

NOT FOR RELEASE, DISTRIBUTION, OR PUBLICATION, IN WHOLE OR PART, IN OR INTO THE UNITED STATES

Guernsey, 13 February 2023

AXA IM has published the Volta Finance Limited (the "Company" or "Volta Finance" or "Volta") monthly report for January 2023. The full report is attached to this release and will be available on Volta's website shortly (www.voltafinance.com).

PERFORMANCE and PORTFOLIO ACTIVITY

Volta Finance is pleased to report a strong performance of +5.5%, for the first month of 2023.

Although the CLO market is accustomed to a "January rally" the moves recorded in January 2023 were well above what might have been expected. Indeed, many investors were hesitant to invest in either CLO Debt or Equity tranches towards the end of 2022 but with the start of a new calendar year, the risk/reward perception shifted and translated into significant buying interest across the board. The demand for assets that were considered as cheap at the start of 2023 (CLO spread compression was lagging the spread compression observed on most of the broader credit markets in Q4 2022) was strong and led the way to a solid January performance, after a disappointing December.

At the end of January, the situation with regards to Loans fundamentals and CLOs is unchanged and still relatively supportive: default rates are low (0.4% for European loans and 0.8% for US loans on a last-12-month basis) and earnings are coming in slightly better than expected.

Q4 2022 earning season is again illustrating our view that inflation can provide some benefits: it erodes the value of debt (hence facilitating refinancings and reducing the occurrence of defaults) and helps passing higher costs through to clients (it is easier to adjust selling prices to maintain some profitability when overall prices move versus when they are flat).

Regarding 2023 expected default rates, the consensus amongst rating agencies and bank research publications appears to be that default rates may reach somewhere between 2.5 to 5% for both US and European loans. Our house view remains at the bottom of this range. We believe that these expectations are predominantly model based and that those models incorporate the shape of the yield curve (which is highly inverted in the US) as an indicator of the extent of the potential recession. Models also incorporate the pace in interest rates hikes through 2022 (we fully agree that this parameter makes sense) but totally ignore the benefit of inflation.

Most of our CLO positions paid cashflows in January; it was again a good month payments-wise: Volta received the equivalent of €9.8m of interests and coupons. Over the usual 6-month-basis time frame Volta received €24.3m of interest and coupons, i.e. a 21.6% annualized cash flow to NAV.

Given that defaults are still materializing at a low pace (remember that rating agencies were expecting default rates to be in the 2 to 2.5% range for 2022) - even if we are wrong and if default rates reach the higher end of the above-mentioned range we consider CLO Equity quarterly payments being negatively impacted in 2023 as a very remote risk. On this front, we see an increased number of loan refinancings (amend-and-extend) enabling CLOs that are still reinvesting to increase the WAS (Weighted Average Spread) of their underlying loan books. All other things being equal, the higher the WAS the higher the cashflow distributed to the Equity.

Volta's underlying sub asset classes monthly performances** were as follow: +2.4% for Bank Balance Sheet transactions, +5.9% for CLO Equity tranches, +5.1% for CLO Debt tranches; and +6.3% for Cash Corporate Credit and ABS (which represent circa 2.2% of the fund's NAV).

No significant purchases were made in January although Volta was drawn by €1.75m from the European warehouse we opened in October (this drawn amount corresponds to settlement of loans purchased in October/November).

As at the end of January 2023, Volta's NAV was €225.2m or €6.16 per share.

**It should be noted that approximately 1.81% 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 1.23% as at 30 November 2022, 0.58% was at 30 September 2022.*

*** "Earnings" 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.*

CONTACTS

For the Investment Manager

AXA Investment Managers Paris

Serge Demay

serge.demay@axa-im.com

+33 (0) 1 44 45 84 47

Company Secretary and Administrator
BNP Paribas S.A, Guernsey Branch
guernsey.bp2s.volta.cosec@bnpparibas.com
+44 (0) 1481 750 853

Corporate Broker
Cenkos Securities plc
Andrew Worne
Daniel Balabanoff
+44 (0) 20 7397 8900

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.

ABOUT AXA INVESTMENT MANAGERS

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 2,460 professionals and €87 billion in assets under management as of the end of December 2021.

This press release is published by AXA Investment Managers Paris (the "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.

This press release is for information only and does not constitute an invitation or inducement to acquire shares in Volta Finance. Its circulation may be prohibited in certain jurisdictions and no recipient may circulate copies of this document in breach of such limitations or restrictions. This document is not an offer for sale of the securities referred to herein in the United States or to persons who are "U.S. persons" for purposes of Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or otherwise in circumstances where such offer would be restricted by applicable law. Such securities may not be sold in the United States absent registration or an exemption from registration from the Securities Act. Volta Finance does not intend to register any portion of the offer of such securities in the United States or to conduct a public offering of such securities in the United States.

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The securities referred to herein are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. Past performance cannot be relied on as a guide to future performance.

This press release contains statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "anticipated", "expects", "intends", "is/are expected", "may", "will" or "should". They include the statements regarding the level of the dividend, the current market context and its impact on the long-term return of Volta Finance's investments. By their nature, forward-looking statements involve risks and uncertainties and readers are cautioned that any such forward-looking statements are not guarantees of future performance. Volta Finance's actual results, portfolio composition and performance may differ materially from the impression created by the forward-looking statements. AXA IM does not undertake any obligation to publicly update or revise forward-looking statements.

Any target information is based on certain assumptions as to future events which may not prove to be realised. Due to the uncertainty surrounding these future events, the targets are not intended to be and should not be regarded as profits or earnings or any other type of forecasts. There can be no assurance that any of these targets will be achieved. In addition, no assurance can be given that the investment objective will be achieved.

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.

Editor: AXA INVESTMENT MANAGERS PARIS, a company incorporated under the laws of France, having its registered office located at Tour Majunga, 6, Place de la Pyramide - 92800 Puteaux. AXA IMP is authorized by the *Autorité des Marchés Financiers* under registration number GP92008 as an alternative investment fund manager within the meaning of the AIFM Directive.

Attachment

- [Volta - Monthly Report - January 2023](#)