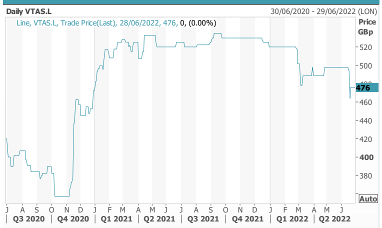
Closed End Investments



Source: Refinitiv

Market data

EPIC/TKR	VTA.NA, VTA.LN VTAS LN
Price (€)	5.48/5.60/476p
12m high (€)	6.38/6.38/549p
12m low (€)	5.30/5.50/464p
Shares (m)	36.6
Mkt cap (€m)	200
2023E div. yield	10.9%
Latest NAV (May'22, €)	6.37
Discount to NAV	14%
Country of listing	NL/UK
Currency of listing	€/€/GBP
Market	AEX, LSE

Description

Volta is a closed-ended, limited liability investment company that aims to provide a steady stream of quarterly dividends, pursuing exposure, predominantly, to Collateralised Loan Obligations (CLOs) and similar asset classes.

Company information

Ind. Chairman	Paul Meader
Independent Non-Executive Directors	Graham Harrison, Dagmar Kershaw, Stephen Le Page, Paul Varotsis
Fund Managers (AXA IM Paris)	Serge Demay, A Martin-Min, François Touati
Co. sec./ Administrator	BNP Paribas Securities Services SCA, Guernsey
Website	*www.voltafinance.com*

Key shareholders (31 Jul'21)

AXA Group	30%
BNP WM	

Analyst

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VOLTA FINANCE LIMITED

Hardman presentation: *carpe diem*

In this note, we review the manager's recent Hardman Talks *Seizing opportunities in volatile times* presentation and Q&A. The key messages were i) refi/reset helped build annualised cashflows to a high-teen percentage of NAV, more than double the dividend payout, which should allow the NAV to grow over the medium term, ii) most underlying loans are floating rate, and so income will rise with interest rates, and iii) the net US exposure is positive in risky times. The presentation showed how strong the corporate market is and that, while defaults will rise, they start from a low point. There will be mark-to market (MTM) volatility, but long-term cashflows are good.

- **How the manager adds value:** AXA IM has ca.$21bn of CLO assets under management, giving it the scale required to invest in people and control systems. Its presence gives invaluable market knowledge, positioning and pricing power. As the listed vehicle, Volta is a highly visible and important part of this portfolio.
- ***May monthly report*:** In May, the CLO market experienced a brutal price adjustment, reversing four months of solid outperformance relative to classic credit and equity markets. Still, cashflows remain extremely robust, with six-month interest and coupons representing a 19.3% annualised cashflow to NAV.
- **Valuation:** Volta trades at a double discount: its share price is at a 14% discount to NAV, and we believe its MTM NAV still includes a further sentiment-driven discount (5%-10%) to the present value of expected cashflows. Volta targets an 8% of NAV dividend (10.9% 2023E dividend yield on current share price).
- **Risks:** Credit risk is a key sensitivity. We examined the valuation of assets, highlighting the multiple controls to ensure its validity, in our *initiation note*, in September 2018. The NAV is exposed to sentiment towards its own and underlying markets. Volta's long $ position is only partially hedged.
- **Investment summary:** Volta is an investment for sophisticated investors, as there could be sentiment-driven share price volatility. Long-term returns have been good: ca.9% p.a. (dividend reinvested basis) since initiation. With above-average returns on recent reinvestments, the portfolio's past six-month cashflow (annualised) yield is 19.3%. We expect near 2x 2022E dividend cover.

