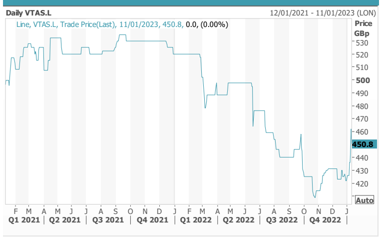
HARDMAN & CO.

Closed End Investments



Source: Refinitiv

Market data

EPIC/TKR	VTA.NA, VTA.LN VTAS LN
Price (€)	5.12/5.23/436p
12m high (€)	5.54/6.30/536p
12m low (€)	4.55/4.60/400p
Shares (m)	36.6
Mkt cap (€m)	187
2023E div. yield	12.2%
Latest NAV (Nov'22, €)	6.01
Discount to NAV	-15%
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 (Jul'22)

AXA Group	30%
BNP WM	16%
BNP Sec. Serv.	11%

Diary

Mid-Jan	Dec estimated NAV

Analyst

Mark Thomas +44 (0)203 693 7075
mt@hardmanandco.com

VOLTA FINANCE LIMITED

R&A shining light on 20%+ IRR base-case scenarios

In our note, *Cash is king and the king is rocking and rolling*, published on 16 September 2022, we examined Volta's success in generating cashflows at near-record levels, and looked forward, considering why defaults would rise – but not to the level then built into loan prices. We also highlighted Volta's diversification and geographical exposure. These positive underlying features continue, and we briefly update them in this note. We also consider how investors can use the recent Report and Account (R&A) disclosure to better understand the true business drivers and that Volta's mark-to-market accounting creates volatility around these positive fundamentals.

- **Strong current position:** Current cash receipts are 21.8% of NAV, reflecting low defaults (strong corporate cashflows and profitability, ability to pass on inflation to date), CLOs having low locked-in borrowing costs, CLO floating rate investments and Volta's portfolio positioning over recent years into CLO equity.

- **Resilience going forward:** The rating agency's/Volta's/our confidence in a relatively low expected level of defaults reflects i) a strong starting position, including high cash cushions in CLO structures, ii) a preponderance of PE, iii) inflation still being friend, not foe, iv) covenant-lite documentation, and v) Volta's diversification.

- **Valuation:** Volta trades at a double discount: its share price is at a 15% 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 (11.5% 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 7.3% p.a. (dividend re-invested basis) since initiation. With above-average returns on recent re-investments, the portfolio's past six-month cashflow (annualised) yield is 21.8%. We estimate near 2x 2024 dividend cover.

Financial summary and valuation (Hardman & Co adjusted basis)

Year-end Jul (€m)	2019	2020	2021	2022	2023E	2024E
Coupons & dividends	42.0	39.4	41.8	42.9	47.1	51.6
Operating income	41.0	31.5	44.5	41.6	45.4	49.9
Inv. mgr.'s fees (stat.)	(4.2)	(3.9)	(14.2)	(3.9)	(8.2)	(9.1)
Other expenses	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Prof. & tot. comp. inc.	32.9	25.8	35.2	33.4	36.2	39.8
Statutory PTP	7.1	(63.0)	76.8	(17.8)	37.5	41.2
Underlying EPS (€)	0.9	0.7	1.0	0.9	1.0	1.1
NAV per share (€)	7.9	5.7	7.3	6.2	6.7	7.2
S/P prem./disc. (-) to NAV*	12%	23%	17%	-16%	-23%	-27%
Gearing	12%	0%	0%	0%	21%	19%
Dividend (€)	0.62	0.52	0.52	0.61	0.59	0.61
Dividend yield	12.1%	10.2%	10.2%	11.9%	11.5%	11.8%

**2017-22 actual NAV and s/p, 2023-4E NAV to current s/p; Source: Hardman & Co Research*

IMPORTANT INFORMATION

Due to legal restrictions, the information in this document is not available to any person who is a "U.S. person" (as defined below) or to any person who is physically present in the United States, and it is available only to persons who are "relevant persons" (as defined below) for U.K. regulatory purposes.

A "U.S. person" is:

- any natural person resident in the United States;
- any partnership or corporation organised or incorporated under the laws of the United States;
- any estate of which any executor or administrator is a "U.S. person";
- any trust of which any trustee is a "U.S. person";
- any agency or branch of a foreign entity located in the United States;
- any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a "U.S. person";
- any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
- any partnership or corporation if:
  - organised or incorporated under the laws of any foreign jurisdiction; and
  - formed by a "U.S. person" principally for the purpose of investing in securities not registered under the U.S. Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in the rules of the U.S. Securities and Exchange Commission) who are not natural persons, estates or trusts.

