

# Ecofin Global Utilities and Infrastructure Trust plc

ecofin

Annual Report and Accounts 2022





# Ecofin Global Utilities and Infrastructure Trust plc (EGL)

## Designed for Growth and Resilience

EGL's purpose is to provide long-term capital growth and attractive dividend income for shareholders by investing in listed utilities, environmental services and other economic infrastructure sectors globally. EGL targets a total return (including dividends) of 6-12% per annum over the longer term.

### Why EGL belongs in a diversified portfolio:

- Ecofin has a strong performance and stock selection track record from investing globally in the under-appreciated growth offered by EGL's sectors
- Income from EGL's portfolio is growing, providing an attractive and sustainable dividend for shareholders
- Ecofin believes that valuations remain conservative considering stable regulated and/or contracted cash flows, accelerating growth opportunities and transaction values in the private market.

### Harnessing structural growth from the energy transition

EGL invests in companies whose core assets respond to essential needs, operate within solid regulatory frameworks, and have predictable and sustainable cash flows. These businesses are growing as they invest to accomplish vital infrastructure upgrades and sustainability objectives.

Infrastructure globally requires major investment to keep pace with GDP growth, the transition to renewable energy, and to meet sustainable development goals. The policy environment is increasingly supportive, just as renewable energies have become the cheapest sources of electricity in most areas of the world.

### Capturing value from rapidly evolving business models

The electric power sector is undergoing a profound transformation driven by the decarbonisation and electrification of energy demand. Utilities are at the forefront of this multi-decade transition. By adapting and, in many cases, substantially overhauling their business models to accommodate new greener technologies and decentralised power sources, utilities are expected to be major beneficiaries of structural growth and attractive returns on significant capital investments.

**EGL identifies and invests in companies which are on the verge of substantial improvements in their growth trajectories.**

### Portfolio characteristics

(% of investments, 30 September 2022)



North America	43.6
Continental Europe	39.1
UK	10.8
Other OECD	3.9
Emerging markets	2.6

- Scope to select stocks from a highly liquid global investment universe
- Ability to utilise a modest amount of leverage opportunistically
- Portfolio companies generally have inflation-linked revenues



### Structural growth with an income focus

*"Portfolio companies derive the majority of revenues and cash flows from businesses which directly tap into structural growth opportunities such as the shift to renewable energy, electrification of the economy, or the upgrade of water, waste and transport infrastructure."*

### Contracted cash flows

*"We select companies that combine attractive growth profiles with asset-backed, contracted or regulated cash flows, providing visibility on future shareholder remuneration."*

### Total return mindset

*"We invest in companies with earnings growth and dividends supporting a total return well within the targeted 6-12% range, and aim to achieve the best possible entry points."*



Ecofin Global Utilities and Infrastructure Trust was Highly Commended in the Infrastructure category at Investment Week's 2022 Investment Company of the Year Awards.

# Contents

## The Company

- 3 Financial Highlights
- 4 Chairman's Statement
- 5 Investment Manager's Report
- 7 ESG Evaluation
- 8 Ten Largest Holdings
- 11 Portfolio Analysis
- 12 Portfolio Holdings
- 13 Directors
- 14 Strategic Report

## Governance

- 21 Directors' Report
- 26 Corporate Governance Statement
- 30 Directors' Remuneration Report
- 33 Report of the Audit Committee
- 35 Management Report and Directors' Responsibilities Statement
- 36 Independent Auditor's Report

## Financials

- 41 Statement of Comprehensive Income
- 42 Statement of Financial Position
- 43 Statement of Changes in Equity
- 44 Statement of Cash Flows
- 45 Notes to the Financial Statements
- 55 Notice of Annual General Meeting
- 57 Notes to the Notice of Annual General Meeting

## Company Information

- 60 Glossary
- 62 Alternative Performance Measures
- 63 Company Information

## NAV and share price

from admission to 30 September 2022



# Financial Highlights

as at 30 September 2022

Ecofin Global Utilities and Infrastructure Trust plc (the "Company") is an authorised UK investment trust whose objectives are to achieve a high, secure dividend yield on a portfolio invested primarily in the equities of utility and infrastructure companies in developed countries and long-term growth in the capital value of the portfolio while preserving shareholders' capital in adverse market conditions.

- During the year ended 30 September 2022, the Company's net asset value ("NAV") per share increased by 12.5% on a total return basis. The Company's share price increased by 14.0% on a total return basis over the year
- Four quarterly dividends were paid during the year totalling 7.20p per share. With effect from the dividend to be paid in February 2023, the quarterly dividend will increase to 1.95p per share (7.80p per share per annum)
- The Company is continuing to issue new shares at a premium to NAV in response to investor demand. During the year, 11.2 million shares (net proceeds £25.4 million) were issued and another 575,000 shares (net proceeds £1.2 million) have been issued since the end of September

<b>Summary</b>	<b>As at or year to 30 September 2022</b>	<b>As at or year to 30 September 2021</b>
Net assets attributable to shareholders (£000)	<b>233,052</b>	196,547
Net asset value ("NAV") per share <sup>1</sup>	<b>208.14p</b>	195.11p
Share price (mid-market)	<b>218.00p</b>	198.00p
Premium to NAV <sup>1</sup>	<b>4.7%</b>	1.5%
Revenue return per share	<b>6.42p</b>	5.98p
Dividends paid per share	<b>7.20p</b>	6.60p
Dividend yield <sup>1,2</sup>	<b>3.3%</b>	3.3%
Gearing on net assets <sup>1,3</sup>	<b>11.0%</b>	12.5%
Ongoing charges ratio <sup>1,4</sup>	<b>1.35%</b>	1.43%

1. Please refer to Alternative Performance Measures ("APMs") on page 62.

2. Dividends paid (annualised) as a percentage of share price.

3. Gearing is the Company's borrowings (including the net amounts due from brokers) less cash divided by net assets attributable to shareholders.

4. The ongoing charges ratio is calculated in accordance with guidance issued by the Association of Investment Companies ("AIC") as the operating costs (annualised) divided by the average NAV (with income) throughout the period.

<b>Performance for periods to 30 September 2022 (all total returns in £)</b>	<b>1 year %</b>	<b>3 years %</b>	<b>5 years %</b>	<b>Since admission<sup>5</sup> %</b>	<b>Since admission % per annum</b>
NAV per share <sup>6</sup>	<b>12.5</b>	34.6	79.8	92.7	11.5
Share price <sup>6</sup>	<b>14.0</b>	55.1	107.6	151.0	16.5
Indices <sup>6,7</sup>					
S&P Global Infrastructure Index	<b>12.7</b>	7.4	27.7	37.5	5.4
MSCI World Utilities Index	<b>15.5</b>	11.3	47.9	55.0	7.6
MSCI World Index	<b>-2.4</b>	28.0	59.7	83.5	10.6
FTSE All-Share Index	<b>-4.1</b>	2.4	11.2	24.3	3.7
FTSE ASX Utilities Index	<b>5.2</b>	28.2	25.8	14.6	2.3

Source: Bloomberg, Ecofin

5. The Company was incorporated on 27 June 2016 and its investment activities began on 13 September 2016 when the liquid assets of Ecofin Water & Power Opportunities plc ("EWPO") were transferred to it. The formal inception date for the measurement of the Company's performance is 26 September 2016, the date its shares were listed on the London Stock Exchange.

6. Total return includes dividends paid and reinvested immediately. Please also refer to the Alternative Performance Measures on page 62.

7. The S&P Global Infrastructure Index and MSCI World Utilities Index are the global sector indices deemed the most appropriate for performance comparison purposes. The Company does not have a formal benchmark index. The other indices are provided for general interest.

# Chairman's Statement

## Performance

Your Company performed well in a year of major upheaval in economies and financial markets which saw the onset of war in Ukraine and the emergence of broadly based inflation forcing central banks to raise interest rates aggressively.

The total return on NAV per share was 12.5% for the year to 30 September 2022, including the reinvestment of dividends received, and the share price total return was 14.0%. This significantly outperformed the total return of global equities, measured by the MSCI World Index, which was -2.4% in sterling terms. The MSCI World Utilities Index and the S&P Global Infrastructure Index produced total returns of 15.5% and 12.7% respectively in sterling terms.

The Investment Manager's Report explains how the portfolio was structured to provide good performance against a backdrop of considerable equity market stress. Our mix of regulated business models with inflation pass-throughs, renewables specialists, commodity price sensitive power generators, and transportation infrastructure (principally toll roads and airports) is serving us well.

Since EGL launched just over 6 years ago (to 30 September 2022), the NAV total return has averaged 11.5% per annum and the share price total return 16.5% per annum.

## Dividends

Revenue return per share increased by 7.4%, reflecting dividend growth from our portfolio.

To reflect the Company's performance your board has decided to increase the quarterly dividend to 1.95p per share (7.8p per annum), with effect from the dividend to be paid in February 2023.

## Share price, share issuance and investor communications

We are pleased that the Company's share price traded at a premium to NAV for much of the year. This enabled EGL to issue a total of 11,230,000 shares, raising £25.4 million. Another 575,000 shares have been issued since the end of the financial year. These share issues, which have all occurred at a premium to NAV, help to reduce cost ratios and improve liquidity in the shares.

Our investment manager, Ecofin, continues to engage with shareholders and promote the Company with asset managers, private wealth managers and retail investors – via regular written portfolio commentaries, sponsored research and, from this year, digital media – in order to inform and broaden our shareholder base.

## Environmental, social and governance ("ESG") evaluation

Ecofin carefully considers ESG issues in its investment process. This is outlined in more detail on page 7. Ecofin uses its regular meetings with companies to engage with and challenge management teams about their adherence to best practices.

## Annual general meeting

The Company's annual general meeting will be held on Friday 17 March 2023 at The Clermont, Charing Cross, Strand, London WC2N 5HX at 2.30pm and will include a presentation from the investment manager. The board strongly encourages all shareholders to exercise their votes in respect of the meeting in advance by completing and returning their proxy forms and appoint the chairman of the meeting as proxy with voting instructions. This will ensure votes are registered. In addition, shareholders are encouraged to raise any questions in advance with the Company Secretary via email to cosec@maitlandgroup.com.

## Outlook

The drivers for EGL's portfolio have been helped this year by the US's very large renewables-supportive climate bill and a redoubling of efforts across Europe to fast-forward the energy transition with plans for significant additional clean power generation and transmission infrastructure. The long term thesis for superior growth in electricity demand – clean electricity demand in particular – and for major investment globally to modernise infrastructure is stronger than ever.

EGL's sectors are capital-intensive and the portfolio cannot escape some sensitivity to interest rates in the short term, especially when rates rise sharply. The portfolio is diversified, however, with companies experiencing different interest rate effects (depending on the proportion of debt at fixed rates and hedging strategies), and Ecofin focuses on companies with business models which include revenues indexed to inflation.

Between 1 October and 14 December, the Company's NAV increased by 5.3% (total return), reflecting the third quarter's earnings season in EGL's investment sectors and greater clarity on energy policy frameworks in Europe. Over the same period the share price declined by 0.3% (total return).

Our investment manager expects portfolio companies to grow faster than the broader markets in the years ahead – when overall growth may be scarce – and that income from investments will continue to increase, probably in line with the 5-7% per annum long term average rate.

## David Simpson

Chairman

19 December 2022

# Investment Manager's Report

## Markets and our sectors

Global equity markets had a difficult year adjusting to the end of monetary stimulus in the face of persistent and broadly based price pressures, exacerbated by Russia's war in Ukraine. As central banks committed to rein in inflation and bond yields returned to more normal levels, often by dramatic moves higher, global growth expectations and investor sentiment deteriorated.

Geopolitical relations were strained and financial markets were highly volatile. Given the resilience of the US economy, which is not experiencing an energy crisis, the US Federal Reserve was at the forefront of policy rate rises and the US dollar was exceptionally strong against most world currencies, rising 17% and 18% against sterling and the Euro, respectively, during the year.

Supply shortages due to natural gas curtailments from Russia, severe droughts in many regions impacting hydroelectricity output, and nuclear outages in France drove power prices radically higher across Europe; US power price increases were more modest but still significant. By 30 September, EGL's financial year-end, we were seeing a downward trend in power prices in North America and Europe but they remained very elevated by any historical standards and approximately double where they started 2022. This placed energy supply, security and policy at the top of political agendas just about everywhere.

Higher interest rates and risk premia pressured valuations across equity markets, especially for high growth sectors, as economic activity looked set to fade. Corporate earnings estimates for many cyclical or indebted companies were adjusted lower. Over the 12 months to 30 September 2022, the return on global equities, measured by the MSCI World Index, was -19.3% in local currency terms and -2.4% when expressed in sterling terms, due to pronounced weakness from the beginning of 2022.

EGL's portfolio performed relatively well against this uneasy macro and market backdrop. Most companies in the portfolio reported solid earnings and many increased guidance. Higher power prices continued to lift cashflows for companies with open positions or rolling hedges, and renewables developers reported setting higher long-term power prices as buyers sought predictability. The cost advantage for renewables (versus thermal power) only strengthened as the year progressed, and the urgent need for greater energy diversification and independence pointed squarely to a major scale-up of investment in clean energy generation and the facilitating infrastructure.

Government and regulatory measures to fast-track the energy transition were forthcoming including REPowerEU, which sets the EU on course to generate 69% of electricity from renewables by 2030 and to achieve a net-zero electricity system by 2035, and the US's landmark climate legislation, the Inflation Reduction Act, which is clear in its objectives to further enhance energy security and combat climate change, notably through supportive measures for renewable energies and nuclear. These were well received, even if Europe's power utilities' shares were buffeted by debates about price caps and windfall taxes as policymakers sought to deal with the immediate energy affordability emergency.

The strong performance for EGL's NAV persisted until the final few weeks of the financial year when erratic moves higher in bond yields shook most corners of the financial markets and there was a lurch lower for investment sectors like EGL's which had performed relatively well until then.

## Performance summary

EGL's NAV total return for the financial year was 12.5%, reinforcing the track record. Since inception, the NAV has returned a cumulative 92.7%, or 11.5% per annum (total returns including reinvestment of dividends). Sterling's weakness had a materially positive impact on the year's performance adding approximately 9.8 percentage points to the performance, of the investments in their local currency. This factor was most pronounced during the second half of the year when sterling was at its weakest. The use of leverage was mildly positive for the year.

In terms of attribution, regional performance was heavily skewed by currency moves and the US portion of the portfolio provided by far the greatest positive contribution to NAV over the year. The S&P 500 Utilities Index increased by 5.6% over 12 months, and by 27.7% in sterling adjusted terms. While not matching this performance, we generated good returns in the US book with strong contributions from Constellation Energy (America's largest nuclear operator), American Electric Power, Exelon and NextEra.

We did outperform local sector indices by a good margin in Europe. Pan-European utilities were not defensive havens (EuroStoxx Utilities Index -5.5% in sterling terms and FTSE All-Share Utilities Index +5.2% for the 12 months to 30 September 2022) but portfolio returns in the region were positive and significantly better than the sector and broad market indices. The same was true for Continental names over the second half of the year – but not for UK utilities which were severely impacted by UK politics and wavering energy policy. The best pan-European contributors to NAV over 12 months were Drax, RWE, Acciona Energias, Atlantia and Greencoat UK Wind. Enel was a major disappointment as results were sub-par due to exposure to consumer end-markets, its heavy net debt burden and Italian sovereign risk. Veolia and E.ON underperformed owing to their end-consumer exposure.

The 'rest-of-world' segment of the portfolio contains exposure to Hong Kong listed renewables giants China Longyuan and China Suntien Green Power whose shares were weak, together removing 2.4 percentage points from the NAV over 12 months. The Chinese exposure had been reduced in the first part of the year. Australia-listed transportation infrastructure businesses, Spark Infrastructure and Atlas Arteria, were both helpfully the subject of M&A interest.

