

Volta Finance Ltd

Monthly Report - July 2024



Data as of 31 Jul 2024

Gross Asset Value	€269.4m
NAV	€260.9m
NAV per share	€7.13
Outstanding Shares	36.6m
Share Price (Euronext)	€5.20
Share Price (LSE)*	€5.23
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

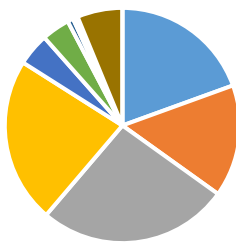
8.0%	4.0%	0.9%
Annualised since inception ¹	Annualised over 5 years ¹	1 month ²
€260.9m	10.6%	
NAV as of July 2024	Trailing 12-month Div. Yield ³	

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%						10.8%
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



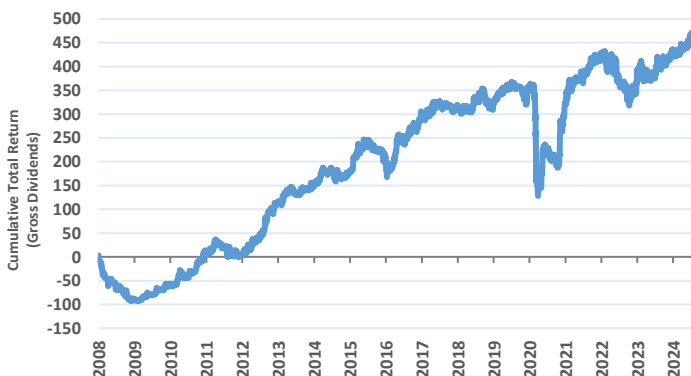
- USD CLO Equity 19.5%
- USD CLO Debt 15.4%
- EUR CLO Equity 26.3%
- EUR CLO Debt 22.8%
- CMV 4.5%
- CLO Warehouse 3.9%
- Bank Balance Sheet Transactions 0.8%
- Cash Corporate Credit Equity 0.5%
- ABS Residual Positions 0.2%
- Cash or equivalent 6.2%
- Others 0.0%

Top 10 Underlying Exposures

Virgin Media Secured Finance PLC	0.8%	Media
Altice France SA/France	0.7%	Telecommunications
Laboratoire Cerba	0.5%	Healthcare-Services
Boxer Parent Co Inc	0.5%	Software
Lorca Holdco Ltd	0.4%	Telecommunications
Biogroup-LCD SCM	0.4%	Commercial Services
Emeria Europe SAS	0.4%	Real Estate
McAfee LLC	0.4%	Computers
Nidda Healthcare Holding GmbH	0.4%	Pharmaceuticals
Solera Holdings Inc	0.4%	Software

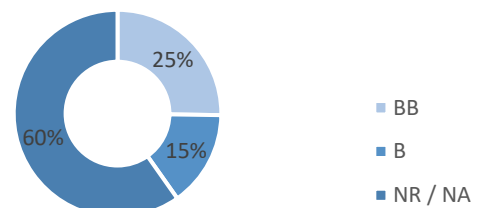
Source: Intex, Bloomberg, AXA IM Paris as of July 2024 – unaudited figures - not accounting for unsettled trades
 Figures expressed in % of the NAV

Historical Performance



Source: Bloomberg, as of July 2024

Portfolio Rating Breakdown



Source: AXA IM, as of July 2024

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Monthly Commentary

Volta Finance continued to perform with a net performance of +0.9% in July (including a dividend payment of 14.5 cents per share), bringing the year-to-date return at +10.8% and the Financial Year performance at 19.7% (July 2023 to July 2024). This is to be put in perspective with broader Credit markets, especially since both US and Euro High Yield returned circa +4.50% since January 1st, 2024.

After a turbulent June, the financial markets regained some strength due to positive results from the French snap elections and various US political news about the upcoming presidential race. The PMI (Purchasing Managers' Index) readings, especially in Europe, suggested that the European Central Bank might cut interest rates, and a similar process might start in the US in September. Regarding company earnings, early data indicated a slowdown in sales and revenues in the US, possibly leading to an Equity market correction. The interest rates fluctuated, with US 10-year treasuries settling just below 4.1% at the end of the month. During the month, High Yield indices tightened from +319bps (end-of-June) to +294bps in Europe (Xover) and from +345bps to +331bps in the US. Loan markets were also stronger with Morningstar European Leveraged Loan Index moving from 97.60px to 98.95px, while its US counterpart was unchanged at c. 96.60px.

In that context, CLO markets remained busy with elevated issuance numbers both in the US (circa USD 40bn) and in Europe (circa EUR 10bn) despite the usual July seasonality. Spreads moved sideways across the capital structure with AAAs in the +125bps context and BBs around +550bps for top tier US issuers, consequently providing clarity in terms of Equity arbitrage and take-out. Loan collateral portfolios do not show much deviation from the expected path in terms of fundamentals as US default rates read at 0.79% and European ones at 0.92%. Recovery rates were trending back up in June and continued on this path in July at c. 56%, while the proportion of CCC-rated Loans within CLO collateral portfolios was roughly unchanged (5.8% in US CLOs and 3.9% in European CLOs).

