

# Volta Finance Ltd

Monthly Report - December 2024



## Data as of 31 Dec 2024

Gross Asset Value	€282.6m
NAV	€274.4m
NAV per share	€7.50
Outstanding Shares	36.6m
Share Price (Euronext)	€5.95
Share Price (LSE)*	€5.95
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>	2.7 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

9.0% Annualised since inception<sup>1</sup>      8.4% Annualised over 5 years<sup>1</sup>      0.3% 1 month<sup>2</sup>

€274.4m NAV as of December 2024      9.7% 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%	2.3%	1.3%	1.7%	0.3%	0.9%	0.1%	2.3%	4.3%	2.1%	0.3%	21.2%
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%

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

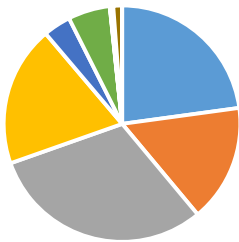
<sup>2</sup> Performance of published NAV (including dividend payments).

<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 22.8%
- USD CLO Debt 16.1%
- EUR CLO Equity 30.6%
- EUR CLO Debt 19.2%
- CMV 3.8%
- CLO Warehouse 5.7%
- Bank Balance Sheet Transactions 0.0%
- Cash Corporate Credit Equity 0.3%
- ABS Residual Positions 0.1%
- Cash or equivalent 1.2%
- Others 0.0%

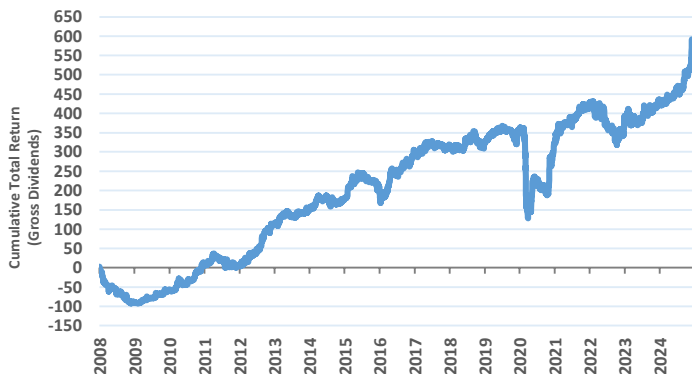
Source: AXA IM, as of December 2024  
The sum of percentages may not add up to 100.00% due to rounding.

## Top 10 Underlying Exposures

Company	Percentage	Industry
Virgin Media Secured Finance PLC	0.8%	Media
Altice France SA	0.5%	Telecommunications
Laboratoire Cerba	0.5%	Healthcare-Services
Lorca Holdco Ltd	0.4%	Telecommunications
McAfee LLC	0.4%	Computers
INEOS Group Holdings SA	0.4%	Chemicals
Boxer Parent Co Inc	0.4%	Software
Biogroup-LCD SCM	0.4%	Commercial Services
Solera Holdings Inc	0.4%	Software
Asurion LLC	0.3%	Insurance

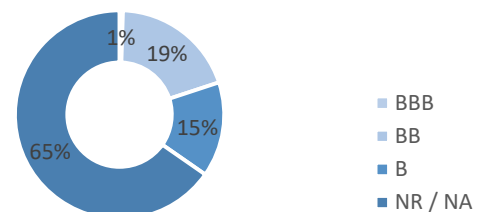
Source: Intex, Bloomberg, AXA IM Paris as of December 2024 - unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

## Historical Performance



Source: Bloomberg, as of December 2024

## Portfolio Rating Breakdown



Source: AXA IM, as of December 2024

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### Monthly Commentary

Volta Finance achieved a net performance of +0.3% in the final month of the calendar year - including a dividend payment of 15 cents per share -, bringing the return of the portfolio to +21.2% for the full calendar year 2024. While our CLO Debt investments performed favourably, CLO Equity valuations were slightly down on the month amid increased volatility into year-end.

The Federal Open Market Committee (FOMC) meeting in December gave contradictory signals. They reduced interest rates as expected, but they also indicated that they might not lower rates in the future due to inflation staying above 2%. This caused 10-year U.S. Treasury bond yields to rise above 4.5% and led to market volatility worldwide. The VIX, an index that measures expected market volatility, reached its highest level since summer.

In Europe, Moody's downgraded France's credit rating to Aa3 due to political instability and President Macron's struggles to form a stable government. Similarly, German Chancellor Olaf Scholz lost a confidence vote, which could lead to early elections in 2025.

High Yield bond indices in Europe and the U.S. widened by 16bps. European leveraged loans closed flat at 98% of par, while U.S. leveraged loans improved slightly at 97.33%. The primary CLO markets remained active, but some transactions were delayed until the new year in anticipation of improved market conditions and potentially tighter markets.

In terms of performance, CLO markets have outperformed broader credit markets this year. BB-rated CLO tranches saw a total return of +19.2%. For comparison, U.S. High Yield returned +8.2%, Euro High Yield returned +8.6%, and Global Loans returned +7.3% during the same period.