Another theme which has persisted and been profitable for EGL is M&A in the listed infrastructure space, benefitting portfolio holdings Spark Infrastructure, Atlas Arteria, Atlantia and EDF. We believe this will be an ongoing feature while listed infrastructure valuations trail those for transactions in the private market by a wide margin.

# Investment Manager's Report

continued

## Purchases and sales

During the year, and the second half in particular, purchases were directed primarily to additional North American exposure where there was greater clarity on power demand and policy and visibility on earnings. We established new holdings in clean energy specialists Xcel Energy and Brookfield Renewable Partners and added to NextEra Energy and American Electric Power.

In Europe, we sold Pennon and took profits in Drax and Greencoat UK Wind after significant share price strength. With cash arriving in the portfolio from share issuances and to pick up stock on depressed valuations, we started a new position in Vinci, a French multi-national which builds, owns and operates toll roads, airports and other concessions worldwide and provides services for energy and transport infrastructure, and added to SSE, Enel, National Grid and EDF.

## Income and gearing

After the very strong rebound in dividend receipts in the previous year, we went into this fiscal year with conservative expectations for the growth in income from investments. In the event, the portfolio delivered another above average rate of increase in income. Long term, we continue to anticipate growth in income from investments closer to 5-7% per annum.

During the year, borrowings averaged 12% of net assets. Gearing was managed carefully considering the volatility in equity markets and the increased cost of borrowings. For much of the year the reported level of gearing overstated exposure as a few holdings were subject to takeovers and could be considered quasi-cash.

## Strategy

Markets are in some turbulence, with investors looking for clues about the course for inflationary pressures and whether equity valuations, which have corrected significantly, have priced in the changes in interest rates and economic momentum. The war in Ukraine continues to present major risks too.

Interest rates are rising to combat sharply higher inflation – the same inflation which should benefit companies in EGL's portfolio through direct adjustments in regulatory remuneration rates and/or higher energy commodity prices. Intervention through price regulation and windfall taxes by governments trying to mitigate the impact of higher power prices on consumers is a risk to higher profits and certainly a source of volatility. We believe investors would value clarity in this area. Most European governments are considering taxation of excess electricity generation profits derived from electricity prices which stand well above those of previous years, which would leave plenty of leeway, in our view, to generate attractive returns.

It merits mention that most portfolio companies continue to deliver strong earnings and confirm forward guidance, outlining any refinancing needs and expected returns on new investments.

Crucially, decarbonisation ambitions in the power sector keep intensifying, with many portfolio companies leading the way, and energy systems are being overhauled as governments prioritise energy security and affordability. In developed markets coal use is being phased out, perhaps a year or two later than previously planned due to the energy crisis, and clean power generation will have to be built at a vastly more accelerated pace. We are entering a growth era for electricity usage – and therefore for a sector which has seen little demand growth for over a decade – and net-zero scenarios require most of the new generation to come from low carbon technologies.

Renewables development companies report that bottlenecks in the permit approval process are improving, public bodies are swamped with projects requiring interconnection, and that pricing of new power purchase agreements reflects the higher cost of capital. Capital on the scale required for investment in new clean energy generation, transmission infrastructure and grid modernisation requires, and is receiving, government and regulatory support. Decarbonising electricity generation will of course reduce emissions across other areas of the economy too.

Transportation infrastructure (toll road and air) traffic and earnings recovery post-Covid has been stronger than many expected. These businesses are also growing and investing to accomplish vital renewal. This segment of EGL's essential assets investment universe may be less recession-resistant but companies have the benefit of inflation-linkage in their contracts and regulated returns, and we expect the valuations in the listed segment will continue to be attractive to infrastructure capital in private hands.

## Ecofin Advisors Limited

Investment Manager

19 December 2022

# ESG Evaluation

The Company's board believes that analysis of ESG factors and an active approach to stewardship are essential elements of the investment management process and contributors to superior financial returns over the longer term. These principles are set out on pages 19 and 22. This page describes the approach to ESG and stewardship pursued by Ecofin Advisors Limited on behalf of the Company.

## Ecofin's approach

Ecofin is a specialist investment manager with wide-ranging expertise across sustainable infrastructure, the energy transition, water & environment, and social impact, managing portfolios designed to deliver strong risk-adjusted returns as well as a positive impact on the environment, society and its communities. Understanding ESG profiles and mitigating ESG risks is a core part of our philosophy and investment process and has been central to the delivery of attractive risk-adjusted returns. More details about Ecofin's investment stewardship process can be found on our website at [www.ecofininvest.com](http://www.ecofininvest.com).

Analysis of ESG issues is integrated into the life cycle of our investment activities including due diligence and ongoing portfolio management.

## ESG analysis is stock specific

- We invest in companies with improving ESG profiles and strive to avoid major ESG-related risks;
- Each company is assessed individually to determine its sustainability profile;
- We take a forward-looking view and seek to maximise portfolio returns by identifying stocks with the greatest rate of improvement.

The Company retains an unrestricted investment universe, allowing us to invest in both best-in-class sustainability stocks and companies with legacy asset portfolios preventing them from featuring in most ESG funds but with a clear trajectory to significantly improve their emissions profile. We deep-dive into the sustainability credentials of each company considered for inclusion in the portfolio, and analyse specific environmental, social and governance risks insofar as they would be expected to have a material impact on shareholder returns.

## Engagement

- Constructive engagement during site visits and frequent meetings with management; dialogue helps to ensure mutual understanding and response from management if we raise issues/concerns;
- Engagement and proxy voting are integral parts of our active management of portfolios; case-by-case assessment for decisions relating to proxy voting, corporate actions and events.

The investment team's frequent contact with industry management teams ensures we develop and maintain strong relationships with corporates, allowing a more appropriate reflection on the risk and reward of various investments. This allows us to complement quantitative models and analysis with a qualitative assessment of each company's managerial actions concerning both strategic and sustainability decisions.

Ecofin also believes that shareholders can contribute strongly to the dialogue with a company through proxy voting. We vote on every resolution for every company's general meeting or proxy, without exception, and always vote in the best interest of shareholders, irrespective of the company's recommendation. This is especially true for any item that could impact ESG considerations in a negative way, such as matters that could affect corporate governance and climate change, reduce the protection of minority holders' interests, or lead to management compensation being misaligned with the interests of shareholders. Progress is tracked against our objectives. In exceptional instances we write to a company's board to express our views.

## The portfolio's carbon emissions performance

Ecofin partners with CarbonAnalytics to verify and measure carbon emissions for portfolio companies. The Company's portfolio screens well in terms of carbon footprint (i.e. tonnes of CO<sub>2</sub> emitted per megawatt hour of electricity generation): electricity generators in the portfolio generally have CO<sub>2</sub> emissions which are significantly below both the average emissions of their relevant electricity grids and the average of companies included in the global utilities index.

As mentioned, we do not set firm limits on fossil fuel exposure and invest in companies transitioning to better growth and ESG profiles (rather than permitting only 'clean' stocks). Nevertheless, at a portfolio level our approach delivers an emissions profile which is well within the spectrum of typical impact funds. As of 30 September, the Company's portfolio's electricity generators had CO<sub>2</sub> emissions which were 22% below the average emissions of the electricity grids in which the companies operate, largely because of a relatively small reliance on coal (only about 10% of the mix), and 26% lower than those of companies in the global utilities index (as measured in tCO<sub>2</sub>/\\$million invested). On a forward-looking basis, specifically due to our focus on companies in transition, the portfolio's emissions profile looks even better, with almost all companies having committed to both a full phase-out of fossil fuels in the medium term and a net zero emissions target in the long run.

	Share of electricity generation from coal	Share of electricity generation from renewables	CO <sub>2</sub> emissions compared to relevant grid	tCO <sub>2</sub> per \$mn invested
30 September 2022				
<b>EGL portfolio</b>	<b>9.5%</b>	<b>28%</b>	<b>-22%</b>	<b>514</b>
MSCI World Utilities Index	16.2%	20%	-10%	695



Represents the aggregate rating of EGL's holdings as of 9/30/2022. Certain information ©2022 MSCI ESG Research LLC. Reproduced by permission; no further distribution permitted.

**Ecofin Advisors Limited**  
Investment Manager

19 December 2022

# Ten Largest Holdings

as at 30 September 2022 (% of investments)

## NextEra Energy

Global leader in clean energy infrastructure

**7.9%**

(30 September 2021: 5.5%)

NextEra is renowned for its sustainability credentials, the \$110 billion invested in infrastructure over the last decade and operational excellence. This year NextEra set an industry-leading goal to eliminate scope 1 and 2 carbon emissions across its operations by 2045; 'Real Zero' would deliver clean energy at no incremental cost to customers. Its principal subsidiaries are Florida Power & Light, the largest electric utility in the US, and NextEra Energy Resources, the largest generator of energy from wind and sun in the world. NextEra also develops and builds battery storage projects and is involved in pipeline infrastructure management. NextEra is one of the largest capital investors across U.S. industry and the largest in the energy industry, targeting clean energy and smart infrastructure. It plans to deploy \$85-95 billion through 2025 on incremental renewables capacity (wind and solar, battery storage, regulated transmission, green hydrogen), stimulated by the government's recently significantly expanded incentives for clean energy. We expect the long-term dividend growth of nearly 10% per annum to continue to be achieved by this highly experienced renewables specialist.

 [www.nexteraenergy.com](http://www.nexteraenergy.com)

## American Electric Power

US utility in transition

**4.0%**

(30 September 2021: 2.3%)

Ohio-based American Electric Power (AEP) is one of the largest electric utilities in the United States, serving 11 states and 5.5 million customers. AEP's generation fleet is transforming from majority (89%) coal- and natural gas-fired in 2005 to majority renewables-sourced (hydro, wind, solar and pumped) by 2030. The company also owns a 40,000 mile network of high voltage transmission lines spanning 38 eastern and central US states and eastern Canada, more network miles than all other US transmission systems combined. AEP is well positioned as a fully regulated business, and dividends are expected to grow in line with earnings growth of 6-7% per annum, supported by a 5-year, \$40bn capital investment programme allocated largely to wires (regulated transmission infrastructure) and renewable energies.

 [www.aep.com](http://www.aep.com)

## SSE

UK electricity generator and distributor

**3.9%**

(30 September 2021: 3.4%)

SSE's business is focused on the generation and supply of (largely renewable) electricity in the UK and Ireland. The company also owns and operates the electricity transmission and distribution networks in northern Scotland. By 2030 SSE intends to quadruple its wind power output and treble its overall output from renewable resources, leveraging an 8GW pipeline of development opportunities, more than half of which is in offshore wind. It is currently building the world's largest offshore wind farm as well as the UK's largest hydro power plant in 30 years which, upon completion, will double the country's hydro storage capacity from 1.5GW to 3GW. To further monetise its expertise in renewables, SSE is stepping up its international competitive efforts with the aim of securing incremental opportunities in offshore wind outside of its home market, with partnerships established to compete in the US, Japan, Spain, Poland and several other markets. SSE's electricity networks in northern Scotland are also set to be among the fastest growing in Europe, as the UK pursues an ambitious offshore wind policy to reach 50GW of capacity by 2030 (vs 11GW installed today). SSE's commitment to real dividend growth remains at the core of its financial targets.

 [www.sse.com](http://www.sse.com)

## RWE

Leading global renewable energy generator

**3.8%**

(30 September 2021: 3.4%)

RWE, Germany's largest electricity producer, has dramatically reshaped its portfolio to become one of the world's largest renewable energy producers and the second largest player in offshore wind. RWE is committed to a renewables-focused growth strategy, leveraging its existing solar and wind portfolio of 10GW as well as its expanding pipeline of development projects which now totals about 55GW. RWE is continuing to execute its long-term 'Growing Green' strategy and on 3 October 2022 announced the acquisition of Consolidated Edison's clean energy business for \$6.8bn, doubling its presence in the US and making RWE the second largest solar owner-operator in North America. With the EU's prioritisation of energy security, the managed phase-out of RWE's legacy fleet of coal power plants may include, at the request of the EU or German government, an extension for up to 3.5GW of RWE's coal capacity. RWE is delivering a strong and improving operational, financial and ESG performance, and has a pivotal role in the acceleration of the energy transition in Europe.

 [www.group.rwe](http://www.group.rwe)

**Enel**

Largest integrated electric utility globally

**2.9%**

(30 September 2021: 3.5%)

Since the early 2000s, Enel, Italy's largest producer, distributor and supplier of power, has pioneered the development of renewable energy technology, focusing on wind and solar. With the acquisition of Endesa in 2007, Enel entered the Spanish market as the largest utility in the Iberian Peninsula and gained significant exposure to Latin American markets which now constitute an important region for growth. Today, Enel is present in 30 countries and is the world's largest utility by customer base, the world's largest renewable energy operator (circa 50GW of capacity) and its largest electricity network operator. Approximately 75% of Enel's EBITDA is regulated or quasi-regulated. All remaining coal exposure will be phased out early, by 2027. Enel expects to reduce its scope 1 emissions by 80% by 2030 and become fully carbon-neutral by 2050. With the sale of non-core assets this year and an infrastructure investment program targeting renewables capacity and networks, Enel aims to deliver a double-digit annual total shareholder return until 2030.

 [www.enel.com](http://www.enel.com)

**EDF**

Nuclear power producer and major distributor

**2.9%**

(30 September 2021: 2.6%)

EDF, an electric utility 84% owned by the French state, is one of the largest producers of electricity in the world. Although most of its power is produced from 58 nuclear reactors around France, EDF is also active in hydropower technologies, wind power, solar energy, biomass and geothermal energy. The high and very high voltage electricity distribution network in France is managed by RTE, a subsidiary of EDF. EDF owns 100% of EDF Energy in the UK which generates about 20% of Britain's electricity, mainly from nuclear plants. The group is one of the most positively exposed to power prices. The French government stated in July 2022 that it intends to purchase the entirety of EDF's share capital not already held by the state for €9.7bn, or €12 per share, a significant premium to the prevailing share price.

 [www.edf.fr.com](http://www.edf.fr.com)

**Endesa**

Spanish multi-national electric utility

**2.8%**

(30 September 2021: 2.5%)

Endesa, a subsidiary of Italy's Enel, is a leading electric utility in Spain and the second largest operator in the Portuguese electricity market. Endesa is Spain's largest power generator with a diversified portfolio of energy sources (nuclear, thermal, hydroelectric, renewables). Installed capacity in clean power sources (hydro, solar and wind) continues to grow, while coal-fired capacity is progressively being discontinued. The company is increasing investments in new renewable capacity to accelerate decarbonisation and promoting the digitalisation of the grid to improve service quality. Endesa has pulled forward to 2040 its carbon neutrality plans and intends to exit the coal business by 2027 and gas-fired electricity production by 2040.

 [www.endesa.com](http://www.endesa.com)

**Constellation Energy**

US regulated electric utility

**2.8%**

(30 September 2021: 2.4%)

Founded early in 2022 after a spin-off from Exelon, Constellation's 32.4GW of mostly carbon-free energy capacity produce about 20% of the country's carbon-free generation. Of listed US power generators, the company is already the lowest carbon emitter, given it has the nation's largest nuclear fleet, and plans to eliminate all its greenhouse gas emissions by 2040. Constellation's 24/7 clean power output plays a key role in several States' accelerating deployment of solar and wind generation. Known for operational quality and with a strong balance sheet and significant cash flow, Constellation is expected to be a consolidator of nuclear assets. The company will also be a beneficiary of the Inflation Reduction Act's nuclear tax credits for existing plants.

