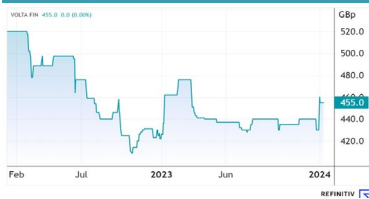


**Closed End Investments**


Source: Refinitiv

**Market data**

EPIC/TKR	VTA.NA, VTA.LN, VTAS LN
Price (€)	5.18/5.13/455p
12m high (€)	6.10/6.08/512p
12m low (€)	4.55/4.60/400p
NAV p/sh (Nov'23, €)	6.66
Disc. to NAV (%)	-22
Shares (m)	36.6
Mkt cap (€m)	189
2023 div. yield (%)	9.8
Free float	70%
Market (NL, UK)	AEX, LSE, LSE
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 <a href="http://www.voltafinance.com">www.voltafinance.com</a>

**Key shareholders**

AXA SA Bank	21.75%
BNP Paribas	15.28%
AXA Framlington IM	8.23%
BNP Wealth Mgt.	5.50%

**Diary**

Mid-Jan'24	Dec estimated NAV
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**Analyst**

Mark Thomas  
[mt@hardmanandco.com](mailto:mt@hardmanandco.com)

# VOLTA FINANCE LIMITED

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We have highlighted previously how Volta has optimised current favourable conditions and, in the 11 months to November 2023, it achieved a 21.3% NAV return. In our latest note, *The benefits of having AXA IM as the manager*, we reviewed the strategic value to Volta in having AXA IM as the manager. In particular, AXA IM's scale in Alternative Credit brings i) greater resourcing, allowing specialist expertise, ii) a broad network, and iii) business introduction and portfolio opportunities unavailable to smaller players. Good governance means potential conflicts of interest appear well managed. The bottom line is that AXA IM has consistently outperformed benchmarks, especially in challenging conditions, including the pandemic and GFC.

- ▶ **November Factsheet:** Volta Finance posted a positive monthly performance of +1.8% in November 2023 (with CLO equity positions delivering 2.4% and CLO debt 3.3%). This was the fifth positive month in a row and brought the YTD performance of the fund to 21.3%. Cash was 8.2% of gross asset value.
- ▶ **Resilience going forward:** In previous notes, we have reviewed how Volta generated cashflows, and why defaults would rise – but not to the level built into loan prices. We highlighted Volta's diversification and geographical exposure and noted its active CLO management, specific investment and asset class management.
- ▶ **Valuation:** Volta trades at a double discount, with its share price at a 22% discount to NAV, and we believe its mark-to-market (MTM) NAV still includes a further sentiment-driven discount to the present value of expected cashflows. Volta targets an 8% of NAV dividend (9.8% 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 both the NAV and the discount to NAV may be volatile over time. We note the closest competitor to Volta has had a more stable NAV valuation due to a different asset valuation approach. Fundamental long-term returns have been robust: 7.8% 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)	2019	2020	2021	2022	2023	2024E
Coupons & dividend	42.0	39.4	41.8	42.9	47.0	39.7
Operating income	41.0	31.5	44.5	41.6	44.1	36.7
Inv. manager fees	(4.2)	(3.9)	(14.2)	(3.9)	(5.6)	(6.5)
Expenses	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Total comp. income	32.9	25.8	35.2	33.4	35.2	29.3
Statutory PTP	7.1	(63.0)	76.8	(17.8)	27.0	30.6
Underlying EPS (€)	0.9	0.7	1.0	0.9	1.0	0.8
NAV per share (€)	7.94	5.69	7.28	6.22	6.45	6.76
S/P prem./disc (-) to NAV*	-12%	-23%	-17%	-16%	-21%	-23%
Gearing	12%	0%	0%	0%	0%	0%
Dividend (€)	0.61	0.53	0.51	0.57	0.51	0.53
Dividend yield	11.8%	10.2%	9.8%	11.0%	9.8%	10.2%

\*2019-23 actual NAV and share price, 2024 forecast NAV to current share price  
Source: Hardman & Co Research