Financial summary and valuation (Hardman & Co adjusted basis)

Year-end Jul (€m)	2017	2018	2019	2020	2021	2022E	2023E
Coupons & dividends	33.2	38.5	42.0	39.4	41.8	45.1	47.5
Operating income	35.0	37.0	41.0	31.5	44.5	46.4	48.5
Inv. mgr.'s fees (stat.)	(5.7)	(4.2)	(4.2)	(3.9)	(14.2)	(4.0)	(8.8)
Other expenses	(0.8)	(0.9)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Prof. & tot. comp. inc.	28.0	29.7	32.9	25.8	35.2	37.1	38.7
Statutory PTP	38.7	22.7	7.1	(63.0)	76.8	(8.7)	40.0
Underlying EPS (€)	0.8	0.8	0.9	0.7	1.0	1.0	1.1
NAV per share (€)	8.4	8.4	7.9	5.7	7.3	6.4	6.9
S/P disc. to NAV*	-11%	-15%	-12%	-23%	-17%	-15%	-21%
Gearing	12%	14%	12%	0%	0%	19%	20%
Dividend (€)	0.62	0.62	0.62	0.52	0.52	0.61	0.60
Dividend yield	11.3%	11.3%	11.3%	9.5%	9.5%	11.1%	10.9%

**2017-20 actual NAV and s/p, 2021-23E NAV to current s/p; Source: Hardman & Co Research*

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Manager's presentation

Volta Finance – Executive summary

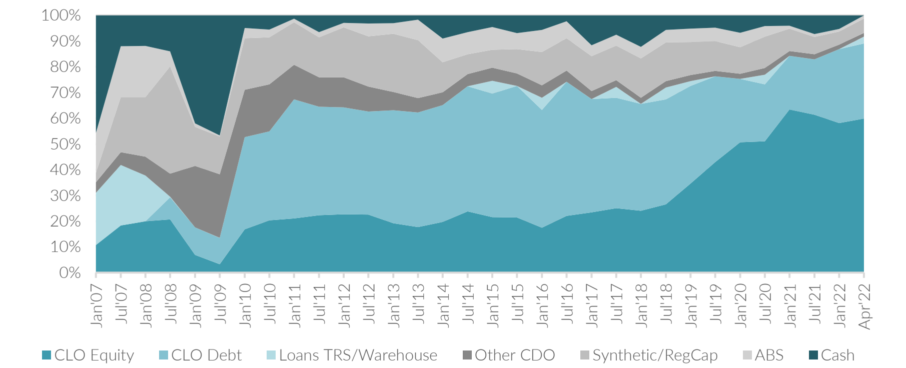
Environment raises risk and reward, but Volta specifically reduced cost of leverage in 2021, has floating rate assets and benefits from $ strength

The current environment of inflation, interest rate hikes and the Ukraine crisis increases both the potential risk and reward. While Volta is invested in leveraged instruments (mostly CLOs), it reduced the cost of embedded leverage significantly in 2021, and the majority of the company's assets are floating rate (so benefiting from rising interest rates). Additionally, if there is a flight to safety, any US dollar strength will benefit shareholders with around 30% net exposure. As at the end of April (the most recent numbers before the presentation), Volta's YTD performance was positive. With cashflows of 15%-17% of NAV, the dividend (target 8% of NAV) is very well covered, and excess cashflow gives the flexibility to add attractive primary and secondary opportunities with high projected returns.

Built CLO equities over past three years…

Over the past three years, Volta has progressively increased the allocation to CLO equities to i) benefit from reinvestment in loans at a discount or with a higher spread, ii) be able to refinance CLO debt at lower spreads, and iii) enjoy the opportunities that come from higher cashflow generation.

