HARDMAN&CO.

16 September 2022

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VOLTA FINANCE LIMITED

Cash is king and the king is rocking and rolling

Volta is no different from any other investment company in that it identifies when the market has mispriced long-term cashflows. In this note, we examine its success in that current cashflows are at near-record levels and 2.7x the dividend payment. Looking forward, we review why defaults may not rise to the level now built into loan prices – a view consistent with that of rating agencies and Volta – as well as the risks to this position. We note the current level of inflation is positive, as long as it is not sustained for too long. We also highlight Volta's diversification and geographical exposure. Bearing in mind these issues, the discount is anomalous.

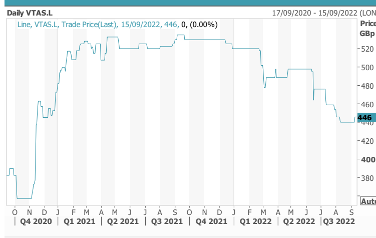
- **Strong current position:** Current cash receipts are 21.4% of NAV, reflecting low defaults (strong corporate cashflows and profitability, ability to pass on inflation to date), CLOs having reduced borrowing costs, CLO floating rate investments, and Volta's portfolio positioning in recent years into CLO equity.
- **Resilience going forward:** Rating agency/Volta/our confidence in relatively the low expected level of defaults may reflect i) strong starting position, including high cash cushions in CLO structures, ii) preponderance of PE, iii) inflation still a friend not foe. iv) covenant-lite documentation, and v) Volta diversification.
- **Valuation:** Volta trades at a double discount: its share price is at a 19% discount to NAV, and we believe its MTM NAV still includes a further sentiment-driven discount to the present value of expected cashflows. Volta targets an 8% of NAV dividend (11.3% 2023E 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 7.7% p.a. (dividend reinvested basis) since initiation. With above-average returns on recent reinvestments, the portfolio's past six-month cashflow (annualised) yield is 21.1%. 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	46.1
Operating income	35.0	37.0	41.0	31.5	44.5	46.4	47.1
Inv. mgr.'s fees (stat.)	(5.7)	(4.2)	(4.2)	(3.9)	(14.2)	(4.0)	(8.6)
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	37.5
Statutory PTP	38.7	22.7	7.1	(63.0)	76.8	(16.5)	38.9
Underlying EPS (€)	0.8	0.8	0.9	0.7	1.0	1.0	1.0
NAV per share (€)	8.4	8.4	7.9	5.7	7.3	6.2	6.7
S/P disc. to NAV*	11%	15%	12%	23%	17%	16%	22%
Gearing	12%	14%	12%	0%	0%	20%	20%
Dividend (€)	0.62	0.62	0.62	0.52	0.52	0.61	0.59
Dividend yield	11.9%	11.9%	11.9%	10.0%	10.0%	11.8%	11.3%

**2017-22 actual NAV and s/p, 2023E NAV to current s/p; Source: Hardman & Co Research*

Closed End Investments



Source: Refinitiv

Market data

EPIC/TKR	VTA.NA, VTA.LN VTAS LN
Price (€)	5.20/5.07/446p
12m high (€)	6.10/6.38/549p
12m low (€)	5.08/5.10/435p
Shares (m)	36.6
Mkt cap (€m)	190
2023E div. yield	11.3%
Latest NAV (Aug'22, €)	6.39
Discount to NAV	19%
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	Dagmar Kent Kershaw,
Independent Non-Executive Directors	Graham Harrison, Stephen Le Page, Yedau Ogundele
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

AXA Group	30%
BNP WM	16%
BNP Sec. Serv.	10%

Diary

Mid-Sep	Aug estimated NAV

Analyst

Mark Thomas +44 (0)203 693 7075
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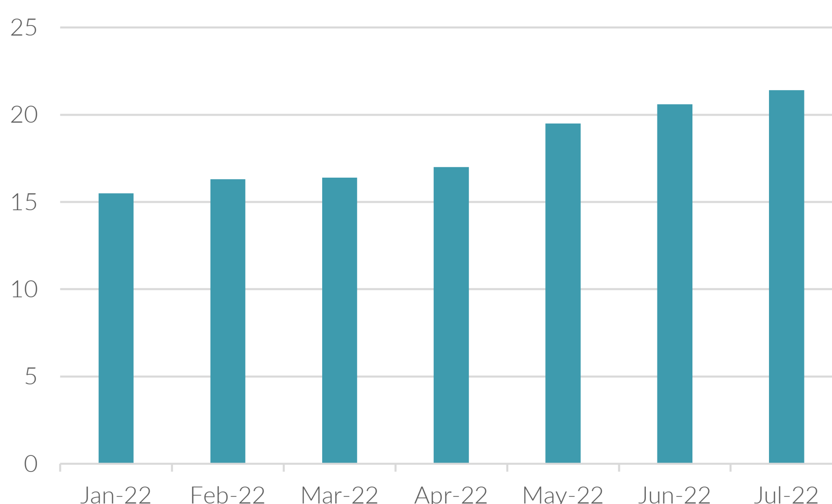
Current cashflows very strong

