

Volta Finance Ltd

Monthly Report - August 2024



Data as of 31 Aug 2024

Gross Asset Value	€270.1m
NAV	€261.2m
NAV per share	€7.14
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	2.9 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% Annualised since inception¹ **4.5%** Annualised over 5 years¹ **0.1%** 1 month²

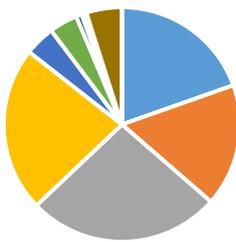
€261.2m NAV as of August 2024 **10.6%** Trailing 12-month Div. Yield³

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%					10.9%
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 19.6%
- USD CLO Debt 16.9%
- EUR CLO Equity 26.4%
- EUR CLO Debt 22.8%
- CMV 4.2%
- CLO Warehouse 3.9%
- Bank Balance Sheet Transactions 0.8%
- Cash Corporate Credit Equity 0.5%
- ABS Residual Positions 0.2%
- Cash or equivalent 4.9%
- Others 0.0%

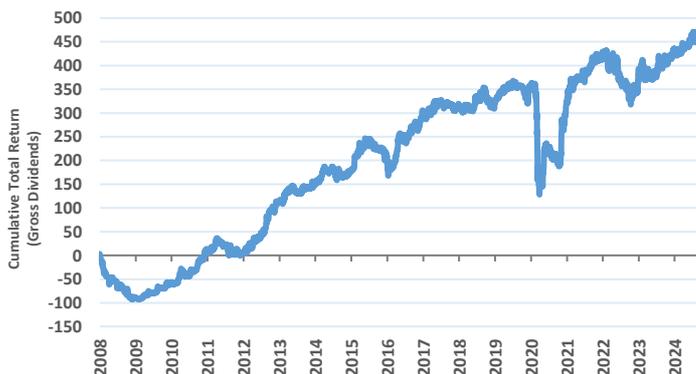
Source: AXA IM, as of August 2024
The sum of percentages may not add up to 100.00% due to rounding.

Top 10 Underlying Exposures

Virgin Media Secured Finance PLC	0.8%	Media
Altice France SA/France	0.7%	Telecommunications
Laboratoire Cerba	0.5%	Healthcare-Services
Lorca Holdco Ltd	0.5%	Telecommunications
Biogroup-LCD SCM	0.4%	Commercial Services
Boxer Parent Co Inc	0.4%	Software
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

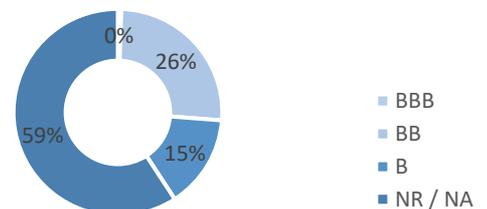
Source: Intex, Bloomberg, AXA IM Paris as of August 2024 – unaudited figures - not accounting for unsettled trades
Figures expressed in % of the NAV

Historical Performance



Source: Bloomberg, as of August 2024

Portfolio Rating Breakdown



Source: AXA IM, as of August 2024

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Monthly Commentary

Volta Finance recorded a net performance of +0.1% in August bringing the year-to-date return at +10.9%. This needs to be compared with broader Credit markets: US and Euro High Yield indices returned respectively +6.3% and 5.6% since January 1st, 2024.

August turned out to be quite the volatile month as global markets were impacted early on by rates hikes in Japan as well as July US Non-farm payrolls data, which came in far below expectations. Slower job growth coupled with rising unemployment at 4.3% - the highest reading since October 2021 - triggered a spurt in volatility as growth outlooks were back on focus. Sentiment improved when US job creation reports showed positive dynamics and wage growth; this paved the way for more confidence into the soft landing rhetoric and eased the markets' nervousness. The FED also suggested potential rate cuts if necessary, providing further relief.

Credit markets reacted strongly to these macroeconomic concerns with High Yield indices moving up and down through the month. Similarly, the US CDX High-Yield experienced levels moving from +330bps to +382bps then +322bps at the end of the month. On the Loan side, Euro Loans closed slightly weaker, 10 cents down at 97.85% vs. July (Morningstar European Leveraged Loan Index), while their US counterparts were up at 96.75%.

No time off for Primary CLOs, circa USD 47bn of issuance in the US and EUR 4bn in Europe were recorded. IG spreads moved sideways with AAAs pricing +130bps context while non-Investment Grade BB-rated tranches were wider in the +[600-650]bps context in Europe and +[575-625]bps in the US. In terms of performance, we noted that CLO markets continued to outperform broader Credits on a year-to-date basis: US BBBs total returns reached +7.98% and BBs total returns +12.49%.