Portfolio mix (%)

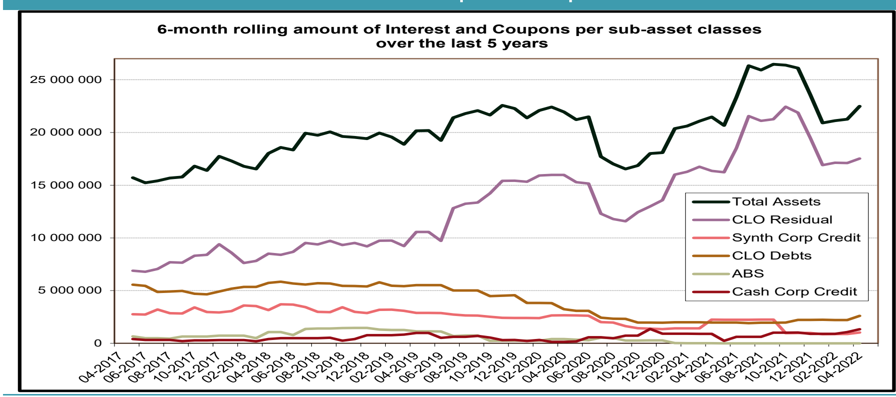


Source: Volta, Hardman & Co Research

…helping to build growing cashflows to their current very high levels now

The resulting trend has been for increasing cashflows (after a short technical drop around COVID-19), helped, since 2021, by refi/reset activity. Quarterly underlying cashflows are in the 15%-17% range of NAV (increased in May to 19.3%) – so the dividend target of ca.8% of NAV is well covered. Excess cashflow gives the flexibility to add attractive primary and secondary opportunities with high projected returns.

Six-month annualised interest and coupon receipts as % of NAV



Source: Volta, Hardman & Co Research

Looking in more detail at the current situation, Serge Demay commented:

Inflation builds EBITDA and erodes debt – so speed to inflation is issue

- *"Inflation is our Friend"*: Broadly spread inflation helps erode debt while EBITDA continues to grow, noting that abrupt and sharp rate rises can be problematic for debt coverage ratios.

Expect defaults to rise, but only modestly

- The current commodity shock is very different from post-COVID-19 inflation: higher commodity prices are generating (few) winners and (many) losers. Households' purchasing power has been affected, and recession probability is growing. While inflation has undoubtedly been more severe and stubborn in the short term, AXA IM remains constructive for the medium term, and its view is that it is going to see only modest increases in default rates – maybe in the area of 1% at the end of 2022 (lower for the US) and a 2%-3% default rate in 2023. We believe this is in line with consensus estimates.

Wider spreads will generate more income

- If this forecast comes to pass, Volta may be expected to be able to benefit from higher WAS (weighted average spread) inside CLOs, generating even stronger cashflows from Volta's CLO equity positions.

Starting position very strong. Rating agency analysis showing very strong overall corporate resilience in stress tests.

- The starting position for corporates is very positive, with profits up 31% in 4Q'21 on 4Q'19, while corporate debt is up 15% over the same period (and household debt is up 11%). Corporate defaults are presently extremely low, and corporate cashflows are at the highest levels for 50 years. The presentation highlighted that the latest FitchRatings research commentary was "*We largely found ratings well positioned to withstand the material increase in macroeconomic pressures delineated in our adverse case. We would expect 171 of the 208 sectors assessed at the regional and global level to likely experience 'Virtually No' or only a 'Mild/Modest Impact' with no or very few potential rating changes, respectively. Many ratings have improved positions coming out of the pandemic with stronger than expected performance and more robust balance sheets resulting in positive rating pressure and headroom*".

Value added by reset/refis

The presentation then turned to some come specific value add within the trust, including the benefit of refi/resets. We have extensively reviewed the opportunities in previous notes (see Re-Set, Re-Fi, Re-Light my Fire, published on 5 May 2021, and Yield (10%, covered and growing) + capital growth, published on 28 July 2021). However, in summary, good market conditions mean that CLO vehicles can refinance debt cheaply, without the underlying loans refinancing – thus enhancing CLO cashflows and the value of Volta's CLO equity positions. In the second half of 2021 alone, Volta lowered the cost of leverage by 26.5bps, with seven refi/resets. Considering that a typical CLO equity position is 10 times leveraged on the underlying loan pool spread, everything else being equal, projected cashflows from these positions are expected to be 2.6% of par higher (moving from 14% of par to 16.6%, or from 25.5% of market value to 30%).

