

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

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Guernsey, February 16th, 2024

AXA IM has published the Volta Finance Limited (the “Company” or “Volta Finance” or “Volta”) monthly report for January 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 started the year on a positive note as the fund achieved a performance of +2.8% in January 2024. This was the extension of Volta’s strong momentum as the fund recorded its seventh positive month in a row. The performance since July-end 2023 consequently reached double digits, at +11.1%.

CLOs delivered solid returns in January and outperformed traditional credit markets, especially US Corporates (+0.16%, ICE BofA Corp Index) and US High Yield (+0.04%, ICE BofA HY Index). While imminent rate cuts were priced-in, markets were caught off-guard by strong data releases and the subsequent uncertainty regarding central banks’ next move. Floaters such as CLOs fully benefited from the repricing of the rates curve, capturing more income on their floating leg while credit margins tightened due to the increased demand for the asset class given the superior risk/reward profile of CLOs compared to traditional credits.

Looking at CLO Equity, we closely monitor loan dynamics and particularly the current repricing action taking place both in the US and Europe. In fact, the proportion of loans trading above par topped at 40% in early January before tipping down to 13% at month-end in the US market / 17% in the European market. This should lead to more loan repricing activity for the months to come and thus we are now seeing the loans’ weighted average spread within CLO underlying portfolios being at their top.

Still, in terms of cashflows, January 2024 was a good month for Volta: it received the equivalent of €11.5m of interests and coupons (in line with the previous quarter). Over the last 6-month period, Volta received €27.2m of interests and coupons, ie a 21.6% annualized cash flow to NAV. This compares well with the 21.6% annualized cash flow to NAV measured as of January 2023 where the NAV per share was standing at 6.16.

In terms of management, we used the January’s strength to keep on rotating from a post-reinvestment period CLO debt tranche into a new-issue transaction: as expressed in earlier communications, we favor clean collateral pool of assets as the full impact of the aggressive rate hikes over the past two years sinks in. Also, we kept on investing in our 2 US CLO warehouses recognizing that CLO debt tranches tightening is improving CLO Equity arbitrage and that one of our CLO managers is scrutinizing to make the CLO take-out.



Volta's underlying sub asset classes monthly performances** were as follow: +0.9% for Bank Balance Sheet transactions, +2.2% for CLO Equity tranches, +4.8% for CLO Debt tranches and -1.2% for Cash Corporate Credit and ABS.

As of end of January 2024, Volta's NAV was €251.9m, i.e. €6.89 per share.

**It should be noted that approximately 0.68% 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 0.42% as at 29 December 2023 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 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.

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 2,600 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.

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