Volta Finance's investment portfolio performed in line with expectations thanks to a steady cashflow generation from both its Debt and Equity investments. While CLO debt instruments benefited from an elevated carry (+1.4% performance), European CLO Equity tranches returned over 3% notably benefitting from the strong first distribution of a position the fund was involved with since the warehouse phase. In the US, the performance of the CLO Equity pocket was more mixed with valuations down amid a slight overall decrease in payouts across the market.

Consequently, the cashflow generation over the last 6 months remained strong at €29.4m equivalent of interests and coupons, representing c.22.5% of the month's NAV on an annualized basis.

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	248.7	USD CLO Equity	19.5%
		USD CLO Debt	15.4%
		EUR CLO Equity	26.3%
		EUR CLO Debt	22.8%
		CMV	4.5%
		CLO Warehouse	3.9%
Synthetic Credit	2.1	Synthetic Corporate Credit Equity	0.0%
		Synthetic Corporate Credit Debt	0.0%
		Bank Balance Sheet Transactions	0.8%
Cash Corporate Credit	1.2	Cash Corporate Credit Equity	0.5%
		Cash Corporate Credit Debt	0.0%
ABS	0.6	ABS Residual Positions	0.2%
		ABS Debt	0.0%
Cash & equivalent	16.8	Cash or equivalent	6.2%
GAV	269.4		
Liability	-	Debt from Repurchase Agreement	
Payables	(8.5)	Fees, dividend and other payables	(3.2)%
Estimated NAV	260.9	Per Share	7.13

Source: AXA IM, as of July 2024

In terms of activity, Volta Finance purchased a EUR 1.6mm single-B rated tranche from the Primary market as well as EUR 7.6mm of a European CLO Equity tranche.

Volta's underlying sub asset classes monthly performances** were as follow: +0.8% for Bank Balance Sheet transactions, +1.2% for CLO Equity tranches, +1.4% for CLO Debt tranches and -1.3% for Cash Corporate Credit & ABS***, cash representing c.6% of NAV.

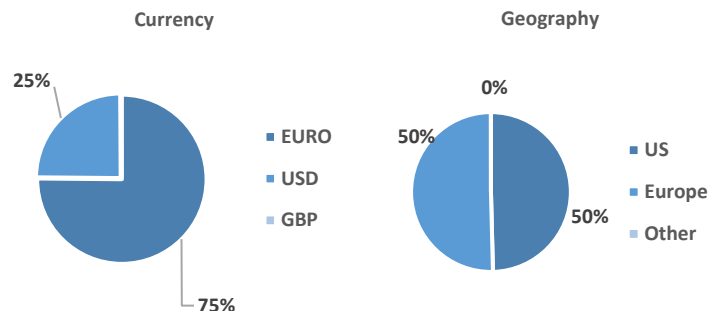
As of end of July 2024, Volta's NAV was €260.9m, i.e. €7.13 per share.

*It should be noted that approximately 0.26% 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 0.26% as at 30 June 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.

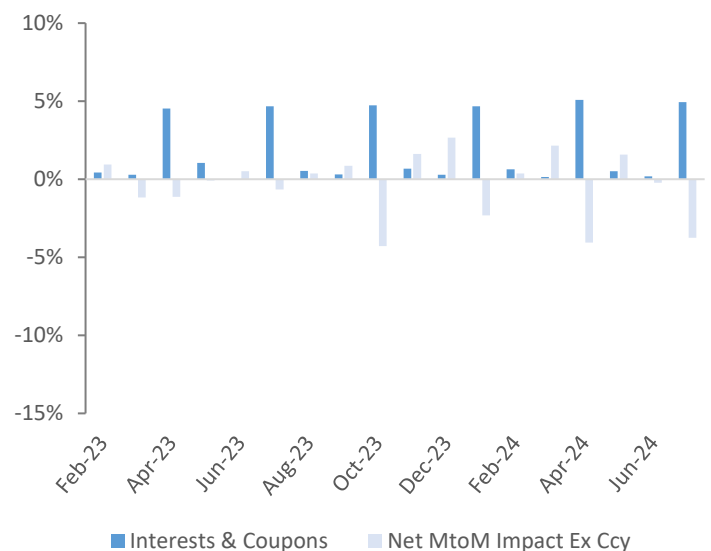
*** The cash Corporate Credit and ABS bucket is currently made of 3 legacy assets representing 0.7% of GAV.

Currency and Geography exposures (%)



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

Last Eighteen Months Performance Attribution



Source: AXA IM, as of July 2024

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Contact:

For the Investment Manager

AXA Investment Managers Paris

François Touati

Francois.touati@axa-im.com

+33 (0) 1 44 45 80 22

Company Secretary and Administrator

BNP Paribas S.A, Guernsey Branch

guernsey.bp2s.volta.cosec@bnpparibas.com

+44 (0) 1481 750 853