

## Closed End Investments



Source: LSEG, 2025

## Market data

EPIC/TKR	VTA.NA, VTA.LN, VTAS LN
Price (€)	6.42/6.45/540p
12m high (€)	6.55/6.60/565p
12m low (€)	5.05/4.90/418p
NAV p/sh (Mar'25, €)	7.19
Disc. to NAV (%)	-11
Shares (m)	36.6
Mkt cap (€m)	235
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 (1 June)
	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-Jun	May estimated NAV
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## Analyst

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## 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. For 2025, we expect another strong year from CLOs with further market growth and stable defaults offsetting spread tightening and fewer pull to par benefits. However, with macro-driven noise, short-term volatility is likely and was seen in March/April. We have noted, in previous reports, that AXA IM has outperformed through economic cycles.

- **April factsheet:** Volta Finance's net performance was negative, at -2.4% (Aug 2024-to-date performance at +7.1%). CLO Debt and CLO Equity (-3.6% and -0.9% in Apr) continue to be affected by the global volatility/risk repricing. Volta saw ca.€28.5m of cashflow over six months (annualised ca.22% of March NAV).
- **Managing cash:** In view of the volatility, Volta increased cash to ca.16% of NAV end-April. In addition to strong CLO Equity distributions, it received €7.5m from called CLO Equities, sold European CLO single B and redeemed US CLO debt. Investment was limited to €4.2m, including €2.3m into CLO debt tranches.
- **Valuation:** Volta trades at a double discount: its share price is at an 11% 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%	-13%	-21%
Gearing	0%	0%	0%	0%	0%	0%
Dividend (€)	0.51	0.57	0.51	0.55	0.60	0.62
Dividend yield	7.9%	8.9%	7.9%	8.6%	9.3%	9.7%

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

Source: Hardman &amp; Co Research