

Closed End Investments


Source: LSEG, 2025

Market data

EPIC/TKR	VTA.NA, VTA.LN, VTAS LN
Price (€)	6.05/5.95/485p
12m high (€)	6.15/6.10/502p
12m low (€)	5.05/4.90/424p
NAV p/sh (Dec'24, €)	7.50
Disc. to NAV (%)	-19
Shares (m)	36.6
Mkt cap (€m)	221
FY'24 div. yield (%)	9.1
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	Stephen Le Page, Yedau Ogundeod 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-Feb	Jan estimated NAV
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Analyst

Mark Thomas	mt@hardmanandco.com
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VOLTA FINANCE LIMITED

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In our note, *FY'24: another year of outperformance*, we highlighted Volta's strong performance to its year-end July. This has continued in calendar 2H'24 and, looking forward to 2025, we expect a further strong performance. The latest annualised cashflows are 22% of the NAV, despite the strong NAV growth. We note both the positive markets, and value added by the manager in asset selection and portfolio management, which have delivered a record of market outperformance through a range of economic conditions. For 21 consecutive months, Volta has generated positive NAV returns, delivering 21.2% total return in 2024 after 24.5% in 2023. The discount appears to be anomalous with this performance.

- ▶ **December factsheet:** The strong performance has continued; 21st consecutive month of positive NAV returns. The 2024 total return of +21.2% compares with BB-rated CLO tranches +19.2%, US high yield +8.2%, Euro high yield +8.6%, and global loans returned +7.3%. Cash generation was 22% of December NAV.
- ▶ **Director share buying:** We believe that director buying shares in the market is one of the most positive indicators of their confidence in the company. On 17 January, the Chair bought 19k shares, at €6.08, an investment of €115k. This more than doubles her holding and follows directors' *compensation in shares*.
- ▶ **Valuation:** Volta trades at a double discount: its share price is at a 19% 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 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: 9.0% 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%	-24%	-31%
Gearing	0%	0%	0%	0%	0%	0%
Dividend (€)	0.51	0.57	0.51	0.55	0.60	0.65
Dividend yield	8.4%	9.4%	8.4%	9.1%	9.9%	10.7%

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

Source: Hardman & Co Research