Recent history of rising Volta cashflows

In six months to July 2022, annualised cash receipts 21.4% of NAV and 2.7x the dividend payout ratio

The chart below shows the annualised interest and coupon cashflow receipts received by Volta in 2022. The figures take the previous annualised rate for the previous six months receipts to smooth out timing effects. The latest (July) figure is 21.4% of NAV against a target dividend payout ratio of 8% of NAV, showing that not only is the dividend very well covered but that, on a cash only basis, NAV growth would be expected. Historically, in non-crisis years, a yield of ca.12%-13% through cycle would be considered more normal.

Volta's annualised cash receipts over previous six months as % of NAV



Source: Volta monthly reports Hardman & co Research

How has this been achieved?

The rise in yield reflects a number of positive management actions.

CLO equity cashflows helped by re-fi and re-sets

- Increased allocation to CLO equity in anticipation of the time when market conditions would allow CLOs to refinance their debt more cheaply, thus increasing cashflows to equity positions. We have explored this feature in considerable detail in previous notes and specifically direct readers to the reports *Re-Set, Re-Fi, Re-Light my Fire* (5 May 2021) and *Yield (10%, covered and growing) + capital growth* (28 July 2021).

Low default rates as underlying corporate borrower profits and cashflows very strong

- The increased allocation to the equity tranches also benefitted from the low default rates among underlying borrowers. In the recent webinar (see *Hardman presentation: Carpe Diem* (29 June 2022), the manager highlighted that the starting position for corporates is very positive, with profits up 31% in 4Q'21 on 4Q'19, while corporate debt was up 15% over the same period (and household debt is up 11%). Corporate defaults are presently extremely low, and corporate cashflows were at the highest levels for 50 years. The accommodating monetary policy associated with the pandemic built corporate and personal cashflows to high levels. This has weakened in more recent months due to the challenges following the Ukrainian crisis, energy and wage inflation, tightening monetary policy and supply chain issues, but, as noted in the *August factsheet*, US past 12-month defaults were still running at just 0.6% (up from 0.3% end-July) against a long-run average of 2.8% and European default rates were 0.7%.

Most underlying loans floating rate and so benefitted from rising $ rates

- Most underlying loans in the portfolio are variable rate. As interest rates rise, the income in the CLO structures increases. The precise effect can be somewhat complicated by varying durations of assets and liabilities, but, directionally, rising rates have helped income. The benefit has already started to be seen in the $-denominated element of the portfolio (24% as at July 2022) and the larger 76%, which is denominated in €, may be expected to see benefits in due course.

To date, inflation has been a friend not a foe for Volta

- In our, and Volta's, view, to date, inflation has actually been helpful to Volta rather than a hinderance. This, what may appear contrarian view, is derived from i) companies have still been able to pass most of the commodity shock on to their customers, not least because of the savings and strong corporate cashflows built up through the monetary easing and fiscal support associated with the COVID-19 pandemic, and ii) inflation is very helpful in eroding the real hardship of debt, as EBITDA can grow while the nominal value of debt remains unchanged. The bottom line is that, with the inflation, and associated interest rate increases to date, defaults have been, and currently remain, very low. We discuss the risk to this outlook of sustained inflation in the section below.

Yields have risen in recent months when NAV was rising – e.g. in July, NAV increased 4.5% while cashflow yields rose to 21.4% from 20.6% in June

- Throughout 2022, in a period of uncertainty, when the market has perhaps rather indiscriminately written down the value of all loans, Volta's NAV has fallen; so, its cashflow to NAV has risen because of the declining NAV. However, even excluding this factor, which was most visible following the fall in NAV in May, we would still be looking at yields in the high teens, which are well above historical levels, even for distressed periods. Investors will also note that, in July, when the NAV increased 4.5% in the month, the six-month annualised receipts still rose compared with the June level.

