



# Ecofin Global Utilities and Infrastructure Trust plc (EGL)

As of 31/12/2021

## Performance (to 31 December 2021)

(all total returns in £)	1 M %	3 M %	6 M %	1 Y %	3 Y %	5 Y %	Since Admission* %
<b>Net Asset Value</b>	5.1	10.1	16.5	18.3	71.6	98.2	88.6
<b>Share Price</b>	4.2	1.3	13.4	9.9	74.6	123.0	123.2
S&P Global Infrastructure Index	4.1	3.9	7.9	12.1	22.8	27.1	26.9
MSCI World Utilities Index	6.1	10.6	12.2	10.8	32.8	49.0	48.4
MSCI World Index	2.2	7.3	10.1	23.4	72.3	88.4	101.6
FTSE All-Share Index	4.7	4.2	6.5	18.3	27.2	30.1	35.0
FTSE ASX Utilities	5.7	15.7	17.1	28.0	58.5	32.7	26.0

\*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

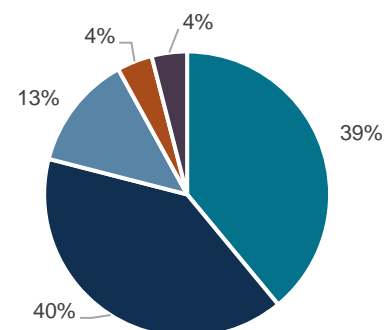
With effect from the interim dividend to be paid in February 2022, the quarterly dividend rate will increase to 1.85p per share (7.40p per annum) (from 1.65p per share, or 6.60p per annum). Quarterly payment dates fall on the last business day in February, May, August and November.

## As of 31 December 2021

Net assets	£215,343,312
NAV per share	213.01p
Share price	199.00p
Premium/(Discount)	(6.6)%
Gearing	10.1%
Yield*	3.3%

\*Yield is based on dividends paid (last 4 quarterly dividends) as a percent of the share price. Please also see 'Dividends' below.

## Geographical allocation (% of portfolio)



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

## Sector allocation

	% of Portfolio
Regulated utilities	22
Transportation	13
Integrates	38
Renewables (incl. YieldCos)	<u>27</u>
	<b>100</b>

## 10 Largest holdings

	% of Portfolio	Country
NextEra Energy <sup>1</sup>	6.1	US
Iberdrola	4.2	Spain
Exelon	3.9	US
RWE	3.5	Germany
Enel	3.4	Italy
SSE	3.4	UK
American Electric Power	3.3	US
Endesa	3.2	Spain
Drax	3.2	UK
Greencoat UK Wind	<u>3.0</u>	UK
<b>Total (43 holdings)</b>	<b>37.1</b>	

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

## Manager's comments

- With Omicron cases ramping higher in December, equity market volatility rose and economic growth forecasts for 2022 were being scaled back. Yield curves flattened (the yield on the benchmark US 10-year Treasury dropped to 1.35% before closing the month at 1.51%), and central banks generally tried to adapt policy language to deal with continuing high rates of inflation. Equity markets rallied on the expectation of looser-for-longer monetary policy, and there was some rotation into more defensive sectors which benefitted utilities, especially in the US. Sterling's increase against the US dollar (+1.8%) and the Euro (+1.4%) pared international returns.
- EGL's NAV rose by 5.1% and there was comparable strength across all regions of the portfolio. The MSCI World Utilities Index and the S&P Global Infrastructure Index increased by 6.1% and 4.1%, respectively. December capped a strong year for EGL's NAV which increased by 18.3% (total return), well ahead of the two global sector indices, despite a negative currency effect (-3.1%) caused by sterling's strength against the Euro (+6.3%).
- In Europe, natural gas and power prices were exceptionally volatile, reaching new highs daily before falling equally quickly as temperatures turned mild and LNG exports from the US were diverted to the region to meet demand (and fetch the higher prices). European spot gas prices were still approximately 4 times higher than the 5-year average at year-end. The carbon price was highly volatile too, finishing the month at €80/Mt, very near its all time high (reached earlier in the month). In the US, policy issues grabbed attention as Senator Manchin squashed Biden's hopes of seeing the \$2 trillion Build Back Better Act passed in its existing form. While significantly dampening sentiment around clean energy stocks, we see opportunity for near-term recovery as ongoing talks within the Democratic party suggest unanimous agreement on an enlarged clean energy budget, which could still be passed in a separate legislative process.
- This backdrop held share prices flat for Brookfield Renewables and NextEra Energy Partners in December while the rest of the North American portfolio rose on average by over 7% (in local currency), led again by NextEra Energy and Exelon. Exelon will separate into two companies shortly: the fully regulated transmission and distribution utility business will retain the Exelon name, and the retail energy and power generation business, which includes the US's largest fleet of nuclear power plants, will be named Constellation. Core holdings AEP and Alliant Energy also performed well.
- In a strong month for several pan-European portfolio holdings (especially Veolia, Drax and Ferrovial), EDF stood out as a notable underperformer due to unexpected outages at several French nuclear sites.
- With the takeovers of Covanta and Spark Infrastructure completed, borrowing levels were lower by the end of December at c. 10% of NAV.
- EGL's annual report was published in December and [is available here](#). Please note that with effect from the interim dividend to be paid in February 2022, the quarterly dividend rate will increase to 1.85p per share (7.40p per annum) (from 1.65p per share, or 6.60p per annum).

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:	101,093,423 shares
Investment management fee:	1% p.a. of NAV on first £200mn; 0.75% of NAV thereafter

## 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: 10 January 2022