

Ecofin Global Utilities and Infrastructure Trust plc (EGL)

As of 30/09/2020

Performance (to 30 September, 2020)

(all total returns in £)	1 M %	3 M %	6 M %	1 Y %	3 Y %	Since Admission* %
Net Asset Value	0.3	-0.1	15.0	-2.6	30.0	39.3
Share Price	-4.4	-1.9	14.8	5.6	41.3	70.8
FTSE All-Share Index	-1.7	-2.9	7.3	-16.5	-9.3	1.3
FTSE ASX Utilities	1.9	-5.8	-0.5	4.5	2.6	-6.6
MSCI World Index	0.1	3.6	24.0	5.6	31.8	51.4
MSCI World Utilities Index	3.1	0.4	6.8	-6.9	23.7	29.7
S&P Global Infrastructure Index	0.4	-3.1	10.5	-18.6	-3.2	4.2

*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

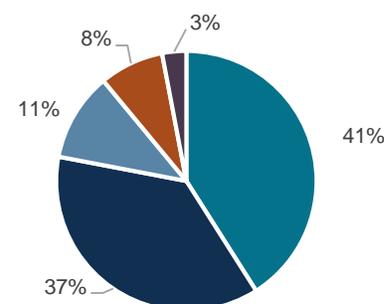
The Company announced in December 2019 an increase in the quarterly dividend rate to 1.65p per share (6.6p per annum), effective from the payment on 28 February, 2020. Quarterly dividend payments were previously 1.6p per share, or 6.4p per share per annum. Quarterly payment dates fall on the last business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

As of 30 September, 2020

Net assets	£156,318,015
NAV per share	164.52p
Share price	159.25p
Premium/(Discount)	(3.2)%
Gearing	14.9%
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
- Cont. Europe
- UK
- Other OECD
- Emerging markets

Sector allocation

	% of Portfolio
Regulated utilities	24
Transportation	15
Integrations	38
Renewables (incl. YieldCos)	<u>23</u>
	100

10 Largest holdings

	% of Portfolio	Country
NextEra Energy ¹	5.7	US
Enel	5.1	Italy
RWE	4.6	Germany
Iberdrola	4.5	Spain
Brookfield Renewable Corp ²	3.9	Canada
EDP	3.7	Portugal
Engie	3.4	France
SSE	3.4	UK
National Grid	3.3	UK
Exelon	<u>3.1</u>	US
Total (42 holdings)	40.6	

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

2. Brookfield Renewable Partners (1.2% of the portfolio) is also held.

Manager's comments

- EGL's NAV held steady (+0.3%) in September while confidence and equity markets took quite a knock as second waves of the coronavirus became widespread and some lockdown measures were re-established. The MSCI World Index closed the month 0.1% higher in sterling adjusted terms, given the weakness of sterling, but 3.4% lower in local currency terms, a few percentage points off its lows of the previous week.
- This marks EGL's 4th year since launch and it has notched up a solid record, in line with internal return objectives: Since inception, the NAV and share price have increased by 39.3% (8.6% per annum) and 70.8% (14.3% per annum), respectively. In comparison the S&P Global Infrastructure Index has increased by 4.2% (1.0% per annum) and the MSCI World Utilities Index by 29.7% (6.7% per annum).
- As usual these days, there was considerable dispersion of returns in markets and the portfolio in September. Continental European names settled a bit lower after months of strong gains and outperformance of global peers, while North American utilities – which form the majority in global indices – advanced by 1.1%, more so in sterling terms (+4.8%), and some UK utilities recovered from a period of underperformance. The 'rest of world' portfolio retreated in September, with infrastructure under some pressure (Spark Infrastructure, Beijing International Airport).
- There were good contributions from Brookfield Renewable (total exposure is closer to 5.1% including both Brookfield Renewable Corp (3.9%) and Brookfield Renewable Partners (1.2%)), Public Service Enterprise Group, TransAlta Renewables, NextEra Energy, National Grid and EDF. Canadian renewables gathered momentum with US utilities' valuations still under some pressure due to the quantity and severity of wildfires, even though utilities' equipment is not being blamed, and we have not seen negative earnings revisions or a reduction in electricity demand growth forecasts. NextEra Energy announced the acquisition of an independent transmission company for \$660 million which its shares appreciated but the news that it had approached Duke Energy, another of the five largest listed US utilities, about a combination (which was rejected), jolted the shares a bit on the last day of the month. Covanta drifted lower with general weakness in commodity-exposed names.
- Portfolio activity was centred in the pan-European portfolio where the holding in Endesa was trimmed after a strong advance since initiating the position in mid-March, Calisen was sold, and a new position in A2A was established. A2A is Italy's 2nd largest generator and also involved in electricity and gas distribution and waste management. It has been a prominent underperformer this year so far, given its exposure to power prices and the Lombardy region. We expect a new strategic plan from its management to focus on disposals which will, in turn, finance additional investment in renewables. We also added to SSE – it's back in the top 10 again – whose shares have been lagging and where we believe the ongoing simplification of its business structure around regulated networks and an exciting renewables pipeline will overcome UK market related uncertainties and see its valuation improve. The holdings in Engie (Veolia is continuing its bid to acquire Engie's 29.9% stake in Suez), EDF and ENAV were also boosted.
- Gearing has been held at 14-15%. We continue to see real growth potential across the portfolio's renewables-orientated businesses, expect valuations to increase beyond historical norms to reflect the uplift in their growth profiles, and believe EGL's transportation and energy infrastructure exposure will recover strongly in the event of a better macro environment than currently prevails.

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

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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:	95,013,423 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: 6 October, 2020