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PROFESSIONAL

Ecofin Global Utilities and Infrastructure Trust

Investment companies | Update | 23 June 2025

Feeling energised

The strong recent performance of Ecofin Global Utilities and Infrastructure Trust (EGL) has continued into 2025. Despite market volatility, manager Jean-Hugues de Lamaze delivered 7.1% NAV growth for the six months to 31 May. This was well ahead of the two most relevant utilities and infrastructure indices, as well as UK equities, and only a little behind global equities as measured by the MSCI World index. At 12.3%, share price performance was even better, as EGL's discount narrowed – a very welcome development for shareholders.

This strong recent performance has been generated through a tactical focus on networks, environmental services and transportation infrastructure as a diversifier. These themes are visible throughout the portfolio, the latter notably in the recent purchase of two airport operators. We believe that EGL offers investors exposure to an attractive portfolio of assets, underwritten by powerful underlying drivers, particularly the growth in demand for energy.

Developed markets utilities and other economic infrastructure exposure

EGL seeks to provide a high, secure dividend yield and to realise long-term growth, while taking care to preserve shareholders' capital. It invests principally in the equity of utility and infrastructure companies in Europe, North America, and other developed OECD countries.

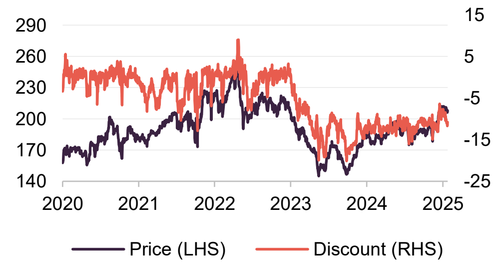
Year ended	Share price total return (%)	NAV total return (%)	MSCI World Utilities total return (%)	S&P Global Infra total return (%)	MSCI World total return (%)
31/05/21	19.7	15.8	1.0	6.8	22.9
31/05/22	28.0	26.8	22.5	26.4	8.4
31/05/23	(5.2)	(5.1)	(6.9)	(5.4)	5.2
31/05/24	(6.9)	7.7	9.8	8.4	20.5
31/05/25	21.0	12.9	11.0	13.8	7.8

Source: Morningstar, Marten & Co

Sector	Infrastructure securities
Ticker	EGL LN
Base currency	GBP
Price	208.0p
NAV	233.24p
Premium/(discount)	(10.8%)
Yield	3.94%

Share price and discount

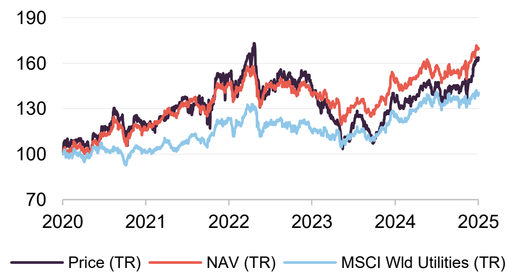
Time period 31/05/2020 to 20/06/2025



Source: Morningstar, Marten & Co

Performance over five years

Time period 31/05/2020 to 31/05/2025



Source: Morningstar, Marten & Co

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Contents

Domicile	United Kingdom
Inception date	26 September 2016
Manager	Jean-Hugues de Lamaze
Market cap	£219.5m
Shares outstanding (exc. treasury shares)	105.523m
Daily vol. (1-yr. avg.)	202k shares
Net gearing	15.4%

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Market backdrop

2024 was a very strong year, largely driven by data centre demand due to the AI revolution.

2024 – the year of data centres and nuclear power

2024 was a positive year for the utilities and infrastructure sectors, largely driven by the US. A strong theme was surging demand for data centres, due to the ongoing take-off of AI, which is highly energy-intensive. The beginning of this theme was arguably the purchase by Amazon Web Services (AWS) of Talen Energy's Cumulus Data Centre campus in Pennsylvania for $650m. This deal was followed by other mega-deals and a significant re-rating of companies such as Vistra (in EGL's top 10 – see page 8) and Constellation Energy that stood to benefit from the trend.

The Talen deal was also emblematic in that the data centre's energy source was the Susquehanna Nuclear Power Plant; use of nuclear energy helps companies like AWS meets their sustainability goals. Nuclear is the only energy source that is both carbon-free and base load – that is, providing a minimum level of continuous supply to ensure the grid can meet constant needs, regardless of variations in overall usage (one of the drawbacks of renewables is that they are, in contrast, intermittent).

