

# Ecofin Global Utilities and Infrastructure Trust plc (EGL)

As of 31/01/2021

## Performance (to 31 January, 2021)

(all total returns in £)	1 M %	3 M %	6 M %	1 Y %	3 Y %	Since Admission* %
<b>Net Asset Value</b>	-0.2	13.0	12.3	8.7	54.1	59.2
<b>Share Price</b>	0.6	15.4	12.1	14.0	71.0	104.4
FTSE All-Share Index	-0.8	16.1	12.5	-7.5	-1.6	13.2
FTSE ASX Utilities	0.0	3.2	1.6	-7.8	23.1	-1.5
MSCI World Index	-1.4	10.0	11.3	11.7	33.6	61.2
MSCI World Utilities Index	-1.4	0.2	1.3	-5.6	35.4	32.1
S&P Global Infrastructure Index	-2.6	7.0	5.8	-13.5	5.6	10.3

\*26 September, 2016.

Source: Bloomberg. Performance is shown on a total return basis, i.e., assuming reinvestment of dividends.

## Yield, diversification, low volatility

Ecofin Global Utilities and Infrastructure Trust plc (EGL) is a closed-end investment company domiciled in the UK whose shares are listed and traded on the London Stock Exchange. The Company carries on its business so that it qualifies as an authorised UK investment trust. EGL invests primarily in the equity and equity-related securities of utility and infrastructure companies which are listed on recognised stock exchanges in European countries, the United States and other developed, OECD countries although it may invest up to 10% of its assets in companies whose equity securities are listed on stock exchanges in non-OECD countries. It may also invest up to 10% of its assets in debt securities, which are typically traded on over-the-counter markets.

**Investment objective:** The Company's investment objectives are to achieve a high, secure dividend yield on its investment portfolio and to realise long-term growth in the value of the portfolio for the benefit of shareholders while taking care to preserve capital.

**Yield:** The Company targets a dividend yield of 4% on net assets using gearing and, if necessary, reserves to augment the portfolio yield.

**Gearing:** EGL may borrow up to 25% of its net assets to earn a higher level of dividend income and to offer shareholders a geared return on their investment. The Company pursues a flexible gearing policy, borrowing in major currencies at floating rates of interest under a facility which allows the Company to repay its borrowings at any time without penalty.

## Dividends

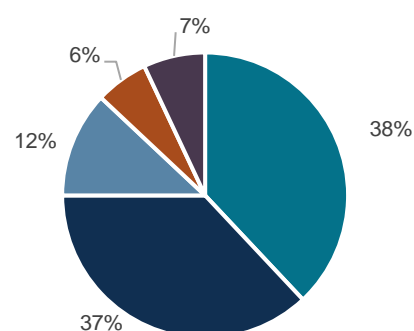
The Company announced in December 2019 an increase in the quarterly dividend rate to 1.65p per share (6.6p per annum), effective from the payment on 28 February, 2020. Quarterly payment dates fall on the last business day in February, May, August and November.

## As of 31 January, 2021

Net assets	£182,571,004
NAV per share	184.47p
Share price	187.00p
Premium/(Discount)	1.4%
Gearing	13.1%
Yield*	3.5%

\*Yield is based on dividends paid (last 4 quarterly dividends) as a percent of the share price.

## Geographical allocation (% of portfolio)



- North America
- Cont. Europe
- UK
- Other OECD
- Emerging markets

## Sector allocation

	% of Portfolio
Regulated utilities	21
Transportation	12
Integrations	38
Renewables (incl. YieldCos)	<u>29</u>
	<b>100</b>

## 10 Largest holdings

	% of Portfolio	Country
NextEra Energy <sup>1</sup>	5.4	US
Brookfield Renewable <sup>2</sup>	5.1	Canada
Enel	4.8	Italy
Iberdrola	4.6	Spain
RWE	4.3	Germany
China Longyuan Power	4.1	China (H-share)
SSE	4.0	UK
EDP	3.8	Portugal
National Grid	3.2	UK
Edison International	<u>3.1</u>	US
<b>Total (42 holdings)</b>	<b>42.4</b>	

1. Common shares; the portfolio also holds the issuer's convertible preferred stock
2. Includes Brookfield Renewable Corp. (BEPC CDN 3.8%) and Brookfield Renewable Partners (BEP-U CDN 1.3%)