 [www.constellation.com](http://www.constellation.com)

# Ten Largest Holdings

as at 30 September 2022 (% of investments)

continued

## Alliant Energy

Regulated renewables leader

2.8%

(30 September 2021: 1.3%)

Alliant, a mid-cap utility providing power in the US Midwest, derives approximately 20% of its earnings from wind and solar and is one of the largest owner-operators of regulated renewables in the US. The company operates principally in Iowa and Wisconsin which have supportive regulatory environments. Forty percent of the current \$6.1bn, 4-year capital expenditure plan is dedicated to adding and diversifying renewable energy investments (additional solar capacity, new battery storage capacity, repowering of wind sites to increase production and requalify for production tax credits) and another large share is attributed to electric distribution, specifically focussed on the undergrounding of distribution lines, and resilience, together driving rate base growth of 6% per annum. All wholly owned coal plants will be retired by end of 2024. Alliant consistently delivers 5-7% earnings per share and dividend growth, and the tax credits and incentives in the Inflation Reduction Act will be beneficial considering the company's renewables expansion plans.

 [www.alliantenergy.com](http://www.alliantenergy.com)

## Engie

French multi-national  
electric utility

2.7%

(30 September 2021: 1.9%)

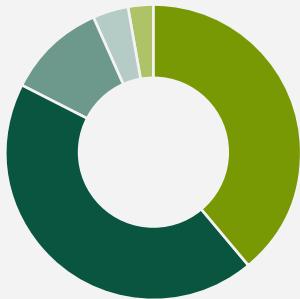
Engie, one of France's two state-owned energy providers, moved gradually and then, in 2021, decisively to transform its business and play a leading role in the energy transition. Since 2015, a large asset disposal program has accompanied the cessation of investment in coal plants and exploration for fossil fuels, and investments have been directed almost exclusively toward renewables and energy efficiency services. Coal capacity (c. 2.9% of global power production capacity) will be phased out by 2025 in Europe and by 2027 worldwide. Engie has a diversified energy mix (natural gas, renewables, nuclear, biogas) driving its power generation worldwide; it is also a European leader in gas infrastructure and aims to become a global leader in clean energy solutions for multi-nationals and local authorities worldwide. The simplification and refocusing of the group on its core activities – renewables, the development of local and decarbonised energy networks, high performance networks, generation and energy supply (including development of renewable hydrogen) – positions the company's shares for positive revaluation.

 [www.engie.com](http://www.engie.com)

# Portfolio Analysis

as at 30 September 2022

## By country or region



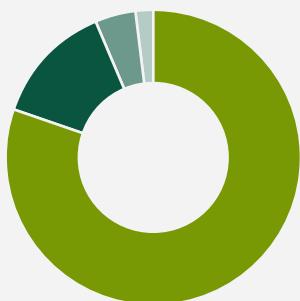
	30 September 2022		30 September 2021	
	Market value £'000	% of investments	Market value £'000	% of investments
Continental Europe	101,015	39.1	85,566	38.7
North America	112,621	43.6	85,532	38.7
UK	27,871	10.8	24,255	11.0
Other OECD	10,136	3.9	14,523	6.6
Total OECD	251,643	97.4	209,876	95.0
Emerging markets	6,692	2.6	11,040	5.0
<b>Total</b>	<b>258,335</b>	<b>100.0</b>	<b>220,916</b>	<b>100.0</b>

## By sector



	30 September 2022		30 September 2021	
	Market value £'000	% of investments	Market value £'000	% of investments
Integrated utilities	87,313	33.8	81,020	36.7
Renewables	71,084	27.5	63,855	28.9
Regulated utilities	65,375	25.3	44,824	20.3
Transportation	34,563	13.4	31,217	14.1
<b>Total</b>	<b>258,335</b>	<b>100.0</b>	<b>220,916</b>	<b>100.0</b>

## By market capitalisation



	30 September 2022		30 September 2021	
	Market value £'000	% of investments	Market value £'000	% of investments
More than £10,000 million	207,819	80.4	159,946	72.4
£5,000 to £10,000 million	11,650	4.5	13,510	6.1
£1,000 to £5,000 million	34,543	13.4	43,352	19.6
£200 to £1,000 million	4,322	1.7	4,108	1.9
<b>Total</b>	<b>258,335</b>	<b>100.0</b>	<b>220,916</b>	<b>100.0</b>

Fair values and sub-totals have been rounded to the nearest thousand.

# Portfolio Holdings

as at 30 September 2022

Company	Country	Fair value £'000	% of investments
NextEra Energy	United States	20,459	7.9
American Electric Power	United States	10,390	4.0
SSE	UK	10,071	3.9
RWE	Germany	9,807	3.8
Enel	Italy	7,607	2.9
EDF	France	7,452	2.9
Endesa	Spain	7,289	2.8
Constellation Energy	United States	7,231	2.8
Alliant Energy	United States	7,096	2.8
Engie	France	6,928	2.7
<b>Ten largest investments</b>		<b>94,329</b>	<b>36.5</b>
Greencoat UK Wind Plc	UK	6,873	2.7
Dominion Energy	United States	6,663	2.6
Xcel Energy	United States	6,488	2.5
Corp Acciona Energias Renova	Spain	6,418	2.5
Atlas Arteria	Australia	6,374	2.5
AES Corp	United States	6,347	2.5
National Grid	UK	6,266	2.4
Exelon	United States	6,151	2.4
Public Service Enterprise Group	United States	6,069	2.4
Ferrovial	Spain	6,023	2.3
<b>Twenty largest investments</b>		<b>158,002</b>	<b>61.2</b>
Vinci	France	5,767	2.2
Terna-Rete Elettrica Naziona	Italy	5,598	2.2
NextEra Energy Partners LP	United States	5,465	2.1
Atlantia	Italy	5,442	2.1
Iberdrola	Spain	5,388	2.1
Ameren	United States	5,255	2.0
EDP-Energias De Portugal	Portugal	4,850	1.9
Redes Energeticas Nacionais	Portugal	4,835	1.9
E.ON	Germany	4,801	1.9
Energy	United States	4,752	1.8
<b>Thirty largest investments</b>		<b>210,156</b>	<b>81.4</b>
Drax	UK	4,662	1.8
TransAlta Renewables	Canada	4,620	1.8
Veolia	France	4,554	1.8
Brookfield Renewable Partners	Canada	4,342	1.7
Transition	France	4,212	1.7
ENAV	Italy	3,934	1.5
APA Group	Australia	3,762	1.5
DTE Energy	United States	3,486	1.4
China Longyuan Power	China	3,446	1.3
Williams Companies	United States	3,260	1.3
China Suntien Green Energy	China	3,246	1.3
Essential Utilities	United States	2,423	0.9
American Water Works	United States	2,123	0.8
<b>Total number of investments: 43</b>		<b>258,335</b>	<b>100.0</b>

Figures have been rounded to the nearest thousand.

# Directors

The directors are all non-executive and independent. They are all members of the audit committee, management engagement committee and remuneration committee.

## **David Simpson**

### **Chairman**

David Simpson, the chairman of the Company, is a qualified solicitor and was a partner at KPMG for 15 years until 2013, culminating as global head of M&A. Before that he spent 15 years in investment banking, latterly at Barclays de Zoete Wedd Ltd. He is chairman of M&G Credit Income Investment Trust plc, a director of Aberdeen New India Investment Trust PLC, the British Geological Survey and ITC Limited, a major listed Indian company. He was appointed as a director of the Company at admission on 26 September 2016.

## **Malcolm (Max) King**

### **Chairman of the Remuneration Committee**

Max King is a chartered accountant and has over 30 years' experience in fund management having worked at Finsbury Asset Management, J O Hambro Capital Management and Investec Asset Management. He is also a columnist for MoneyWeek magazine. Max is currently a director of Gore Street Energy Storage Fund plc. He was appointed as a director of the Company on 11 September 2017.

## **Iain McLaren**

### **Chairman of the Audit Committee and Senior Independent Director**

Iain McLaren is a chartered accountant and was a partner at KPMG for 27 years, including senior partner in Scotland from 1999 to 2004, retiring from the firm in 2008. He is a director of Wentworth Resources plc and Jadestone Energy Inc. He is a past president of the Institute of Chartered Accountants of Scotland. He was appointed as a director of the Company at admission on 26 September 2016.

## **Susannah Nicklin**

Susannah Nicklin is an experienced non-executive director and financial services professional with 25 years of experience in executive roles in investment banking, equity research and wealth management at Goldman Sachs and Alliance Bernstein in the US, Australia and the UK. Susannah is Chair of the Schroder BSC Social Impact Trust plc and a non-executive director of Baronsmead Venture Trust plc, The North American Income Trust plc and Frog Capital LLC. She was formerly senior independent director of Pantheon International plc and a non-executive director of Amati AIM VCT plc. She holds the Chartered Financial Analyst qualification. She was appointed as a director of the Company on 9 September 2020.

# Strategic Report

The directors present their Strategic Report for the Company for the financial year ended 30 September 2022.

The Strategic Report contains a summary of the Company's business model, a statement of its objectives and investment policy, a review of performance and a description of the principal and emerging risks it faces. Please refer to the Chairman's Statement and the Investment Manager's Report for an analysis of the Company's performance during the financial year and a summary of its future prospects. Pages 4 to 20, together with the sections of this annual report and accounts incorporated by reference, consist of a Strategic Report that has been prepared in accordance with Section 414A of the Companies Act 2006 (the "Act").

## Principal activity and purpose

The Company is an investment company and its principal activity, and therefore its purpose, is portfolio investment.

## Business model

The Company is an investment trust which allows it to be exempt from paying taxes on capital gains made from the sale of its investments. Investment trusts offer advantages for investors, including access to professional investment skills and opportunities that might not otherwise be available to them, and the ability to borrow money to enhance investment returns. The Company exploits the advantages of its closed-end structure by being fully invested and by borrowing against its assets. The Company employs gearing to enable it to earn a higher level of dividend income and to offer shareholders a geared return on their investment. The Company may borrow, to a limited extent, at floating rates of interest under a prime brokerage facility; these borrowings are variable and can be repaid at any time.

## Investment objectives and policy

The investment objectives of the Company are to achieve a high, secure dividend yield on its investment portfolio and to realise long-term growth in the capital value of the portfolio for the benefit of shareholders while taking care to preserve shareholders' capital. The Company's assets are primarily invested in the equity and equity-related securities of utility and infrastructure companies in developed countries, although up to 10% of the portfolio may be comprised of investments in debt securities and a significant portion of the portfolio may also be comprised of holdings in cash or cash-equivalents from time to time.

For the purposes of investment, utility companies are those involved in the generation, transmission and distribution of electricity including the production of electricity from renewable sources; the transport, storage and distribution of gas; the abstraction, treatment and supply of water and the treatment of waste water; and the provision of environmental services such as recycling and waste management. Infrastructure companies are those that own and operate assets which are essential to the functioning of developed economies and to economic development and growth, notably transportation-related assets such as roads, railways, ports and airports.

The portfolio is diversified with respect to geography and sub-sectors of the global utility and infrastructure investment universe. While the portfolio is comprised principally of investments in companies listed on recognised stock exchanges in the UK, Continental Europe, the US, Canada and other OECD countries, the Company may invest up to 10% of the portfolio, at the time of acquisition, in the securities of companies quoted on recognised stock exchanges in non-OECD countries. The total of the Company's investments in the US may amount to 60% of the portfolio and, with the approval of the directors, that limit may be increased to 70%. The limit for each other country is 40% although it is highly unlikely that these limits will be reached.

Up to 15% of the portfolio may be comprised of investments in collective investment vehicles, including UK investment companies. The Company does not invest in any collective investment vehicles managed by the Investment Manager or its affiliates.

Other investment restrictions include:

- Single investments by the Company must not exceed 15% of the portfolio;
- No unquoted investments, save for bond or derivative instruments which are typically not listed;
- The Company does not invest in telecommunications companies nor in companies which own or operate social infrastructure assets funded by the public sector such as schools, hospitals or correctional facilities; and
- No early stage listed companies which involve significant technological or business risk.

These restrictions apply as at the time of investment. The Company would, therefore, not be required to effect changes to its investments owing to the appreciation or depreciation in the value of any investment. The size of the Company's holdings as shown in the Ten Largest Holdings, the Portfolio Analysis and the Portfolio Holdings on pages 8 to 12 and references to the size of positions in the Company's investment portfolio elsewhere in this annual report and accounts are expressed in terms of total investments.

Any material change to the Company's investment policy would be subject to Financial Conduct Authority ("FCA") and shareholder approval.

## Diversification

The portfolio of investments is diversified by geographical region, sub-sector of the Company's investment universe, regulatory regime and company size. A description of the Company's Ten Largest Holdings and an analysis of its portfolio can be found on pages 8 to 12, respectively.

## Gearing

The maximum level of gearing utilised and the nature and term of any borrowings are the responsibility of the directors. They have authorised the Investment Manager to utilise gearing of up to 25%. Gearing is the amount of the Company's borrowings less cash, divided by net assets attributable to shareholders. Cash includes the net amounts due from or owed to brokers. If the Company's gearing were to exceed 25% for any significant length of time, the Investment Manager would take action to reduce gearing by raising cash and repaying borrowings.

Borrowings provide a gearing effect on the NAV. When the Company is geared, a change in the value of the Company's investment portfolio will cause its NAV to change by a larger percentage amount.

The effect of gearing was positive for shareholders during the year. Gearing averaged 12% of net assets over the course of the year, and it varied between approximately 8.3% and 19.5%. As at 14 December 2022 the level of gearing was 12.7%. The effect of gearing on the performance of the NAV could be negative in a year when the value of the portfolio declines.

## Currency exposure and hedging policy

The Company's accounts are maintained in sterling but many of its investments are denominated and quoted in currencies other than sterling. Although the Company does not pursue a policy of hedging such investments back into sterling, it may do so from time to time, depending on market conditions. The Company's exposure to fluctuations in exchange rates is, to some extent, mitigated by any borrowings in currencies other than sterling.

During the financial year ended 30 September 2022 the portfolio was unhedged and, as such, the changes in currency exposure during the year principally reflected portfolio changes.

Portfolio currency exposure was as follows:

% currency exposure	30 September 2022	30 September 2021
Sterling	10.4	11.0
US dollar	41.7	29.9
Euro	39.5	35.8
Canadian dollar	1.8	7.1
Hong Kong dollar	2.6	9.4
Other currencies	4.0	6.8

## Use of derivatives

The Company may make use of derivative instruments, such as options, financial futures and contracts for difference, for the management of risk within limits set by the directors. It is the Company's policy that the total exposure to such derivative instruments (excluding such instruments entered into for cash management purposes or to hedge the currency profile of the portfolio) will not exceed 10% of the Company's investments. Total exposure is the sum of the investments comprising the Company's portfolio and, in the case of derivatives, the value of the underlying securities adjusted for volatility.

The Company's exposure to derivative instruments (excluding such instruments entered into for cash management purposes or to hedge the currency profile of the portfolio) was, at 30 September 2022, and throughout the year, nil.

## NAV and dividends

The Company's NAV per share increased by 6.7% during the financial year ended 30 September 2022 and by 12.5% on a total return basis (which assumes the reinvestment of dividends paid). Over the year, the share price increased by 10.1% and the total return on a share, assuming reinvestment of dividends, was 14.0%. The Investment Manager's Report beginning on page 5 reviews developments in financial markets and the Company's portfolio during the financial year.

Shortly after admission, the Company applied successfully to court to cancel its share premium account to establish distributable reserves, thereby enabling the Company immediately to commence dividend distributions to shareholders. On an ongoing basis, these distributable reserves are available to augment the portfolio's yield.

During the financial year, the directors paid quarterly dividends of:

Interim dividend per share	Financial year	Payment date	Dividend
Fourth	2021	30 November 2021	1.65p
First	2022	28 February 2022	1.85p
Second	2022	31 May 2022	1.85p
Third	2022	31 August 2022	1.85p

Based on the price of a share at the end of the financial year, the annualised yield on a share was 3.3%.

# Strategic Report

continued

## Key performance indicators

The Company's directors meet regularly to review the performance of the Company and its shares. Key performance indicators ("KPIs") used to assess the Company's progress and its success in meeting its objectives are set out in the table below. Please also refer to Alternative Performance Measures on page 62.

