

Volta Finance Ltd

Monthly Report - October 2024



Data as of 31 Oct 2024

Gross Asset Value	€282.7m
NAV	€273.3m
NAV per share	€7.47
Outstanding Shares	36.6m
Share Price (Euronext)	€5.40
Share Price (LSE)*	€5.40
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	2.8 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

8.3%	6.4%	4.3%
Annualised since inception ¹	Annualised over 5 years ¹	1 month ²
€273.3m	10.5%	
NAV as of October 2024	Trailing 12-month Div. Yield ³	

Returns	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024	2.8%	1.0%	2.3%	1.3%	1.7%	0.3%	0.9%	0.1%	2.3%	4.3%			18.4%
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%	24.5%
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%

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



- USD CLO Equity 21.8%
- USD CLO Debt 17.2%
- EUR CLO Equity 27.7%
- EUR CLO Debt 21.8%
- CMV 3.8%
- CLO Warehouse 2.6%
- Bank Balance Sheet Transactions 0.0%
- Cash Corporate Credit Equity 0.3%
- ABS Residual Positions 0.2%
- Cash or equivalent 4.5%
- Others 0.0%

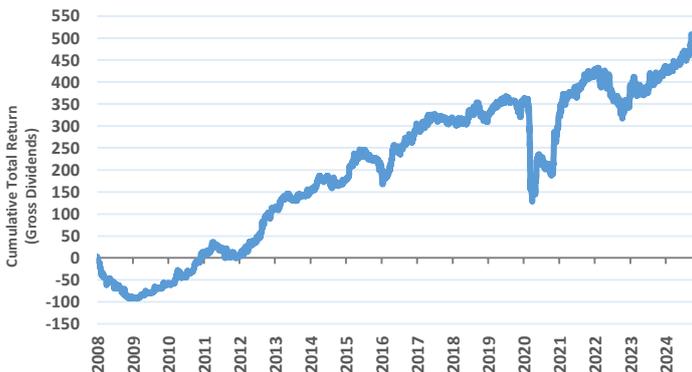
Source: AXA IM, as of October 2024
The sum of percentages may not add up to 100.00% due to rounding.

Top 10 Underlying Exposures

Virgin Media Secured Finance PLC	0.8%	Media
Altice France SA/France	0.6%	Telecommunications
Laboratoire Cerba	0.5%	Healthcare-Services
Lorca Holdco Ltd	0.5%	Telecommunications
McAfee LLC	0.4%	Computers
Biogroup-LCD SCM	0.4%	Commercial Services
Emeria Europe SAS	0.4%	Real Estate
INEOS Group Holdings SA	0.4%	Chemicals
Froneri International Ltd	0.4%	Food
Solera Holdings Inc	0.4%	Software

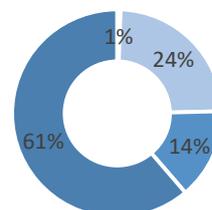
Source: Intex, Bloomberg, AXA IM Paris as of October 2024 - unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

Historical Performance



Source: Bloomberg, as of October 2024

Portfolio Rating Breakdown



- BBB
- BB
- B
- NR / NA

Source: AXA IM, as of October 2024

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Monthly Report - October 2024



Monthly Commentary

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).

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).

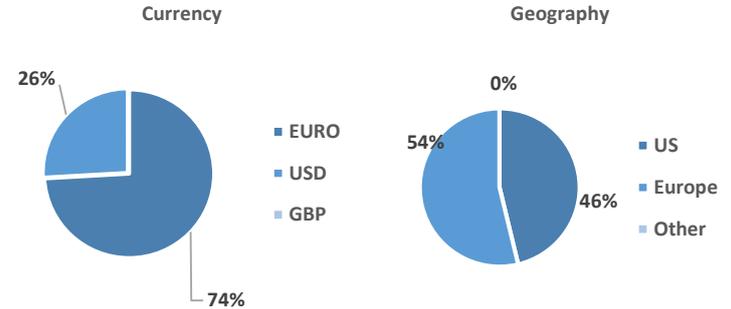
Through the month, Volta’s CLO Equity tranches (56% of Volta’s portfolio) returned a +5.5% performance** while CLO Debt tranches (39% of Volta’s portfolio) returned a +1.8% performance**, cash representing c.5% of NAV. The fund being c.26% exposed to USD, the recent appreciation of USD vs EUR had a positive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

Currency and Geography exposures (%)



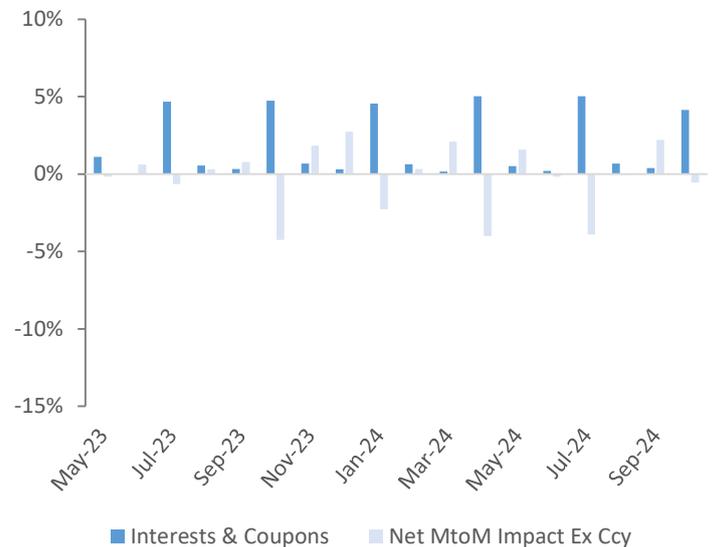
Source: Intex, Bloomberg, AXA IM Paris as of October 2024 – unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	268.3	USD CLO Equity	21.8%
		USD CLO Debt	17.2%
		EUR CLO Equity	27.7%
		EUR CLO Debt	21.8%
		CMV	3.8%
		CLO Warehouse	2.6%
		Synthetic Credit	0.1
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	0.0%
Cash Corporate Credit	0.9	Cash Corporate Credit Equity	0.3%
		Cash Corporate Credit Debt	0.0%
ABS	0.6	ABS Residual Positions	0.2%
		ABS Debt	0.0%
Cash or equivalent	12.8	Cash or equivalent	4.5%
GAV	282.7		
Liability	-	Debt from Repurchase Agreement	0.0%
Fees due	(9.4)	Fees due to Investment Manager	(3.3)%
Estimated NAV	273.3	Per Share	7.47

Source: AXA IM, as of October 2024

Last Eighteen Months Performance Attribution



Source: AXA IM, as of October 2024

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Monthly Report - October 2024



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