"Relevant persons" are (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2) (a) to (d) of the Order. The securities of the Company are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with relevant persons. Any person who is not a relevant person should not access, or seek to act or rely on, this report or any of its contents.

This document should not be taken, transmitted or distributed, directly or indirectly, to "U.S. persons" as defined above nor to parties that are not "relevant persons" as defined above. In reading this document the readers also acknowledge that they have read and understood the notices set forth above and the disclaimers contained in the document.

If you are not a "relevant person" or you are a "U.S. person", you should not have received or accessed this document and accordingly should return this document as soon as possible and take no further action. Any investment or investment activity to which this document relates is only available to "relevant persons". By accepting receipt of this document, each recipient is deemed to confirm, represent and warrant to Hardman & Co that it is a "relevant person" and that it is not a "US person", and accordingly a person to whom this document can be lawfully communicated.

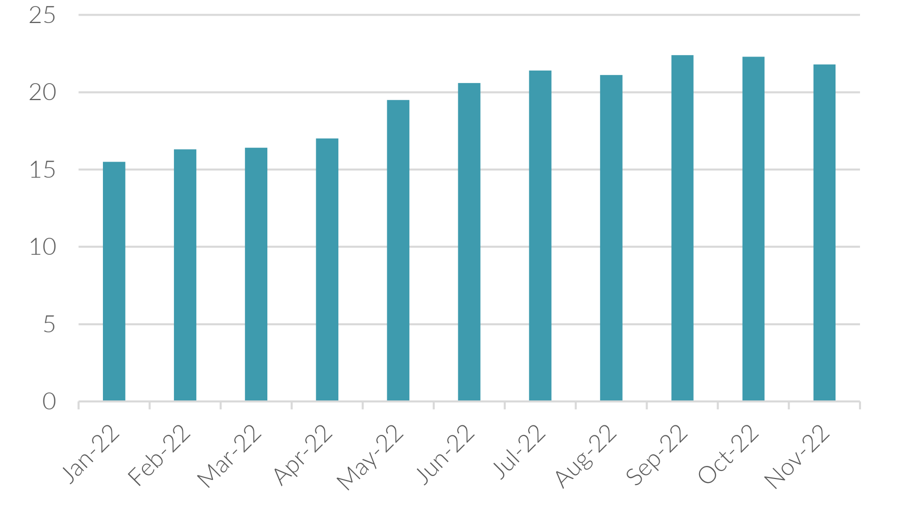
Update on strong and resilient cashflows very strong

Recent history of rising Volta cashflows

In six months to November 2022, annualised cash receipts were 21.8% 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 annualised rate for the previous six months' receipts to smooth out short-term timing effects. The latest figure is 21.8%, against a target dividend payout ratio of 8% of NAV. This shows not only that the dividend is very well-covered, but that, on a cash-only basis, NAV growth may be expected. Historically, in non-crisis years, a yield of ca.12%-13% through the 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?

Achieved by Axa asset allocation and increased CLO equity income, driven by both CLO revenue and low default rates

In our note, *Cash is king and the king is rocking and rolling,* we detailed how this had been achieved. In summary, the rise in Volta's income reflects both management actions and market conditions, including i) increased allocation to CLO equity at a time when CLO equity cashflows were helped by re-fi and re-sets, and also benefited from the low default rates among underlying borrowers, ii) most underlying loans are floating rate, and so benefited from rising $ rates, iii) to date, inflation has been a friend, not a foe, for Volta, with borrowers able to pass on cost increases to customers and seeing the capital value of debt erode, and iv) rising re-investment yields.

Resilience of future cashflows

Defaults will rise

Looking at the past/current cashflows is of little value if future cashflows collapse. In September, we wrote "*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*", and cited an August 2022 S&P report 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. We also noted stress tests by other rating agencies drawing similar conclusions.

In latest factsheet, management forecasts increase will still be to just 2%-3%, which is well below level implied in NAV

In its November factsheet, Volta reported "*In terms of default rates, we have been, for the-last-12-month measure, at 0.4% default rate for European loans and 0.7% for US loans…. Rating agencies currently forecast default rates between 4% and 5.5% for 2023. Our default rates view for 2023 still lands in the 2% to 3% area for both US and European loans*". The latter reflects the fact that, historically, the manager has consistently selected market-beating investments, and so may reasonably expect to have a below-market default experience. We conclude that there has been a slight deterioration in expectations over the past quarter, but it is not material, and the default expectation built into loan prices continues to be materially above the level built into the market expectation of the rating agencies. Volta's better-than-market credit performance is an additional buffer.