KPIs	As at or year ended 30 September 2022	As at or year ended 30 September 2021
Change in:		
NAV per share <sup>1</sup>	<b>12.5%</b>	22.9%
Share price <sup>1</sup>	<b>14.0%</b>	28.9%
Premium/(Discount) to NAV at year-end	<b>4.7%</b>	1.5%
Average premium/(discount) to NAV during the year	<b>(1.1)%</b>	(1.3)%
Revenue return per share	<b>6.42p</b>	5.98p
Dividends paid per share	<b>7.20p</b>	6.60p
Dividend yield	<b>3.3%</b>	3.3%
Dividend cover <sup>2</sup>	<b>89.2%</b>	90.6%
Ongoing charges ratio	<b>1.35%</b>	1.43%

1. Total return, assuming reinvestment of dividends.

2. The dividend cover is dividends paid per share divided by the revenue return per share.

The performance of the Company's portfolio is not measured against an equity index benchmark. The Investment Manager's asset allocation process pays little attention to the country and regional compositions of the main global utilities index and the global listed infrastructure indices which are typically dominated by utilities. The directors, therefore, review portfolio performance against the most comparable global sector indices, the MSCI World Utilities Index and the S&P Global Infrastructure Index which serve as reference points, and ratios to understand the impact of gearing, currencies, sub-sector performance, geographical allocations and stock selection decisions on the Company's overall investment performance. Stock selection is measured against relevant local and regional indices and monitored by the board.

The directors also review the level of the share price premium/discount to NAV and the level and composition of ongoing charges incurred.

As outlined in the Chairman's Statement, the directors were pleased with the overall performance of the Company in the financial year. The investment performance was strong, revenue return per share increased, the ongoing charges ratio declined and the Company was in a position to issue additional shares in response to daily demand.

Income from investments (revenue account), as described in the statement of comprehensive income, increased by 16.0% year-on-year and investment management and administration expenses charged to the Company's revenue account increased by 15.1%. Finance costs increased significantly as the cost of borrowing is based on floating rates of interest, and the taxation charge increased with higher overseas income during the year. The net return before taxation (revenue account) increased by 15.2% and on an after tax basis it increased by 12.1%. The revenue return per share increased by 7.4% to 6.42p, given the 11.1% increase in the number of shares outstanding during the financial year.

The dividend cover declined slightly year-over-year due to the increased quarterly dividend rate, effective from the February 2022 payment.

As outlined in the notes to the financial statements on page 45, since inception the management fee and borrowing costs have been allocated 50% to the capital account and 50% to the revenue account. Further to a review, with effect from 1 October 2022, the management fee and borrowing costs are allocated 60% to the capital account and 40% to the revenue account.

The ongoing charges ratio declined to 1.35% (from 1.43% last year). The ongoing charges ratio is calculated in accordance with AIC recommended methodology using the charges for the current year and the average NAV during the year of £220,383,771.

## Principal and emerging risks associated with the Company

The directors have carried out a robust assessment of the principal and emerging risks facing the Company, including those which could threaten its business model, future performance, solvency and liquidity. The specific financial risks associated with foreign currencies, interest rates, market prices, liquidity, credit, valuations and the use of derivatives – which may or may not be material to the Company – are described in note 16 to the Financial Statements. The board conducts this robust assessment by reviewing a detailed risk matrix on a regular basis. A full analysis of the directors' review of internal controls is set out in the Corporate Governance Statement on pages 28 to 29.

The principal risks facing the Company are summarised below along with, where appropriate, the steps taken by the board to monitor and mitigate such risks.

## Performance and market risk

The performance of the Company depends primarily on the investment strategy, asset allocation and stock selection decisions taken by the Investment Manager within the parameters and constraints imposed by the Company's investment policy. The investment policy guidelines can only be materially changed by proposing an ordinary resolution at a General Meeting for shareholders' approval. The Company invests in securities which are listed on recognised stock exchanges so it is regularly exposed to market risk and the value of the Company's portfolio can fluctuate, particularly over the short term, in response to developments in financial markets.

The board has put in place limits on the Company's gearing, portfolio concentration, and the use of derivatives which it believes to be appropriate to ensure that the Company's investment portfolio is adequately diversified and to manage risk. The board meets formally at least four times a year with the Investment Manager to review the Company's strategy and performance, the composition of the investment portfolio and the management of risk. The board examines the sources of investment performance, which are described in attribution analyses prepared by the Investment Manager's head of risk for each meeting, volatility measures, liquidity and currency exposure, and the Company's gearing. The Investment Manager's head of risk monitors and helps to manage portfolio risk.

#### **Protracted separation of NAV and share price**

While some investors may view the opportunity to purchase a share of the Company at a discount to its NAV as attractive, the volatility of the price of a share and the premium/discount adds to the risks associated with an investment in the Company's shares. The directors review the level of the premium/discount on a regular basis and will use their ability as granted by shareholders to address any sustained or significant discount or premium to NAV, as and when it is appropriate, through the repurchase or issuance of stock. The repurchase of stock will be subject to, but not limited to, market conditions and availability of cash resources.

#### **Income risk**

The Company is committed to paying its shareholders regular quarterly dividends and to increasing the level of dividends paid over time. The dividends that the Company can pay depend on the income it receives on its investment portfolio, the extent of its distributable reserves and, to a lesser extent, its level of gearing and accounting policies. Cuts in dividend rates by portfolio companies, a change in the tax treatment of the dividends received by the Company, a significant reduction in the Company's level of gearing or a change to its accounting policies could adversely affect the net income available to pay dividends.

The board monitors the net revenue forecast, including each component revenue and expense line item, prepared by the Administrator for quarterly board meetings. These are discussed in some detail to assess the Investment Manager's level of confidence in the income growth profile of the portfolio and to mitigate any risk of revenue shortfall relative to expectations.

The board applied successfully to cancel the Company's share premium account in November 2016 and the resulting special reserve is available, when the board considers it appropriate, to augment the net revenue available to pay dividends to shareholders.

#### **Liquidity risk**

While the Company invests principally in highly liquid securities listed on recognised stock exchanges in developed economies, it also invests to a limited extent in securities traded in emerging markets and in securities which are more thinly traded. As the Company is a closed-end investment company it does not run the risk of having to liquidate investments on unattractive terms to meet redemptions by investors although it is exposed to price risk; that is, that it will be unable to liquidate a position in a thinly traded security at the valuation at which it is carried in the Company's accounts. It is also exposed to a risk that its prime broker, Citigroup Global Markets Limited ("Citigroup"), which provides a flexible borrowing facility, could request that borrowings be repaid with three days' notice. The board reviews the liquidity profile of the Company's portfolio on a regular basis. The Investment Manager's head of risk also keeps the liquidity risk profile of the Company's portfolio under close review. The liquidity analysis regularly shows that, if required, 98% of the portfolio could be liquidated within five business days assuming trades to accomplish this accounted for up to 30% of average daily trading volumes.

#### **Cyber security risk**

The threat of cyber-attack, in all guises, is regarded as at least as important as more traditional physical threats to business continuity and security. The Company's third-party service providers (including Ecofin, BNP Paribas, Maitland, Citibank, Computershare and BDO LLP) have confirmed the policies and procedures they have in place and their commitment to alert the board to any breaches. The Investment Manager has procedures in place to maintain the best practices in the fight against cybercrime. TortoiseEcofin has a cyber security insurance policy in place.

**Environmental, social and governance ("ESG") considerations**  
ESG considerations and policies have become some of the most critical issues confronting companies and their shareholders and can have a significant impact on the business models, sustainability and even viability of individual companies. These sustainability issues are a key area of focus for the board, and the board maintains a regular oversight of the Investment Manager in this area.

ESG factor analysis is undertaken on all portfolio holdings and prospective investments by the Investment Manager, a specialist investor in sustainable infrastructure and the energy transition. In a rapidly changing environment surrounding sustainability and ESG, Ecofin works to determine the best practices to incorporate into investment criteria and to make reporting available to the market. As a long-standing specialist in the Company's sectors, Ecofin actively engages with portfolio companies and investments in an effort to drive continuous improvement in their sustainability practices and metrics. The board regularly reviews the way ESG considerations are integrated into the decision making process by the Investment Manager to mitigate risk at the stock selection and portfolio levels.

# Strategic Report

continued

## Operational risks

Disruption to, or failure of, the Investment Manager's dealing system, the Depositary's or Custodian's records or BNP Paribas' accounting systems may prevent accurate reporting and monitoring of the Company's financial position. The risk of fraud or other control failures or weakness within these service providers could result in losses to the Company.

In common with most other investment trusts, the Company has no executive directors, executive management or employees. The Company delegates key operational tasks to third-party service providers which are specialists in their fields: the management of the investment portfolio to the Investment Manager, Ecofin Advisors Limited; the preparation and maintenance of the financial statements and maintenance of its records to the Administrator and Company Secretary, BNP Paribas Securities Services S.C.A and Maitland Administration Services Limited, respectively; the worldwide custody of the assets to Citigroup; and the safekeeping and oversight services to Citibank UK Limited ("Citibank") as Depositary. The board reviews the performance of these third-party service providers and their risk control procedures on a regular basis as well as the terms on which they provide services to the Company.

## Legal, regulatory and compliance risks

To qualify as an investment trust, the Company must comply with Section 1158 of the Corporation Tax Act 2010 ('Section 1158'). Details of the Company's approval are given under Status on page 21. Were the Company to breach Section 1158, it may lose investment trust status and, consequently, gains within the Company's portfolio would be subject to capital gains tax. The Section 1158 qualification criteria are continually monitored by the Administrator and the results reported to the board regularly. The Company must also comply with the provisions of the Companies Act 2006 and, since its shares are listed on the London Stock Exchange, the FCA Listing Rules, Market Abuse Regulation ('MAR'), Disclosure Guidance and Transparency ('DTRs'), and, as an investment trust, the Alternative Investment Fund Managers Directive ('AIFMD'). A breach of the Companies Act could result in the Company and/or directors being fined or the subject of criminal proceedings. Breach of the FCA Listing Rules or DTRs could result in the Company's shares being suspended from listing, which in turn would breach Section 1158. The board relies on the services of its Company Secretary, the Investment Manager and its professional advisers to ensure compliance with the Companies Act 2006, the FCA Listing Rules, DTRs, MAR and AIFMD.

## Other risks

In the opinion of the directors, an investment in the shares of the Company entails a greater than average degree of risk, in the context of the investment trust industry, because the Company employs gearing, as explained on page 15. In addition to the risks borne by the Company described above, investors in the shares of the Company are exposed to risks due to the investment policy (described on page 14) of the Company. These are risks that cannot be mitigated without changing the investment policy.

## Gearing and capital structure

The Board has authorised the Investment Manager to utilise gearing, in the form of borrowings under the Company's prime brokerage facility, although the gearing is not structural in nature and can be reduced at any time. Whilst the use of gearing will enhance the NAV per share when the value of the Company's assets is rising, it will have the opposite effect when the underlying asset value is falling. In the event that the prime brokerage facility were to be renegotiated or terminated, the Company might not be able to finance its borrowings on as favourable terms.

## Non-OECD or emerging markets

The Company's policy on diversification, noted on page 14, permits the Investment Manager to invest up to 10% of its investments, measured at the time of acquisition, in the securities of companies incorporated in countries which are not members of the OECD – such as emerging markets – and quoted on stock exchanges in such countries. Investment in emerging markets may involve a higher degree of risk and expose the Company to, among other things, less well developed legal and corporate governance systems, a greater threat of unilateral government action with respect to regulation and taxation, and a higher risk of political, social and economic instability than an investment in developed, OECD markets. These risks are mitigated through diversification and fundamental analysis.

## Foreign exchange risk

As noted in the investment policy on page 14, the Company's Financial Statements are prepared in sterling and its shares are denominated in sterling. Many of the Company's investments, however, are denominated in currencies other than sterling and, as a result, the value of the Company's investment portfolio is exposed to fluctuations in exchange rates. Although the Company may hedge non-sterling exposure from time to time, it is not the Company's policy to try to minimise or eliminate foreign exchange risk as over the long term this could restrict the investment returns potentially available to sterling-based investors in international securities. There is a risk that the NAV will be depressed, therefore, if sterling appreciates significantly against foreign currencies.

## Political risk

The board has considered the political uncertainties prevailing in the UK and the rest of the world and the risks associated with potential changes to regulations, laws and/or taxes. The board continues to believe that the Company's strategy of investing in an internationally diversified portfolio of companies is the correct model to achieve its investment objectives.

### **Viability statement**

The UK Financial Reporting Council ("FRC") maintains the UK's Corporate Governance Code (the "Code") to promote high quality corporate governance and reporting. Under the Code, the directors are required to state that in their opinion the Company's resources are adequate for it to continue in business for at least twelve months from the date of the Financial Statements and, therefore, it is appropriate that the Financial Statements be prepared on a going concern basis. This statement appears on page 23 in the Directors' Report.

In accordance with provision 31 of the 2018 Code, the directors are also required to assess the prospects for the Company over a longer period than the twelve months referred to in the going concern guidance and statement. The directors have elected to review the viability of the Company for a five year period up to the Annual General Meeting ("AGM") of the Company to be held in 2028 principally because they consider that any investment in the shares of the Company should be made on a medium to long-term basis.

In assessing the viability of the Company over this five year period, the board has performed a robust assessment of controls over the principal risks. The board considers, on an ongoing basis, each of the principal risks noted in the Strategic Report and set out in note 16 to the Financial Statements. The board has evaluated scenarios of possible future circumstances, including a significant and prolonged fall in equity markets and a material increase in expenses, and considered the latest assessment of portfolio liquidity. The board monitors income and expense projections for the Company, with most of the expenses being predictable and modest in comparison with the assets of the Company. A significant proportion of the Company's expenses are investment management fees based on the Company's NAV and these would decline proportionately if the market value of the Company's investments were to fall.

Based on the above and on the assumption that the continuation vote in 2024 passes successfully, their assessment of the nature of the Company, its investment policy and financial resources, and with careful consideration given to the current market situation, the board has concluded that there is a reasonable expectation that the Company will be able to continue to operate and meet its liabilities as they fall due over the next five years.

### **Environmental, social and governance (ESG) policy**

Your board believes that analysis of ESG factors is an essential element of the investment management process and that companies exhibiting good or improving ESG credentials are more likely to perform well over the longer-term. The Investment Manager's research process integrates traditional fundamental analysis and a study of ESG factors which it believes may affect stock valuations and shareholder value. Engagement and proxy voting are integral parts of active management and a case-by-case assessment is made for decisions relating to all proxies, corporate actions and events relating to portfolio holdings.

We endorse the Investment Manager's active stewardship approach and are pleased that its parent company is a signatory of the United Nations-supported Principles for Responsible Investment ("PRI").

In the power sector, your Company's strategy is to invest predominantly in companies investing to achieve their own or government targets for emissions reductions and greener grids and eventually decarbonisation. The portfolio is oriented, therefore, toward clean generators and suppliers of electricity, and we fully expect that it will be at all times cleaner in terms of carbon emissions (tons of CO<sub>2</sub> emitted per megawatt hour of generation) than the overall power sector (as measured by the MSCI World Utilities Index). Please refer to page 7 for further detail about the Investment Manager's integration of ESG factors in its investment philosophy and approach and to page 22 for an outline of the Investment Manager's stewardship policy.

The Company is an investment trust with no executive directors or employees and no operating assets. Apart from the need for directors to travel to board meetings, the Company has no direct impact on the environment or on the communities in which it carries on its investment activities.

### **Modern Slavery Act 2015**

The Company does not fall within the scope of the Modern Slavery Act 2015 and the directors consider the Company's suppliers, which are typically professional advisors, to be low risk. Accordingly, a slavery and human trafficking statement has not been included.

