

# Ecofin Global Utilities and Infrastructure Trust plc (EGL)

As of 30/04/2020

## Performance (to 30 April, 2020)

(all total returns in £)	1 M %	3 M %	6 M %	1 Y %	3 Y %	Since Admission* %
<b>Net Asset Value</b>	3.5	-14.4	-8.3	3.0	25.8	25.4
<b>Share Price</b>	12.1	-7.0	2.5	21.3	50.3	66.8
FTSE All-Share Index	5.2	-18.7	-16.9	-16.6	-7.6	-0.6
FTSE ASX Utilities	-0.5	-12.5	1.4	11.4	-0.5	-6.5
MSCI World Index	9.4	-7.4	-4.4	0.0	21.0	33.5
MSCI World Utilities Index	1.7	-11.8	-6.9	2.8	21.2	23.4
S&P Global Infrastructure Index	7.5	-20.4	-18.0	-12.7	-2.8	1.5

\*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

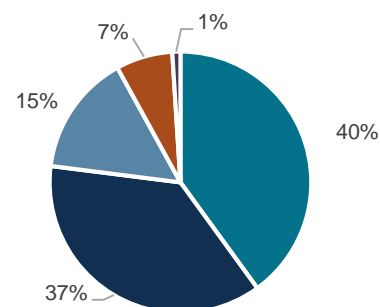
The Company announced in December 2019 an increase in the quarterly dividend rate to 1.65p per share (6.6p per annum), effective from the payment on 28 February, 2020. Quarterly dividend payments were previously 1.6p per share, or 6.4p per share per annum. Quarterly payment dates fall on the last business day in February, May, August and November.

## As of 30 April, 2020

Net assets	£138,462,877
NAV per share	149.49p
Share price	157.00p
Premium/(Discount)	5.0%
Gearing	8.4%
Yield*	4.1%

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

## Geographical allocation (% of portfolio)



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

## Sector allocation

	% of Portfolio
Regulated utilities	24
Transportation	16
Integrations	39
Renewables (incl. YieldCos)	<u>21</u>
	<b>100</b>

## 10 Largest holdings

	% of Portfolio	Country
NextEra Energy*	5.8	US
EDP	5.4	Portugal
Enel	5.2	Italy
Iberdrola	4.4	Spain
RWE	4.3	Germany
National Grid	4.2	UK
SSE	3.7	UK
Exelon	3.5	US
Redes Energeticas Nacionais	3.1	Portugal
Engie	3.1	France
<b>Total (40 holdings)</b>	<b>42.7</b>	

\*common shares; the portfolio also holds the issuer's convertible preferred stock

## Manager's comments

- EGL's NAV increased by 3.5% in April, the share price moved to trade at a premium to the NAV, and the Company responded to demand with a small issue of new shares for the first time.
- The month witnessed aggressive 'off the charts' moves in oil markets and bullish rallies in equities. Longer term government bond yields traded in a tight range, finishing the month almost flat in the US (10-year Treasury yield closed at 0.6%) and some 10bps lower in the UK and across northern Europe, despite grim economic data everywhere. Utilities underperformed other infrastructure shares for the first time in a while but both participated in the equity market rebound. The MSCI World Index rose by 9.4% and the MSCI World Utilities and S&P Global Infrastructure indices increased by 1.7% and 7.5%, respectively (all total returns in sterling). Sterling appreciated versus the US dollar (+1.4%) and the Euro (+2.2%), denting the NAV by about 1.1%.
- By region, US stocks rebounded off their lows most vigorously. The S&P 500 Index rose by 12.8% over the month, its energy sub-sector bounced nearly 33%, while utilities increased by 3.2% (all local currency). The broad European average rose by 6.6% and the utilities sub-index by 2.5%; UK utilities stalled after several months of good relative performance.
- The strongest contributions to NAV were derived from the North American and ROW (rest-of-world; primarily Australia currently) books and, by sub-sector, from infrastructure shares (Williams, Atlas Arteria) and renewables (including US yieldcos NextEra Energy Partners and Terraform Power, Drax and Neoen). RWE performed well too; after being unjustly punished in February/March, the shares recovered well in April as investors realise RWE is now well protected from this economic downturn given its high exposure to renewables. Further, the company's results due next week should reflect positive wind conditions in Europe. NextEra Energy, SSE and Covanta were a drag on the NAV but not a significant one.
- Company specific news has been encouraging. We set out last month where we felt the risk to dividends would lie in the portfolio – as a result of political pressure (mostly in Europe) and/or sensitivity to industrial contracts and transportation – and recent company announcements are providing additional support for our view that earnings bases and dividends for the great majority of the portfolio should be relatively resilient in the months ahead and deserving of higher share price ratings as a result. NextEra Energy, the largest wind developer in the US and the largest position in the portfolio, announced that it anticipated no impact from the Covid-19 crisis and confirmed its dividend policy (+12% p.a. over the next few years); Iberdrola's statement was also confident, reiterating continuing capex growth and no significant delays to renewables projects. Other earnings results have been much as we expected in the circumstances and utilities are playing their defensive role; cuts to earnings per share forecasts have been minimal and differentiated chiefly by business exposure to more cyclical or regulated segments.
- The shape of the portfolio is changing a touch with the addition of names with significant regulated businesses in their mix; volatility has permitted entry at reasonable prices in two new holdings, TA Renewables and Endesa. We have now exited Suez and also Neoen whose share price had run higher. Gearing has been kept steady at 7-8%.

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.tortoiseadvisors.co.uk/egl](http://www.tortoiseadvisors.co.uk/egl)

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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:	92,622,247 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: 7 May, 2020