

Volta Finance Limited (VTA / VTAS)

September 2024 monthly report

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Guernsey, October 21st, 2024

AXA IM has published the Volta Finance Limited (the “Company” or “Volta Finance” or “Volta”) monthly report for September 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

Dear investors,

Volta Finance recorded a net performance of +2.3% in September bringing the year-to-date return to +13.5%. This positive performance is built on the strong performance of its CLO equity investments through the month, Volta being almost fully invested in CLO Equity and debt tranches.

Markets found some momentum in September on the back of a rather constructive macro backdrop. In Europe, inflation headline numbers dropped to 1.8% YoY and were below the 2% target for the first time in almost three years. Core inflation also came in lower and beat estimates with 2.7% YoY, opening the door for further cut rates possibly as early as October. In the US, the Fed implemented a 50bp rate cut by mid-month while the US flash PMIs showed economic resilience at 54.4 (vs. 54.3 expected).

Credit markets were relatively stable despite some volatility intra-month, High Yield indices in Europe (Xover) were marginally wider following the index’s roll in the +315bps context while the US CDX High-Yield one settled at c. +330bps (+8bps MoM). On the Loan side, Euro Loans closed 25 cents down at c. 97.60px (Morningstar European Leveraged Loan Index), their US counterparts were trading flat at 96.70px.

Primary CLO markets remained extremely busy once again, we recorded circa USD 42bn of issuance in the US and EUR 7bn in Europe. Spreads moved sideways across the capital structure with AAAs pricing +130bps context and non-Investment Grade BB-rated tranches at +600bps in Europe (inside +550 for top tier US bonds).

Looking at fundamentals, both US and European default rates were roughly unchanged at 0.80% while the proportion of CCC-rated Loans within CLO collateral portfolios was slightly lower at 5.4% in US CLOs and slightly higher at 3.7% in Europe, while Loan repayment rates were stable at 26% in the US (-2% YoY growth rate of the Loan market) and 14% in Europe (+6% YoY growth).

Volta Finance's activity over the month was focused on CLO Equity. \$7mm of USCLO Equity were purchased as well as tickets of c. €1.4m in a Reset and €2.0mm in Secondary. Also, 2 transactions in which Volta is invested were reset through the month generating mark-to-market gains for Volta in addition to the strong distribution generated by the closing of one European CLO warehouse.

CLO debt investments performed in excess of their carry, driven by some spread compression. Overall, the cashflow generation over the last 6 months remained strong at c.€30m equivalent of interests and coupons, representing c.23% of the month's NAV on an annualized basis.

Volta's underlying sub asset classes monthly performances** were as follow: +1.1% for Bank Balance Sheet transactions, +4.1% for CLO Equity tranches, +1.4% for CLO Debt tranches and 0.0% for Cash Corporate Credit & ABS***, cash representing c.4% of NAV. The fund being c.26% exposed to USD, the depreciation of USD vs EUR had a negative impact of -0.2% on the overall performance.

As of end of September 2024, Volta's NAV was €261.9m, i.e. €7.16 per share.

**It should be noted that approximately 0.44% 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 0.24% as at 31 August 2024, 0.20% as at 31 July 2024.*

*** "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.*

**** The cash Corporate Credit and ABS bucket is currently made of 3 legacy assets representing 0.6% of GAV.*

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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 2,700 professionals and €844 billion in assets under management as of the end of December 2023.

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

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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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