### **The board and composition**

The board comprises four non-executive directors, three men and one woman. In accordance with best practice, all directors stand for re-election annually. The board is attentive to the composition of the board, its breadth of skills and its diversity. The board is committed to ensuring that any vacancies arising are filled by the most qualified candidates and recognises the value of diversity in the composition of the board. The board welcomes the FTSE Women Leaders Review's recommendations on gender diversity on boards and the Parker Review's recommendations with respect to ethnic and cultural representation on UK boards. While the board does not feel that it is appropriate to use diversity targets, given its small size, the directors acknowledge that diversity is important to ensure that the Company can draw on a broad range of skills, knowledge, experience and perspectives. The appointment process therefore includes a consideration of diversity generally, taking into account gender, social and ethnic backgrounds, cognitive and personal strengths and experience.

The FCA Listing Rules require companies to report on whether they have met certain targets on board diversity; these are that: at least 40% of the individuals on the board are women; at least one of the senior positions on the board is held by a woman; and there is at least one director with an ethnic minority background.

# Strategic Report

continued

As at 30 September 2022 the Company had not met the gender diversity requirement as only one out of four directors (25%) is a woman. The board did not have a director with a minority ethnic background. With effect from 19 December 2022 the Company met the senior positions requirement with Susannah Nicklin's appointment as chair of the management engagement committee.

## Future prospects

The outlook for the Company is described in the Chairman's Statement on page 4 and the Investment Manager's Report on page 6.

## Section 172 statement

Section 172 of the Companies Act 2006 requires that a director must act in the way he/she considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members (i.e. shareholders) as a whole and, in doing so, have regard (amongst other matters) to: the likely consequences of any decision in the long term; the need to foster the Company's business relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly as between members of the Company.

The board ensures that it promotes the success of the Company by engaging the Investment Manager and other specialist third-party suppliers with appropriate performance records, resources and controls in place to deliver the services that the Company requires. Their performance is monitored by the board and its committees, which have oversight of the Company's operations. The principal supplier is the Investment Manager, in particular the investment management team responsible for managing the Company's assets in order to achieve its stated investment objectives. The board maintains a good working relationship with the Investment Manager, which also provides administrative support and promotes the Company through its marketing and investor relations efforts. Whilst strong long-term investment performance is essential, the board recognises that for an investment vehicle to be sustainable over the long term, both it and the Investment Manager must have regard to ethical and environmental issues that impact society at large. Environmental, social and governance considerations are fully integrated in the Investment Manager's investment process; please refer to page 7.

The directors confirm that they have considered their duty under Section 172 when making decisions during the financial year under review. The directors have considered this duty when making strategic decisions that impact shareholders, including the basis of allocation of management and finance expenses, the dividend policy and the issue of new shares.

The board regularly monitors the shareholder profile of the Company. Please refer to page 30 for details of communication with shareholders. The board also widely consults with its investment advisers when considering key decisions.

The key decisions taken by the directors during the year under review are set out below.

### Strategy

The Chairman's Statement on page 4 and the Investment Manager's Report on pages 5 to 6 include details of the Company's strategy, portfolio activity and performance during the year under review. This Strategic Report on pages 14 to 20 also describes the investment strategy undertaken by the Investment Manager.

These strategic decisions contribute to the long-term success of the Company and are communicated to investors so they may make personal investment decisions.

### Dividends

In accordance with the Dividend Policy approved by shareholders and explained on page 21, quarterly dividends were paid in November 2021 and February, May and August 2022.

Last year, the board increased the quarterly dividend rate to 1.85p per share. The board has carefully considered the dividend level and, following review of the relevant factors, decided to increase the quarterly rate to 1.95p, starting from the dividend payable in February 2023.

### Issue of shares

Strong NAV performance and concerted efforts to raise appreciation of the Company's investment universe and strategy amongst a wider audience have had a beneficial effect on the rating of the Company's shares. During the year the shares often traded at a small premium to NAV and this enabled the Company to issue 11,230,000 new shares. The board keeps the discount/premium management policy under careful review, in the interest of all shareholders. Increasing the size of the Company can benefit liquidity as well as spread costs.

On behalf of the board

**Maitland Administration Services Limited**  
Company Secretary

19 December 2022

# Directors' Report

The directors present their annual report and accounts together with the audited Financial Statements of the Company for the year ended 30 September 2022. The directors serving during the year were Max King, Iain McLaren, Susannah Nicklin and David Simpson and their biographies are provided on page 13.

## Information disclosed in the Strategic Report

The following matters required to be disclosed in this report under the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 are covered in the Chairman's Statement, the Investment Manager's Report and the Strategic Report on pages 4 to 20: the Company's objectives, policies and financial risk management, the Company's exposure to risks and its prospects, as well as important events affecting the Company since the year-end.

## Status

The Company was incorporated in England and Wales as a public limited company and is domiciled in the UK. It is an investment company as defined by Section 833 of the Company's Act 2006 (the "Act") and the Company's ordinary shares are listed on the London Stock Exchange.

The Company has been approved by HM Revenue & Customs ("HMRC") as an investment trust in accordance with Section 1158 Corporation Tax Act 2010 ("CTA"). In the opinion of the directors it continues to meet the eligibility criteria to qualify as an investment trust. As an investment trust, the Company is exempt from capital gains tax and, given the Company's current portfolio, its shares are eligible for inclusion in an Individual Savings Account.

## Results and dividends

The net assets of the Company attributable to ordinary shares as at 30 September 2022 were £233,052,000 (30 September 2021: £196,547,000). The results for the Company are reviewed in the Chairman's Statement on page 4 and the Investment Manager's Report on page 5 and set out in the Financial Statements on pages 41 to 44.

The net return of the Company which was available for dividend payments on ordinary shares for the year ended 30 September 2022 amounted to £6,639,000 (30 September 2021: £5,925,000). The Company is able to supplement the revenue account with reserves of distributable capital and it did so during the financial year.

## Dividend policy

The board believes that a relatively high level of income from a global specialist equity fund should provide an appealing investment proposition for investors. The Company targets a dividend yield of 4 per cent on net assets using gearing and, if necessary, reserves to augment the yield on the portfolio. The Company pays dividends to shareholders on a quarterly basis, payable on the last business day of February, May, August and November each year.

In accordance with best practice, the board will be seeking shareholder approval of this dividend policy, and a resolution will be put to shareholders at the forthcoming AGM. In respect of the year ended 30 September 2022, an interim dividend of 1.65p per ordinary share was paid on 30 November 2021, and 1.85p per ordinary share was paid on 28 February 2022, 31 May 2022 and 31 August 2022. Subsequent to the year-end, an interim dividend of 1.85p per ordinary share was paid on 30 November 2022. The directors are not proposing the payment of any final dividend for the year ended 30 September 2022 (final dividend for the year ended 30 September 2021: nil).

	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Revenue reserves at beginning of year	-	-
Revenue available for dividends	6,639	5,925
Transfer from special reserve for dividends	754	608
Dividends paid	7,393	6,533

## Share capital

The issued share capital of the Company as at 30 September 2022 comprised 111,968,423 (2021: 100,738,423) ordinary shares. At General Meetings of the Company, holders of ordinary shares are entitled to one vote per person on a show of hands and one vote per share on a poll. They are entitled to such dividends as the directors may from time to time declare and to participate in the Company's capital growth. On a winding-up, after settling amounts due to creditors, ordinary shareholders are entitled to any remaining assets.

At a General Meeting held on 22 September 2022 shareholders approved the renewal of the Company's existing disapplication of pre-emption rights authority up to a maximum nominal value of £110,357.

There are no restrictions on transfers of the ordinary shares nor special rights regarding control of the securities. Neither the Company nor the directors are aware of any agreements or arrangements with or between shareholders which restrict the transfer of shares, or which would take effect, alter or terminate in the event of a change of control of the Company.

Following strong NAV performance and concerted efforts to raise appreciation of the Company's investment universe and strategy amongst a wider audience, the shares often traded at a small premium to NAV during the year. As a result, the Company continued to use its block listing facility to satisfy investor demand for the Company's shares which could not be met through the secondary market. The Company issued 11,230,000 shares during the year ended 30 September 2022, and a further 575,000 shares subsequent to the year-end and up to 14 December 2022 at a premium to NAV.

# Directors' Report

continued

## **Management agreement**

Ecofin UK provides discretionary fund management services to the Company under an Investment Management Agreement ("IMA") dated 6 July 2016 and amended on 13 December 2018 and 16 June 2021. The IMA provides for an investment management fee equal to 1.0% per annum of the Company's net assets up to £200 million and 0.75% per annum in excess of £200 million, calculated and payable quarterly in arrears. Details of the fees paid to Ecofin UK during the financial year are given in note 3 to the Financial Statements.

In accordance with the Alternative Investment Fund Managers Directive ("AIFMD"), the board appointed Ecofin UK as the Company's Alternative Investment Fund Manager ("AIFM").

The AIFM Remuneration Code requires the AIFM to supply the following information in respect of the remuneration paid to relevant staff: For the Company's financial year, the total amount of remuneration paid by the AIFM, Ecofin UK, to its staff was £3,416,182 (2021: £3,610,813). This included £2,016,510 (2021: £1,892,224) in fixed remuneration and £1,399,672 (2021: £1,718,589) in variable remuneration to 17 (2021: 18) employees. The total remuneration of the seven members of staff of the AIFM who are fully or partly involved in the activities of the AIF, Ecofin Global Utilities and Infrastructure Trust plc, was £1,475,486 (2021: £1,491,835). The proportion of the total remuneration of the staff of the AIFM attributable to the Alternative Investment Fund (AIF) was 41% (2021: 41%). Ecofin UK's professional indemnity insurance policy complies with the enhanced requirements of AIFMD. This information is unaudited.

The board has reviewed the performance of the Investment Manager and believes that its continued appointment is in the interests of the Company and shareholders. Such a review is carried out on an annual basis.

## **Stewardship**

Because of its industry knowledge and extensive company research, the Investment Manager has been granted discretion by the directors to vote on the shares of investee companies. The board reviews periodically the provisions of the FRC's Stewardship Code (September 2020) (the "Code") and the Investment Manager's principles relating to engagement with issuers and their management and proxy voting activities. The Investment Manager's guidelines for proxy voting state:

- Ecofin UK will generally vote in favour of routine proposals or management initiatives if its view of the management is favourable;
- Ecofin UK will generally vote against management if there is a clear conflict between a company's management and the interests of its shareholders; and
- Ecofin UK will generally vote in favour of a management change if it is deemed likely to increase shareholder value. In all cases, resolutions are evaluated on their individual merit and in consideration of the Company's investment objectives and policy.

Ecofin UK invests in a range of securities and jurisdictions. Where it invests on behalf of funds in single UK equities, this does not constitute a majority of its business. Ecofin UK takes a consistent approach to engagement with issuers and their management in all of the jurisdictions in which it invests and, therefore, does not consider it appropriate to commit to any particular voluntary code of practice.

## **Administration, borrowing, custody, depositary and company secretarial services agreements**

BNP Paribas Securities Services S.C.A is appointed as Administrator, effective from the admission of the Company's shares on 26 September 2016, and until April 2021 Company Secretarial services were delegated to BNP Paribas Secretarial Services Limited. BNP Paribas Securities Services provided notice to the Company in October 2020 to terminate Company Secretarial services and Maitland Administration Services Limited ("Maitland") was appointed Company Secretary on 1 April 2021. The agreements with BNP Paribas Securities Services S.C.A and Maitland may be terminated on six months' written notice.

The Company is required to appoint a depositary to provide safekeeping and oversight services, and in 2016 the board appointed Citibank Europe plc. A Depositary Services Agreement between Citibank Europe plc, Ecofin UK and the Company was signed on 14 September 2016 (novated to Citibank UK Limited ("Citibank") in June 2021) and stipulates that Citibank will receive an annual fee of 3.75bps, charged on net assets, for Depositary services. The Depositary Services Agreement may be terminated by either party by giving at least 90 days' written notice and in other specified circumstances. Under the Depositary Services Agreement, Citibank, as Depositary, can be instructed to transfer the Company's assets in connection with the prime brokerage arrangement which is in place with Citigroup.

The Company has a prime brokerage facility with Citigroup Global Markets Limited ("Citigroup") and benefits from a flexible borrowing arrangement. Citigroup is also custodian of the Company's assets. As prime broker and custodian, Citigroup is remunerated principally by the rates of interest charged on the Company's borrowings. The interest rate on borrowings under the Prime Brokerage Agreement depends on the currency of the borrowing but is generally 50 basis points over the applicable benchmark rate. Citigroup introduced a minimum monthly fee for its services, equivalent to \$200,000 per annum, effective 1 April 2022. The gearing is not structural in nature and borrowings can be repaid at any time. Citigroup also receives remuneration for stock borrowing and transaction fees on each trade settled. The Prime Brokerage Agreement may be terminated by either party by giving three business days' written notice.

### **Notifiable interests in the Company's voting rights**

At the end of the financial year the interests in the voting rights of the Company, as notified to the Company or ascertained by the Company in accordance with Chapter 5 of the FCA's Disclosure Guidance and Transparency Rules, were as follows:

As at 30 September 2022 Shareholder	Number of voting rights	%
Hargreaves Lansdown Asset Management	22,226,896	19.9
Interactive Investor Services	15,011,943	13.4
AJ Bell Securities Ltd	9,040,934	8.1
Canaccord Genuity Wealth Management	7,479,745	6.7
JM Finn & Co Ltd	6,616,366	5.9

No material changes to the above holdings have been notified.

### **Going concern**

The Company has reviewed the guidance issued by the FRC in order to determine whether the going concern basis should be used in preparing the Financial Statements for the year ended 30 September 2022. In doing so, the directors have carefully reviewed the Company's financial resources, its investment policy and the risks associated with its business as an investment trust. They have noted that the Company's assets are liquid securities traded on recognised stock exchanges and that its revenues substantially exceed its expenses which are largely fixed and are a small percentage of its net assets. The directors have evaluated scenarios of possible future circumstances including a sharp and prolonged decline in equity markets and concluded that revenues should still amply exceed expenses. The directors have also assessed the liquidity characteristics of the portfolio in view of the Company's borrowing facility and circumstances which could require repayment of funds at short notice.

The directors have concluded that the Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the dated of the approval of this report.

The directors are also required to assess the prospects of the Company over a longer period than the outlook for the next twelve months on which the going concern assumption is based. This Viability Statement appears on page 19.

### **Companies Act 2006 disclosure requirements**

The rules concerning the appointment and replacement of directors are contained in Sections 154 to 169 of the Act and the Company's articles of association. The rules concerning the amendment of the articles are contained in Section 21 of the Act and provide that a special resolution be passed at a General meeting of the Company. The rules concerning the power to issue or buy-back the Company's shares are contained in Sections 549 to 657 and Sections 690 to 708 of the Act, respectively, and within Articles 4 and 43, respectively, of the Company's articles of association.

No agreements exist to which the Company is a party that take effect, are altered or terminated upon a change of control of the Company following a takeover bid; and no agreements exist between the Company and its directors providing for compensation for loss of office that may occur because of a takeover bid.

### **Continuation vote**

Article 162 of the Company's articles of association requires the Company to hold a meeting to consider an ordinary resolution on the continuation of the Company as a closed ended investment company no later than the end of June 2019 and thereafter every five years. An ordinary resolution was considered and passed in 2019. Accordingly, the board is required to next propose a resolution on the continuation of the Company in 2024.

### **Greenhouse gas emissions**

As an investment company, all the Company's activities are outsourced to third-party service providers and, as such, the Company does not have greenhouse gas emissions to report from its operations and it does not have responsibility for any other emissions-producing entities under the Act (Strategic Report and Directors' Report) Regulations 2013. Further, for the same reason, the Company considers that it is a 'low energy user' under the Streamlined Energy & Carbon Reporting regulations and therefore a disclosure on energy and carbon emissions is not required. The Company has included a statement of how the Investment Manager considers ESG matters on page 7 titled ESG Evaluation; this page also discusses the portfolio's carbon performance.

