

**Volta Finance Limited (VTA / VTAS) – May 2023 monthly report**

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*Guernsey, 13 June 2023*

AXA IM has published the Volta Finance Limited (the “Company” or “Volta Finance” or “Volta”) monthly report for May 2023. The full report is attached to this release and will be available on Volta’s website shortly ([www.voltafinance.com](http://www.voltafinance.com)).

**PERFORMANCE and PORTFOLIO ACTIVITY**

The performance of Volta Finance for the month of May was +1.88%. This strong performance does find its roots in the strong carry of the CLO asset class indeed, but it is above all the testimony that CLOs successfully managed to withstand the volatility induced by the recent troubles of the banking sector. On a year-to-date basis, Volta’s performance reached +11.0% which we believe is a very decent start for the year.

Volta’s underlying sub asset classes monthly performances\*\* were as follows: -2.5% for Bank Balance Sheet transactions, +1.6% for CLO Equity tranches, +0.8% for CLO Debt tranches and -8.5% for Cash Corporate Credit and ABS (which represent slightly less than 2.0% of the fund’s NAV). Unlike the last couple of months, being long USD against Euro was the right positioning and it contributed to circa 1% of the monthly performance.

The fund’s performance is mainly driven by the solid cash flows paid by Volta’s assets on a quarterly basis. May is usually a relatively quiet month in terms of payments as only €2.4m equivalent were collected although on a rolling-6-month basis Volta received the equivalent of €23.7m, ie. a 20.4% annualized cash flow to NAV.

The high pace at which interest rates hiked through the last 12 months generated some volatility regarding CLO Equity cash flows, especially for USD CLO during Q4 2022. Since rates are expected to stabilize, we believe cash flows should remain at a relative high level and eventually set a new record for Volta in the coming quarters.

These high cash flows are the consequences of our executive decision to increase our allocation to CLO Equity a few years ago as the cost of leverage was low. They are also a consequence of the current financial context as Loans trade at discount since the Ukrainian invasion and the start of the rapid rates-hike cycle. For instance, new loans have been issued sub-par with higher spreads while the pace of defaults remained relatively modest. As a result, CLOs fundamentals did not materially deteriorate, subordination levels were maintained (default costs being offset by the benefits of buying discounted Loans) and CLO equity benefited from a modest uptick in WAS (Weighted Average Spread of the underlying loan pools). We believe that those factors combined with higher interest rates may produce higher cashflow generations in the coming quarters.

Regarding default rates, our central prediction for 2023 is to close the year with higher but manageable default rates. They were at 0.6% in Europe and 1.6% in the US as of the end of May and we expect them to trend in the 1-1.5% context for Europe and 2-2.5% for the US. Such levels should not create any issue regarding CLO Equity quarterly payments (no interruption/diversion of payments in 2023 and most probably none in 2024 as well).

As at the end of May 2023, Volta’s NAV was €232.0m or €6.34 per share.

*\*It should be noted that approximately 6.31% 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 6.31% as at 31 March 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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## CONTACTS

### For the Investment Manager

AXA Investment Managers Paris  
Serge Demay  
[serge.demay@axa-im.com](mailto: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](mailto: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

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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 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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### 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 2,623 professionals and €817 billion in assets under management as of the end of September 2022.

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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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