

Volta Finance Ltd

Monthly Report – July 2023



Data as of 31 Jul 2023

Gross Asset Value	€240.2m
Liabilities	€4.2m
NAV	€236.0m
NAV per share	€6.45
Outstanding Shares	36.6m
Share Price (Euronext)	€5.08
Share Price (LSE)*	€5.08
Tickers	VTA.NA VTA.LN VTAS.LN
ISIN	GG00B1GHHH78
Fund Facts	
Launch Date	Dec-2006
Fund Domicile	Guernsey
Listing and Trading	AEX LSE
Type of Fund	Closed-ended
Dividend	Quarterly
Dividend Cover ⁴	2.6 times
Base currency	EUR
Asset types	Corporate Credit and ABS

Background and Investment Objective

AXA Investment Managers Paris (“AXA IM”) has been the Investment Manager of Volta Finance Limited (“Volta”) since inception. Volta’s investment objectives are to preserve capital across the credit cycle and to provide a stable stream of income to its Shareholders through dividends. For this purpose, Volta pursues a multi-asset investment strategy on deals, vehicles and arrangements that provide leveraged exposure to target Underlying Assets (including corporate credit, residential and commercial mortgages, auto and student loans, credit card and lease receivables).

Fund Performance

7.7%
Annualised since inception¹
2.9%
Annualised over 5 years¹
3.8%
1 month²

€236.0m

NAV as of July 2023

10.0%

Trailing 12-month Div. Yield³

Returns ²	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2023	5.5%	1.7%	-1.5%	3.0%	1.9%	0.0%	3.8%						15.2%
2022	1.7%	-3.9%	1.5%	2.3%	-11.8%	-4.6%	4.5%	2.8%	-7.2%	-2.6%	6.3%	-0.9%	-12.7%
2021	3.9%	1.0%	1.1%	2.1%	0.4%	2.2%	1.9%	-0.5%	1.9%	1.2%	1.0%	0.3%	17.9%
2020	1.1%	-2.6%	-32.4%	5.7%	4.5%	6.9%	-1.2%	1.9%	4.8%	1.6%	7.2%	4.3%	-5.7%
2019	3.1%	0.4%	0.5%	1.9%	1.4%	-1.0%	0.5%	-1.5%	0.4%	-2.6%	0.4%	3.3%	6.8%
2018	-0.4%	0.7%	-0.2%	0.9%	2.4%	0.2%	0.6%	1.2%	-0.4%	1.3%	-1.4%	-4.8%	0.0%

¹ Share (VTA.NA) performance (annualised figures with dividends re-invested). Source: Bbg (TRA function)

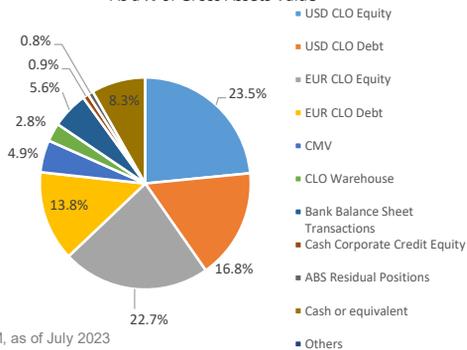
² Performance of published NAV (including dividend payments)

³ Calculated as the most recent annual dividend payments versus the month-end share price (VTA.NA)

⁴ Calculated as total income divided by the most recent annual dividend payments

Asset Breakdown

As a % of Gross Assets Value



Source: AXA IM, as of July 2023

Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.78%	Telecommunications
EG Group Ltd	0.59%	Retail
Virgin Media Secured Finance PLC	0.58%	Media
Nidda Healthcare Holding GmbH	0.52%	Pharmaceuticals
Asurion LLC	0.46%	Insurance
Laboratoire Cerba	0.42%	Healthcare-Services
McAfee LLC	0.41%	Computers
BMC Software Inc	0.40%	Software
Verisure Holding AB	0.39%	Commercial Services
Solera Holdings Inc	0.35%	Software

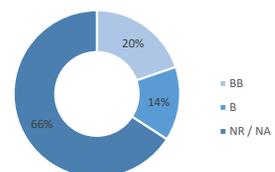
Source: Intex, Bloomberg, AXA IM Paris as of July 2023 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

Historical Performance



Source: Bloomberg, as of July 2023

Portfolio Rating Breakdown



Source: AXA IM, as of July 2023

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Monthly Commentary

July saw further performance for the CLO asset class as a whole, leading to +3.82% performance for Volta.