Seven refi/resets in 2H'21

Deal	Position	Impact	Comment
Adagio V	€4m	23,1bp	Classic refi with WAL extension
CIFC 2017-2	$6m	26,7bp	Classic refi with WAL extension
WindRiver 2019-1	$13m	19,7bp	Issuance of a B tranche and capital flush led to a 21% payment at reset date
Bilbao 2	€15m	34,7bp	Issuance of a B tranche and capital flush led to 19% payment on two instalments
Vibrant 11	$17,325	24,7bp	Classic refi with WAL extension
ReddingRidge € 5	€5m	17,5bp	Deal was upsized; we get €2m more equity at 81,50% (pre-reset ,the deal was priced at 105%)
Symphony 23	$5m	38,9bp	Classic refi with WAL extension

Source: Volta, Hardman & Co Research

The presentation highlighted how sourcing deals in periods of distress could add value with a specific deal, which was originated in March 2016. From October 2016 to April 2018 alone (with a reset), it saw a cashflow return equivalent to 59% of the investment.

Volta not risk free

The key risks were as expected, and may be summarised as i) relative illiquidity in the assets, ii) credit risk in the underlying borrowers, iii) the CLO issuer of any CLO securities will be highly leveraged, which will increase risks to investors, particularly to investors in more subordinated classes of such securities, including their sub-ordination, iv) market risk and sentiment to the investments, and v) manager performance risk. We particularly draw investors' attention to the fourth factor, which has an impact not only on the underlying assets (which Volta reports on an MTM basis, in contrast to some peers, but also on sentiment to Volta's shares.

Summary highlights opportunities in volatile times and focus on cashflow

The presentation was about "seizing opportunities in volatile times". Serge summarised them as:

- Volta does not expect any significant diversion of cashflows from Volta CLO equities and therefore expects current cashflows to increase or at least remain at the current high level.
- In the past six months, it has tactically added to CLO debt, in order to facilitate rotation into CLO equity (at lower prices), and ca.8.5% of the portfolio (in non-CLO positions) is near the end of its life – some of them are amortising on a quarterly basis, and most of them will be prepaid in the coming 12 months.
- With ca.16% cash on cash, plus some principal payments, management should be able to seize opportunities in the secondary and primary market. Given May's price falls, there will be more opportunities than in April.
- Volta has been able to maintain the level of its dividend for the past three years through COVID-19/Ukraine (i.e. the current divided is the same as it was in FY'19).
- Volta is on its way to increasing its attractiveness in becoming a pure CLO fund, so simplifying the message to investors. The mid- to long-term target is to grow the NAV, while maintaining an 8% of NAV dividend.

Q&A session

Credit-related

Please comment on how each 1% market interest rate increase affects the fund's performance. What are the most relevant rates to the fund's performance, and is there any danger of credit losses with rising rates?

Start to worry about rates over 2.5%/3%, and only likely to be major problem at 4%-5%. Until then, positive for income.

Euribor is a key rate. Given the different dynamics, the first increases (up to 0.5%) in Europe will not have a major effect but, thereafter, there should be a benefit. In the US, they are already getting the benefit. In terms of credit, the risk is really when central banks hike rapidly and very strongly. Rates at, say, 5% would be a more material issue. Above 2.5%/3% could start to see companies seeing problems.

Can management give an indication of the potential impact on distributions based on a range/matrix of default and recovery rates?

On current forecasts, no diversion of cashflows – need higher and sustained defaults for that to be issue

Up to 4%-5% default rates p.a. should be manageable before there are major impacts on cashflows. As you approach this level, you start to see the issue becoming more important. This year, we are looking at slightly above 1% in Europe and below 1% in the US, and a higher level for next year (below 2% in the US and 2%-3% for Europe) – so there should be no major impact on cashflows. The business message is that you need materially higher and sustained defaults than current market expectations for cashflows to be materially impacted.