## Manager's comments

- A reflation rally in equity markets, largely built on expectations for a generous economic stimulus program from the new Biden administration and vaccine optimism, unwound by month-end due to selling across predominantly hedge fund-dominated positions following a period of exceptional volatility and as markets started to grapple with disappointing trends around COVID transmission. Having reached new highs earlier in the month, EGL's NAV pulled back and closed 0.2% lower in January while the MSCI World Utilities Index and the S&P Global Infrastructure Index fell by 1.4% and 2.6%, respectively. The MSCI World Index declined by 1.4% (all total returns in GBP).
- Commodities showed significant strength, especially coal, natural gas and CO<sub>2</sub> which reached progressive new highs during January. Power prices responded by rising sharply in areas where lower temperatures had taken hold. Outside of Europe yield curves continued to steepen: In the US, the 10-year government bond yield rose from 0.92% to 1.15% intramonth before closing at 1.08%.
- There were pockets of strength and weakness in the portfolio in January: China Longyuan, which recently announced plans for an A-share listing in China (in addition to its listing in Hong Kong), continued its outstanding performance, as did NextEra Energy (NEE) and its yieldco NextEra Energy Partners (NEP). NEE reported very strong, above guidance, earnings for 2020 with Florida Power & Light delivering a 13.5% increase in earnings (year-over-year) driven by hefty growth investment in capital projects and with Gulf Power's earnings rising 19% due to substantial cost efficiencies since its acquisition in 2019; the renewable energy generation segment (NextEra Energy Resources) produced 15% earnings growth and the company added 7GW of renewable energy projects to its backlog. As a result of conversions and closures of remaining coal plants, NEE will not generate any power from coal this year. NEP's results were as impressive.
- On the other hand, EDF's shares were weak, given media speculation of a delay in talks between the French government and the EU on nuclear reform which could stall the company's restructuring, and the improving sentiment in the transportation infrastructure sector took a knock with the reestablishment of lockdowns, impacting Ferrovial and Beijing Airport.
- Eversource, an electric, gas and water utility operating in the Northeast of the US, is a new name recently added to the portfolio. In addition to its strong operational and financial performance, we are interested in the company's joint venture partnership with Orsted to develop a major offshore wind platform in the Northeast. Eversource's partnership has been awarded several projects in recent years, which we believe are undervalued by the market, and it could benefit from the more decisive support which the Biden administration will likely offer to encourage a growth acceleration in the US's nascent offshore wind sector. American Electric Power was sold during the month given valuation risks arising from its largely regulated business model in the context of steepening yield curves.
- Gearing has been kept in a tight range around 13-14%.

TICKER: EGL

SEDOL: BD3V464

ISIN: GB00BD3V4641

## Key risk factors

All financial investments involve an element of risk. The value of your investment and the income derived from it will vary and there can be no assurance that the investment manager will be able to invest the Company's assets on attractive terms, generate investment returns for investors or avoid investment losses.

The Company focusses on investments in two sectors, the utilities and infrastructure sectors, and accordingly an investment in the Company's shares may be regarded as representing a more concentrated risk than the investment in the shares of a broadly diversified, generalist investment trust or fund.

The Company may employ gearing. Whilst the use of gearing should enhance the NAV per share when the value of the Company's underlying assets is rising, it will have the opposite effect when the underlying asset values are falling.

The Company invests to a considerable extent in securities which are not denominated or quoted in Sterling, the Company's base currency. Movements in exchange rates will, therefore, have an effect, favourable or unfavourable, on the return on an investment in the Company's shares.

## Gearing

The Company may make use of gearing to enable the Company to earn a high level of dividend income and to offer Shareholders a geared return on their investment. The Directors believe that the use of gearing is justified given the nature of most of the companies in which the Company invests; that is, companies which provide essential services, operate in regulated markets and within stable regulatory frameworks, and pay dividends. Whilst the use of gearing should enhance the net asset value (NAV) per share when the value of EGL's underlying assets is rising, it will have the opposite effect when the value of its assets is falling. As a result, the volatility of the Company's NAV will increase when gearing is being used which may also increase the volatility of the Company's share price. The nature and term of any borrowings are the responsibility of the Directors, while the amount of any borrowings is at the discretion of the Investment manager.

EGL may borrow amounts equal to 25% of its net assets. Any borrowings will be flexible, short-term borrowings in major currencies at floating rates of interest under a Prime Brokerage facility with Citigroup which allows the Company to repay its borrowings at any time without penalty.

For more information, please see [www.ecofininvest.com](http://www.ecofininvest.com)

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## Company details

Portfolio manager:	Jean-Hugues de Lamaze
Date of admission:	26 September, 2016
Traded:	London Stock Exchange
Dealing currency:	Sterling
Issued share capital:	98,968,423 shares
Investment management fee:	1% p.a. of net assets

## Financial calendar

Year-end:	30 September
Results announced:	May (half-year); December (final)
AGM:	March
Dividends paid:	Last day of February, May, August & November

## NMPI status

The Company conducts its affairs so that its securities can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investment products and intends to continue to do so. The Company's securities are excluded from the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in an investment trust.

## Individual Savings Account ("ISA")

The Company's shares are eligible to be held in an ISA account subject to HM Revenue & Customs limits.

Released: 8 February, 2021