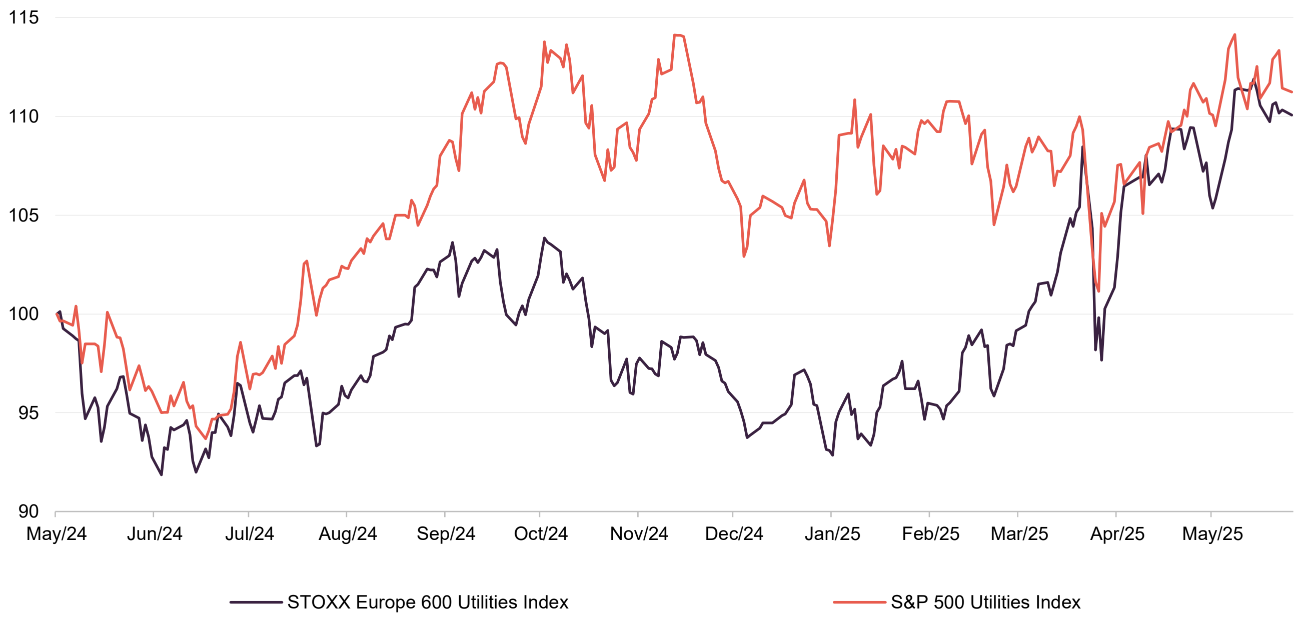
We have therefore seen nuclear energy make a dramatic comeback in the US, from being perceived as a technology of the past to being front-and-centre of efforts to meet rising power demand in a sustainable manner. President Biden's signature Inflation Reduction Act (IRA) significantly boosted the sector through a combination of financial incentives, market stabilisation measures and support for new technologies, helping both existing nuclear power plants and the development of next-generation reactors. In the UK, we have seen the recent government announcement of £14.2bn of public money to build the new Sizewell C nuclear plant.

Q1 2025 – mean reversion in US, growth in Europe

The first quarter of 2025 saw something of a mean reversion, with retracements in the share prices of those names that had benefitted from the dominant themes of 2024. A key catalyst was the arrival of DeepSeek, a Chinese competitor to US large language models (LLMs) that surprised the market by seemingly matching the performance of the likes of ChatGPT, while using a much lower level of energy. This called into some doubt the assumed future demand for AI data centres, with the need to power them, and the likes of Vistra saw subsequent share price falls of around 25%.

Despite these struggles in the US, European utilities and infrastructure companies at last saw some positive share price performance. Previously, in many cases even multi-year double-digit EPS returns did little to boost shareholder returns. However, for example, E.ON and RWE (both top 10 holdings for EGL) returned 20% and 16% respectively over the quarter. This was helpful for EGL, which, as discussed on page 6, has been increasing European exposure for several months, such that it is now the portfolio's largest geographic allocation.

Figure 1: STOXX Europe 600 Utilities Index vs S&P 500 Utilities Index, rebased



Source: Bloomberg, Marten & Co

Q2 2025 – turmoil, then recovery

Thus far in Q2 the positive trend in Europe has continued. However, this time positivity has simultaneously been seen in the US. Vistra, for example, has clawed back all its earlier losses to stand at a higher level than it began the year.

Jean-Hugues puts this turnaround down to the general positive sentiment in the market. Equities (along with currencies and bonds) experienced significant turmoil in the aftermath of President Trump's "Liberation Day" reciprocal tariff announcements on 2 April. However, his subsequent 90-day pause, followed by the US Court of International Trade's ruling that many of his announced levies were illegal, has seen equities rebound almost as quickly as they fell, with the S&P 500 now well above its Liberation Day level; a rising tide has lifted all boats.

A structural increase in energy demand

Energy demand in the OECD has been flat for a quarter of a century, but that is changing.

The past 25 years has been characterised by flat energy consumption in the OECD, the organisation of developed world countries, and indeed falling demand in the UK and Europe. However, there is now a clear upward trend across the Western world, and particularly in the US. There are three principal drivers:

- continued adoption of electric vehicles;
- data centres linked to the AI revolution; and
- general electrification of economies as part of the energy transition away from fossil fuels to sustainable sources.

EGL's manager comments that the underlying growth in demand has been masked by gains from increasing energy efficiency. However, with many of the easier opportunities now exploited, the scope for further efficiency gains is much more limited. At the same time, it is relatively difficult to add new generation capacity, so the transmission and transportation of power is now the vital factor, and new capacity needs to be interconnected. This is very positive for EGL's portfolio, where transmission and transportation are key themes.

Against this backdrop, companies are benefitting from more predictable contracts. Conventional power generation, typically highly dependent on commodity price fluctuations, has previously accounted for as much as 50% of operating profits, but now a level of 10% is more typical. Those companies that are able to adapt their business model for the energy transition are therefore being rewarded with much more predictable cashflows.

Other recent geopolitical and macroeconomic developments have also been positive for EGL's universe of companies, albeit in a less direct way. The general increase in defence budgets across the West, driven by Russian aggression and pressure from the Trump administration, will lead to more demand for electricity, and also relevant technological gains. The recent commitment from Friedrich Merz, the new German Chancellor, of €600bn of new infrastructure spending should also have positive spillover effects, particularly for the likes of Vinci (a current Top 10 holding).

> The Spanish blackout should act as a wake-up call to governments about the critical importance of energy infrastructure.

Spanish blackout highlights need for investment

On 28 April, Spain and Portugal (along with parts of southern France) were hit with an unprecedented blackout. Spain's electrical grid experienced the loss of 15 gigawatt (GW) of power, or 60% of its total supply, with immense disruption to transport, telecommunications, healthcare and other sectors. Although the exact cause is still unclear, the blackout highlighted the extreme vulnerability of Spanish connectivity, with only one direct link to France, effectively making it an energy island.