What hedges, if any, are in place for credit risk? What concentration risk groupings do you analyse and manage to?

Real hedge is diversity in 1,400+ underlying borrowers

On hedges, it would be very expensive to hedge equity positions; so, in practice, it is about allocation policy. A classic CLO in the US may have ca.400 positions (in Europe 200+) – so Volta has 1,400+ underlying borrowers. The real exposure is a macro one, not an individual borrower default one.

When we get uncertainty in times like the Russian invasion of the Ukraine, how do you look through the CLO structures to assess the risks that the underlying borrowers are actually facing?

Work with managers on downgrade risk

We look at industry exposure. So, in the past two months, AXA IM has been liaising with the CLO managers to see what is the risk of downgrades, especially to CCC. We look to the manager to control that risk, working and discussing with the CLO managers regarding their portfolio risk and the way it is controlled.

Discount management

How is the discount to NAV affecting Volta's ability to grow funds under management? Has the company considered other ways of finance, such as preferred shares?

Only way to grow business will be issue shares at NAV or above – so discount is important

The only way to grow the company is to issue new shares at NAV or above, which is why it is doing this call and stepping up the marketing of the company. Volta will be looking to grow the company through that mechanism at some point in time. The board has not considered alternative funding, such as preferred shares.

What is the board's policy to control the discount?

Buybacks not considered right for Volta's specific case

Volta appreciates that some competitors do buybacks but observes that, while they have an impact at a point in time, once the buyback is completed, the trust may end up with even less liquidity than before the programme. This creates issues and risks of its own. On balance, at this stage, the board is not convinced that it would work for the type of company that Volta is. Its preference is to actively market the company and to simplify the trust by making it a pure CLO investment vehicle.

Dividend

Given the attractiveness of the dividend and high yield, could you also discuss the likely medium (three to five years) growth of your dividend? You have delivered an 8.6% return on NAV since inception and target an 8% of NAV dividend payout. Is the yield driven by the long-term return or some other factor?

Given target and cashflows, reasonable to expect dividend to grow

The target 8% NAV has been in place for many years (9.5% of share price at the date of the presentation). It is very well covered. As cash is well above this level, we may see an increase in NAV and it would be reasonable to expect a 2%-5% increase in NAV, which would see an increase in the dividend.

Operational

Standard fees structure…

Please discuss the charges, ongoing costs and, in particular, the bonus arrangements.

…50% of CLO equity positions have controlling interests…

Costs are very important. Basic 1.5% and then incentive fees capture 20% of excess of 8% above the hurdle rate, so do not benefit from volatility.

… almost all underlying loans are bullet repayments…

What % of CLOs in the pool do you have a controlling interest in?

On debt, obviously no voting rights. On equity, probably about 50%.

… ca.70% of new investments are primary sourced…

What percentage of underlying loans have bullet repayments?

Almost all.

…equity allocation may increase from here

What percentage of new investments are sourced through primary and what percentage through secondary markets?

Approximately 70% are primary sourced and 30% secondary, although it does depend on volatility at any given time.

Under what conditions would you see CLO equity going over 65% of total assets?

Will increase equity from here.

AXA IM

Why/how does AXA/you deliver superior returns in GFC?

Significant scale gives AXA IM competitive advantages

Volta benefited from a reinvestment opportunity at that time. Even in 2009, there was 10% of loans prepaid at par, although pricing, on average, was 70% of par. Today, one could expect 25% of loans to repay at par in the next year, despite market pricing. AXA's market knowledge and scale are competitive advantages.