### **Independent Auditor**

Further to a review of audit services in 2020, BDO LLP was appointed as Auditor with effect from the 2021 AGM. Resolutions will be proposed at the forthcoming AGM to re-appoint BDO LLP as independent Auditor and to authorise the directors to determine the Auditor's remuneration for the forthcoming year.

# Directors' Report

continued

## **Disclosure of information to Auditor**

The directors, as at the date of approval of this annual report and accounts, confirm that:

- to the best of their knowledge and belief, there is no relevant audit information of which the Company's Auditor is unaware; and
- each director has taken all steps he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

## **AGM**

The Company's Annual General Meeting ("AGM") will be held on Friday, 17 March 2023 at The Clermont, Charing Cross, The Strand, London WC2N 5HX at 2.30pm and will include a presentation from the Investment Manager.

Shareholders who are unable to attend the AGM are encouraged to use their proxy votes.

Details of the business of the AGM are set out in the Notice of meeting on pages 55 to 56, amongst which the board is seeking shareholders' approval of the following resolutions as set out overleaf.

### **Directors' authority to allot shares**

Resolution 10, to be proposed as an ordinary resolution, will authorise the directors to allot unissued shares for general purposes up to a nominal value of £371,393 (being one third of the issued ordinary share capital of the Company as at 14 December 2022) or, if changed, the number of ordinary shares which represents one third of the issued ordinary share capital at the date the resolution is passed.

If resolution 10 is passed, the authority shall continue in force until the earlier of the conclusion of the AGM of the Company in 2024 or 17 June 2024.

### **Disapplication of pre-emption rights**

Resolution 11, being proposed as a special resolution, will empower the directors to allot equity securities for cash, otherwise than to existing shareholders, on a pro rata basis or in accordance with their rights (i) by way of a rights issue (subject to certain exclusions), (ii) by way of an open offer or other offer of securities (not being a rights issue) in favour of ordinary shareholders and (if applicable) holders of other relevant securities of the Company in proportion to their shareholdings (subject to certain exclusions), and (iii) (other than pursuant to (i) and (ii)) up to an aggregate nominal value of £112,543 (being approximately 10 per cent. of the issued ordinary share capital of the Company as at 14 December 2022) or, if changed, the nominal value which represents 10 per cent. of the issued ordinary share capital at the date the resolution is passed.

This will provide flexibility to increase the assets of the Company by the issue of new shares for cash should favourable opportunities arise. Any issue of shares would be at prices which are not less than the NAV attributable to those shares at the time of issue.

Under the Act, the Company may hold shares which it buys-back into treasury and then sell or transfer them at a later date rather than cancelling them. The Act requires such sales and transfers to be on a pre-emptive, pro rata basis to existing shareholders, unless shareholders agree by special resolution to dis-apply such pre-emption rights.

Accordingly, for the reason given above, in addition to giving the directors power to allot unissued shares on a non-pre-emptive basis, resolution 11 will, if passed, empower the directors to sell or transfer any shares held in treasury on a non-pre-emptive basis, subject to the overall limit described above; also, the shares would not be transferred or sold at prices below the then prevailing NAV for those shares at the time of transfer or sale.

If granted, the authority will continue in force until the earlier of the conclusion of the AGM of the Company in 2024 or 17 June 2024. At the date of this Report, the Company held no ordinary shares in treasury.

### **Authority to purchase own shares**

The board recommends the renewal of the Company's existing authority to make market purchases of its shares. Resolution 12, to be proposed as a special resolution, will, if passed, authorise the Company to make market purchases of up to 16,870,259 ordinary shares, which would represent approximately 14.99% of the number of ordinary shares in issue (excluding treasury shares) as at 14 December 2022.

At the date of this annual report and accounts, the Company still had authority to buy-back up to 15,100,689 ordinary shares from the authority granted to it by shareholders on 2 March 2022. Purchases of shares will be made within guidelines established from time to time by the board, but the board will only exercise the authority if, in its opinion, it would be in the interests of the Company generally to do so.

Under the FCA Listing Rules, the maximum price which may be paid for shares purchased pursuant to the share buy-back authority must not be more than (a) 5% above the average of the market values of the relevant class of shares for the five business days before any purchase is made and (b) the higher of the price of the last independent trade and the then prevailing highest bid. Any shares so purchased may be cancelled or, if the directors determine and subject to the provisions of the Act and any applicable regulations of the FCA, be held as treasury shares. Treasury shares are not entitled to voting rights nor any distributions either by way of dividend or on a winding-up.

The authority, if granted, will continue in force until the earlier of the conclusion of the AGM of the Company in 2024 or 17 June 2024.

### Notice period for General Meetings

The Act, as amended by the Shareholders' Rights Regulations, increased the minimum notice required for General Meetings from 14 days to 21 days unless shareholders authorise shorter notice. Resolution 14 is proposed as a special resolution to grant the Company the flexibility to call General Meetings, other than AGMs, on not less than 14 clear days' notice. AGMs will continue to be held on at least 21 clear days' notice. The shorter notice period would not be used as a matter of routine as the board recognises that shareholders should have ample time to consider proposals being put to them, and it would only convene a General meeting on the shorter notice where the business of the meeting was in the interests of shareholders generally and justified the Meeting being called on shorter notice. If granted, the approval will be effective until the Company's next AGM when a renewal of the authority will be sought. In order to be able to call a General Meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

### Recommendation

The directors recommend that shareholders vote in favour of all resolutions being put to the AGM, as they themselves intend to do in respect of their own beneficial shareholdings.

### Corporate governance

Information on the corporate governance of the Company is given in the Corporate Governance Statement on pages 26 to 29 which forms part of this Directors' Report.

On behalf of the board

**Maitland Administration Services Limited**

Company Secretary

19 December 2022

# Corporate Governance Statement

## Chairman's introduction

Corporate governance is the process by which the board looks after the interests of shareholders and seeks to enhance shareholder value. Shareholders delegate authority to the directors to enable them to manage the Company, and hold the directors responsible for the Company's performance. The board is ultimately responsible for setting the Company's strategy, ensuring itself that this and its culture are aligned, and for monitoring and managing the risks to which the Company is exposed. Good governance means managing the Company's business well and engaging effectively with shareholders, and the board is committed to doing so and to maintaining high standards of business integrity, transparency and financial reporting.

The Company's sole business is portfolio investment and in common with most investment trust companies it has no executive directors or management, no operating assets and no employees. The Company delegates the management of its day-to-day activities to third-parties which are specialists in their fields, the most important of which are the Investment Manager, the Administrator and Company Secretary, the Custodian of the Company's assets and the Depositary. As a result, much of the work of the board is the monitoring and supervision of the services provided to the Company by these third-parties. The division of responsibilities among these independent third-party service providers is also a key element of the system of controls the board uses to check and verify the information provided to it, to protect the Company's assets and to manage the risks to which the Company is exposed.

As an investment trust whose shares are listed on the London Stock Exchange, the Company has an obligation to comply with the Code issued by the Financial Reporting Council (FRC) in September 2018. Listed investment trusts, however, differ in many respects from most other listed companies which are trading companies. The Association of Investment Companies (AIC) has its own reporting guidelines, the AIC Code of Corporate Governance (the "AIC Code"), which the FRC recognises as an appropriate reporting regime for investment trust companies.

The Code is available from the FRC's website at [www.frc.org.uk](http://www.frc.org.uk). The AIC Code is available from the AIC's website at [www.theaic.co.uk](http://www.theaic.co.uk).

This statement of corporate governance forms part of the Directors' Report and explains how the board complies with the Company's reporting requirements and how it performs its functions.

## Corporate governance compliance statement

The board considers that the Company has complied with the recommendations of the AIC Code and the provisions of the Code published in 2018 that are relevant to the Company throughout the year under review except as summarised and explained below.

The board believes that it has made the appropriate disclosures in this annual report and accounts to ensure the Company meets its continuing reporting obligations. As noted above, however, as the Company has no executive directors, management or employees, not all the provisions of the Code are relevant to the Company. The requirement under the Code that a UK company must maintain an internal audit function, for example, is not relevant to the Company as its day-to-day operations are delegated to third-parties which have their own internal audit functions; the audit committee does, however, re-consider this requirement annually. The provision of the Code relating to the roles of the chairman and chief executive officer does not apply as the Company has no executive directors.

## The board

The directors collectively have a duty to promote the long-term success of the Company. The board currently comprises four non-executive directors, all of whom are deemed to be independent. In accordance with best practice and AIC Code principles, the independence of the members of the board and its chairman, David Simpson, has been considered as part of the board evaluation process which is discussed on page 27 under Performance evaluation. The board is independent of the Company's Investment Manager and the chairman is deemed to be independent by his fellow independent board members.

The board meets ordinarily at least four times a year to review the Company's investments, performance and other matters of relevance. Between these meetings, the directors are in regular contact with the Investment Manager. The board has a schedule of matters reserved for consideration which include decisions relating to investment policy and strategy, gearing, the repurchase and issue of shares, the appointment of directors, and the entering into of material contracts. In addition, changes to the Company's capital structure, circulars to shareholders and any significant changes in accounting policies require the prior approval of the board. There is a clear division of responsibility between the chairman, the directors, the Investment Manager and the third-party service providers, and no one individual has unfettered powers of decision making. The chairman is responsible for leading the board and ensuring its effectiveness in all aspects of its role, promoting a culture of openness and debate by facilitating the effective contribution of directors, and for ensuring the directors receive accurate, timely and clear information. The Investment Manager and the Company Secretary liaise with the chairman prior to each meeting to agree the agenda content and papers to be submitted to the board and committee meetings.

All directors have access to the advice and services of the Company Secretary. The appointment and removal of the Company Secretary is a matter for the whole board. Where necessary, in the furtherance of their duties, directors may seek independent professional advice at the expense of the Company.

## Directors' appointment and tenure

The terms and conditions of the directors' appointments are set out in formal letters of appointment, copies of which are available from the registered office of the Company during usual business hours on any weekday. Details of the interests of the directors and their remuneration are given in the directors' Remuneration Report on page 31 and related party disclosures are provided in note 19 on page 54.

The Company's articles of association require that directors stand for election at the first AGM following their appointment and annually thereafter. In compliance with the AIC Code, which recommends that directors should be submitted for re-election at regular intervals, the directors submit themselves for re-election annually. Max King, Iain McLaren, Susannah Nicklin and David Simpson will, therefore, stand for re-election at the forthcoming AGM. The board has considered the position of each of these directors as part of the evaluation process and believes it is in the Company's best interests for each of them to be proposed for re-election at the forthcoming AGM. They have each made a significant commitment of time to the Company and a material contribution to its governance while bringing unique skills and knowledge to the discussions and deliberations of the board. The directors' biographies are shown on page 13 and these summarise their respective business, financial and investment experience.

The board believes it is appropriate for a director to serve up to 9 years following their initial election, and it is expected that directors will stand down from the board by the conclusion of the AGM following that period.

Prior to their appointments to the board of the Company in September 2016, David Simpson and Iain McLaren were directors of Ecofin Water & Power Opportunities Plc ("EWPO"). The board is of the view that the terms of their directorships of EWPO should not be considered as additional to the terms of their directorships of the Company when assessing their independence as board members.

The proposal of directors for re-election is reflected in the notice of AGM on page 55.

## Performance evaluation

The board formally reviews its performance and the performance of its committees on an annual basis. The annual review took place following the end of the financial year and questionnaires were used to allow directors to assess the performance of the board, individual directors and the chairman and to make recommendations about how the effectiveness of the board might be improved. The performance of the chairman was reviewed by the other directors and led by Iain McLaren. The results of the review were discussed among the directors and it was agreed that the composition of the board and its committees reflected a suitable mix of skills and experience and that the board, as a whole, and its committees were functioning effectively.

## Conflicts of interest

The board has approved a policy regarding directors' conflicts of interest and a register of potential conflicts of interest has been compiled and approved by the board. The directors have also undertaken to notify the chairman and the Company Secretary as soon as they become aware of any new actual or potential conflict of interest that would need to be considered and approved by the disinterested directors and added to the register. The register is reviewed by the board at each board meeting. The board can impose limits or conditions when giving authorisation if the directors consider this to be appropriate.

## Induction and professional development

The Company has a full, formal and tailored induction programme for new directors covering all the Company's policies, practices and strategies. A new director is provided with all necessary and relevant information about the Company, meets representatives of the Investment Manager and, where appropriate, the Company's other third-party service providers and is offered any training deemed necessary to fulfil their responsibilities and to familiarise them with all aspects of the business. Throughout their time in office, the directors are continually updated on the Company's business, the regulatory environment in which it operates and other changes affecting the Company by its advisers through written briefings and at board meetings. In addition, the chairman reviews the training and development needs of each director annually, as part of the evaluation process outlined above.

## Directors' & officers' liability insurance and indemnity provisions

It is the Company's policy to maintain directors' and officers' liability insurance at the Company's expense. This is due for renewal in September 2023.

As permitted by the Company's articles of association, the directors have the benefit of an indemnity, as defined by section 234 of the Companies Act 2006. It is the Company's policy to indemnify its directors in respect of costs or other liabilities which they may incur in connection with any claims made against them relating to their performance as directors or the performance of the Company. These indemnities would provide additional financial support if the level of cover provided by the directors' and Officers' liability insurance maintained by the Company were exhausted. There is no cover against fraudulent or dishonest actions.

## Meetings and committees

To enable the directors to discharge their duties, board committees, with written terms of reference, have operated throughout the year under review. The membership of each committee is detailed on page 28. Attendance at the meetings of the various committees is restricted to members and those expressly invited to attend. Maitland Administration Services Limited acts as Company Secretary to each committee.

# Corporate Governance Statement

continued

Copies of the terms of reference of all committees are available from the Company Secretary at the registered office of the Company and on the Investment Manager's website, [www.ecofininvest.com/egl](http://www.ecofininvest.com/egl).

## Audit Committee

The audit committee comprises Iain McLaren as chairman, Max King, Susannah Nicklin and David Simpson. It is the responsibility of the audit committee to ensure that the Company maintains the highest standards of integrity and financial reporting. As David Simpson is independent and provides significant input at meetings of the audit committee, the board considers it desirable for him to be a member of that committee notwithstanding provision 29 of the AIC Code.

Further information on the audit committee is given in the Report of the Audit Committee on page 33.

## Management Engagement Committee

The independent directors act as the management engagement committee and review the performance of all third-party service providers, their terms of appointment and remuneration. The committee meets at least annually. The committee has been chaired by David Simpson. Effective 19 December 2022 Susannah Nicklin assumed the chair. The committee conducts a formal evaluation of the Investment Manager on an annual basis. The evaluation includes the consideration of the investment strategy and process of the Investment Manager and its overall service to the Company and shareholders. As a result of the evaluation process, the board, having been advised by the management engagement committee, is satisfied that the continuing appointment of the Investment Manager is in the interests of shareholders as a whole.

## Nomination Committee

The board as a whole fulfils the role of nomination committee. The board is relatively small and comprises only non-executive directors and therefore a separate committee is not considered necessary. Further information on the board's policy on the appointment of new directors as well as board composition and tenure is set out on page 20 of the Strategic Report and page 27 of this Corporate Governance Statement.

## Remuneration Committee

In accordance with best practice and the AIC Code, the board has established a remuneration committee which, due to its small size, comprises the whole of the board. It meets at least annually to consider directors' remuneration in future years. The Directors' Remuneration Report, including the remuneration policy report, are set out on pages 30 to 32.

A schedule of directors' attendance at board and committee meetings during the year ended 30 September 2022 is shown below:

	Board	Audit Committee	Management Engagement Committee	Remuneration Committee
Number of scheduled Meetings	4	3	1	1
Attended by:				
Max King	4	3	1	1
Iain McLaren	4	3	1	1
Susannah Nicklin	4	3	1	1
David Simpson	4	3	1	1

In addition to the above, a number of ad hoc meetings of the directors were held during the year ended 30 September 2022, to cover procedural matters and formal approvals.

