



# Ecofin Global Utilities and Infrastructure Trust plc (EGL)

As of 31/10/2024

## Performance (to 31 October 2024)

(all total returns in £)	1 M %	3 M %	6 M %	1 Y %	3 Y %	5 Y %	Since Admission* %
Net Asset Value	-1.9	4.1	11.8	23.2	19.2	56.4	113.7
Share Price	-1.3	5.8	13.9	30.4	7.9	48.4	141.3
S&P Global Infrastructure Index	3.0	7.0	12.0	24.6	30.1	30.8	63.0
MSCI World Utilities Index	1.3	7.0	13.8	23.7	28.6	34.5	78.7
MSCI World Index	2.3	2.4	8.2	26.2	28.4	77.6	146.1
FTSE All-Share Index	-1.6	-2.5	1.8	16.3	19.7	31.9	60.0
FTSE ASX Utilities	-4.6	-3.1	5.0	7.6	26.4	57.7	45.6

\*26 September 2016.

Source: Morningstar. Performance is shown on a total return basis, i.e., assuming re investment of dividends.

**Past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.**

## 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

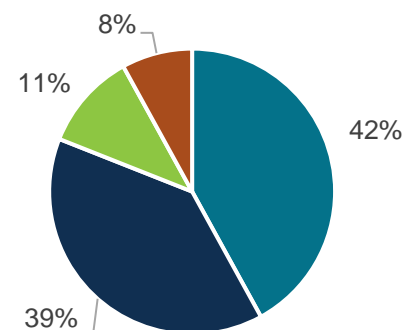
With effect from the interim dividend paid in February 2024, the quarterly dividend rate increased to 2.05p per share (8.20p per annum) from 1.95p per share. Quarterly payment dates fall on the last business day in February, May, August and November.

## As of 31 October 2024

Net assets	£235,428,881
NAV per share	215.54p
Share price	190.50p
Premium/(Discount)	(11.6)%
Gearing	10.9%
Yield*	4.3%

\*Yield is based on dividends paid (last 4 quarterly dividends) as a percent of the share price. Please also see 'Dividends' below.

## Geographical allocation (% of portfolio)



- North America
- Cont. Europe
- UK
- Rest of World

## Sector allocation

	% of Portfolio
Regulated utilities	35
Integrated utilities	31
Renewables & nuclear	16
Environmental services	6
Transportation infrastructure	<u>12</u>
	<b>100</b>

## 10 Largest holdings

	% of Portfolio	Country
National Grid	4.8	UK
NextEra Energy	4.7	US
E.ON	4.2	Germany
Vinci	4.0	France
Enel	4.0	Italy
SSE	3.8	UK
Veolia	3.7	France
Vistra	3.7	US
Constellation Energy	3.6	US
ENAV	<u>3.5</u>	Italy
<b>Total (39 holdings)</b>	<b>39.9</b>	