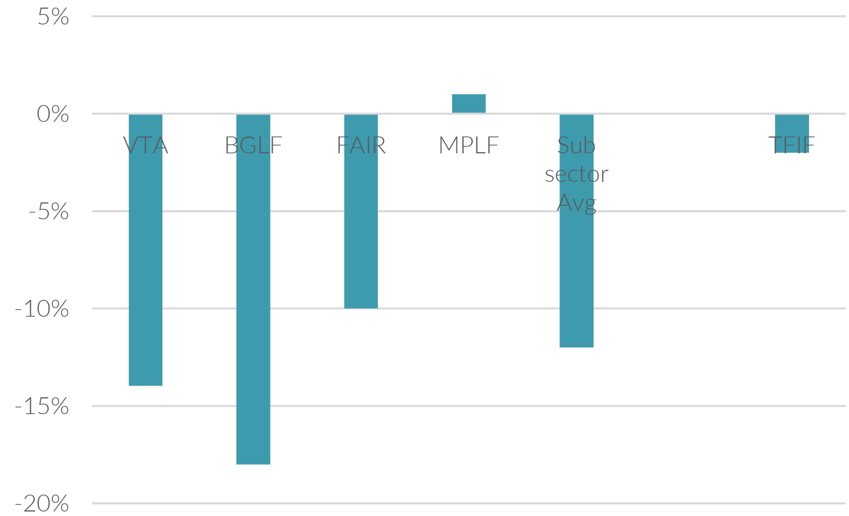
What is the total CLO managed by Serge within Volta and outside Volta?

AXA manages almost $21bn of CLO debt, 80% on a buy and hold model. It manages five funds actively totalling $1.5bn, with Volta making up approximately one fifth. Volta is a visible part of the AXA portfolio, so receives "a lot of attention".

Valuation

Given the historical performance, risk profile and portfolio mixes identified in previous reports, the discount to NAV appears anomalous.

Current share price discount to latest NAV for Volta and peers



Source: Hardman & Co Research, Monthly reports for Volta (VTA), TwentyFour Income Fund (TFIF), Fair Oaks Income Fund (FAIR), Blackstone/GCO Loan Financing Ltd (BGLF) and Marble Point Loan Financing (MPLF); priced 28 June 2022

Financials

Our estimates have been reduced to reflect the sharp May 2022 NAV fall.

Profit and loss account (statutory)									
Year-end Jul (€m)	2015	2016	2017	2018	2019	2020	2021	2022E	2023E
Coupons and dividends received	33.7	34.7	33.2	38.5	42.0	39.4	41.8	45.1	47.5
Net gains on sales	12.6	2.7	3.1	0.0	0.5	(7.0)	2.7	2.7	2.7
Unrealised gains and losses	21.0	(18.5)	4.7	(5.7)	(18.2)	(87.9)	47.1	(50.0)	1.5
Net gain on fin. assets at FV through P&L	67.2	18.9	40.9	32.7	24.4	(55.5)	91.6	(2.2)	51.7
Net FX	(8.2)	0.3	5.6	(2.0)	(11.6)	(1.4)	0.9	0.0	0.0
Net gain on IR derivatives	0.0	0.0	0.4	(0.9)	1.6	0.0	(0.3)	0.0	0.0
Interest expense on repo	(0.2)	(0.9)	(1.1)	(1.4)	(1.6)	(0.8)	0.0-	(1.4)	(1.6)
Net bank int. & charges	(0.0)	(0.1)	(0.1)	(0.1)	0.1	0.0	(0.0)	(0.0)	(0.0)
Operating income	58.8	18.2	45.7	28.4	12.8	(57.7)	92.1	(3.6)	50.0
Inv. manager's fees	(3.9)	(4.1)	(4.1)	(4.2)	(4.2)	(3.9)	(3.3)	(4.0)	(3.5)
Inv. manager's performance fees	(5.0)	0.0	(1.5)	0.0	0.0	0.0	(10.9)	0.0	(5.3)
Directors' remuneration & expenses	(0.5)	(0.6)	(0.5)	(0.5)	(0.5)	(0.5)	(0.3)	(0.3)	(0.3)
Other expenses	(1.8)	(0.9)	(0.8)	(1.0)	(1.0)	(0.9)	(0.8)	(0.8)	(0.8)
Total expenses	(11.2)	(5.6)	(6.9)	(5.7)	(5.7)	(5.3)	(15.3)	(5.1)	(10.0)
Profit and total comp. income	47.6	12.6	38.7	22.7	7.1	(63.0)	76.8	(8.7)	40.0
Avg. no shares for EPS calculation (m)	36.5	36.5	36.5	36.56	36.59	36.61	36.61	36.61	36.61
Statutory EPS (€)	1.31	0.34	1.06	0.62	0.19	-1.72	2.10	-0.24	1.09
Total dividend (€)	0.62	0.62	0.62	0.62	0.62	0.52	0.52	0.61	0.60

