

# Volta Finance Limited (VTA / VTAS)

## October 2024 monthly report

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### Guernsey, November 19<sup>th</sup>, 2024

AXA IM has published the Volta Finance Limited (the “Company” or “Volta Finance” or “Volta”) monthly report for October 2024. 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

Dear Investors,

Volta Finance recorded a net performance of +4.3% in October bringing the year-to-date return to +18.4%. This performance was primarily achieved via our CLO Equity exposure that generated strong distributions while prices remained broadly flat.

In terms of market activity, it felt like October displayed evidences of a “transition month”, placed in between a very busy post summer run and the US presidential elections. The month was far from being non-eventful though, as the ECB reduced its depo rate by another 25bps to 3.25% while it became very clear that the Fed would cut its main rate by 25bps as well - which eventually happened early Novembre. Data dependency remained the preferred approach for both the Fed and the ECB despite both jurisdictions taking different paths in terms of employment, retail sales and company earnings.

Credit markets were relatively stable during the period as supportive central bank actions were overall a tailwind for risky assets. High Yield indices in Europe (Xover) were marginally wider in the 310bps context while US CDX High-Yield settled at c. +335bps (1bps tighter MoM). On the Loan side, Euro Loans closed slightly higher, 7 cents up at c. 97.65px (Morningstar European Leveraged Loan Index), while their US counterparts closed at 96.97px (+27 cents up). Primary CLO markets remained extremely busy, we recorded circa USD 60bn of issuance in the US and almost EUR 10bn in Europe. Spreads moved sideways across the capital structure and trading volumes reduced into month-end, as the US election was approaching.

Looking at fundamentals, both US and European default rates were slightly lower month-on-month respectively at 0.73% and 0.78% while the proportion of CCC-rated Loans within CLO collateral portfolios was slightly lower at 5.3% in US CLOs and slightly higher at 3.8% in Europe. Loan repayment rates continued to trend upwards at 27.4% in the US (flat YoY growth rate of the Loan market) and 14.2% in Europe (+6% YoY growth).

Cashflow generation through the quarter was in line with Q3 2024 at c.€11m, running at the highs of the last 5 years. Still, it is worth noticing that some post reinvestment period CLO Equities showed reduced cashflows as a result of loan prepayments in their underlying portfolios. Over the last 6 month period, the cashflow generation remained strong at c.€29m equivalent of interests and coupons, representing c.21% of the month's NAV on an annualized basis, post the recent uptick in Volta's NAV.

In terms of activity, we purchased 1 European CLO Equity in the secondary market for €2.5m with a 15% target return and invested a net additional amount of \$2m in US CLO BB tranches at 660bps discount margin over SOFR, in addition to \$1.7m additional funding in our US CLO warehouse. It is also worth highlighting the prepayment of €2m of our remaining bank balance sheet transaction (invested in 2018), Volta being still exposed to a residual amount of €0.1m as defaults are being workout. Volta is now 99% exposed to CLO (with cash to be reinvested in CLO).

Through the month, Volta's CLO Equity tranches (56% of Volta's portfolio) returned a +5.5% performance\*\* while CLO Debt tranches (39% of Volta's portfolio) returned a +1.8% performance\*\*, cash representing c.5% of NAV. The fund being c.26% exposed to USD, the recent appreciation of USD vs EUR had a positive impact of +0.7% on the overall performance.

As of end of October 2024, Volta's NAV was €273.3m, i.e. €7.47 per share.

*\*It should be noted that approximately 4.16% 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 4.16% as at 30 September 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.*

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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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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.

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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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