

# Ecofin Global Utilities and Infrastructure Trust plc (EGL)

As of 31/12/2020

## Performance (to 31 December, 2020)

(all total returns in £)	1 M %	3 M %	6 M %	1 Y %	3 Y %	Since Admission* %
<b>Net Asset Value</b>	3.8	14.4	14.3	16.3	46.3	59.5
<b>Share Price</b>	5.0	18.9	16.6	20.8	58.9	103.1
FTSE All-Share Index	3.9	12.6	9.3	-9.7	-2.7	14.1
FTSE ASX Utilities	4.0	5.3	-0.8	-3.1	15.8	-1.6
MSCI World Index	2.0	7.9	11.8	13.2	36.0	63.4
MSCI World Utilities Index	-0.3	3.3	3.8	1.8	29.7	34.0
S&P Global Infrastructure Index	0.5	8.6	5.2	-9.4	4.3	13.2

\*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 at least 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

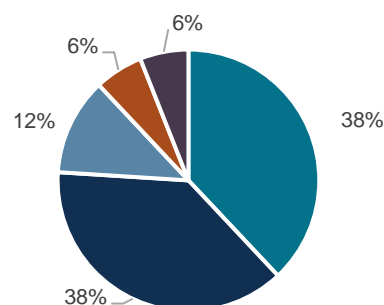
The Company announced in December 2019 an increase in the quarterly dividend rate to 1.65p per share (6.6p per annum), effective from the payment on 28 February, 2020. Quarterly payment dates fall on the last business day in February, May, August and November.

## As of 31 December, 2020

Net assets	£180,190,864
NAV per share	186.43p
Share price	187.50p
Premium/(Discount)	0.6%
Gearing	13.5%
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	14
Integrations	39
Renewables (incl. YieldCos)	<u>26</u>
	<b>100</b>

## 10 Largest holdings

	% of Portfolio	Country
Brookfield Renewable <sup>1</sup>	5.3	Canada
NextEra Energy <sup>2</sup>	5.3	US
Enel	4.9	Italy
Iberdrola	4.9	Spain
RWE	4.3	Germany
SSE	4.0	UK
EDP	3.9	Portugal
Edison International	3.4	US
EDF	3.4	France
National Grid	<u>3.2</u>	UK
<b>Total (43 holdings)</b>	<b>42.6</b>	

1. Includes Brookfield Renewable Corp. (BEPC CDN 4.0%) and Brookfield Renewable Partners (BEP-U CDN 1.3%)

2. Common shares; the portfolio also holds the issuer's convertible preferred stock

## Manager's comments

- Equity markets paused briefly in December before finding an optimistic footing and kicking off another upswing. While a risk-on mood is not always the best scenario for utilities, EGL participated fully and many portfolio holdings performed particularly well. At the same time, the climate agenda remains firmly front and centre for policy makers and investors, and renewable energy continued to lead in EGL's sectors.
- EGL's NAV increased by 3.8% in December while the MSCI World Utilities Index fell slightly (-0.3%) and the S&P Global Infrastructure Index gained 0.5%. The MSCI World Index increased by 2.0% (all total returns in sterling). The gradual strengthening of sterling continued as a Brexit deal conclusion approached: over the month sterling gained 2.6% versus the US dollar (flat against the Euro). US 10 year Treasury yields moved higher again during December, from about 0.85% to 0.93%, although this steepening of the US yield curve did not extend to UK and European markets.
- Over 3, 6 and 12 months to 31 December, 2020, EGL's NAV total return meaningfully outperformed the MSCI World Index and the sector reference indices (please see page 1). There was a wide dispersion of returns in EGL's investment universe last year so this performance reflected good stock selection across regions, a relatively high weighting (compared to indices) in Europe where renewables focussed names performed consistently well, and a meaningful contribution over the last 6 months from the relatively small emerging markets exposure (also renewables-focussed). For the year, EGL's NAV and share total returns were 16.3% and 20.8%, respectively.
- In line with the trends that drove performance in 2020, December brought ongoing strength in the portfolio's renewables-oriented integrated utilities and pure renewables names which more than offset any weakness in transport and energy infrastructure names with greater sensitivity to COVID-related economic impacts. The best contributors to the NAV in December included, in order, EDP (also the top contributor for the year), TransAlta Renewables, SSE, China Longyuan Power, Brookfield Renewable and Drax. As flagged in November too, relevant commodities prices have been increasing (WTI, coal and especially natural gas outside of the US) in response to colder weather, and European carbon prices reached new highs in December (and again last week), so power prices in Europe and the UK ticked higher in reaction. There were also a number of capital markets days with very confident messages about growth profiles and dividend sustainability in our space.
- The Canadian renewables companies in the portfolio, Brookfield Renewable and TransAlta Renewables, have performed especially well over the last few months. Their share price momentum was further sustained by the outcome of the US elections and Canada's pledge in December of more aggressive carbon pricing. In addition, both names continue to benefit from strong ESG-related fund flows. TransAlta Renewables announced the acquisition of wind projects late in December and the shares are enjoying a valuation catch-up to peers.
- December's strength in the Hong Kong-listed shares of China Longyuan Power, the largest wind developer and operator in China, has accelerated into January. The company announced on 31 December plans for a listing on the China A share market (in addition to Hong Kong). A dual listing should imply incremental upside through a gradual alignment of the valuation between H and A shares. China Suntien, also held in the portfolio, already has a dual listing; its A shares trade at a price/book value which is 4 times that of the company's Hong Kong listed shares.
- We made some additions to existing positions in Edison International, Dominion Resources and the yieldco NextEra Energy Partners during December. We also fully exited Sempra Energy. Gearing has been kept in a tight range around 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:	96,653,423 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: 11 January, 2021