EGL's manager thinks that the incident should serve to focus the attention of governments and regulators, and act as a wake-up call for the need to incentivise investment in energy network infrastructure, and not just in Spain. The risk of further blackouts is significant. In Germany, wind power is the largest source of electricity production, at 31% of the total. Production is centred in the north of the country, but the south dominates economic activity, so maintaining transmission infrastructure is critical. In the UK, the National Grid warns of the risk of blackouts in winter, and there is also a similar risk in some parts of the US. Jean-Hugues believes that this increased attention should be positive for many of the companies in which EGL invests.

The valuation gap: listed vs private infrastructure

In the past year, the five big infrastructure-focused private equity managers (KKR, Brookfield, Macquarie, Blackstone and BlackRock) have raised more than $100bn of fresh capital, which they will seek to deploy. Jean-Hugues views this as part of a broader trend that has seen private equity paying some of its highest-ever premiums for infrastructure assets. In February, Innergex, a Canadian-headquartered hydro, wind and solar company, was acquired by CDPQ for $10bn at a 58% premium to its previous close. Jean-Hugues says that a deal premium of around 50% is currently typical, against an historic norm around 20-25%.

This all bodes well for investors in listed infrastructure such as EGL, both in terms of the potential for bids for some of its investments, and for the general upward pressure such transactions should have on the prices of listed companies in the sector.

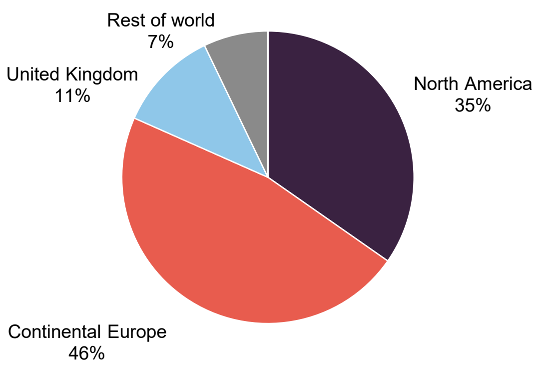
EGL has continued to increase its exposure to Europe at the expense of the US.

Portfolio – Asset allocation

There has been a continuation of the shift in EGL's geographic allocation highlighted in our last note in December. As shown in Figures 2 and 3, the exposure to Continental Europe has continued to increase at the expense of North America. Historically, Jean-Hugues's starting point has been to have a broadly equal split between these two largest geographies within the portfolio, to ensure exposure to all the important themes, and to avoid concentration risk. However, along with market moves in the early months of 2025, when many of the portfolio's European holdings rallied, the shift also reflects his relative convictions about the two markets.

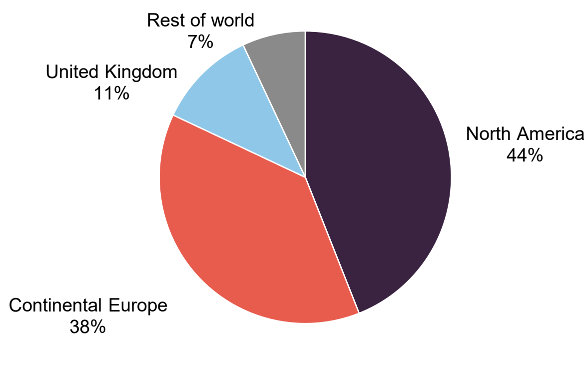
The US faces major headwinds from the second presidency of Donald Trump, specifically his likely changes to the IRA, which has provided funding for grid modernisation and electrification alongside other incentives. At the same time, Europe had depressed valuations, with numerous companies reporting strong results but not seeing their share prices respond accordingly.

Figure 2: Geographic allocation as at 31 May 2025



Source: Ecofin Global Utilities and Infrastructure Trust

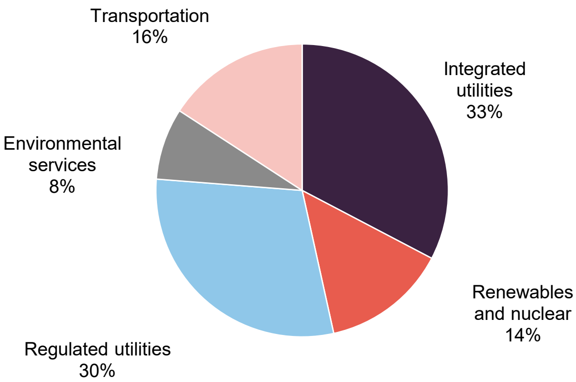
Figure 3: Geographic allocation as at 30 November 2024



Source: Ecofin Global Utilities and Infrastructure Trust

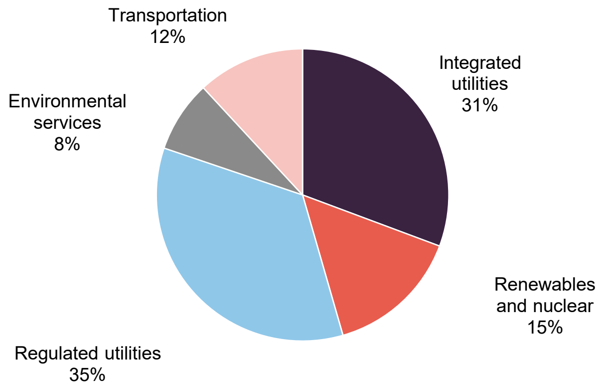
The changes to sector allocation, shown in Figures 4 and 5, have been relatively modest since December. The small decrease in renewables and nuclear was due to the sale of NextEra Energy, and the reduction in regulated utilities was due to the sale of Edison International (see below). The new airport purchases saw the transportation allocation increase. These portfolio changes are explored in more detail on pages 8-10.

Figure 4: Sectoral allocation as at 31 May 2025



Source: Ecofin Global Utilities and Infrastructure Trust

Figure 5: Sectoral allocation as at 30 November 2024



Source: Ecofin Global Utilities and Infrastructure Trust

Gearing

EGL's investment policy allows gearing of up to 25% and Jean-Hugues uses this flexibly. The level at any one time reflects his current level of conviction. It rose to around 15% at the end of 2024 as opportunities were identified for new purchases and adding to a number of key holdings, both on the grounds of valuation and fundamentals. As of 31 May 2025, the figure was 15.4%. This provides ample margin to the 25% maximum should a future market event throw up particular opportunities.

