

Volta Finance Limited (VTA / VTAS) – March 2024 monthly report

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Guernsey, April 17th, 2024

AXA IM has published the Volta Finance Limited (the “Company” or “Volta Finance” or “Volta”) monthly report for March 2024. 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 continued to deliver strong returns with a performance for the month of March reaching +2.3% and bringing 2024 Q1 performance at +6.3%. For comparison, US High Yield returned +1.2% in March (+1.5% YtD), European High Yield returned +0.4% (+1.6% YtD) and US CLO BB returned +2.6% (+6.4% YtD).

Bond markets were rather volatile in March and saw a spurt in Yields during the first half of the month which was then partially offset as the Fed suggested that they may cut rates three times this year. In Europe, headline inflation read close to the ECB’s 2% target, still hinting for an ECB June cut. In the Loan markets, Euro Loans were down for a second consecutive month - the Morningstar European Leveraged Loan Index price moved from 96.80px to 96.65px in March total returns remained positive at +2.55% YtD due to the benefits of carry. On the US side, Loans reached 96.75px, their highest level since Q2 2022, YTD total returns stood at 1.6%.

CLO primary markets were really busy both in the US with USD 35+bn of BSL issuance and Europe with EUR 7+bn of supply. Spreads remained range-bound on the senior side around +148bps for AAA risk – which gave visibility on the arbitrage and helped new CLO creation - while non-Investment Grade assets (BB-rating) remained in the +700bps context.

In terms of fundamentals, the Morningstar LLI and ELLI 12-month rolling default rates landed at 1.1% and 1.7% respectively at the end of Q1 2024 on a principal amount basis: this is highlighting that, despite above average default rates expected by many market participants, the current soft landing economical scenario playing out in Europe and the US is enabling some weaker credits to tap the capital markets through amend-and-extend processes: for instance, Rohm, a chemical company, was able to extend from 2026 to 2029 its loans despite being rated Caa1 by Moody’s, offering a 500bps margin above Euribor and a €200m equity injection from the sponsor. At the opposite, some issuers are taking a more aggressive route: Altice France, which reported weak operational performance at the end of Q1 as well as some asset sales, communicated on its willingness to have ‘credit participation’ to achieve a deleveraging down to a new 4x debt-to-EBITDA target. It was then downgraded to CCC and a lender group was formed to engage negotiations with the company’s advisors. Altice France is owned by c.95% of the European CLO market and represents a 1.6% average holding (c.77% of US CLO and a 0.5% average holding). Looking at Volta’s underlying portfolio, it represents a 0.8% average underlying exposure. We can report that, given its diversified portfolio, Volta is not expected to suffer any diversion of cashflow as a result of Altice’s downgrade, everything



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else being equal: Volta's underlying loan portfolio now has a c3.6% exposure to CCC in Europe (7.1% in the US).

In terms of cashflow generation, Volta generated €27.1m equivalent of interests and coupons over the last 6 months on an annualized basis (21% of the March 2024 NAV).

Through March, we took profits on two European CLO rated debt tranches that were trading above par and had a high probability of being called in the near future.

Volta's underlying sub asset classes monthly performances** were as follow: +1.1% for Bank Balance Sheet transactions, +2.4% for CLO Equity tranches, +2.3% for CLO Debt tranches and flat for Cash Corporate Credit and ABS.

As of end of March 2024, Volta's NAV was €255.5m, i.e. €6.98 per share after deduction of the announced 0.14 dividend that will be paid in April. The end of March NAV also incorporates the benefit of the revised fee structure announced by Volta on February 28th.

**It should be noted that approximately 5.4% 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 0.32% as at 29 February 2024, 4.83% as at 31 January 2024 and 0.25% as at 30 September 2023.*

*** "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



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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 its capital across the credit cycle and to provide a stable stream of income to its Shareholders through dividends that it expects to distribute on a quarterly basis. The Company currently seeks to achieve its investment objectives by pursuing exposure predominantly to CLO's and similar asset classes. A more diversified investment strategy across structured finance assets may be pursued opportunistically. 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 2,600 professionals and €824 billion in assets under management as of the end of June 2023.

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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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