Resilience of future cashflows

Rising defaults from current low levels appear a certainty, but if they only rise to level we expect, pricing of CLO assets likely to see recovery

Looking at the past/current cashflows is of little value if future cashflows collapse. Increases in defaults from their current low levels appear a certainty and so the critical judgment call is by how much they rise and when. Every quarter without a deterioration is very positive. If there is only a worsening to the level currently expected by the rating agencies, ourselves, and Volta, then the pricing of CLO assets may be expected to see a significant recovery from the current market levels.

Market trend 1: strong starting positions means corporate outlook relatively robust

Currently, rating agencies, Volta and we predict relatively low defaults going forward

The strong position that corporates currently find themselves in, and which we noted in the section above, means they are well positioned to face the initial challenges of a downturn. In August 2022, S&P is reported to be expecting speculative grade European corporate defaults to reach just 3% in June 2023 (from 1.1% June 2022) with lower levels in the US. Even its downside scenario has only a 5% default scenario for Europe.[1] At a recent Hardman Talks '*Seizing opportunities in volatile times*', the Volta manager quoted FitchRatings research commentary "*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*". We understand that other agencies currently have a peak 2023 default rate of up to 4%. Given Volta's portfolio, historically, has performed better than the market, its portfolio default experience may be expected to be below this level, which is unlikely to see any interruption for Volta's incoming cashflows.

Volta's CLO structure been building cash cushions – conservatism of manager selection shown by fact that, through COVID-19, "none of our CLO Equity positions suffered a diversion of cashflow due to a breach of the reinvestment test"

Additionally, it is worth noting that CLO managers have been preparing for worsening conditions. CLOs are long-term vehicles, which anticipate downturns through the cycle, are structured to withstand them and managers mitigate their effects. Specifically, in addition to making payouts to equity holders, they have been using the recent strong cashflows to build cash cushions within the CLO structures. Without being too technical, most CLO structures have covenants built into their own funding structures, which means that, if they suffer rating downgrades to the loans they hold, they are required to post more cash collateral. This "diverts" cash away from equity holders and keeps it within the CLO structure unless a cash cushion has already been established. Managing this risk is a core competency and one Volta considers closely when making its investments. A structure that has built a large cash cushion during the good times is much better positioned than one that has not been so prudent. We note the comment in Volta's interim 2021 Report and Accounts that, through the worst of the COVID-19 pandemic, "*none of our CLO Equity positions suffered a diversion of cash flow due to a breach of the reinvestment test*".

Market trend 2: inflation as friend or foe

Inflation to date been a positive

As long as the current trends of inflation remain (i.e. they can continue to be passed to customers and it helps erode debt), then it will be a friend to Volta. Modest wage inflation helps. Clearly, there is a tipping point when higher interest rates become a strain and commodity prices cannot be passed on to customers, higher wages

[1] https://www.breakinglatest.news/business/sp-default-rate-for-speculative-european-companies-could-rise-to-3-by-june-2023/

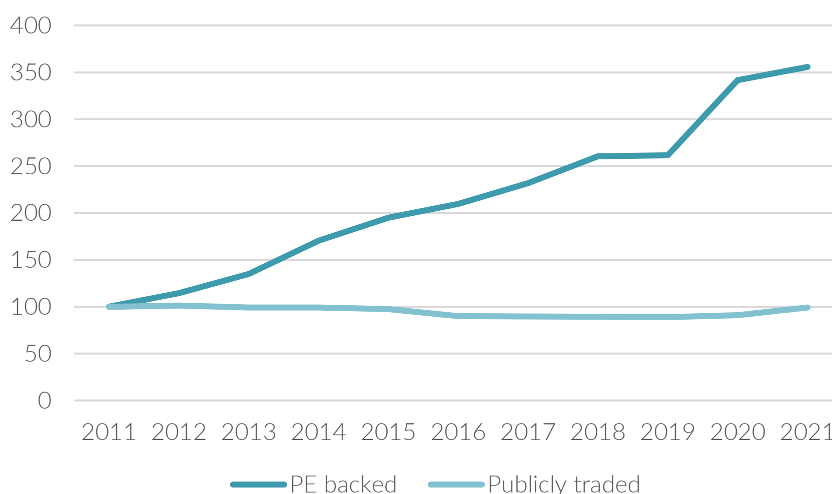
become an issue and holding financial assets not real assets becomes a burden. It is probable that we are close to that point of inflexion.