EGL has calculated that an impressive average of 170bps of alpha are generated each year for shareholders through gearing; this has remained the case even with the rise in the cost of debt.

Top 10 holdings

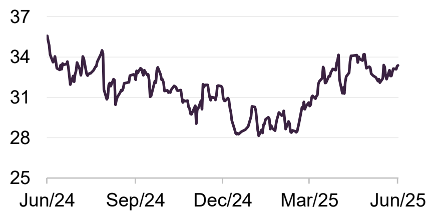
Since our last note in December, National Grid has been replaced as the largest holding in the portfolio by E.ON (previously third-largest). RWE is newly in the top 10, replacing NextEra Energy, which was sold. Readers interested in other names in the top 10 should see our previous notes (see page 18 for a list of these).

Figure 6: Top 10 holdings as at 31 May 2025

Holding	Sector	Country	Allocation 31 May 2025 (%)	Allocation 30 November 2024 (%)	Percentage point change
E.ON	Integrated utilities	Germany	5.3	4.3	1.0
National Grid	Networks/Regulated	UK	4.8	4.7	0.1
Vinci	Transportation infrastructure	France	4.6	3.8	0.8
Enel	Integrated utilities	Italy	4.3	3.7	0.6
Vistra	Integrated utilities	US	4.2	4.6	(0.4)
ENAV	Transportation	Italy	3.8	3.5	(0.3)
RWE	Integrated utilities	Germany	3.6	3.5	0.1
SSE	Integrated utilities	UK	3.5	3.7	(0.2)
Constellation Energy	Nuclear	US	3.4	3.5	(0.1)
Veolia Environnement	Environmental services	France	4.0	3.9	0.1
Total of top 10			41.1	39.9	1.2

Source: Ecofin Global Utilities and Infrastructure Trust, Marten & Co

Figure 7: RWE (EUR)



Source: Bloomberg

RWE

RWE is a Germany-based energy generation and trading company with global operations. Historically a coal-heavy utility, it has transformed itself into a clean energy leader. It has a particular focus on onshore and offshore wind, with an installed capacity of 3.3GW at the end of 2024. An additional 4.4GW is under construction, including projects in the UK (Sofia), Denmark (Thor) and the Netherlands (OranjeWind). The company's flexible generation division is responsible for around a third of EBITDA, through gas, hydro and biomass plants. These are assets that can specifically ramp electricity production up or down quickly in response to changes in demand and supply.

RWE does still have exposure to coal ("phase-out technologies") but aims to exit the sector entirely by 2030. This is being done in conjunction with the German state; in 2023 the government received an exemption from the EU's state aid rules to pay RWE €2.6bn for the closure of lignite-powered energy plants in the Rhine region. The company's nuclear exposure was phased out in 2023, as it was across Germany as a whole.

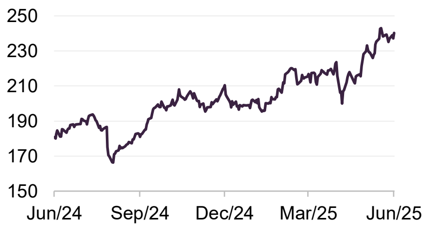
Jean-Hugues sees RWE as a particularly attractive way to play the looming tightness in the German power generation market, caused by grid infrastructure challenges, delays in transitional energy projects and reduced dispatchable power capacity (caused in part by the country's move away from coal and nuclear). Its most recent corporate results reaffirmed its full-year outlook, despite some short-term softness in earnings on weak wind conditions.

New additions

There have been three notable additions to the portfolio since our last note in December. Two are European airport operators, reflecting Jean-Hugues's confidence in Europe (and a desire to diversify the portfolio), while the third is a Canadian renewable energy producer that has limited exposure to the US.

Aena

Figure 8: Aena (EUR)



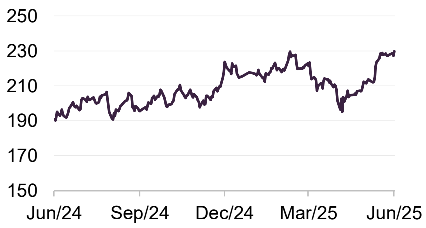
Source: Bloomberg

Spanish-headquartered Aena is one of the leading global airport operators, handling nearly 370m passengers in 2024. This investment reflects a conviction in the resilience of Spanish tourism – particularly mass tourism – as the company owns the majority (46) of the country's airports.

Aena also has some international assets. It owns a 51% stake in the UK's Luton Airport, the majority ownership in six airports in Brazil and further interests in Mexico, Columbia and Jamaica. There is, however, no US exposure, which Jean-Hugues views as positive in the current environment. The stock offers very strong earnings growth while trading at a substantial discount to its historic valuation.

Flughafen Zurich

Figure 9: Flughafen Zurich (CHF)



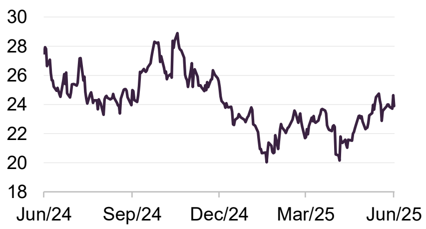
Source: Bloomberg

Swiss-listed Flughafen owns and operates Zurich Airport, the largest airport in Switzerland and 12th-largest in Europe. Outside the country, it operates airports in Brazil and won the bid to build and operate Noida International Airport in India, for 40 years from its opening, which is expected to occur later in 2025.

