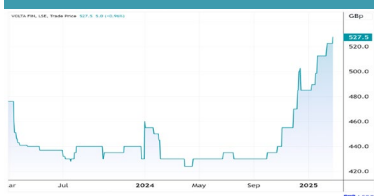


Closed End Investments



Source: LSEG, 2025

Market data

EPIC/TKR	VTA.NA, VTA.LN, VTAS LN
Price (€)	6.50/6.33/527.5p
12m high (€)	6.55/6.45/545p
12m low (€)	5.15/4.83/404p
NAV p/sh (Jan'25, €)	7.63
Disc. to NAV (%)	-15
Shares (m)	36.6
Mkt cap (€m)	238
FY'24 div. yield (%)	9.2
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	Stephen Le Page, Yedau Ogundele Joanne Peacegood
Fund Managers	AXA IM Paris
Co. Sec./	BNP Paribas
Administrator	Securities Services SCA, Guernsey Branch

BNP: +44 (0)1481 750853

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-Mar	Feb estimated NAV
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Analyst

Mark Thomas mt@hardmanandco.com

VOLTA FINANCE LIMITED

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In our note, *2024 experience bodes well for 2025*, we highlighted that Volta has delivered +21.2% 2024 total NAV return, outperforming i) B-rated CLO tranches (+19.2%), ii) US high yield (+8.2%), iii) Euro high yield (+8.6%), and iv) global loans (+7.3%). Its performance reflects positive markets and the incremental value added by the manager through its asset selection and portfolio management. Looking into 2025, we expect another strong year from CLOs: more market growth (partially driven by loans issued to fund greater PE activity), and stable defaults offsetting some spread tightening and fewer pull to par benefits from loans restructuring. AXA IM's outperformance has been through economic cycles.

- **Positive CLO markets:** Investors should "follow the cash". CLO structures' receipts have been strong, (low default rates from good corporate profitability and cashflow, and many borrowers passing on inflation to customers). CLO structures' costs reflect refinancing and resetting opportunities.
- **Value added by AXA IM:** AXA IM adds value, with its scale bringing i) specialist expertise to identify mis-priced opportunities/manage risk, ii) a broad network with informational advantages, and iii) business introduction and pricing opportunities. We also highlight its portfolio construction/asset selection.
- **Valuation:** Volta trades at a double discount: its share price is at a 15% 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 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 & 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	58.9
Operating income	44.5	41.6	44.1	51.5	61.7	65.0
Inv. manager fees	(14.2)	(3.9)	(5.6)	(10.1)	(11.3)	(11.9)
Expenses	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Total comp. income	35.2	33.4	35.2	41.0	49.3	52.1
Statutory PTP	76.8	(17.8)	27.0	45.0	50.5	53.3
Underlying EPS (€)	1.0	0.9	1.0	1.1	1.3	1.4
NAV per share (€)	7.28	6.22	6.45	7.13	7.91	8.73
S/P prem./disc (-) to NAV*	-17%	-16%	-21%	-27%	-18%	-26%
Gearing	0%	0%	0%	0%	0%	0%
Dividend (€)	0.51	0.57	0.51	0.55	0.60	0.65
Dividend yield	8.2%	7.8%	8.8%	7.8%	8.5%	9.2%

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

Source: Hardman & Co Research