

## Closed End Investments



Source: LSEG, 2025

## Market data

EPIC/TKR	VTA.NA, VTA.LN, VTAS LN
Price (€)	6.36/6.45/540p
12m high (€)	6.60/6.62/565p
12m low (€)	5.05/5.00/416p
NAV p/sh (May'25, €)	7.43
Disc. to NAV (%)	-14
Shares (m)	36.6
Mkt cap (€m)	233
FY'24 div. yield (%)	8.6
Market (NL, UK)	AEX, LSE, LSE
Free float	70%
Currency	€, €, GBP

## Description

Volta Finance (Volta) is a closed-ended, limited liability investment company with a diversified investment strategy across structured finance assets (primarily CLOs). It aims to provide a stable stream of income through quarterly dividends.

## Company information

Ind. Chair	Dagmar Kent Kershaw
Ind. NEDs	Simon Holden, Stephen Le Page, Yedau Ogundele Joanne Peacegood
Fund Managers	AXA IM Paris
Co. Sec./	BNP Paribas
Administrator	Securities Services SCA, Guernsey Branch

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[www.voltafinance.com](http://www.voltafinance.com)

## Key shareholders (31 July 2024)

AXA SA Bank	21.75%
BNP Paribas	16.01%
AXA Framlington IM	8.23%
BNP Wealth Mgt.	5.91%

## Diary

Mid-Jul	Jun estimated NAV
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## Analyst

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## VOLTA FINANCE LIMITED

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In our note, *Volatility put into context*, we reviewed Volta's volatility during recent "crisis" periods (2025 tariff uncertainty, Russia's 2022 invasion of Ukraine, early COVID-19 experience). In one of them, Volta's share price showed more volatility than that of equity markets, in one it was broadly in line, and in one it displayed less volatility. There is insufficient evidence to say Volta is more, or less, volatile than equity markets in risk-off periods, which may come as a surprise to some investors. Investors need to consider both sentiment effects (on the VTA share price and the price of its assets) and fundamentals (CLO structures have many downside risk protections, which have ensured losses below corporate credit equivalents).

- **Sentiment:** In our view, the biggest factor driving whether VTA has shown more or less volatility has been stock-specific sentiment. In some risk-off periods, this has been more positive than for overall markets, and in others less so. With real value volatility driven by different factors, mispricing anomalies arise.
- **Fundamentals:** While, in sentiment terms, CLOs may be viewed by some equity investors as being risky, and so volatile, the reality is that CLO structures have many risk-reduction features that limit downside sensitivity. Both historical and expected CLO losses are below the broader corporate market equivalents.
- **Valuation:** Volta trades at a double discount: its share price is at a 14% discount to NAV, and we believe its mark-to-market approach includes a sentiment-driven discount to the expected cashflows. Volta's yield is a key attraction, and, in our view, it is likely to be more than 2x covered, giving investors considerable comfort.
- **Risks:** Credit risk is a key sensitivity. We examined the valuation of assets, highlighting the multiple controls to ensure its validity, in our September 2018 *initiation note*. 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 both the NAV and the discount to NAV may be volatile over time. We note that some competitors to Volta, historically, had a more stable NAV valuation due to a different asset valuation approach. Fundamental, long-term returns have been robust: 9.1% p.a. (dividend reinvested basis) since inception. Volta's performance relative to that of its peers has been strong, and returns for investments made after the financial crisis were double those in prior years.

## Financial summary and valuation (Hardman &amp; Co adjusted basis)

Year-end Jul (€m)	2021	2022	2023	2024	2025E	2026E
Coupons & dividend	41.8	42.9	47.0	57.1	55.6	53.7
Operating income	44.5	41.6	44.1	51.5	36.7	59.8
Inv. manager fees	(14.2)	(3.9)	(5.6)	(10.1)	(6.3)	(10.9)
Expenses	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Total comp. income	35.2	33.4	35.2	41.0	29.3	47.8
Statutory PTP	76.8	(17.8)	27.0	45.0	30.5	49.1
Underlying EPS (€)	1.0	0.9	1.0	1.1	0.8	1.3
NAV per share (€)	7.28	6.22	6.45	7.13	7.37	8.08
S/P prem./disc (-) to NAV*	-17%	-16%	-21%	-27%	-14%	-21%
Gearing	0%	0%	0%	0%	0%	0%
Dividend (€)	0.51	0.57	0.51	0.55	0.60	0.62
Dividend yield	8.0%	9.0%	8.0%	8.6%	9.4%	9.8%

\*2021-24 actual NAV and share price, 2025-26 forecast NAV to current share price.

Source: Hardman &amp; Co Research