Flughafen's strong balance sheet, less cyclical traffic and exposure to the solid Swiss economy make it a high-quality, defensive purchase. With the opening of Noida, the company's investment programme should normalise, leading to a sharp increase in free cash flow yield generation, which should allow much higher dividend payments in future.

Brookfield Renewable Partners

Figure 10: Brookfield Renewable Partners (USD)



Source: Bloomberg

Canadian company Brookfield Renewable Partners is one of the world's largest developers and producers of clean energy. Its portfolio consists of hydroelectric, wind and solar distributed energy and sustainable solutions across five continents.

EGL has previously held the company, but the position was sold several years ago, largely on valuation grounds, after a strong run of performance. However, following a period of share price retrenchment during the last quarter of 2024 and the beginning of this year, Jean-Hugues has reinitiated a position. He says that Brookfield gives EGL international renewables exposure but with minimal exposure to the US (and none to US offshore), noting that Brookfield's hydroelectric assets are particularly attractive as they are both clean and can provide baseload power.

Jean-Hugues sees significant upside in Brookfield, citing strong development margins and long-term tailwinds from the global power supply-demand imbalance. He believes these factors give Brookfield a long growth runway that is not yet priced into the company's shares.

Other notable holdings

Figure 11: Exelon (USD)

Source: Bloomberg

Exelon

Headquartered in Chicago, Exelon is the largest regulated utility in the US, serving over 10 million customers through six major subsidiaries in the Midwest and on the East Coast. Since spinning off its generation business in 2022, it has focused on electricity and natural gas distribution.

The company is investing heavily in grid modernisation, with the aims of increasing resilience and automation, enabling a higher share of renewable generation and the increasing demands of electrification. This includes rolling out advanced metering infrastructure, which allows real-time monitoring and billing, and working with local municipalities and states to expand electric vehicle charging networks.

As a regulated, defensive holding, Exelon performed well during the market volatility of early 2025. Recent quarterly results beat expectations on both revenue and earnings, and full-year guidance was reaffirmed.

Sales

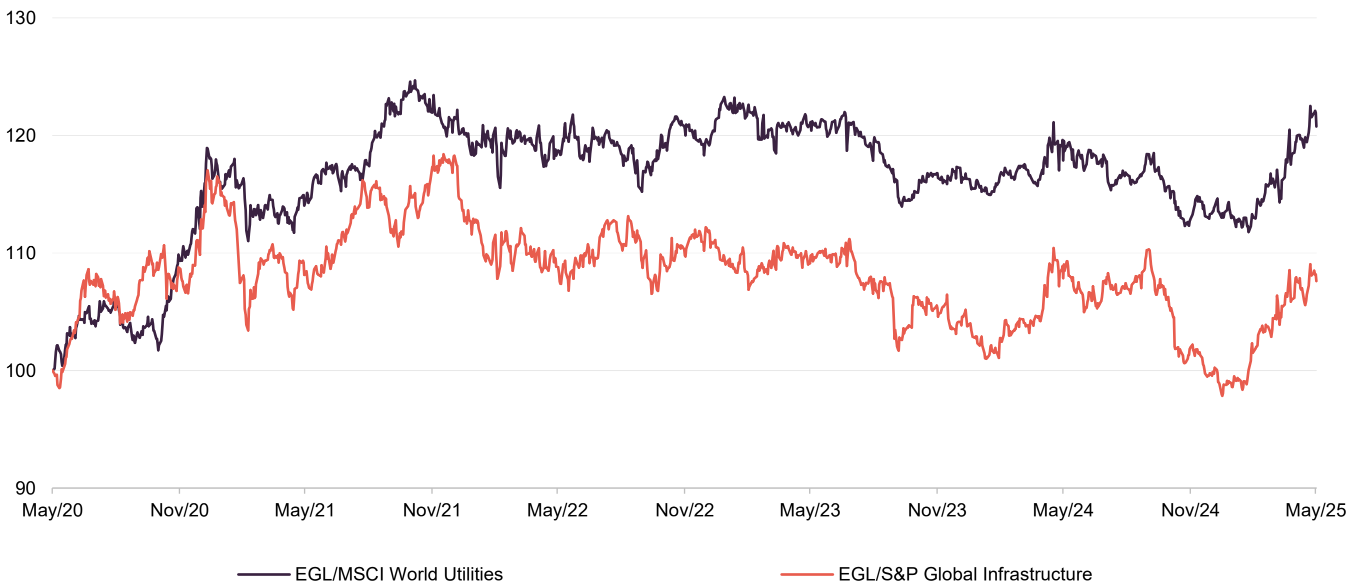
Recent exits from the portfolio have included NextEra Energy and Edison International.

NextEra's unit XPLR Infrastructure announced it was suspending its dividend for an indefinite period; Jean-Hugues feels that paying dividends reflects a degree of maturity in a company's operation, and saw this as a strong signal to sell.

Southern California Edison (SCE), a subsidiary of Edison International, faced severe exposure to the early 2025 California wildfires – particularly the Eaton and Hurst fires around Los Angeles. Jean-Hugues felt that the full costs of this were difficult to quantify and that this represented a significant level of idiosyncratic risk that was not appropriate for EGL's portfolio. He decided to exit the position promptly.

Performance

Figure 12: EGL's NAV total return relative to benchmark indices, over five years to 31 May 2025



Source: Morningstar, Marten & Co

Figure 13: Cumulative total return performance over periods ending 31 May 2025

	3 months (%)	6 months (%)	1 year (%)	3 years (%)	5 years (%)	From launch[1]	Volatility[2] (%)
EGL NAV	9.0	7.1	12.9	15.4	69.6	132.2	15.8
EGL share price	14.3	12.3	21.0	6.9	63.8	174.5	23.2
MSCI World Utilities	2.0	0.1	11.0	13.5	40.4	84.4	14.3
S&P Global Infrastructure	2.9	1.5	13.8	16.7	57.6	72.9	14.3
MSCI World	(4.5)	(3.4)	7.8	36.8	82.2	162.2	13.6
MSCI UK	0.8	7.8	9.7	29.0	76.7	79.5	17.1

Source: Morningstar, Marten & Co. Note 1) EGL was launched on 26 September 2016. Note 2) Volatility is the annualised standard deviation of daily returns over five years.

