



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

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Guernsey, March 18th, 2024

AXA IM has published the Volta Finance Limited (the “Company” or “Volta Finance” or “Volta”) monthly report for February 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 is pleased to report another positive performance in February at +1.0%, reflecting the price appreciation of the fund’s underlying portfolios through the month. For comparison, US High Yield returned +0.31% and European High Yield returned +0.35% over the same period.

The strong sentiment from January fed through February as major Credit indices like iTrax Xover hit 2yrs tight at +300bps. European loans were slightly down from 97.00px to 96.80px, although still significantly up year-to-date (96.00px as of Dec 2023). On the US side, loans recorded a 20 cents gain and reached 96.45px, their highest level since mid-2022. The momentum was evidently supported by a strong Q4 2023 US earnings season – proving once more the resilience of the US economic activity. Bonds yields continued to trend higher amid ongoing evidence of sticky core inflation and central banks’ hinting at potentially delaying rate cuts.

In terms of CLO issuance, the US and European primary markets have fully reopened. Issuance volumes have surged by +48% in the U.S., reaching \$33.66 billion, and by +12% in Europe, totalling €5.84 billion compared to year-to-date figures for 2023. This impacted secondary as volumes of activity reduced in favor of the primary market and as spreads moved inside of primary (50bps for instance on CLO BB tranches).

Strategy in February was to take advantage of the strong momentum in both the Primary CLO market and Loans. We converted one of our US CLO warehouse investment into a New Issue US CLO transaction, from which we purchased an CLO Equity position (\$7.93m invested) in the early days of February. Also, we continued to rotate from vintaged CLO debt tranches that had passed their reinvestment period into New Issue transactions as we purchased \$6m of fresh US BBs and sold c.\$5m of US CLO BB. Last but not least, we were able to participate in another US CLO Equity (c. \$4.3m consideration) with upside scenarios in the 16-18% IRR range.

From the perspective of cashflow generation, over the last 6-month period Volta received 21.6% annualized cash flow compared to NAV (€27.5m of interests and coupons), a level that is largely stable since early 2023. We expect distributions to be broadly stable at the April distribution date.

In terms of relative value, we currently see more value in equity over BB/B. We appreciate the high cash-on-cash nature of CLO equity and its shorter duration profile. Our preferred route for CLO equity is in the primary market, where we can select the right manager and source sizes to target mid-teens returns. We also opportunistically explore the secondary market to optimize our fund.



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Volta's underlying sub asset classes monthly performances** were as follow: +1.2% for Bank Balance Sheet transactions, +1.7% for CLO Equity tranches, +1.6% for CLO Debt tranches and -14.3% for Cash Corporate Credit and ABS.

As of end of February 2024, Volta's NAV was €254.7m, i.e. €6.96 per share.

**It should be noted that approximately 5.47% 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 5.22% as at 31 January 2024 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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