Additional resilience buffers

Additional resilience factors to consider include actions by CLO managers…

…preponderance of PE backers and cov-lite documentation…

…and Volta's own risk mitigation

As we commented in our last report, it is worth noting that there are multiple market and Volta-specific additional resilience buffers, including i) CLO managers have been preparing for worsening conditions by using the recent strong cashflows to build cash cushions within the CLO structures, ii) the growing importance of well-financed, PE-backed corporates reduces the probability of default and likely loss in the event of default, iii) cov-lite documentation will delay default events and, critically, may reduce the chances of them happening at all, and iv) Volta-specific buffers, such as its diversification (with a current portfolio of more than 1,400 underlying names), its geographical mix in higher-growth, advanced economies and with less exposure to downside risk, and a portfolio management with a proven track record of no diversion of cashflows through COVID-19 and a performance in cohorts ahead of peers in the GFC.

Re-investment opportunities

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

In a period of market disruption, the potential for mis-pricing anomalies rises. There is likely to be not only 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 MTMs its book is that 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 it 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%). Our re-investment rate is thus slightly below the assumed returns being earned on the existing book.

Lessons from the R&A

We highlight the business sections from the July 2022 Report and Accounts (released at the end of October) to illustrate for investors the key drivers affecting Volta and its outlook.

The scenario tests (p6-7)

In Volta's view, "We must consider very punitive assumptions to fall below 20% projected IRR"…

…12-13% would be considered a normal year

Volta has provided three scenarios:

- Base case: an overnight 2% increase in the CCC bucket. On average, for all positions (mixing USD and EUR positions), this would cause a 2.3% default rate every year for the next three years.
- Stress 1: an overnight 4% increase in the CCC bucket (some CLOs will then exceed the classic 7.5% authorised CCC bucket). On average, for all positions (mixing USD and EUR positions), this would cause a 3.8% default rate every year for the next three years.
- Stress 2: an overnight 7% increase in the CCC bucket (all CLOs will then exceed the classic 7.5% authorised CCC bucket). On average, for all positions (mixing USD and EUR positions), this would cause a 5.8% default rate every year for the next three years.

The results of the stress tests were projected NAV yields on CLO positions of i) base case 25%, ii) stress 1 23%, and iii) stress 2 17%. CLOs accounted for 83% of the trust's November 2022 total NAV, and, over time, this is expected to rise.

Management comment on defaults (p4-6)

Management detailed number of factors driving limited increase in expected defaults in 2023

Management devotes considerable space to the default outlook, including its own views, those of Moodys and those of Morgan Stanley Research. Many of the resilience issues we highlighted above, and in our previous reports, are consistent with these views. The wording from the M&A is given below:

"As at the end of August 2022, the last-12-month default rates were respectively 0.6% and 0.7% for US and European Loans. To put this in perspective, the average annual default rate for the last decade was around 2.8%: as such, we are still in a low default rate environment.

Nonetheless, we expect default rates to reach circa 2% for US loans and 3% for European loans in 2023. We do not expect default rates to increase significantly more than that for several reasons:

- Inflation is eroding debt and favouring debt refinancing;

- There are billions available in PE funds to support companies issuing loans;

- Real interest rates are still very negative;

- Companies are still cash rich and EBITDA/profitability is still (at the time of writing this comment) far above normal standards;

- Most loans were refinanced in 2021 hence the maturity wall for US and European loans is in 2028/29; and

- *More than 90% of the loans are covenant-light loans, a temporary stress in Interest Coverage or in Leverage do not cause a default per se."*