Up-to-date information on EGL is available on the QuotedData website.

Recent performance from EGL – particularly visible in the three- and six-month periods in Figure 13 – is very encouraging. As shown in Figure 13, one-year NAV performance of 12.9%, as well as being strong in absolute terms, was ahead of both UK and global equities, as measured by the MSCI UK and MSCI World indices, respectively. Shareholders have benefitted even more, with a share price total return of 21.0% over the last 12 months, reflecting a marked narrowing of the discount during the period (see Figure 15 on page 13).

The chart in Figure 12 shows that EGL's NAV has outperformed both the wider utilities and infrastructure indices over the last five years. This illustrates the benefit of skilled active management in these sectors, with Jean-Hugues able to identify and exploit market inefficiencies. This is even more apparent in Figure 13, which shows very strong outperformance of both EGL's NAV and share price since its launch in September 2016.

SWOT analysis

Figure 14: SWOT analysis for EGL

Strengths	Weaknesses
Good NAV and share price performance over both the short and long term.	**Although fundamentally a bottom-up fund, EGL is subject to market sentiment towards its particular sectors.**
Strong record of increasing dividends and commitment from the board for further increases at least in line with inflation.	

Opportunities	Threats
Structural increase in energy demand from the AI revolution, which largely needs to be met by companies in EGL's universe.	**The course of the development of AI is uncertain, with potential surprises such as the emergence of DeepSeek, that uses much less energy than other LLMs.**
A renewed focus on the opportunities presented by nuclear power.	**A single safety incident in the nuclear industry could undermine support.**
Still trades at mid-single digit discount to NAV and has been known to trade at a sustained premium rating when market conditions are right.	**Potential discount widening, in response to poor performance and/or poorer sentiment towards the utilities and infrastructure sectors.**

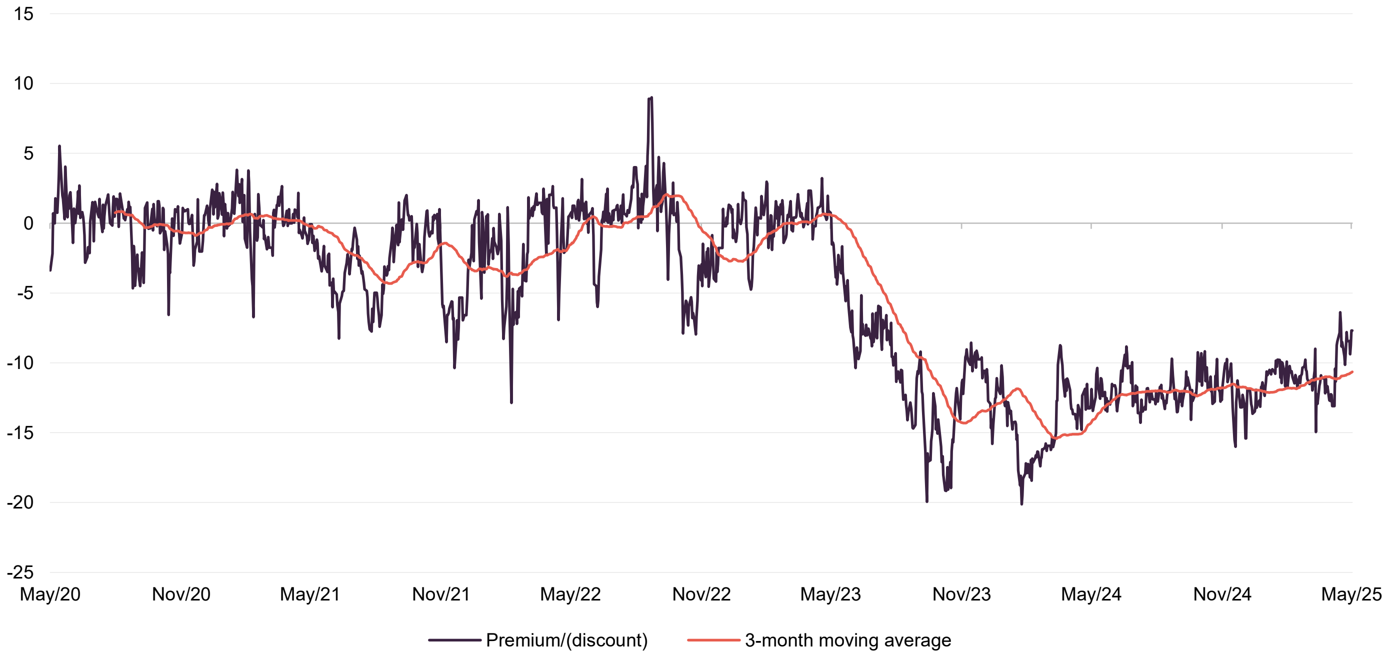
Source: Marten & Co

Premium/(discount)

EGL has traded at a discount over the past year, within a 9.6% range.

Over the 12-month period ended 31 May 2025, EGL's shares have traded between a 16.0% and 6.4% discount to NAV. The average over that period was an 11.6% discount. As of publishing, EGL was trading at an 10.8% discount, and it is encouraging to note the recent narrowing. There is the potential for this to close further if market conditions are broadly favourable, most obviously if interest rates and inflation are low and stable, and if AI continues to gain traction, with the associated increase in demand for energy to power it. EGL regularly traded at a premium to NAV as recently as the middle of 2023. Conversely, rising interest rates would clearly be negative for the premium/discount position, as would any setback in the development of AI or, more precisely, any reassessment of the likely future energy needs of the technology, as happened with the emergence of DeepSeek.