Regarding 2025, major credit rating agencies expect loan default rates to decrease, with US defaults estimated to stay around 1.5% default rate (between 3%-3.5% when including restructurings). In the US, the percentage of CCC-rated loans in CLO collateral portfolios has slightly decreased from 5.0% to 4.7%, while US loan repayment rates have remained constant at 28%. In Europe, loan repayment rates have slightly decreased from 14% to 13%. Thus, we have a constructive outlook for the beginning of 2025 regarding loans. Nonetheless, we do expect further loan spread compression coming which should show into the level of CLO Equity distributions through 2025 requiring an active refinancing and reset strategy for existing CLO.

Turning to Volta, cashflow generation continued to be steady, highlighting the strength of the book's risk positioning. Over the last 6 month period, the cashflow generation was stable at c.€30m equivalent of interests and coupons, representing c.22% of December's NAV on an annualized basis.

In terms of portfolio activity, it was actually a rather busy month with notably the redemption in full of a US BB-rated position as well as profit taking on high cash price BB-rated and single-B rated Euro CLO tranches. Proceeds were used to fund our warehouse commitments as well as purchasing a significant stake in a European CLO Equity tranche from the new issue market.

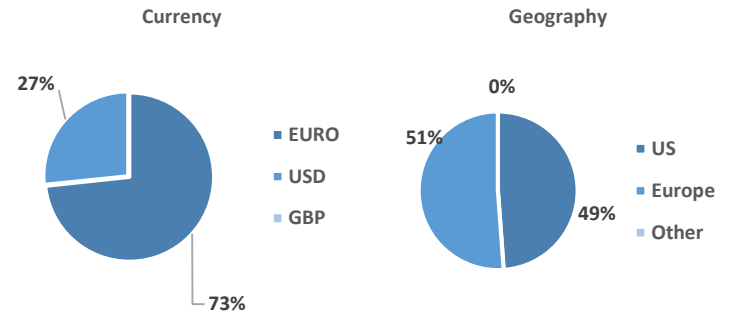
Over the month, Volta's CLO Equity tranches returned -1.0% performance\*\* while CLO Debt tranches returned +3.4% performance\*\*, cash representing c.1.2% of NAV. The fund being c.27% exposed to USD, the recent appreciation of USD vs EUR had a positive impact of +0.6% on the overall performance.

As of end of December 2024, Volta's NAV was €274.4m, i.e. €7.50 per share.

*\*It should be noted that approximately 4.29% 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 0.35% as at 30 November 2024, 3.90% 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 (%)



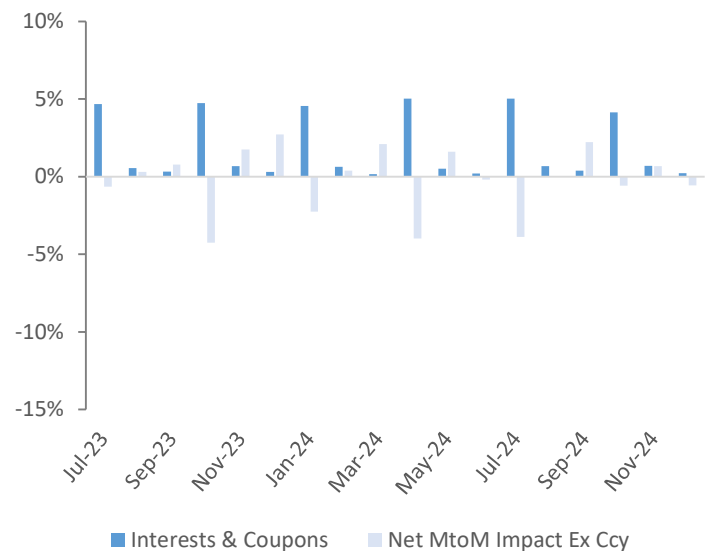
Source: Intex, Bloomberg, AXA IM Paris as of December 2024 - unaudited figures - not accounting for unsettled trades Figures expressed in % of the NAV

### Portfolio Composition by Asset Type

Market Value (€m)		Breakdown (% GAV)	
CLO	277.9	USD CLO Equity	22.8%
		USD CLO Debt	16.1%
		EUR CLO Equity	30.6%
		EUR CLO Debt	19.2%
		CMV	3.8%
		CLO Warehouse	5.7%
Synthetic Credit	0.1	Synthetic Corporate Credit Equity	0.0%
		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	0.3	ABS Residual Positions	0.1%
		ABS Debt	0.0%
Cash or equivalent	3.3	Cash or equivalent	1.2%
<b>GAV</b>	<b>282.6</b>		
Liability	-	Debt from Repurchase Agreement	0.0%
Payables	(8.1)	Fees, dividend and other payables	(2.9)%
<b>Estimated NAV</b>	<b>274.4</b>	<b>Per Share</b>	<b>7.50</b>

Source: AXA IM, as of December 2024

### Last Eighteen Months Performance Attribution



Source: AXA IM, as of December 2024

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