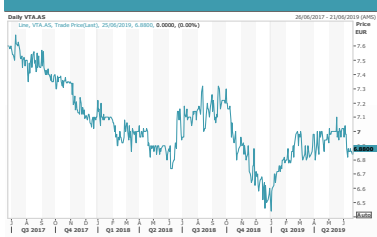


## Financials



Source: Refinitiv

## Market data

EPIC/TKR	VTA .NA, VTA.LN VTAS LN*
Price (€)	6.86/6.86/610p
12m High (€)	7.32/7.28/655p
12m Low (€)	6.46/6.52/590p
Shares (m)	36.6
Mkt Cap (€m)	250
Trail. 12-mth. yield	9.0%
Free Float	70%
Market	AEX, LSE

\*Listing 03 September 2018

## Description

Volta Finance 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

Independent Chairman	Paul Meader
Independent Non- Executive Directors	Graham Harrison Stephen Le Page Atosa Moini Paul Varotsis
Fund Managers	Serge Demay
AXA IM Paris	A Martin-Min François Touati
Co. Sec. /Administrator	BNP Paribas Securities Services SCA, Guernsey Branch

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[www.voltafinance.com](http://www.voltafinance.com)

## Key shareholders

Axa Group	30.4%
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## Diary [correct months below?]

Mid-Jul	June estimated NAV
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## Analyst

Mark Thomas 020 7194 7622  
[mt@hardmanandco.com](mailto:mt@hardmanandco.com)

## VOLTA FINANCE LIMITED

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The NAV performance in May (+1.3%) and since the beginning of the year (+7.3%) again demonstrated Volta's ability to generate good returns, and more than reversed the NAV fall seen in 4Q'18. In 2016, after suffering the contagion of the oil and gas crisis in the US, Volta experienced a similarly strong performance (+15.2% in calendar 2016). Volta's portfolio yields in excess of 11%. Serge Demay, from Fund Manager AXA IM, presented at the Hardman 17 June 2019 Forum (see video, <https://www.hardmanandco.com/june-investor-forum/>). We reviewed the questions raised by investors in our note, Manager's Hardman forum presentation (<https://www.hardmanandco.com/research/corporate-research/managers-march-2019-presentation/> published 17 June 2019).

- ▶ **Volta monthly report:** May NAV rose 1.3% (YTD 7.3%), to €8.13 per share. Monthly performances were: CLO equity tranches +1.5%, CLO debt tranches +1.1%, bank balance sheet transactions +0.8%. The local currency performances of other asset classes were Cash Corporate Credit deals +1.5% and ABS +0.2%.
- ▶ **Peer April reports:** Blackstone GSO Loan Financing's € NAV rose 0.14% (YTD 5.53%), Fair Oaks Income's \$ NAV rose 0.02% (4.1%), Marble Point's \$ NAV fell 0.7% (11.3%), TwentyFour Income Fund's £ NAV rose 0.63% (2.6%). Carador is in wind-up. We reviewed Volta and its peers in *Diving deep finds you the treasure*.
- ▶ **Valuation:** Volta trades at a 16% discount to NAV. Peer-CLO finance funds trade at a ca.6% discount. In recent months and over the medium term, Volta has delivered a better NAV performance than its immediate peers and in-line volatility, making this discount anomalous.
- ▶ **Risks:** Credit risk is a key sensitivity (Volta has a widely diversified portfolio). We examined the valuation of assets, highlighting the multiple controls to ensure its validity, in our *initiation note*. NAV is affected by 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. However, long-term returns have been good: ca.10% p.a. (dividend re-invested basis) over five years. The current portfolio-expected NAV return is more than 10%. The historical yield is 9.0%, and we believe is covered by predictable income streams in 2019E.

## Financial summary and valuation (Hardman &amp; Co adjusted basis)

Year-end Jul (€m)	2014	2015	2016	2017	2018	2019E	2020E
Coupons & dividend	31.4	33.7	34.7	33.2	38.5	39.1	41.0
Operating income	37.5	46.0	36.5	35.0	37.2	40.8	42.8
Inv. manager's fees	-4.1	-4.5	-4.3	-4.6	-4.6	-4.7	-4.8
Adj. perform. fees	-2.5	-3.5	-1.3	-1.2	-1.4	-2.1	-2.3
Total expenses	-7.9	-10.3	-7.2	-7.0	-0.9	-0.9	-0.9
Total comp. income	29.5	35.7	29.3	28.0	29.9	32.8	34.4
Statutory PTP	44.0	47.6	12.6	38.7	22.7	32.4	34.1
Underlying EPS (€)	0.82	0.98	0.80	0.77	0.82	0.90	0.94
NAV	273.6	299.2	289.3	305.5	305.7	315.6	327.2
S/P disc. to NAV	8%	16%	13%	18%	18%	20%	22%
Gearing	0%	9%	12%	12%	14%	14%	13%
Dividend yield	8.7%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%

Source: Hardman &amp; Co Research