Figure 15: EGL premium/(discount) over five years to 31 May 2025

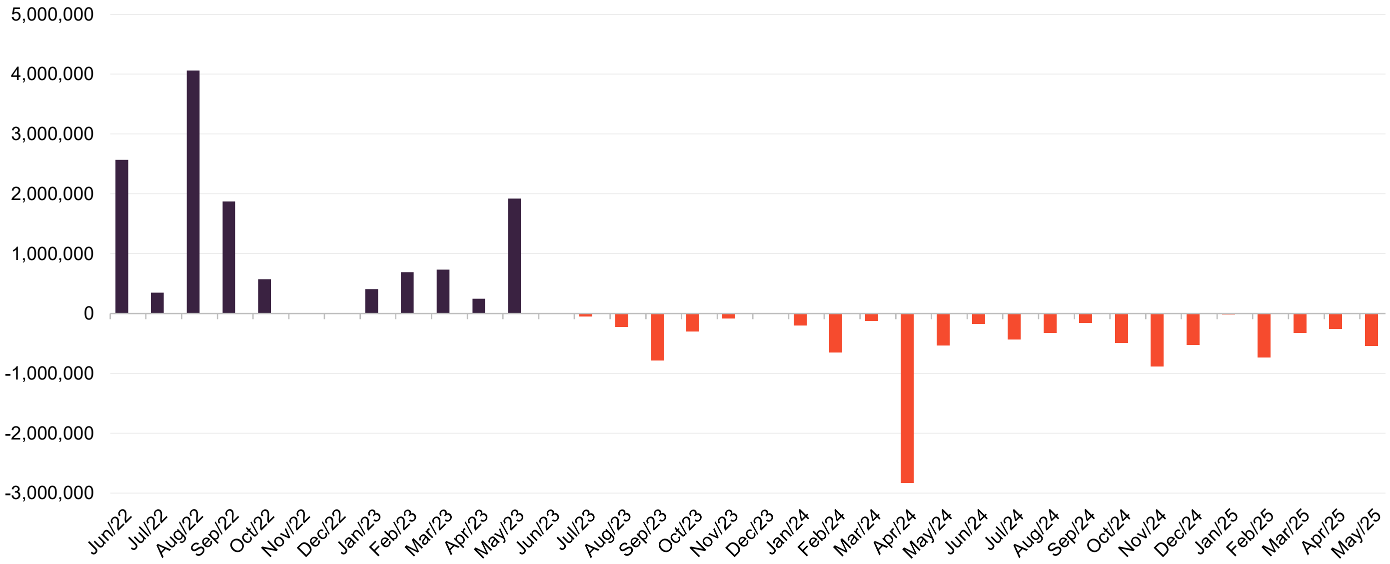


Source: Morningstar, Marten & Co

Share buybacks

After a period of share issuance while the trust was at a premium, the company has consistently bought back shares since it moved to a sustained discount in the middle of 2023, per Figure 16. Over the 12 months to the end of May 2025, these repurchases totalled just under 5 million shares.

Figure 16: EGL share buybacks and issuance



Source: Marten & Co

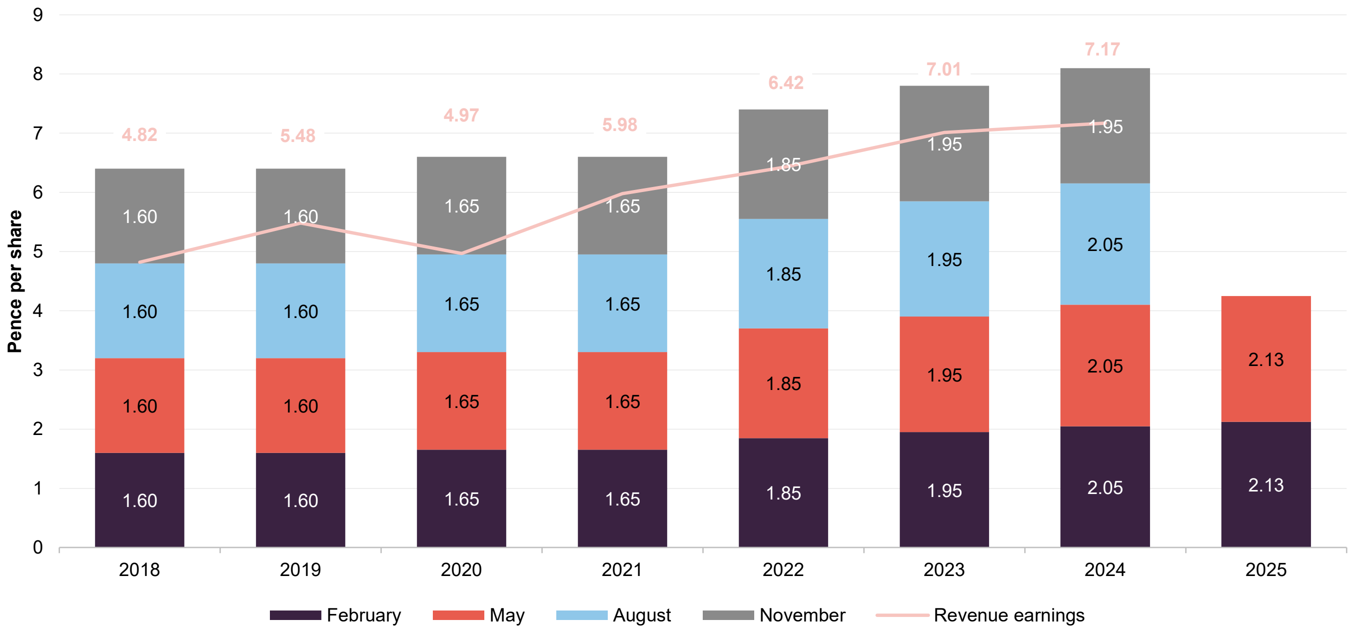
Dividend

As well as realising capital growth, EGL's stated aim is to increase dividends at least in line with inflation. Gearing and reserves can be used to augment the portfolio yield if necessary, and the dividend has tended to be uncovered in recent years. For example, in 2024, dividend per share was 8.1p on revenue earnings of 7.2p. Despite this the reserves position remains very healthy, at £95m as of 31 March 2025, which equates to 89p per share.