Source: Volta, Hardman & Co Research

Adjusted profit and loss

To derive our adjusted profit and loss, we strip out the capital movements, including i) unrealised gains/losses, ii) FX movements, and iii) net gains of IR derivatives. We have left in realised gains, which, although volatile, have been converted into cash, and some capital gains may be expected to form part of the normal course of business. We have also backdated the current management fee structure, and adjusted it to the new level of profitability.

Hardman & Co adjusted profit and loss account									
Year-end Jul (€m)	2015	2016	2017	2018	2019	2020	2021	2022E	2023E
Coupons and dividends received	33.7	34.7	33.2	38.5	42.0	39.4	41.8	45.1	47.5
Net gains on sales	12.6	2.7	3.1	0.0	0.5	(7.0)	2.7	2.7	2.7
Net gain on fin. assets at FV through P/L	46.2	37.4	36.2	38.5	42.5	32.4	44.5	47.8	50.2
Interest expense on repo	(0.2)	(0.9)	(1.1)	(1.4)	(1.6)	(0.8)	-	(1.4)	(1.6)
Net bank interest & charges	(0.0)	(0.1)	(0.1)	(0.1)	0.1	0.0	(0.0)	(0.0)	(0.0)
Operating income	46.0	36.5	35.0	37.0	41.0	31.5	44.5	46.4	48.5
Inv. manager's fees	(4.5)	(4.3)	(4.6)	(4.6)	(4.4)	(3.6)	(3.3)	(4.0)	(3.5)
Inv. manager's performance fees	(3.5)	(1.3)	(1.2)	(1.3)	(2.1)	(0.6)	(4.6)	(4.0)	(5.0)
Directors' remuneration & expenses	(0.5)	(0.6)	(0.5)	(0.5)	(0.5)	(0.5)	(0.3)	(0.3)	(0.3)
Other expenses	(1.8)	(0.9)	(0.8)	(0.9)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Total expenses	(10.3)	(7.2)	(7.0)	(7.3)	(8.0)	(5.7)	(9.3)	(9.3)	(9.8)
Profit and total comp. income	35.7	29.3	28.0	29.7	32.9	25.8	35.2	37.1	38.7
Adjusted EPS (€)	0.98	0.80	0.77	0.81	0.90	0.71	0.96	1.01	1.06
Dividend cover (x)	1.58	1.29	1.24	1.31	1.45	1.36	1.85	1.66	1.77

Source: Volta, Hardman & Co Research

Balance sheet and cashflow

Balance sheet									
@ 31 Jul (€m)	2015	2016	2017	2018	2019	2020	2021	2022E	2023E
Financial assets at FV through P&L	307.3	324.1	321.3	325.7	325.5	201.7	259.0	263.7	289.6
Derivatives	0.0	1.2	0.7	1.3	0.8	2.8	2.8	2.8	2.8
Trade and other receivables	38.1	5.0	0.3	12.9	5.5	0.0	2.5	2.5	2.5
Cash and cash equivalents	0.4	10.9	37.1	20.5	14.5	9.7	18.2	27.7	25.0
Total assets	345.8	341.3	359.4	360.4	346.2	214.2	282.6	296.7	320.0
Loan financing under repos	27.3	40.3	38.1	42.7	35.9	0.0	0.0	45.0	50.0
Interest payable on loan financing	0.1	0.1	0.1	0.2	0.2	0.0	0.0	0.2	0.2
Derivatives	0.3	0.0	0.0	0.1	0.3	2.8	1.4	1.4	1.4
Trade and other payables	19.0	11.6	15.6	11.7	19.2	3.2	14.9	14.9	14.9
Total liabilities	46.6	52.0	53.8	54.7	55.7	6.0	16.3	61.5	66.5
Net assets	299.2	289.3	305.5	305.7	290.6	208.2	266.3	235.3	253.5
Period-end no. shares (m)	36.5	36.5	36.5	36.6	36.6	36.6	36.6	36.6	36.6
NAV per share (€)	8.20	7.92	8.36	8.36	7.94	5.69	7.28	6.43	6.93
Total debt to NAV	9%	12%	12%	14%	12%	0%	0%	19%	20%