Looking at Volta over the last 12 months, the performance is +12.8% through its financial year. This was mainly driven by the carry of the CLO asset class (c.92% of Volta's assets excluding cash), both from strong CLO Equity distributions as well as from the continued increase in base rates (Euribor and Libor/SOFR) for CLO debt tranches. Overall, macro sentiment was supportive through July with US and European central banks providing more dovish outlook as headline inflations tempered at the same time as GDP proved more resilient than expected. This supported risky assets including leverage loans as well as CLO.

Volta's underlying sub asset classes monthly performances** were as follow: +1.3% for Bank Balance Sheet transactions, +5.6% for CLO Equity tranches, +4.7% for CLO Debt tranches and 8.9% for Cash Corporate Credit and ABS (which represent slightly less than 2.0% of the fund's NAV). This month again, being long USD against Euro was detrimental to the performance and contributed to circa -0.4% of the monthly performance.

From a market activity perspective, YTD CLO primary issuance is still down c.25% in the US and c.20% in Europe. From this point, we expect September to be more active as the spread compression continues during the summer (albeit not at the AAA level) and resets of some 2022 deals start to be in the money. We also expect more calls of old US CLO that have already been amortizing over the last year given the current rally in the loan market and the absence of ability for the CLO manager to reinvest proceeds in discounted loans or to participate in restructurings.

In July, loan default rates continued their upward trajectory (reaching 1.75% in the US and 1.5% in Europe according to Morningstar at the end of July) but were still below historical averages. Downgrades followed the same trend, leading to an expectation of c.10% of CCC assets in the US leverage loan index by year end according to BofA.

Regarding Volta's portfolio, as expected, CLO Equity distributions increased in July by 13% compared to April this year, contributing to the largest 6-month rolling cashflow generation for Volta since 2021 (€25.3m). Given more loan prepayments expected forward and corporates required to refinance loans due to mature in 2025, we view this level of cashflow generation still slightly increasing over the next 6 months.

Through the month, we purchased 1 additional BB position for €2.25m (target IRR of c.12%) and invested c.€0.8m into the European CLO warehouse we have in place.

As of end of July 2023, Volta's NAV was €236.0m, i.e. €6.45 per share.

"It should be noted that approximately 1.51% 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 1.08% as at 30 June 2023, 0.43% 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.*

Currency and Geography exposures (%)



Source: AXA IM, as of July 2023 (% of NAV for ccy / % of GAV for geography)

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	202.8	USD CLO Equity	23.5%
		USD CLO Debt	16.8%
		EUR CLO Equity	22.7%
		EUR CLO Debt	13.8%
		CMV	4.9%
		CLO Warehouse	2.8%
Synthetic Credit	13.4	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	5.6%
Cash Corporate Credit	2.1	Cash Corporate Credit Equity	0.9%
		Cash Corporate Credit Debt	0.0%
ABS	2.0	ABS Residual Positions	0.8%
		ABS Debt	0.0%
Cash or equivalent	19.9	Cash or equivalent	8.3%
GAV	240.2		
Liability	-	Debt from Repurchase Agreement	0.0%
Fees due	(4.2)	Fees due to Investment Manager	(1.8)%
Estimated NAV	236.0	Per Share	6.45

Source: AXA IM, as of July 2023

Last Eighteen Months Performance Attribution



Source: AXA IM, as of July 2023

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