In terms of fundamentals both US and European default rates reduced in August vs. July, reaching 0.78% for both jurisdictions (excluding liability management exercises). In terms of tail risk, the proportion of CCC-rated Loans within CLO collateral portfolios was slightly lower at 5.6% in US CLOs and 3.6% in Europe.

Although the CLO Equity investments provided the fund with a steady cashflow distribution, the low mezzanine tranches of CLO debt widened in sympathy with broader Credit markets but failed to recover fully by month end, mainly due to an oversupply of new issuances compared to actual demand, especially in the context of summer holidays. As a result, the cashflow generation over the last 6 months remained strong at €29.9m equivalent of interests and coupons, representing c.23% of the month's NAV on an annualized basis.

In terms of activity, Volta Finance purchased €0.8m of Euro Equity in the Secondary market and a \$4.7m US Equity top-up in the context of the Reset of an existing position in the portfolio. Debt-wise, Volta purchased \$1.5m of BBB and \$3.8m of BB-rated risk from the Primary markets.

Volta's underlying sub asset classes monthly performances** were as follow: +1.1% for Bank Balance Sheet transactions, +1.8% for CLO Equity tranches, +0.5% for CLO Debt tranches and 0.0% for Cash Corporate Credit & ABS***, cash representing c.5% of NAV. The fund being c.25% exposed to USD, the depreciation of USD vs EUR had a negative impact of -0.6% on the overall performance.

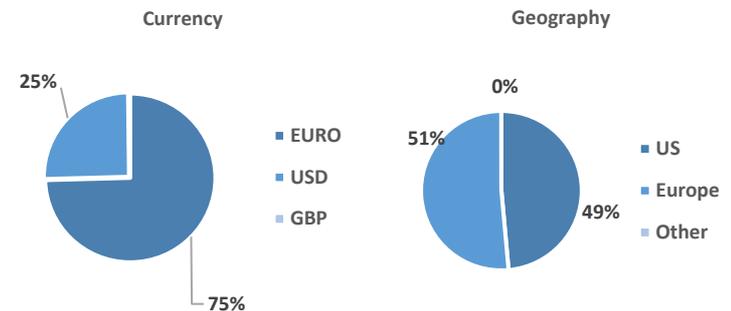
As of end of August 2024, Volta's NAV was €261.2m, i.e. €7.14 per share.

**It should be noted that approximately 4.62% 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 4.62% as at 31 July 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 (%)



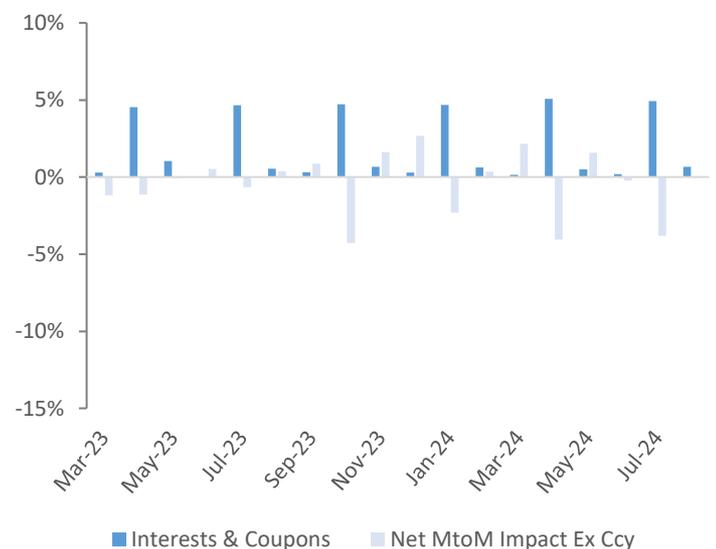
Source: Intex, Bloomberg, AXA IM Paris as of August 2024 – unaudited figures - not accounting for unsettled trades
Figures expressed in % of the NAV

Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	253.0	USD CLO Equity	19.6%
		USD CLO Debt	16.9%
		EUR CLO Equity	26.4%
		EUR CLO Debt	22.8%
		CMV	4.2%
		CLO Warehouse	3.9%
		Synthetic Credit	2.1
		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	13.1	Cash or equivalent	4.9%
GAV	270.1		
Liability	-	Debt from Repurchase Agreement	
Payables	(8.9)	Fees, dividend and other payables	(3.3)%
Estimated NAV	261.2	Per Share	7.14

Source: AXA IM, as of August 2024

Last Eighteen Months Performance Attribution



Source: AXA IM, as of August 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