## Delegation of responsibilities

A key element of the system of controls adopted by the board is the employment of third-parties to provide services to the Company, and the establishment of clearly defined responsibilities and reporting procedures both between the board and those third-parties and amongst the third-parties themselves.

The board has contractually delegated management of the Company's investment portfolio to the Investment Manager, Ecofin UK. The Investment Manager does not, however, have custody of the Company's assets as they are held by Citigroup as independent custodian and with whom the Company has a prime brokerage agreement. The day-to-day accounting and administration of the Company are undertaken by BNP Paribas Securities Services S.C.A and company secretarial services are provided by Maitland Administration Services Limited.

The Investment Manager attends each board meeting, enabling the board to assess the Investment Manager's performance and to review its investment strategy. Please refer to the section titled Performance and market risk on page 16 of the Strategic Report which outlines the reporting provided by the Investment Manager to the board in advance of formal meetings and on an ad hoc basis. The board does not consider it necessary to obtain an independent appraisal of the Investment Manager's services.

## Internal controls

The board confirms that there is an ongoing process for identifying, evaluating and managing those risks that are significant for the Company. A robust assessment of the principal financial and non-financial risks faced by the Company as summarised in the Strategic Report on pages 16 to 18 and in note 16 to the Financial Statements has been carried out. This risk management process reflects the direction provided by the FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued in September 2014, and which was in place during the year ended 30 September 2022 and up to the date of signing of this annual report and accounts.

The board has ultimate responsibility for the internal controls adopted by the Company and for reviewing their effectiveness.

The Investment Manager, the Prime Broker and Custodian and the Administrator each has its own system of internal controls and prepares reports on its systems which are available to the board. At least annually, the Prime Broker and Custodian and the Administrator have their systems of internal controls formally reviewed by an independent external auditor and these reports on the effectiveness of their internal controls are provided to the Investment Manager which reviews them on behalf of the board and makes them available to the board as required. The Investment Manager is in regular contact with the Prime Broker and Custodian and Administrator and reviews their performance with the board on a regular basis. The Company Secretary would also report any breaches of law and regulation if they arose.

The system of controls the board has adopted is designed to manage, rather than to eliminate, the risk that the Company will be unable to meet its business objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss. The board monitored and reviewed the operation and effectiveness of the Company's system of internal controls and risk management during the year under review and assesses and manages the Company's key risks on an ongoing basis. The audit committee has established a framework to provide it and the board with reasonable assurance as to the effectiveness of the internal controls operated by third-party service providers.

The Company does not have a whistleblowing policy in place. The Company delegates its main functions to the Investment Manager and third-party service providers who do have such policies in place and these policies have been reviewed by the audit committee during the year.

During the review of the system of internal controls, the board has not identified or been advised of any significant failings or weaknesses.

#### Bribery and tax evasion prevention

The provision of bribes of any nature to third-parties, in order to gain a commercial advantage, and tax evasion are prohibited by law and are criminal offences. The board has zero tolerance for bribery and is dedicated to ensuring the Company's business is conducted in a fair, honest and open manner. The Company has adopted an anti-bribery policy and the Company's service providers also have anti-bribery policies in place. Further, the board has zero tolerance for tax evasion and is committed to compliance with anti-tax evasion legislation including, but not limited to, the Criminal Finances Act 2017.

#### Communication with shareholders

The board aims to ensure that shareholders are kept informed of developments in the Company's business through its published Interim and annual report and accounts. This information is supplemented by the publication of monthly newsletters which are announced to the London Stock Exchange and are available on the Investment Manager's website.

Communication with shareholders is given a high priority by the board and on its behalf the Investment Manager maintains regular contact with shareholders and prospective investors and makes the board fully aware of their views. The chairman and directors make themselves available as required to support these discussions and to address shareholders' queries.

The board supports the principle that, in usual circumstances, the AGM be used to communicate with investors, and all shareholders are encouraged to attend and vote at the meeting. Directors are available at the AGM to discuss issues affecting the Company. It is the intention of the board that the annual report and accounts for the year ended 30 September 2022 and the Notice of AGM be issued to shareholders so as to provide at least twenty working days' notice. Shareholders wishing to lodge questions in advance of the AGM are invited to do so by writing to the Company Secretary by email to cosec@maitlandgroup.com

A summary of all proxy voting on all resolutions will be made available on the Investment Manager's website following the meeting.

#### FCA Disclosure Guidance and Transparency Rules

Other information required to be disclosed pursuant to the FCA Disclosure Guidance and Transparency Rules can be found in the Directors' Report on page 21 and the Directors' Remuneration Report on page 30.

For and on behalf of the board

**David Simpson**

Chairman

19 December 2022

# Directors' Remuneration Report

## Introduction

The board presents the Directors' Remuneration Report (the "Remuneration Report") for the year ended 30 September 2022 which has been prepared in accordance with the requirements of Schedule 8 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 (the "Regulations"), as amended, by the Act and the relevant FCA Listing Rules.

The Remuneration Report includes a remuneration policy report which must be approved by a binding shareholder vote at least every three years, or less if the Company wishes to change its remuneration policy. The remuneration policy report, which was approved by shareholders on 2 March 2021 at the Company's AGM, is set out below and includes the table entitled "Component parts of the directors' remuneration".

This Remuneration Report also includes an annual report on remuneration implementation which is put to an advisory shareholder vote annually.

The Company's Auditor is required to report on certain information within this Remuneration Report. Where information set out below has been audited, it is indicated as such. The Auditor's opinion is included within the Independent Auditor's Report on page 36.

## Remuneration policy report (unaudited)

In accordance with best practice and the AIC Code, the board has established a separate remuneration committee which meets at least annually to consider remuneration of directors in future years. The remuneration committee operates within clearly defined terms of reference, which are reviewed annually, and is chaired by Max King with the other members of the committee comprising the other independent non-executive directors, being Iain McLaren, Susannah Nicklin and David Simpson.

The maximum aggregate remuneration of the Company's directors is set out in the Company's articles of association and currently amounts to £200,000 per annum. Subject to this limit, the remuneration committee takes a number of factors into consideration when reviewing the level of directors' fees. These include the time spent on the Company's affairs, the responsibilities borne by the directors and the rate of inflation since any previous increase in directors' pay. The Company's policy is that fees payable to directors should be sufficient to motivate and retain candidates of a high calibre to deliver the Company's strategy. The remuneration committee also takes into account the level of directors' pay at other investment trusts of similar size which invest globally, as the Company does, in order to be able to attract new directors with appropriate experience and knowledge. The remuneration committee has not used remuneration advisors during the year under review.

It is the Company's policy that no director shall be entitled to any benefits in kind, performance-related pay, share options, medical or life assurance, pensions or other retirement benefits. No director has a service contract with the Company or is entitled to compensation for loss of office. The Company does, however, reimburse any reasonable travel or similar expenses incurred by directors in connection with the performance of their duties as directors. The terms and conditions of appointment of the directors are set out in a letter of appointment and these are available for inspection at the registered office of the Company during normal business hours. A director may resign by providing notice in writing to the board at any time; there is no fixed notice period.

The chairman's and non-executive directors' remuneration is fixed at annual rates, and there are no other scenarios where remuneration would vary. Please also refer to "directors' appointment and tenure" on page 27 in the Corporate Governance Statement.

## Component parts of the directors' remuneration

	Year ended 30 September 2022	Year ended 30 September 2021
Chairman of the board	£35,250	£34,000
Chairman of the Audit committee	£29,750	£28,750
Non-executive director	£26,250	£25,500

1. The Company's policy is for the chairman of the board and the chairman of the audit committee to be paid higher fees than other directors to reflect their more time-consuming roles.
2. Directors' fees are paid up to the date of termination of their appointment, with no exit payments or compensation for loss of office payments applicable.
3. As the Company has no employees, there are no comparisons to be made between this directors' remuneration policy and a policy on the remuneration of employees.
4. Directors are entitled to claim expenses in respect of duties undertaken in connection with the management of the Company.
5. Fees are paid quarterly in arrears.
6. Fees are reviewed on an annual basis.

## Annual report on remuneration

This report sets out how the directors' remuneration policy was implemented during the year ended 30 September 2022.

The remuneration committee reviews the fees paid to directors on an annual basis. A decision was taken to increase directors' fees with effect from 1 October 2022 to the following levels: chairman of the board, £40,000; chairman of the audit committee, £33,500; and non-executive directors, £29,000. The rises given reflect the increase in the Consumer Prices Index for the financial year, together with increments for the chairman of the board and the chairman of the audit committee to reflect their increased levels of work and to bring their pay closer to the median of similar investment trusts.

Directors are only entitled to fees at such rates as are determined by the remuneration committee from time to time. No director is entitled to any other form of monetary payment or any assets of the Company. Accordingly, the single figure for the total remuneration of each director set out in the table overleaf does not include any of these items or their monetary equivalents.

#### Single figure for total remuneration of each director (audited)

The directors who served during the year under review received the following emoluments.

Directors	Year ended 30 September 2022			Year ended 30 September 2021		
	Fees £	Taxable benefits <sup>1</sup> £	Total £	Fees £	Taxable benefits <sup>1</sup> £	Total £
Max King	26,250	–	26,250	25,500	–	25,500
Iain McLaren	29,750	–	29,750	28,750	–	28,750
Susannah Nicklin	26,250	–	26,250	25,500	–	25,500
David Simpson	35,250	–	35,250	34,000	–	34,000

1. Taxable benefits refer to travel costs.

None of the fees referred to in the table above were paid to any third-party in respect of the services provided by any of the directors.

#### Annual percentage change in directors' remuneration (unaudited)

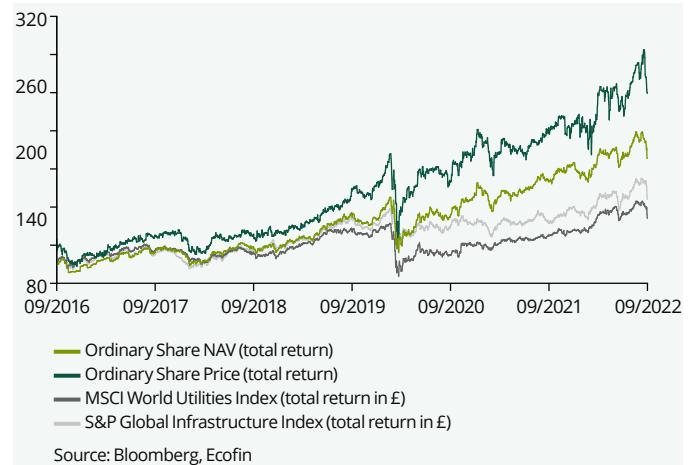
The following table sets out the annual percentage change in directors' fees (excluding expenses paid) for each director for the last three years:

Director name	Year to 30 September 2022	Year to 30 September 2021	Year to 30 September 2020
Max King	2.9%	2.0%	2.9%
Iain McLaren	3.5%	2.7%	3.7%
Susannah Nicklin <sup>1</sup>	2.9%	n/a	n/a
David Simpson	3.7%	3.0%	4.8%

1. Appointed to the board on 9 September 2020.

#### Performance (unaudited)

The graph below compares the Company's NAV and price per ordinary share, on a total return basis (assuming reinvestment of dividends), with the performance of an investment in the MSCI World Utilities Index and the S&P Global Infrastructure Index, also in sterling terms and assuming reinvestment of dividends, for the period since admission. These indices are deemed appropriate given the specialised, global nature of the Company's investment remit. The data has been rebased to 100 as at admission on 26 September 2016.



#### Relative importance of spend on pay (unaudited)

To enable shareholders to assess the relative importance of spend on directors' remuneration, the table below shows the Company's total income and net profit as well as the amount of the Company's income spent on directors' fees and dividends paid to shareholders.

	Year ended 30 September 2022 (£'000)	Year ended 30 September 2021 (£'000)
Directors' fees	114	125
Dividends paid to shareholders	7,393	6,533
Total income	9,835	8,476
Net return after tax	18,485	36,086

# Directors' Remuneration Report

continued

## Directors' shareholdings and share interests (audited)

Neither the Company's Articles of Association nor the directors' letters of appointment require any director to own shares in the Company. The interests of the directors and their connected persons in the equity securities of the Company are shown in the table below:

Director	Ordinary shares	
	30 September 2022	30 September 2021
Max King	30,000	30,000
Iain McLaren	25,821	24,983
Susannah Nicklin	11,799	10,054
David Simpson	91,739	94,050

On 28 October 2022 Susannah Nicklin acquired 961 shares at 205.35p per share.

On 13 December 2022 Iain McLaren acquired 222 shares at 211.76p per share by way of dividend reinvestment. At the latest date practicable before publication, there have been no further changes to the directors' shareholdings since the year end.

In addition to the directors' shareholdings above, at 30 September 2022, employees of Ecofin and related parties owned 397,852 shares, representing 0.4% of the issued ordinary share capital of the Company (unaudited).

## Shareholders' views (unaudited)

The Company has not received any views from shareholders in respect of the directors' remuneration.

At the Company's last AGM held on 2 March 2022, 11,737,139 (99.04%) of votes cast were in favour of the resolution to approve the annual remuneration report, 114,222 (0.96%) of the votes cast were against the resolution, and 114,422 votes were withheld. The directors' Remuneration Policy requires approval at least every three years and was last approved at the Company's AGM held on 2 March 2022, where 11,721,189 (99.18%) of votes cast were in favour of the resolution, 96,488 (0.82%) of the votes cast were against the resolution, and 96,488 votes were withheld.

## Statement of implementation of directors' remuneration policy

The board does not envisage that there will be any significant changes to the implementation of the directors' remuneration policy during the current financial year compared to how it was implemented during the year ended 30 September 2022.

## Annual statement by the director nominated by the board

The Company is an investment trust which invests globally in specific industry sectors. The board believes, therefore, that the remuneration of directors should be sufficient to attract and retain individuals who are knowledgeable about the investment trust industry and also may have special knowledge of the sectors in which the Company invests, the issues it faces in investing globally, and the risks to which it is exposed.

On behalf of the board, I, as chairman of the remuneration committee, confirm that this Remuneration Report summarises, as applicable, for the year ended 30 September 2022:

- the major decisions on directors' remuneration;
- any substantial changes relating to directors' remuneration made during the year; and
- the context in which those changes occurred and decisions were taken (where appropriate).

## Recommendation

The board considers the resolution to be proposed at the forthcoming AGM is in the best interests of shareholders as a whole. Accordingly, the board unanimously recommends to shareholders that they vote in favour of resolution 3 in the Notice of Annual General Meeting, as they intend to do so in respect of their own beneficial holdings.

For and on behalf of the board

## Malcolm King

Chairman of the Remuneration Committee

19 December 2022

# Report of the Audit Committee

As chairman of the Company's audit committee, I am pleased to present the committee's report for the year ended 30 September 2022.

## The role of the committee

The audit committee operates within clearly defined terms of reference, which are reviewed annually, and provides a forum through which the Company's external Auditor reports to the directors.

The principal tasks of the committee are to consider the appropriateness of the Company's accounting policies, to review the Company's interim report and annual report and accounts before recommending them to the board for approval, and to oversee the external audit process. The committee also recommends to the board whether the Company's annual report and accounts, taken as a whole, is fair, balanced and understandable and provides shareholders with the information they need to assess the Company's business model, strategy and position and performance.

With regard to the annual audit, the committee reports on the effectiveness of the external audit process and on the areas of audit risk with respect to the Company's annual report and accounts it considers to be most significant. The committee also assesses the adequacy of the internal controls of third-parties which provide services to the Company.