Both quarterly dividend payments for 2025 so far have been for 2.125p per share, 3.7% higher than their 2024 equivalents.

The trend of recent years of steadily increasing dividend payouts has continued, with the first two quarterly payments in 2025, each of 2.125p, being 3.7% higher than their equivalents in 2024. Based on the latest share price, the current yield is 3.9%. Although lower than at the time of our last note in December, this is a reflection of EGL's strong share price performance since then. We remain confident that the target yield will be met, with EGL's investment income growth remaining strong.

Figure 17: EGL revenue income and dividend by financial year



Source: Ecofin Global Utilities and Infrastructure Trust

Fund Profile

Further information regarding EGL can be found on the manager's website: https://www.redwheel.com/uk/en/individual/ecofin-global-utilities-and-infrastructure-trust-plc/

Ecofin Global Utilities and Infrastructure Trust Plc is a UK investment trust listed on the main market of the London Stock Exchange (LSE). The trust invests globally in the equity and equity-related securities of companies operating in the utility and other economic infrastructure sectors. EGL is designed for investors who are looking for a high level of income, would like to see that income grow, and wish to preserve their capital and have the prospect of some capital growth as well.

On 1 October 2024, Redwheel completed the purchase of the assets of Ecofin Advisors, the investment manager of EGL. The Ecofin team has relocated to Redwheel's offices, but there are otherwise no changes to the investment strategy, process or Ecofin brand. Also effective from 1 October, the investment management fee was reduced to 0.9% p.a. of NAV on the first £200mn; 0.75% above £200m and up to £400m; and 0.6% thereafter.

Reflecting its capital preservation objective, EGL does not invest in start-ups, small businesses or illiquid securities, as these may involve significant technological or business risk. Instead, it invests primarily in businesses in developed markets, which have "defensive growth" characteristics: a beta less than the market average; dividend yield greater than the market average; forward-looking EPS growth; and strong cash-flow generation.

It also operates with a strict definition of utilities and infrastructure, as follows:

- electric and gas utilities and renewable operators and developers – companies engaged in the generation, transmission and distribution of electricity, gas, liquid fuels and renewable energy;
- transportation – companies that own and/or operate roads, railways, and airports; and
- water and environment – companies operating in the water supply, wastewater, water treatment and environmental services industries.

EGL does not invest in telecommunications companies or companies that own or operate social infrastructure assets funded by the public sector (for example, schools, hospitals or prisons).

No formal benchmark

EGL does not have a formal benchmark and is not constructed with reference to any index.

EGL does not have a formal benchmark, and its portfolio is not constructed with reference to an index. However, for the purposes of comparison, the MSCI World Utilities Index and the S&P Global Infrastructure Index are the global indices deemed the most appropriate by the manager. The company also supplies data for the MSCI World Index and the All-Share Index in its own literature for general interest. We consider the MSCI World Utilities to be the most relevant – although it should be noted that this index has a strong bias towards US companies and excludes transportation services and some environmental services that EGL invests in.

Bull vs bear case

Figure 18: Bull vs bear case for EGL

Aspect	Bull case	Bear case
Performance	Strong relative and absolute performance. EGL is well positioned for this to continue, as it is invested in structural growth areas; albeit many of its investments also have defensive qualities.	Performance is negatively impacted in periods of higher inflation and interest rates, due to the very long-term revenue streams of the companies invested in, and in some cases their relatively high levels of debt. However, revenues should catch up in such an environment, albeit with a time lag.
Dividends	Strong track record of increases, which the board are committed to continuing.	Increases potentially not sustainable if conditions change. The current dividend is uncovered by revenues (by 0.9p per share in 2024), but there are ample distributable reserves (89p per share).
Outlook	Structural increase in energy demand looks set to continue. Despite some recent change in political rhetoric, much of this is still likely to be met by nuclear and renewables.	Any global slowdown puts pressure on politicians to scale back climate commitments, to the detriment of the renewables sector. AI is also a new and rapidly evolving technology that is ripe for disruption, e.g. DeepSeek.
Discount	EGL still trades at a discount which could narrow further and potentially move to a premium rating, where it has been in the past for a sustained period. This could come about from inflation and interest rates subsiding and from beneficial long-term structural growth themes within clean power generation, particularly for AI.	The discount could widen significantly due to circumstances beyond EGL's control, as happened in mid-2023. This could be caused by higher interest rates or any newsflow perceived as negative for the underlying assets.

Source: Marten & Co

Previous publications

Readers interested in further information about EGL may wish to read some of the earlier notes that we have published, a list of which is provided below.

Figure 19: QuotedData's previously published notes on EGL

Title	Note type	
Structural growth, low volatility and high income	Initiation	23 May 2017
Delivering the goods	Update	9 November 2017
On the contrary…	Update	29 March 2018
Staying nimble	Annual overview	15 October 2018
Unrecognised outperformance	Update	11 April 2019
Compelling three-year track record	Update	17 October 2019
Resilient income	Annual overview	25 June 2020
A wealth of opportunities	Update	16 December 2020
Happy birthday to ya!	Annual overview	28 October 2021
A portfolio for all seasons	Update	22 November 2022
Utilities and infrastructure at low tide	Annual overview	22 August 2023
Strong outlook as macro gloom lifts	Annual overview	23 January 2024
Momentum building	Update	12 June 2024
Virtues of diversification	Annual overview	19 December 2024

Source: Marten & Co

IMPORTANT INFORMATION

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