Source: Volta, Hardman & Co Research

Cashflow									
Year-end Jul (€m)	2015	2016	2017	2018	2019	2020	2021	2022E	2023E
Total comprehensive income	47.6	12.6	38.7	22.7	7.1	-63.0	76.8	(8.7)	40.0
Net gain on financial assets at FV in P&L	(67.2)	(18.9)	(40.9)	(32.7)	(24.4)	55.5	(91.6)	2.2	(51.7)
Net movm't. in unreal. gain on reval. derivs.	0.1	(1.5)	0.5	(0.5)	0.7	0.6	(1.5)	0.3	0.3
Interest expense on repos	0.2	0.9	1.1	1.4	1.6	0.8	0.0	1.4	1.6
FX losses on re-translation repos	(0.9)	(0.3)	(2.2)	0.4	2.0	0.9	0.0	0.0	0.0
(Increase)/decrease in trade receivables	(0.0)	0.0	(0.1)	0.1	(3.2)	3.2	0.0	0.0	0.0
Increase/(decrease) in trade payables	2.0	(1.5)	1.6	(1.7)	0.1	(0.3)	10.7	0.0	0.0
Directors'/other fees paid in cash	0.2	0.1	0.1	0.2	0.1	0.0	0.0	0.0	0.0
Net cash inflow/(outflow) from op. acts.	(18.0)	(8.5)	(1.0)	(10.3)	(15.9)	(2.4)	(5.6)	(4.9)	(9.7)
Cashflow from investing activities									
Coupons and dividends received	33.3	33.6	34.4	38.0	42.2	39.9	40.4	45.1	42.2
Purchase of financial assets	(99.3)	(127.0)	(109.0)	(138.8)	(117.8)	(68.1)	(36.8)	(170.0)	(140.0)
Proceeds from sales of financial assets	96.9	84.9	125.5	114.2	118.2	83.0	29.1	118.0	118.0
Net cash inflow/outflow from invest. acts.	30.9	(8.5)	50.9	13.4	42.7	54.8	32.7	(6.9)	20.2
Cashflows from financing activities									
Dividends paid	(22.3)	(22.6)	(22.7)	(22.7)	(22.3)	(19.4)	(18.7)	(22.4)	(21.8)
Proceeds from repos	28.2	13.3	0.0	4.2	(8.8)	(36.8)	0.0	45.0	5.0
Interest paid on repos	(0.1)	(0.8)	(1.1)	(1.3)	(1.7)	(1.0)	0.0	(1.4)	(1.6)
Net cash inflow from financing activities	5.8	(10.2)	(23.7)	(19.7)	(32.8)	(57.2)	(18.7)	21.3	(18.5)
Net increase in cash and cash equivalents	18.7	(27.2)	26.2	(16.6)	(6.0)	(4.8)	8.5	4.5	(2.7)
Opening cash and cash equivalents	19.5	38.1	10.9	37.1	20.5	14.5	9.7	18.2	27.7
Closing cash and cash equivalents	38.1	10.9	37.1	20.5	14.5	9.7	18.2	22.7	25.0

Source: Volta, Hardman & Co Research

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