## Manager's comments

- After a strong few months, EGL's NAV decreased by 1.9% in October and underperformed the global sector indices. The MSCI World Utilities Index increased by 1.3%, helped by its dominant (67%) US weighting (the US dollar gained 4% versus sterling during the month), and the S&P Global Infrastructure Index rose by 3.0% with its energy infrastructure (oil & gas pipelines) constituents the best performers. Compared with these sector indices, EGL's portfolio has a lower allocation to the US and higher exposure to renewables whose stocks were reacting to a spike in bond yields and huge uncertainty in the run-up to the US elections. The benchmark US 10-year Treasury yield, for example, closed the month at 4.3%, up nearly 70bps from the 12-month low of 3.6% reached mid-September. Inflation expectations were being adjusted higher on resilient economic data and as polls increasingly pointed to Republican wins of the presidency, Congress and Senate (a 'red sweep'). The extra borrowing outlined in the UK Labour party's first budget helped to produce a very similar yield (and yield curve) picture in the UK. As a result, UK utilities were notably weak compared with global peers.
- For renewables, a red sweep could mean the repeal of parts of the Biden administration's spending and tax breaks in the IRA designed to boost clean energy. The global basket of clean energy shares, the iShares Global Clean Energy ETF, declined by over 10% during the month, under pressure due to expectations for higher deficits and long-term interest rates under a Trump presidency. Regulated utilities National Grid and E.ON both pulled back (c. -5%) and US and European renewables-focused names in the portfolio underperformed significantly as Trump's odds increased (NextEra Energy Partners, AES, RWE, EDP). The best contributors to NAV were all US utilities: Vistra, Xcel Energy, Constellation, Southern and Dominion.
- It is also earnings reporting season. With power demand growth showing up in revenues, we are beginning to see long term earnings per share (EPS) growth target upgrades in the US. Last month we noted Constellation's new 13% p.a. EPS growth target. This month, amongst a host of good Q3 earnings reports, Entergy Corp (not held in the portfolio) raised its growth guidance from 6-8% to 8-9% per annum and Xcel Energy (3.2% of the portfolio) nudged its own from 5-7% to 6-8% per annum and added \$6bn to capital expenditure plans for 2025-2029 because of higher sales growth. We believe this should be supportive for valuations.
- We were active in the portfolio during the month, reducing gearing ahead of the US elections and adjusting the allocations to reflect relative performances across EGL's universe this year. We made significant additions to E.ON (grids), Vinci (infrastructure) and Veolia (water & waste management), such that they are now top 10 holdings. We also introduced a new name to the portfolio, Elia, one of Europe's largest power grid operators based in Belgium with one of the strongest asset base growth profiles amongst regulated peers whose share price has been depressed. We took profits among US utilities which were strong performers for the first 9 months of this year (including NextEra Energy, AEP, Constellation, Vistra, Edison). By month-end, gearing stood at 10.9%.

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.

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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:	109,229,598 shares
Investment management fee:	0.9% p.a. of NAV on first £200mn; 0.75% above £200mn up to £400mn; 0.6% thereafter

## 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 November 2024

# Disclaimer

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The MSCI ESG Fund Ratings is designed to assess the resilience of a fund’s aggregate holdings to long term ESG risks. Highly rated funds consist of issuers with leading or improving management of key ESG risks.

- AAA, AA: Leader- The companies that the fund invests in tend to show strong and/or improving management of financially relevant environmental, social and governance issues. These companies may be more resilient to disruptions arising from ESG events.
- A, BB, BB: Average- The fund invests in companies that tend to show average management of ESG issues, or in a mix of companies with both above-average and below-average ESG risk management.
- B, CCC: Laggard- The fund is exposed to companies that do not demonstrate adequate management of the ESG risks that they face or show worsening management of these issues. These companies may be more vulnerable to disruptions arising from ESG events.

The Fund ESG Rating is calculated as a direct mapping of “Fund ESG Quality Score” to letter rating categories.

• 8.6- 10: AAA • 7.1- 8.6: AA • 5.7- 7.1: A • 4.3- 5.7: BBB • 2.9- 4.3: BB • 1.4- 2.9: B • 0.0- 1.4: CCC

The “Fund ESG Quality Score” assesses the resilience of a fund’s aggregate holdings to long term ESG risks. Highly rated funds consist of issuers with leading or improving management of key ESG risks, based on a granular breakdown of each issuer’s business: its core product or business segments, the locations of its assets or revenues, and other relevant measures such as outsourced production. The “Fund ESG Quality Score” is provided on a 0-10 score, with 0 and 10 being the respective lowest and highest possible fund scores.

The “Fund ESG Quality Score” is assessed using the underlying holding’s “Overall ESG Scores”, “Overall ESG Ratings”, and “Overall ESG Rating Trends”. The “Fund ESG Quality Score” is equal to the “Fund Weighted Average ESG Score”. MSCI calculates the “Fund Weighted Average ESG Score” of the underlying holding’s “Overall ESG Scores”. The Overall ESG Scores represent either the ESG Ratings Final Industry-Adjusted Score or Government Adjusted ESG Score of the issuer. Methodology for the issuer level scores are available in the MSCI ESG Ratings Methodology document.

The stated rating only applies to the Institutional share class and other share class ratings may differ.

For more information please visit <https://www.msci.com/esg-fund-ratings>