

Volta Finance Limited - Net Asset Value(s) as at 31 October 2020

Volta Finance Limited (VTA / VTAS) – October 2020 monthly report

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Guernsey, 10 November 2020

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

PERFORMANCE and PORTFOLIO ACTIVITY

In October, including the €0.11 per share dividend paid, the monthly performance of Volta was +1.6%, a relatively good performance for a month that was characterized by the resumption of the COVID crisis in Europe and growing uncertainties pre-US elections.

The monthly asset class performances** were in local currency: -1.9% for Bank Balance Sheet transactions, +2.9% for CLO Equity tranches; -0.4% for CLO Debt; -0.1% for Cash Corporate Credit deals (this bucket comprises funds that have a one-month delay in publishing their NAV); and -0.1% for ABS.

As we have noted previously, CLO quarterly cash flows are concentrated mostly into one month. In the third quarter that is in October. This month the interest and coupons received by Volta represented the equivalent of €8.1m. This amount is significantly above the July level of €5.3m when CLO equity payments had been negatively affected by technical issues (US Libor rate decline and many European companies that elected during the spring to pay their interest on a 6-month basis). It is notable that this amount was also above pre-COVID levels; the equivalent of €7.8m was received in April 2020 before the pandemic impacted CLO waterfalls.

On a 6-month rolling basis, Volta received the equivalent of €16.8m as at the end of October, representing a 15.1% annualised yield, based on the end of October NAV.

At the time of writing this comment, Pfizer, partnering with BioNTech, has announced they have successfully passed the clinical trials for a vaccine against COVID. Market reactions were strong and, for example, US CCC Loans rose from circa 68 to 72% on the day of the announcement. US CLO BB tranches were up 3%. Even though there are still unresolved issues with this pandemic, it is good news for credit. In the case of a positive outcome on the vaccine front, with more pharmaceutical companies sharing similar positive news in the upcoming weeks, the future for loans and credit more generally would look less worrying.

For Volta’s CLO positions, it is clearly not the end of the story but this type of news reduces the risk of suffering interruption or diversion of payments. November performance to date for CLO Equity and Debt has been strong.

In October, the Euro CLO warehouse held by Volta was transformed into a performing CLO and we invested as well into a new USD CLO Equity position (managed by Symphony) for \$4.4m. Most of the loan pool of this last position was ramped pre and during the US election with some discount.

As at the end of October 2020, Volta’s NAV was €221.9m or €6.07 per share.

The month-end available cash position was €7.8m.

**It should be noted that approximately 11.9% 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 5.8% as at 30 September 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.*

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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 753 investment professionals and €815 billion in assets under management as of the end of June 2020.

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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.

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