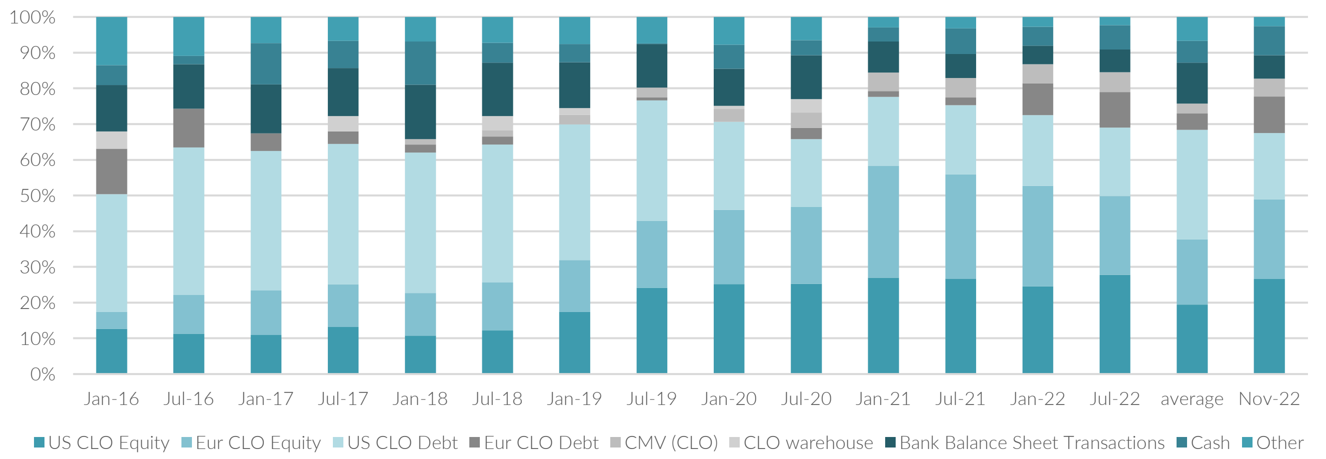
Portfolio re-balancing

Main re-balancing has been part of European exposure from CLO equity to debt to be more defensive…

…while continuing to increase overall CLO weighting

The main book adjustment in FY'22 consisted in repositioning part of the European exposure from CLO equity to CLO debt in order to gain a more defensive position in Europe, while constantly decreasing non-CLO positions. The strategic rationale for simplifying the portfolio was outlined on our note, Simple Simon Says, published on 30 November 2021. As can be seen in the chart below, CLOs now represent the highest proportion of assets experienced in recent years.

Portfolio mix (%) since 2016



Source: Volta Report and Accounts and factsheets, Hardman & Co Research

Volta continues to prefer USD CLO debt relative to EUR CLO debt, as US loan portfolios are more diversified and liquid, so that, on a long-term basis, USD CLO debt tends to be of a higher quality than EUR CLO debt. Since the end of May 2022, when US 10-year government bonds reached ca.3%, they have been adding some duration to the portfolio using futures and options on T-Notes.

Mark-to-market vs. mark-to-model

As objective is to identify when market has mispriced cashflows, there will be times when using MTM creates volatility in Volta's own NAV

In our view, it is worth talking a step back and remembering that the purpose of the trust is to identify where the market is mis-pricing cashflows. With Volta looking at the fundamentals of cash first, this will, at times, cause a "tension" with the market in valuing the existing portfolio, as the latter's prices are also driven by sentiment and liquidity factors. While this is good for taking new positions, it means that, for a time, existing holdings are highly likely to show a divergence between what the manager feels their likely value is (driven by the expected present value of cashflows) and the market creating a volatile NAV.

Volta's monthly performance, on average, 3.5x as volatile as that of BGLF, reflecting mark-to-market vs. mark-to-model

The chart below reflects the NAV total for Volta (mark-to-market) and its peer, Blackstone Loan Financing (BGLF, mark-to-model). In nine of the eleven months in 2022, the two trusts generated the same directional performance (i.e. positive or negative), but Volta has delivered a greater performance than BGLF. On average, Volta's monthly performance has been 3.5x the size of BGLF's – so, in down months, it has fallen more, and, in up months, it has recovered by a greater amount. We do not find this variance between trusts in the same area surprising, as it reflects the fact that sentiment exaggerates fundamentals. The one that uses an accounting NAV, which includes sentiment, will be more volatile than the one that is based off models.

Monthly total NAV return (%)	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22
VTA	1.7	(3.9)	1.5	2.3	(11.8)	(4.6)	4.5	2.8	(7.2)	(2.6)	6.3
BGLF	1.2	0.5	3.5	0.4	(1.7)	(2.1)	1.9	1.4	(1.8)	(0.6)	2.1
Difference	0.5	(4.4)	(2.0)	1.9	(10.1)	(2.5)	2.6	1.4	(5.4)	(2.0)	4.2
VTA as % BGLF	139%	n/a	43%	523%	694%	219%	237%	200%	400%	433%	297%

Source: Volta Blackstone Loan Financing monthly factsheets, Hardman & Co Research

Accounting rule clear – if Volta wants the flexibility to optimise returns by trading assets, it has to mark to market

In terms of which is the "right" approach, the accounting rules are clear. Looking through the terminology, unless there is a clear intention to hold the asset to maturity, it should be marked to market. As Axa wants to keep the flexibility to optimise returns by trading assets, under the rules, it has to use the MTM approach. To change the policy and hold assets to maturity, just to meet accounting rules, would, in our view, be the tail wagging the dog – and the wrong approach.