Market trend 3: the importance of private equity as a backer

For Volta, growing importance of well-financed, PE-backed corporates reduces average probability of default

The chart below shows the number of PE-backed companies compared with US/European listed ones since 2011.The former has seen a 12.2% CAGR while the latter has shrunk, at 0.1% CAGR. The reason this is important from a default perspective is that PE-backed companies have access to i) committed capital, ii) a broader degree of expertise in financial, operational and strategic areas, and iii) backing from investors with long-term commitments and alignment. The academic research supports the thesis that PE-backed companies outperform in downturns and we have written on this subject in a number of reports on our PE clients. For Volta investors, the growing importance of well-financed, PE-backed corporates reduces the average probability of default.

Number of US and European PE-backed and publicly listed companies indexed to 2011



Source: Hardman & co Research

Market trend 4: the importance of covenant-light documentation

Covenant-lite will delay default events and, critically, may reduce chances of them happening at all

The growing preponderance of covenant-light (so called cov-lite) documentation is well documented and commented upon.[2] For investors in Volta, the key issue is that it is likely to mean that some companies, which previously would have defaulted, may now not default at all (lower probability of default), any default that does occur will be significantly later (lower time value of loss but also giving the opportunity to manage losses) but that any eventual recovery will be a weaker position (and so higher loss in the event of default). On balance, for us, the fact that, while struggling, many companies should survive through the recession to the recovery and their

[2] See, for example, this piece, which highlights 90% of US leveraged loans in 2021 were covenant-lite a new record. https://www.skadden.com/-/media/files/publications/2022/05/iclgacomparisonofkeyprovisionsinusandeuropeanleveragedloanagreements.pdf

period of weakness may not trigger default clauses in the meantime is the most important factor.

Volta action 1: diversification of portfolio

Current portfolio more than 1,400 underlying names

Looking through the legal structure, Volta's underlying exposure is to more than 1,400 corporates with their revenues and profits in turn being exposed to a highly diversified, broad spread of sectors and geographies.

Geographical mix in higher-growth advanced economies and with less exposure to downside risk

By gross asset value, Volta's July 2022 geographical exposure was 57% US, 42% Europe and 1% other. This is somewhat arbitrary as where a corporate is headquartered may not reflect its own exposure; however, it gives an indication of risk exposure. In the latest July update of its World Economic Outlook, the IMF is predicting faster growth in 2022/23 in the US than in Europe. In our view, the risk to this growth, especially from energy-related prices, is materially higher in Europe, alongside the geo-political risk.

Portfolio management proven with no diversion of cashflows through COVID-19 and performance in cohorts ahead of GFC

Volta's function is not to manage each of the underlying positions but rather manage the overall portfolio and select its structured-finance managers. As we noted above, the fact that none of its CLO positions suffered cash diversions through COVID-19 is testament to its recent success and, looking longer term, page 12 of the January 2020 Half Year Report, showed AXA IM's outperformance in the cohorts running up to the GFC.

Why is the market so worried?

Considerable uncertainties but critical issue is what is built into MTM of underlying assets plus Volta's discount to NAV

It would be imprudent to ignore downside risks in uncertain times. Inflation/rising interest rates are close to a point of inflexion where they can no longer be passed onto customers and, as a holder of financial assets (not real ones), there will be a point where Volta is not the right asset to hold. Credit will worsen from unsustainable lows and geopolitical tensions remain high, potentially including increasing pressures on national governments and on EU unity through winter, plus the unknown effects of US mid-term elections. As worsening data comes through, confirming an expected adverse trend, the effect on sentiment is unclear. Having noted these issues, the key question is what is built into the price. Volta is ultimately reflecting the discount of the underlying assets in its NAV, and an additional discount in its own shares to the NAV.

