

# Volta Finance Ltd

## Monthly Report - February 2024



### Data as of 29 Feb 2024

Gross Asset Value	€261.4m
NAV	€254.7m
NAV per share	€6.96
Outstanding Shares	36.6m
Share Price (Euronext)	€5.16
Share Price (LSE)*	€5.13
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 <sup>4</sup>	2.8 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

**7.9%** Annualised since inception<sup>1</sup>      **3.9%** Annualised over 5 years<sup>1</sup>      **1.0%** 1 month<sup>2</sup>

**€254.7m**

NAV as of February 2024

**10.2%**

Trailing 12-month Div. Yield<sup>3</sup>

Returns	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024	2.8%	1.0%											<b>3.9%</b>
2023	5.5%	1.7%	-1.5%	3.0%	1.9%	0.0%	3.8%	1.3%	1.6%	0.5%	1.8%	2.6%	<b>24.5%</b>
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%	<b>-12.7%</b>
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%	<b>17.9%</b>
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%	<b>-5.7%</b>
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%	<b>6.8%</b>

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

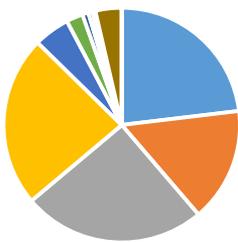
<sup>2</sup> Performance of published NAV (including dividend payments).

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

<sup>4</sup> Calculated as total income divided by the most recent annual dividend payments.

### Asset Breakdown

As a % of Gross Assets Value



- USD CLO Equity 23.1%
- USD CLO Debt 15.7%
- EUR CLO Equity 25.1%
- EUR CLO Debt 23.6%
- CMV 4.9%
- CLO Warehouse 2.3%
- Bank Balance Sheet Transactions 0.8%
- Cash Corporate Credit Equity 0.6%
- ABS Residual Positions 0.4%
- Cash or equivalent 3.6%
- Others 0.0%

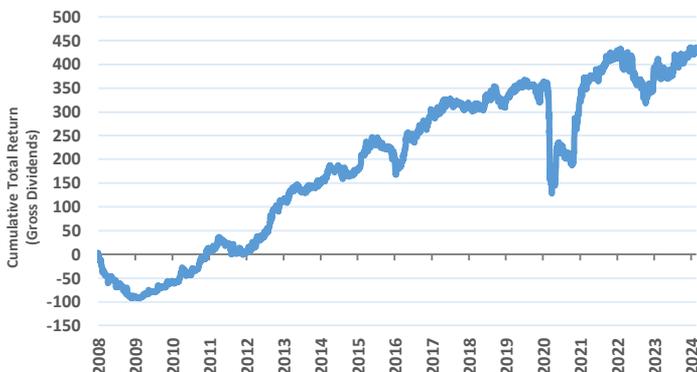
Source: AXA IM, as of February 2024

### Top 10 Underlying Exposures

Issuer	%	Bloomberg Industry Group
Altice France SA/France	0.8%	Telecommunications
Virgin Media Secured Finance PLC	0.6%	Media
Nidda Healthcare Holding GmbH	0.4%	Pharmaceuticals
Laboratoire Cerba	0.4%	Healthcare-Services
McAfee LLC	0.4%	Computers
Verisure Holding AB	0.4%	Commercial Services
Masmovil Holdphone SA	0.4%	Telecommunications
Altice Financing SA	0.4%	Media
Asurion LLC	0.4%	Insurance
Solera Holdings Inc	0.4%	Software

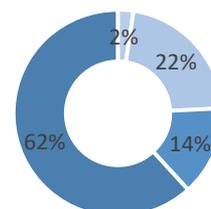
Source: Intex, Bloomberg, AXA IM Paris as of February 2024 – unaudited figures - not accounting for unsettled trades  
Figures expressed in % of the NAV

### Historical Performance



Source: Bloomberg, as of February 2024

### Portfolio Rating Breakdown



- BBB
- BB
- B
- NR / NA

Source: AXA IM, as of February 2024

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### Monthly Commentary

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.

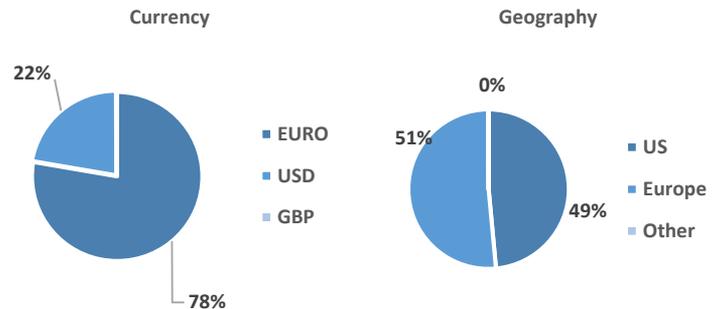
Volta's underlying sub asset classes monthly performances\*\* were as follow: +1.2% for Bank Balance Sheet transactions, +1.7% for CLO Equity tranches, +1.6% for CLO Debt tranches and -14.3% for Cash Corporate Credit and ABS.

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.*

### Currency and Geography exposures (%)



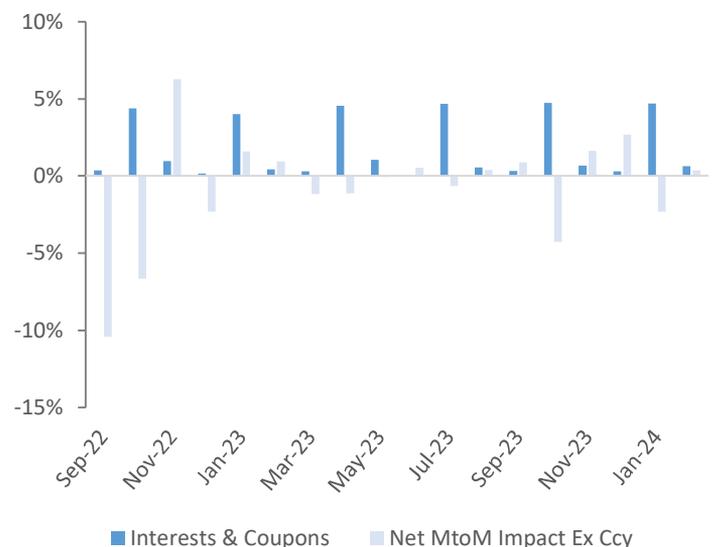
Source: Intex, Bloomberg, AXA IM Paris as of February 2024 – unaudited figures - not accounting for unsettled trades  
Figures expressed in % of the NAV

### Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	247.3	USD CLO Equity	23.1%
		USD CLO Debt	15.7%
		EUR CLO Equity	25.1%
		EUR CLO Debt	23.6%
		CMV	4.9%
		CLO Warehouse	2.3%
		Synthetic Credit	2.1
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	0.8%
Cash Corporate Credit	1.5	Cash Corporate Credit Equity	0.6%
		Cash Corporate Credit Debt	0.0%
ABS	1.1	ABS Residual Positions	0.4%
		ABS Debt	0.0%
Cash & equivalent	9.4	Cash or equivalent	3.6%
<b>GAV</b>	<b>261.4</b>		
Liability	-	Debt from Repurchase Agreement	0.0%
Payables	(6.7)	Fees, dividend and other payables	(2.6)%
<b>Estimated NAV</b>	<b>254.7</b>	<b>Per Share</b>	<b>6.96</b>

Source: AXA IM, as of February 2024

### Last Eighteen Months Performance Attribution



Source: AXA IM, as of February 2024

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