In reality, very unlikely to ever be a forced seller at distressed prices…

… as such, as a going concern, in our view, its "real" NAV is more likely to be modelled valuation

In terms of which is the "real" valuation:

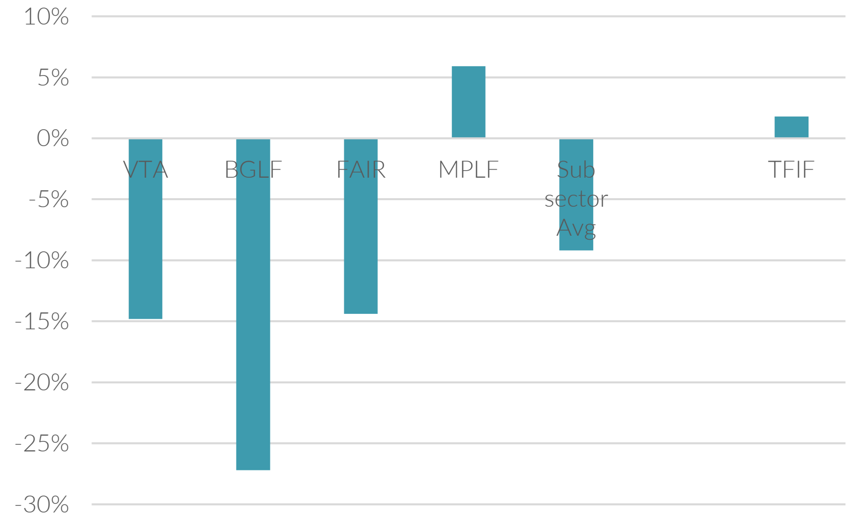
- If the trust were in a position of poor liquidity, and so forced to sell assets, then the current market price would be relevant. However, for illiquid assets, such as CLOs, one could argue that even a market price might not be realisable.
- We would also argue that it would be extremely disappointing (and very unexpected) if Volta were ever to get into the position of being forced to sell assets at distressed prices. We have reviewed its liquidity management in previous reports, noting that i) at November 2022, it had cash balances of €18m and no debt, ii) cash generation is very strong (currently ca.22% NAV annualised), iii) derivative usage, and so potential margin calls, are very modest (under 1% NAV at last R&A), and iv) currency exposure is not hedged – so there are no cash calls associated with this. If Volta is unlikely to be a forced seller of assets at distressed prices, but rather can hold them until a more reasonable price is achievable, there is a strong argument that the present value of modelled cashflows gives a much fairer view of the realisable value of assets as a going concern.

As Volta and BGLF use different approaches to valuation, a comparison is more of a challenge. We would argue that, when the market has been risk-averse (as it is at present), sentiment is likely to have adversely affected Volta's NAV to a greater extent than BGLF. Accordingly, investors should expect the latter to trade at a greater discount to NAV than Volta.

Valuation

Given the historical performance, risk profile and portfolio mixes identified in previous reports, Volta's 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 11 January 2023

Financials

After discussion with management, we have removed the gearing through Repos from both our 2023 and 2024 forecasts, reducing the balance sheet, income and interest expenses lines. This reflects management's risk appetite. The net effects this year are modest, with a more noticeable impact next (NAV -€0.17).

Profit and loss account (statutory)

