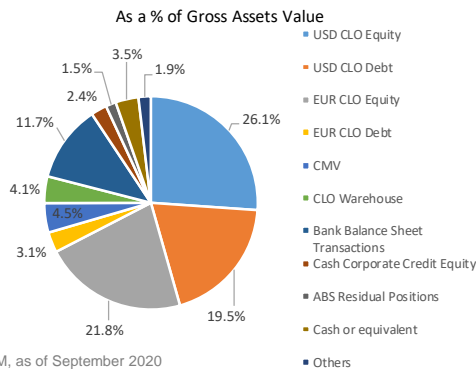
¹ Share (VTA.NA) performance (annualised figures with dividends re-invested). Source: Bbg (TRA function)

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 September 2020

Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.65%	Telecommunications
Clarios Global LP	0.47%	Auto Parts&Equipment
EG Group Ltd	0.44%	Retail
Froneri International Ltd	0.57%	Food
GTT Communications Inc	0.39%	Telecommunications
Upfield BV	0.46%	Food
Virgin Media Secured Finance PLC	0.38%	Media
Paysafe Group Ltd	0.28%	Internet
Action Nederland BV	0.27%	Retail
Asurion LLC	0.34%	Insurance

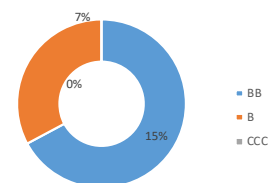
Source: Intex, Bloomberg, AXA IM Paris as of September 2020 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

Historical Performance



Source: Bloomberg, as of September 2020

Portfolio Rating Breakdown



Source: AXA IM, as of September 2020

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Monthly Commentary

In September, the monthly performance of Volta was +4.8%, the solid performance being driven by ongoing improvement in the CLO bucket.

September saw USD appreciation; with the near 45% USD exposure of Volta contributing circa 0.9% to the positive performance.

The monthly asset class performances** were in local currency: +1.4% for Bank Balance Sheet transactions, +4.9% for CLO Equity tranches; +5.9% for CLO Debt; +1.9% for Cash Corporate Credit deals (this bucket comprises funds that have a one-month delay in publishing their NAV); and -9.0% for ABS.

The negative performance for ABS is due to the consequences of the COVID crisis, particularly on the French SMEs exposure, which has generated technical arrears in the portfolio deriving from credit moratoria in France that are conservatively accounted for in valuation. The effects of the crisis should be smoothed over time as underlying companies rectify their situation

Regarding expected October cash flows, we noticed again that September reports were, on average, showing some improvements on over-collateralization test cushions. We expect October payments to be higher than in July. It is these improvements that are reflected in the September price increases we observed.

In September, Volta received the equivalent of €0.3m in terms of Interest or Coupons from its assets. On a 6-month rolling basis, Volta received the equivalent of €16.5m as at the end of September. It is representing a 15% annualized yield, based on the end of September NAV.

Looking further into the future, our view is still that although default rates in both loan markets (the US and Europe) are expected to increase, we expect them to increase slowly. In such a context, full payment of cash flows to our CLO Equity positions is expected to stay the norm.

Again, in September, CLO debt spreads for the most senior tranches continued to decrease. For Volta, we are currently negotiating the refinancing of some of the CLO debts that are leveraging some of our CLO Equity positions.

Regarding the CLO warehouse held by Volta, it has been transformed (in early October) into a CLO Equity position with a cost of debt (leverage) that is amongst the tightest since the Covid crisis began. We decided to price a CLO with a B-rated tranche that can be issued later on, as we can conceive being able to issue such B-rated tranches at a lower spread in the future. In the meantime, our CLO Equity position from this deal is slightly larger than usual, something that should lead to lower price volatility.

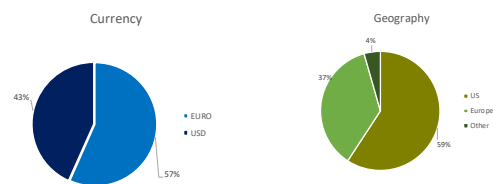
As at the end of September 2020, Volta's NAV was €222.5m or €6.08 per share.

The month-end available cash position was €7.9m.

"It should be noted that approximately 13.3% 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 note. The most recently available fund NAV or quoted price was for 7.2% as at 31 August 2020 and 6.1% as at 30 June 2020.

*** "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 (%)



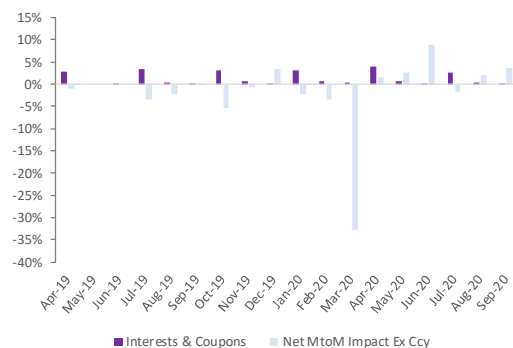
Source: AXA IM, as of September 2020 (% of NAV for ccy / % of GAV for geography)

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	178.0	USD CLO Equity	26.1%
		USD CLO Debt	19.5%
		EUR CLO Equity	21.8%
		EUR CLO Debt	3.1%
		CMV	4.5%
CLO Warehouse	4.1%		
Synthetic Credit	26.3	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	11.7%
Cash Corporate Credit	5.4	Cash Corporate Credit Equity	2.4%
		Cash Corporate Credit Debt	0.0%
ABS	7.7	ABS Residual Positions	1.5%
		ABS Debt	1.9%
Cash or equivalent	7.9	Cash or equivalent	3.5%
GAV	225.2		
Liability	-	Debt from Repurchase Agreement	0.0%
Fees due	(2.7)	Fees due to Investment Manager	(1.2)%
Estimated NAV	222.5	Per Share	6.08

Source: AXA IM, as of September 2020

Last Eighteen Months Performance Attribution



Source: AXA IM, as of September 2020

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Important Information

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