

# Ecofin Global Utilities and Infrastructure Trust plc (EGL)

As of 30/04/2021

## Performance (to 30 April 2021)

(all total returns in £)	1 M %	3 M %	6 M %	1 Y %	3 Y %	Since Admission* %
<b>Net Asset Value</b>	2.4	1.7	15.0	29.2	52.8	62.0
<b>Share Price</b>	3.4	0.3	15.8	23.0	72.8	105.1
FTSE All-Share Index	4.3	10.6	28.4	25.9	7.7	25.2
FTSE ASX Utilities	4.3	5.4	8.8	11.0	23.1	3.8
MSCI World Index	4.5	10.0	21.1	32.8	50.2	77.4
MSCI World Utilities Index	2.8	3.7	3.9	11.0	33.8	36.9
S&P Global Infrastructure Index	3.1	7.9	15.4	17.2	15.5	19.0

\*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 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

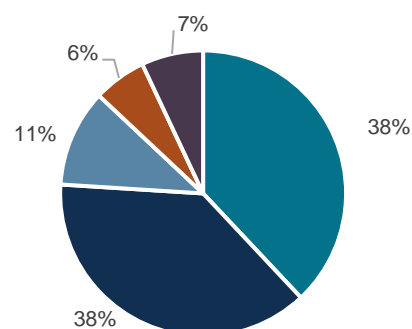
The Company announced in December 2019 an increase in the quarterly dividend rate to 1.65p per share (6.6p per annum), effective from the payment on 28 February 2020. Quarterly payment dates fall on the last business day in February, May, August and November.

## As of 30 April 2021

Net assets	£187,395,302
NAV per share	186.02p
Share price	186.00p
Premium/(Discount)	(0.0)%
Gearing	12.9%
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	12
Integrations	39
Renewables (incl. YieldCos)	<u>28</u>
	<b>100</b>

## 10 Largest holdings

	% of Portfolio	Country
NextEra Energy <sup>1</sup>	5.4	US
Iberdrola	5.4	Spain
Enel	4.5	Italy
RWE	3.6	Germany
SSE	3.4	UK
EDP	3.2	Portugal
Edison International	3.0	US
China Longyuan Power	3.0	China (H-share)
Exelon	3.0	US
EDF	<u>3.0</u>	France
<b>Total (43 holdings)</b>	<b>37.5</b>	

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

## Manager's comments

- After a strong month in March, EGL's NAV increased by a further 2.4% in April, slightly behind the gains for the MSCI World Utilities Index (+2.8%) and the S&P Global Infrastructure Index (+3.1%). Equities remained volatile – with main market indices and longer term yields back to or above pre-COVID levels while the economic recovery is patchy and dependent on vaccination performance – but were strong overall. Pure renewables names continued to underperform as the negative impact from the restructuring of the large S&P Clean Energy Index lingered and may have been amplified by a swathe of renewables IPOs coming to market at the same time. On the other end of the spectrum, new additions to the S&P Clean Energy Index, which included several utilities in EGL's pan-European portfolio such as Iberdrola, EDP, Enel, SSE and Drax as well as a number of North American utility companies such as NextEra, performed relatively well, likely benefiting from the incremental flows. For much of the month, long-term interest rates were stable and the market's consensus view that the US 10-year government bond yield would head to 2.5% had a fairly limited impact on utilities' performance. Infrastructure names generally underperformed with new lockdown measures in various regions likely delaying recoveries.
- The conclusion of the Veolia/Suez takeover last month prompted a nice uptick in Veolia's share price. Veolia was the largest single NAV contributor, followed by China Longyuan Power whose shares recovered from earlier weakness relating to uncertainties surrounding the payment of subsidy receivables and allowed returns for renewables going forward. We continue to like the combination of strong growth, a reasonable valuation, and the expectation of an A-share listing as a conduit for cheaper equity financing and vehicle to swap legacy thermal assets for renewables with its parent company. Ferrovial performed quite well and the increasing European carbon price (to successive new highs) helped to underpin Continental utility holdings. The weakness in the portfolio was in Canadian renewables names and Brookfield Renewable in particular which continued to suffer from the ongoing rotation within North American utilities from stocks that outperformed last year into relative laggards.
- Borrowings were reduced in April with the sales of three of the portfolio's smaller holdings Pennon, DTE Energy and Beijing Capital International Airport. A new holding was also established in Alliant Energy, an electric, gas and water utility which is increasing the pace on its transition to using clean energies (wind, hydro and solar) in Wisconsin and neighbouring states. Net gearing was 12.9% by month-end.

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:	100,738,423 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 May 2021