Re-investment opportunities

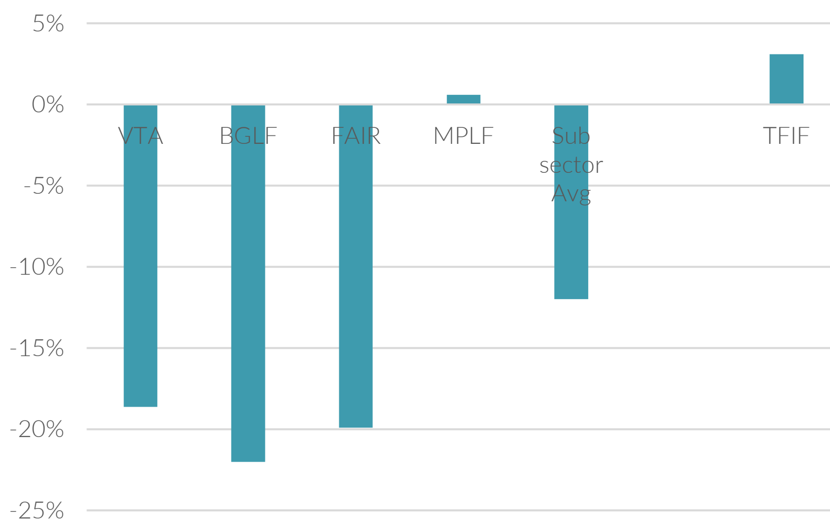
We assume high teens IRR on re-investment against normal 12%-13%

We introduced this note by saying "*Volta is no different from any other investment company in that it identifies when the market has mispriced long-term cashflows*". In a period of market disruption, the potential for mis-pricing anomalies rises. Not only is there likely to be indiscriminate treatment of borrowers but also of CLO structures and additionally CLO managers, thus potentially giving AXA a triple opportunity for long-term gains. The reason that Volta MTM its book is because it does not commit to holding positions to a maturity. It has the flexibility to take whatever opportunity offers the optimal returns at any given time and will trade positions to achieve this. In the current market, we expect IRRs in the high teens rather than the long-term 12%-13%, and for these investments to be locked in for a couple of years (our model now assumes 17%-18%).

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 16 September 2022

Financials

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**	**46.1**
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	(57.8)	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**	**(10.0)**	**50.3**
Net FX	(8.2)	0.3	5.6	(2.0)	(11.6)	(1.4)	0.9	-	-
Net gain on IR derivatives	0.0	0.0	0.4	(0.9)	1.6	0.0	(0.3)	-	-
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**	**(11.4)**	**48.6**
Inv. manager's fees	(3.9)	(4.1)	(4.1)	(4.2)	(4.2)	(3.9)	(3.3)	(4.0)	(3.4)
Inv. manager's performance fees	(5.0)	0.0	(1.5)	0.0	0.0	0.0	(10.9)	-	(5.2)
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)**	**(9.7)**
Profit and total comp. income	47.6	12.6	38.7	22.7	7.1	(63.0)	76.8	(16.5)	38.9
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	-0.45	1.06
Total dividend (€)	0.62	0.62	0.62	0.62	0.62	0.52	0.52	0.61	0.59

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	46.1
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**	**48.8**
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**	**47.1**
Inv. manager's fees	(4.5)	(4.3)	(4.6)	(4.6)	(4.4)	(3.6)	(3.3)	(4.0)	(3.4)
Inv. manager's performance fees	(3.5)	(1.3)	(1.2)	(1.3)	(2.1)	(0.6)	(4.6)	(4.0)	(4.8)
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)	(9.6)
Profit and total comp. income	**35.7**	**29.3**	**28.0**	**29.7**	**32.9**	**25.8**	**35.2**	**37.1**	**37.5**
Adjusted EPS (€)	**0.98**	**0.80**	**0.77**	**0.81**	**0.90**	**0.71**	**0.96**	**1.01**	**1.03**
Dividend cover (x)	**1.58**	**1.29**	**1.24**	**1.31**	**1.45**	**1.36**	**1.85**	**1.66**	**1.74**

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	255.9	281.9
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	24.2
Total assets	345.8	341.3	359.4	360.4	346.2	214.2	282.6	289.0	311.4
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	227.5	244.9
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	6.22	6.70
Total debt to NAV	9%	12%	12%	14%	12%	0%	0%	20%	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	(16.5)	38.9
Net gain on financial assets at FV in P&L	(67.2)	(18.9)	(40.9)	(32.7)	(24.4)	55.5	(91.6)	10.0	(50.3)
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)	(9.5)
Cashflow from investing activities									
Coupons and dividends received	33.3	33.6	34.4	38.0	42.2	39.9	40.4	45.1	46.1
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)	24.1
Cashflows from financing activities									
Dividends paid	(22.3)	(22.6)	(22.7)	(22.7)	(22.3)	(19.4)	(18.7)	(22.4)	(21.5)
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	9.5	(3.6)
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	27.7	24.2

Source: Volta, Hardman & Co Research

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