Year-end Jul (€m)	2016	2017	2018	2019	2020	2021	2022	2023E	2024E
Coupons and dividends received	**34.7**	**33.2**	**38.5**	**42.0**	**39.4**	**41.8**	**42.9**	**45.0**	**42.6**
Net gains on sales	2.7	3.1	0.0	0.5	(7.0)	2.7	(1.3)	-	-
Unrealised gains and losses	(18.5)	4.7	(5.7)	(18.2)	(87.9)	47.1	(46.3)	1.5	1.5
Net gain on fin. assets at FV through P&L	**18.9**	**40.9**	**32.7**	**24.4**	**(55.5)**	**91.6**	**(4.7)**	**46.5**	**44.1**
Net FX	0.3	5.6	(2.0)	(11.6)	(1.4)	0.9	(8.6)	-	-
Net gain on IR derivatives	0.0	0.4	(0.9)	1.6	0.0	(0.3)	0.5	-	-
Interest expense on repo	(0.9)	(1.1)	(1.4)	(1.6)	(0.8)	0.0-	-	-	-
Net bank int. & charges	(0.1)	(0.1)	(0.1)	0.1	0.0	(0.0)	(0.0)	(0.0)	(0.0)
Operating income	**18.2**	**45.7**	**28.4**	**12.8**	**(57.7)**	**92.1**	**(12.8)**	**46.4**	**44.0**
Inv. manager's fees	(4.1)	(4.1)	(4.2)	(4.2)	(3.9)	(3.3)	(3.9)	(3.4)	(3.6)
Inv. manager's performance fees	0.0	(1.5)	0.0	0.0	0.0	(10.9)	-	(4.7)	(4.0)
Directors' remuneration & expenses	(0.6)	(0.5)	(0.5)	(0.5)	(0.5)	(0.3)	(0.4)	(0.4)	(0.4)
Other expenses	(0.9)	(0.8)	(1.0)	(1.0)	(0.9)	(0.8)	(0.8)	(0.8)	(0.8)
Total expenses	**(5.6)**	**(6.9)**	**(5.7)**	**(5.7)**	**(5.3)**	**(15.3)**	**(5.1)**	**(9.3)**	**(8.8)**
Profit and total comp. income	12.6	38.7	22.7	7.1	(63.0)	76.8	(17.8)	37.1	35.3
Avg. no shares for EPS calculation (m)	36.5	36.5	36.56	36.59	36.61	36.61	36.61	36.61	36.61
Statutory EPS (€)	0.34	1.06	0.62	0.19	-1.72	2.10	-0.49	1.01	0.96
Total dividend (€)	0.62	0.62	0.62	0.62	0.52	0.52	0.61	0.59	0.61

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)	2016	2017	2018	2019	2020	2021	2022	2023E	2024E
Coupons and dividends received	34.7	33.2	38.5	42.0	39.4	41.8	42.9	45.0	42.6
Net gains on sales	2.7	3.1	0.0	0.5	(7.0)	2.7	(1.3)	-	-
Net gain on fin. assets at FV through P/L	**37.4**	**36.2**	**38.5**	**42.5**	**32.4**	**44.5**	**41.7**	**45.0**	**42.6**
Interest expense on repo	(0.9)	(1.1)	(1.4)	(1.6)	(0.8)	-	-	-	-
Net bank interest & charges	(0.1)	(0.1)	(0.1)	0.1	0.0	(0.0)	(0.0)	(0.0)	(0.0)
Operating income	**36.5**	**35.0**	**37.0**	**41.0**	**31.5**	**44.5**	**41.6**	**44.9**	**42.5**
Inv. manager's fees	(4.3)	(4.6)	(4.6)	(4.4)	(3.6)	(3.3)	(3.9)	(3.4)	(3.6)
Inv. manager's performance fees	(1.3)	(1.2)	(1.3)	(2.1)	(0.6)	(4.6)	(3.0)	(4.4)	(3.6)
Directors' remuneration & expenses	(0.6)	(0.5)	(0.5)	(0.5)	(0.5)	(0.3)	(0.4)	(0.4)	(0.4)
Other expenses	(0.9)	(0.8)	(0.9)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Total expenses	(7.2)	(7.0)	(7.3)	(8.0)	(5.7)	(9.3)	(8.3)	(9.2)	(8.6)
Profit and total comp. income	**29.3**	**28.0**	**29.7**	**32.9**	**25.8**	**35.2**	**33.4**	**35.8**	**33.9**
Adjusted EPS (€)	**0.80**	**0.77**	**0.81**	**0.90**	**0.71**	**0.96**	**0.91**	**0.98**	**0.93**
Dividend cover (x)	**1.29**	**1.24**	**1.31**	**1.45**	**1.36**	**1.85**	**1.49**	**1.66**	**1.53**

