

Closed End Investments


Source: LSEG, 2025

Market data

EPIC/TKR	VTA.NA, VTA.LN, VTAS LN
Price (€)	6.82/6.98/595p
12m high (€)	7.02/7.06/614p
12m low (€)	5.15/5.00/416p
NAV p/sh (Jul'25, €)	7.49
Disc. to NAV (%)	-9
Shares (m)	36.6
Mkt cap (€m)	249
FY'24 div. yield (%)	8.1
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
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-Sep	Aug estimated NAV
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Analyst

 Mark Thomas mt@hardmanandco.com

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 whether 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).

- ▶ **July factsheet:** Following 3.7% gains in May/June, NAV total return for July saw a further 2.5% gain (cumulative performance from Aug'24 to date to +13.9%). Volta's latest six-month cashflow generation was slightly up, at €28m; ca.21% of July's NAV on an annualised basis. Cash stood at 16.7% of gross assets.
- ▶ **Underlying fundamentals:** Despite low M&A volumes, loan and CLO issuance was active in July. Loan indices recorded strong performance compared to prior months (+0.88% for the US loan market and +0.55% for the European market). This led to inflated secondary loan prices/increased CLO early redemptions.
- ▶ **Valuation:** Volta trades at a double discount: its share price is at a 9% 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 share returns are robust: 9.7% p.a. (dividend reinvested basis) since inception to end-July 2025. 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 & 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	54.9
Operating income	44.5	41.6	44.1	51.5	36.7	61.0
Inv. manager fees	(14.2)	(3.9)	(5.6)	(10.1)	(7.5)	(11.1)
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	48.8
Statutory PTP	76.8	(17.8)	27.0	45.0	35.1	50.0
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	7.48	8.22
S/P prem./disc (-) to NAV*	-17%	-16%	-21%	-27%	-9%	-17%
Gearing	0%	0%	0%	0%	0%	0%
Dividend (€)	0.51	0.57	0.51	0.55	0.61	0.63
Dividend yield	7.4%	8.4%	7.5%	8.1%	8.9%	9.2%

*2021-25 actual NAV and share price, 2026 forecast NAV to current share price.

Source: Hardman & Co Research