Source: Volta, Hardman & Co Research

Balance sheet and cashflow

Balance sheet									
@ 31 Jul (€m)	2016	2017	2018	2019	2020	2021	2022	2023E	2024E
Financial assets at FV through P&L	324.1	321.3	325.7	325.5	201.7	259.0	214.1	236.5	259.7
Derivatives	1.2	0.7	1.3	0.8	2.8	2.8	3.0	3.0	3.0
Trade and other receivables	5.0	0.3	12.9	5.5	0.0	2.5	0.1	0.1	0.1
Cash and cash equivalents	10.9	37.1	20.5	14.5	9.7	18.2	16.8	19.1	9.0
Total assets	341.3	359.4	360.4	346.2	214.2	282.6	242.9	258.7	271.8
Loan financing under repos	40.3	38.1	42.7	35.9	0.0	0.0	0.0	0.0	0.0
Interest payable on loan financing	0.1	0.1	0.2	0.2	0.0	0.0	0.0	0.2	0.2
Derivatives	0.0	0.0	0.1	0.3	2.8	1.4	9.3	9.3	9.3
Trade and other payables	11.6	15.6	11.7	19.2	3.2	14.9	5.9	5.9	5.9
Total liabilities	52.0	53.8	54.7	55.7	6.0	16.3	15.3	15.5	15.5
Net assets	289.3	305.5	305.7	290.6	208.2	266.3	227.6	243.2	256.4
Period-end no. shares (m)	36.5	36.5	36.6	36.6	36.6	36.6	36.6	36.6	36.6
NAV per share (€)	7.92	8.36	8.36	7.94	5.69	7.28	6.22	6.65	7.01
Total debt to NAV	12%	12%	14%	12%	0%	0%	0%	0%	0%

Source: Volta, Hardman & Co Research

Cashflow									
Year-end Jul (€m)	2016	2017	2018	2019	2020	2021	2022	2023E	2024E
Total comprehensive income	12.6	38.7	22.7	7.1	-63.0	76.8	(17.8)	37.1	35.3
Net gain on financial assets at FV in P&L	(18.9)	(40.9)	(32.7)	(24.4)	55.5	(91.6)	4.7	(46.5)	(44.1)
Net movm't. in unreal. gain on reval. derivs.	(1.5)	0.5	(0.5)	0.7	0.6	(1.5)	8.6	0.3	0.3
Interest expense on repos	0.9	1.1	1.4	1.6	0.8	0.0	(0.5)	-	-
FX losses on re-translation repos	(0.3)	(2.2)	0.4	2.0	0.9	0.0	-	-	-
(Increase)/decrease in trade receivables	0.0	(0.1)	0.1	(3.2)	3.2	0.0	(0.0)	-	-
Increase/(decrease) in trade payables	(1.5)	1.6	(1.7)	0.1	(0.3)	10.7	(10.5)	-	-
Directors'/other fees paid in cash	0.1	0.1	0.2	0.1	0.0	0.0	0.0	0.0	0.0
Net cash inflow/(outflow) from op. acts.	(8.5)	(1.0)	(10.3)	(15.9)	(2.4)	(5.6)	28.7	35.9	34.1
Cashflow from investing activities							-	-	-
Coupons and dividends received	33.6	34.4	38.0	42.2	39.9	40.4	44.3	45.0	42.6
Purchase of financial assets	(127.0)	(109.0)	(138.8)	(117.8)	(68.1)	(36.8)	(51.2)	(130.0)	(140.0)
Proceeds from sales of financial assets	84.9	125.5	114.2	118.2	83.0	29.1	51.3	118.0	118.0
Net cash inflow/outflow from invest. acts.	(8.5)	50.9	13.4	42.7	54.8	32.7	(9.2)	(12.0)	(22.0)
Cashflows from financing activities							-	-	-
Dividends paid	(22.6)	(22.7)	(22.7)	(22.3)	(19.4)	(18.7)	(20.9)	(21.5)	(22.2)
Proceeds from repos	13.3	0.0	4.2	(8.8)	(36.8)	0.0	-	-	-
Interest paid on repos	(0.8)	(1.1)	(1.3)	(1.7)	(1.0)	0.0	-	-	-
Net cash inflow from financing activities	(10.2)	(23.7)	(19.7)	(32.8)	(57.2)	(18.7)	(20.9)	(21.5)	(22.2)
Net increase in cash and cash equivalents	(27.2)	26.2	(16.6)	(6.0)	(4.8)	8.5	(1.4)	2.4	(10.1)
Opening cash and cash equivalents	38.1	10.9	37.1	20.5	14.5	9.7	18.2	16.8	19.1
Closing cash and cash equivalents	10.9	37.1	20.5	14.5	9.7	18.2	16.8	19.1	9.0

Source: Volta, Hardman & Co Research

Disclaimer

Hardman & Co provides professional independent research services and all information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. However, no guarantee, warranty or representation, express or implied, can be given by Hardman & Co as to the accuracy, adequacy or completeness of the information contained in this research and they are not responsible for any errors or omissions or results obtained from use of such information. Neither Hardman & Co, nor any affiliates, officers, directors or employees accept any liability or responsibility in respect of the information which is subject to change without notice and may only be correct at the stated date of their issue, except in the case of gross negligence, fraud or wilful misconduct. In no event will Hardman & Co, its affiliates or any such parties be liable to you for any direct, special, indirect, consequential, incidental damages or any other damages of any kind even if Hardman & Co has been advised of the possibility thereof.

This research has been prepared purely for information purposes, and nothing in this report should be construed as an offer, or the solicitation of an offer, to buy or sell any security, product, service or investment. The research reflects the objective views of the analyst(s) named on the front page and does not constitute investment advice. However, the companies or legal entities covered in this research may pay us a fixed fee in order for this research to be made available. A full list of companies or legal entities that have paid us for coverage within the past 12 months can be viewed at http://www.hardmanandco.com/legals/research-disclosures. Hardman may provide other investment banking services to the companies or legal entities mentioned in this report.

Hardman & Co has a personal dealing policy which restricts staff and consultants' dealing in shares, bonds or other related instruments of companies or legal entities which pay Hardman & Co for any services, including research. No Hardman & Co staff, consultants or officers are employed or engaged by the companies or legal entities covered by this document in any capacity other than through Hardman & Co.

Hardman & Co does not buy or sell shares, either for their own account or for other parties and neither do they undertake investment business. We may provide investment banking services to corporate clients. Hardman & Co does not make recommendations. Accordingly, they do not publish records of their past recommendations. Where a Fair Value price is given in a research note, such as a DCF or peer comparison, this is the theoretical result of a study of a range of possible outcomes, and not a forecast of a likely share price. Hardman & Co may publish further notes on these securities, companies and legal entities but has no scheduled commitment and may cease to follow these securities, companies and legal entities without notice.

The information provided in this document is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation or which would subject Hardman & Co or its affiliates to any registration requirement within such jurisdiction or country.

Some or all alternative investments may not be suitable for certain investors. Investments in small and mid-cap corporations and foreign entities are speculative and involve a high degree of risk. An investor could lose all or a substantial amount of his or her investment. Investments may be leveraged and performance may be volatile; they may have high fees and expenses that reduce returns. Securities or legal entities mentioned in this document may not be suitable or appropriate for all investors. Where this document refers to a particular tax treatment, the tax treatment will depend on each investor's particular circumstances and may be subject to future change. Each investor's particular needs, investment objectives and financial situation were not taken into account in the preparation of this document and the material contained herein. Each investor must make his or her own independent decisions and obtain their own independent advice regarding any information, projects, securities, tax treatment or financial instruments mentioned herein. The fact that Hardman & Co has made available through this document various information constitutes neither a recommendation to enter into a particular transaction nor a representation that any financial instrument is suitable or appropriate for you. Each investor should consider whether an investment strategy of the purchase or sale of any product or security is appropriate for them in the light of their investment needs, objectives and financial circumstances.

This document constitutes a 'financial promotion' for the purposes of section 21 Financial Services and Markets Act 2000 (United Kingdom) ('FSMA') and accordingly has been approved by Capital Markets Strategy Ltd which is authorised and regulated by the Financial Conduct Authority (FCA).

(Disclaimer Version 8 – Effective from August 2018)

Status of Hardman & Co's research under MiFID II

Some professional investors, who are subject to the new MiFID II rules from 3rd January 2018, may be unclear about the status of Hardman & Co research and, specifically, whether it can be accepted without a commercial arrangement. Hardman & Co's research is paid for by the companies, legal entities and issuers about which we write and, as such, falls within the scope of 'minor non-monetary benefits', as defined in the Markets in Financial Instruments Directive II.

In particular, Article 12(3) of the Directive states: 'The following benefits shall qualify as acceptable minor non-monetary benefits only if they are: (b) 'written material from a third party that is commissioned and paid for by a corporate issuer or potential issuer to promote a new issuance by the company, or where the third party firm is contractually engaged and paid by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly disclosed in the material and that the material is made available at the same time to any investment firms wishing to receive it or to the general public…'

The fact that Hardman & Co is commissioned to write the research is disclosed in the disclaimer, and the research is widely available.

The full detail is on page 26 of the full directive, which can be accessed here: https://ec.europa.eu/transparency/regdoc/rep/3/2016/EN/3-2016-2031-EN-F1-1.PDF

In addition, it should be noted that MiFID II's main aim is to ensure transparency in the relationship between fund managers and brokers/suppliers, and eliminate what is termed 'inducement', whereby free research is provided to fund managers to encourage them to deal with the broker. Hardman & Co is not inducing the reader of our research to trade through us, since we do not deal in any security or legal entity.

research@hardmanandco.com

1 Frederick's Place
London
EC2R 8AE
www.hardmanandco.com

+44 (0)203 693 7075