## Composition and meetings of the committee

The committee is chaired by me, Iain McLaren, and the other members are Max King, Susannah Nicklin and David Simpson. As chairman of the committee, I have relevant and recent financial experience as a chartered accountant, and the other members have spent their careers working for a number of leading financial institutions. Accordingly, it is considered that the committee as a whole has competence relevant to the sector. The board notes that the AIC Code allows for the chairman of the board to be a member of the audit committee if they were independent on appointment. The board considers it desirable for David Simpson to be a member of the committee as he provides significant input at committee meetings. The committee met three times during the year under review and intends to continue to hold three meetings per annum to consider and approve the Company's interim and annual results and, prior to the annual results, to consider the re-appointment of the Auditor. The committee may also meet at other times during the year as required. More information on the members of the committee can be found on page 28.

## The external Auditor

BDO LLP ("BDO") was appointed as the Company's Auditor in March 2021 as a result of the audit tender undertaken in 2020. The Company will pay fees of £34,500 excluding VAT for the external audit with respect to the year ended 30 September 2022. There are no contractual obligations that restrict the Company's choice of Auditor and the committee, in conjunction with the board, is committed to reviewing the appointment of the Auditor every year.

The committee reviews the independence of the Auditor and, in particular, whether the provision of any non-audit services to the Company by BDO could compromise BDO's independence and objectivity as Auditor. BDO reviews its relationship with the Company on an annual basis and reports to the board, providing details of any other relationships it may have with the Investment Manager. As part of this process, the Company also receives confirmation from BDO of its independence.

The Company's policy with respect to appointing its Auditor to carry out any proposed non-audit service is to allow this where permitted by regulation, where BDO has a competitive advantage over alternative suppliers, and where this does not result in levels of non-audit fees being 70% of the average of the fees paid in the last three consecutive financial years for the statutory audit on a rolling basis. No non-audit services were provided during the year.

## The external audit process

Over the course of the year under review, the committee:

- considered the appropriateness of the Company's accounting policies;
- reviewed the performance of the Investment Manager, the Administrator and other service providers in the audit process;
- approved the external Auditor's plan for the audit, paying particular attention to areas of audit risk and the appropriateness of the level of materiality adopted;
- reviewed and recommended that the board approve the audit fees payable to the Auditor and the terms of its engagement;
- assessed the independence and objectivity of the Auditor, including its policies for maintaining independence;
- reviewed the conduct of the external audit and the quality of the audit team; and recommended to the board the re-appointment of the Auditor; and
- reviewed the interim report and annual report and accounts (including the Auditor's report, where applicable) and recommended these to the board for approval.

These activities allowed the committee to assess the effectiveness of the Auditor. To further assess the effectiveness of the audit, the committee held discussions with the Investment Manager which, in turn, worked closely with the Company's Administrator and Auditor. The Auditor attended the committee meeting at which the annual report and accounts were considered and the committee had opportunities to discuss the progress of the audit with the Auditor without either the Investment Manager or the Administrator being present.

In the course of this evaluation, the audit committee received management assessments and reports from the Auditor and reviews annual assessments on BDO from the FRC.

# Report of the Audit Committee

continued

## Significant issues considered by the Committee with respect to the annual report and accounts

ISSUE CONSIDERED	HOW THE ISSUE WAS ADDRESSED
<b>Accuracy and integrity of the Financial Statements.</b>	Review of audit plan. Consideration of draft annual report and accounts and interim report, including a review of the appropriateness of accounting policies, the effectiveness of the system of internal controls and regulatory developments during the year and approval of letters of representation.
<b>Incorrect holdings in or valuation of the investment portfolio, including incorrect application of exchange rate movements or failure to assess share liquidity appropriately.</b>	Consideration and review of valuation process and methodology to establish the existence of portfolio holdings and the accuracy and completeness over the valuations being recommended for approval to the board. The Investment Manager reports on the liquidity profile of the Company's portfolio at least quarterly in presentations to the board.
<b>Incomplete or inaccurate recognition of revenues (including special dividends).</b>	Consideration and review of all revenues received compared with forecasts and of allocation of special dividends between revenue and capital.
<b>Review of internal control system and risks.</b>	Review of risk map, compliance against the AIC Code, compliance with Section 1158 Corporation Tax Act 2010 and all policies and procedures in place.

## Accounting policies

Since inception the management fee and borrowing costs have been allocated 50% to the capital account and 50% to the revenue account. Further to a review, with effect from 1 October 2022 the management fee and borrowing costs are allocated 60% to the capital account and 40% to the revenue account.

## Conclusions with respect to the annual report and accounts

The production of the Company's annual report and accounts is a complex process and the external audit involves a number of parties including the board, the Investment Manager, the Administrator and Company Secretary and the custodian of the Company's assets, Citigroup.

The committee has reviewed the controls which are in place at the Investment Manager and other third-party service providers to ensure the completeness and accuracy of the Company's financial records and the security of its assets. The committee has also noted the reviews that are undertaken at different stages in the production process by the board, the Investment Manager, the Administrator and Company Secretary and the Auditor to ensure consistency and balance in the presentation of the annual report and accounts.

The board has also been made fully aware of any significant financial reporting issues and judgements made in connection with the preparation of the Financial Statements.

As a result, the committee has concluded that the annual report and accounts for the year ended 30 September 2022, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy. The committee has reported to the board and the board's conclusions are set out in the Management Report and Directors' Responsibilities Statement on page 35.

## Re-appointment of the Auditor

The committee is satisfied as to the independence of BDO and recommends its re-appointment at the forthcoming AGM.

### Iain McLaren

Chairman of the audit committee

19 December 2022

# Management Report and Directors' Responsibilities Statement

## Management report

Listed companies are required by the FCA's Disclosure Guidance and Transparency Rules (the "Rules") to include a Management Report in their Financial Statements. This information is included in the Strategic Report on pages 14 to 20 inclusive (together with the sections of the annual report and accounts incorporated by reference) and the Directors' Report on pages 21 to 25. Therefore, a separate Management Report has not been included.

## Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice ("UK GAAP")). Under company law the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The annual report and accounts is published on the Investment Manager's website <https://ecofininvest.com/egl> and the directors are responsible for the maintenance and integrity of the corporate and financial information about the Company included on this website. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the annual report and accounts since it was initially presented on the website.

## Directors' confirmation statement

The directors listed on page 13 as the persons responsible within the Company hereby confirm that, to the best of their knowledge:

- a) the Financial Statements within the annual report and accounts of which this statement forms a part have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- b) the Management Report, which comprises the Chairman's Statement, Investment Manager's Report, Strategic Report (including risk factors) and note 16 to the Financial Statements, includes a fair review of the development and performance of the business and position of the Company, together with the principal risks and uncertainties that it faces.

Having taken advice from the audit committee, the directors consider that the annual report and accounts taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The directors have reached these conclusions through a process which is described in the Report of the Audit Committee on page 33.

On behalf of the board

**David Simpson**  
Chairman

19 December 2022

# Independent Auditor's Report

to the members of Ecofin Global Utilities and Infrastructure Trust plc

## Opinion on the financial statements

In our opinion::

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its profit for the year then ended;
- the Company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Ecofin Global Utilities and Infrastructure Trust plc (the 'Company') for the year ended 30 September 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional Report to the Audit Committee.

## Independence

Following the recommendation of the audit committee, we were appointed as Independent Auditor by the members at the Annual General Meeting on 9 March 2021 to audit the financial statements for the year ending 30 September 2021 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 2 years, covering the years ending 30 September 2021 to 30 September 2022. We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining and assessing the reasonableness of management's assessment of the going concern status of the Company.

- We performed our own independent testing on the liquidity of the portfolio to corroborate that the portfolio is sufficiently liquid that, if necessary, it could be liquidated in order to meet the Company's liabilities as they fall due.
- We confirmed with reference to the minutes of the Annual General Meeting (AGM) held on 9 March 2022 that the next continuation vote falls in 2024.
- We evaluated management's method of assessing going concern based on our knowledge of the business and the environment that it operates in.
- We challenged management's assumptions and judgements around future growth in key business areas (ie dividend income, assets under management and expenses) by looking at historical performances and current market conditions.
- We obtained the client's stress-testing scenarios, which modelled future decreases in revenue and AUM of up to 50%, agreed the formulas and calculations, and considered the appropriateness of the stress-test scenarios in light of our knowledge of the business.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Overview

	2022	2021
Key audit matters	• Valuation and ownership of investments	✓ ✓
	• Revenue recognition	✓ ✓
Materiality	• Financial statements as a whole	
	• £2,330m (2021: £1,960m) based on 1% (2021: 1%) of net assets	

## An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Key audit matter****Valuation and ownership of investments**

Note 1 and note 9

The valuation and ownership of investments is the most significant audit area as investments represent the most significant balance in the Financial Statements and underpin the principal activity of the entity. We therefore considered this to be a key audit matter.

**How the scope of our audit addressed the key audit matter**

We have responded to this matter by testing the valuation and ownership of 100% of the portfolio of investments.

We performed the following procedures on valuation:

- Confirmed that bid price has been used by agreeing to externally quoted prices;
- Checked the foreign currency exchange rate adopted to independent sources;
- Recalculated the valuation by multiplying the number of shares held by the bid price per share;
- Checked that there are no contra indicators, such as liquidity considerations, to suggest the bid price is not the most appropriate indication of fair value by considering the realisation period for individual holdings.

We have corroborated ownership of the investments by reference to confirmation from the custodian.

**Key observations:**

The results of our procedures supported the investment valuations used by management and we did not note any issues relating to the ownership of the investments.

**Revenue Recognition**

Note 1 and note 2

Income arises predominately from overseas dividends and to a lesser extent UK dividends. It is material and can be volatile and is a key factor in demonstrating the performance of the portfolio.

Furthermore, judgement is required in the allocation of income to revenue or capital. Accordingly, we considered revenue recognition to be a key audit matter.

We have responded to this matter by developing an independent expectation of 100% of dividend income based on the investment holding and data on portfolio company distributions obtained from independent sources.

We have analysed the population of dividend receipts to identify any items that could indicate a potential capital distribution, for example where a dividend represents a particularly high yield. For such items, we reviewed the relevant payee company's announcement and other relevant information to determine whether the dividend had been appropriately treated as revenue or capital.

We traced a sample of dividend income receipts to bank.

**Key observations:**

Based on our procedures performed we concur with management's judgements and consider revenue recognition to be appropriate.

# Independent Auditor's Report

to the members of Ecofin Global Utilities and Infrastructure Trust plc

continued

## Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

		Financial statements
		2022
Materiality	£2,330,000	2021
Basis for determining materiality	1% of net assets	1% of net assets
Rationale for the benchmark applied	As an investment trust, net asset value is considered to be the key measure of performance.	As an investment trust, net asset value is considered to be the key measure of performance.
Performance materiality	£1,747,500	£1,470,000
Basis for determining performance materiality	75% of materiality based on the brought forward uncorrected misstatements, known or expected misstatements for the current year, prior year corrected misstatements and the number of areas of the financial statements subject to estimation uncertainty.	75% of materiality based on the brought forward uncorrected misstatements, known or expected misstatements for the current year, prior year corrected misstatements and the number of areas of the financial statements subject to estimation uncertainty.

## Specific materiality

We also determined that for items impacting on revenue return, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined a specific materiality of £387,000 (2021: £335,000) for these items based on 5% (2021: 5%) of net revenue return before tax. We further applied a performance materiality level of 75% (2021: 75%) of specific materiality, namely £290,000 (2021: £251,000), to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

## Reporting threshold

We agreed with the audit committee that we would report to them all individual audit differences in excess of £116,500 (2021: £98,000) or £19,000 (2021: £16,000) for items impacting on the revenue return, which is set at 5% of materiality of the respective materiality levels. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Corporate governance statement**

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

#### **Going concern and longer-term viability**

- The directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 23; and
- The directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 19.

#### **Other Code provisions**

- Directors' statement is fair, balanced and understandable;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems; and
- The section describing the work of the audit committee.

### **Other Companies Act 2006 reporting**

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

#### **Strategic Report and Directors' Report**

- In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
  - the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

#### **Directors' remuneration**

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# Independent Auditor's Report

to the members of Ecofin Global Utilities and Infrastructure Trust plc

continued

## Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the relevant laws and regulations impacting the entity and the susceptibility of the financial statements to fraud through our knowledge of investment trusts, review of the prior year financial statements, discussions with management at the audit planning meeting and with Those Charged With Governance at the audit committee meetings. We considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA listing and DTR rules, the principles of the UK Corporate Governance Code, industry practice represented by the AIC SORP and FRS 102. We also considered the company's qualification as an Investment Trust under UK tax legislation (s1158/1159 of the Corporation Taxes Act 2010). We considered the area where the Financial Statements could be materially misstated due to fraud to be management override. Our response to revenue recognition is documented in the key audit matter.

We considered compliance with this framework through discussions with the audit committee and performed audit procedures on these areas as considered necessary.

We focused on laws and regulations that could give rise to a material misstatement in the Company financial statements, and the susceptibility of the entity's financial statements to material misstatement including fraud or irregularities which we considered to be around the valuation of investments and recognition of dividend income through management override of controls. Our tests included:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of Investment Manager, Administrator and Those Charged With Governance about any fraud, known breaches, correspondence with regulators or non-compliance with laws and regulations applicable to the company;
- testing of a risk-based sample of journal postings made during the year to identify potential management override of controls;
- the procedures as outlined in our key audit matters above;
- review of legal invoices;
- checked compliance with each of the Investment Trust tax legislation tests;
- review of minutes of board meetings throughout the period; and
- obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

The engagement team was deemed to collectively have the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Peter Smith (Senior Statutory Auditor)

For and on behalf of BDO LLP

Statutory Auditor  
London, UK

19 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Statement of Comprehensive Income

	Notes	Year ended 30 September 2022			Year ended 30 September 2021		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Gains on investments held at fair value through profit or loss	9	-	16,129	16,129	-	28,742	28,742
Foreign exchange (losses)/gains		-	(3,076)	(3,076)	-	1,115	1,115
Investment income	2	9,835	-	9,835	8,476	1,281	9,757
Investment management fees	3	(1,089)	(1,089)	(2,178)	(935)	(935)	(1,870)
Administrative expenses	4	(885)	-	(885)	(780)	-	(780)
<b>Net return before finance costs and taxation</b>		<b>7,861</b>	<b>11,964</b>	<b>19,825</b>	6,761	30,203	36,964
Finance costs	5	(118)	(118)	(236)	(42)	(42)	(84)
<b>Net return before taxation</b>		<b>7,743</b>	<b>11,846</b>	<b>19,589</b>	6,719	30,161	36,880
Taxation	7	(1,104)	-	(1,104)	(794)	-	(794)
<b>Net return after taxation</b>		<b>6,639</b>	<b>11,846</b>	<b>18,485</b>	5,925	30,161	36,086
 <b>Return per ordinary share (pence)</b>	 8	 <b>6.42</b>	 <b>11.46</b>	 <b>17.88</b>	 5.98	 30.42	 36.40

The total column of the Statement of Comprehensive Income is the profit and loss account of the Company.

The revenue and capital columns are supplementary to this and are published under guidance from the AIC.

All revenue and capital returns in the above statement derive from continuing operations. No operations were acquired or discontinued during the year ended 30 September 2022.

The Company has no other comprehensive income and therefore the net return on ordinary activities after taxation is also the total comprehensive income for the year.

The accompanying notes are an integral part of the Financial Statements.

# Statement of Financial Position

	Notes	As at 30 September 2022 £'000	As at 30 September 2021 £'000
<b>Non-current assets</b>			
Equity securities valued at fair value through profit or loss	9	<b>258,334</b>	220,916
<b>Current assets</b>			
Debtors and prepayments	10	<b>1,409</b>	1,103
Cash at bank		–	11,251
		<b>1,409</b>	12,354
<b>Creditors: amounts falling due within one year</b>			
Prime brokerage borrowings		(25,613)	(35,873)
Other creditors	11	(1,078)	(850)
		(26,691)	(36,723)
<b>Net current liabilities</b>		<b>(25,282)</b>	(24,369)
<b>Net assets</b>		<b>233,052</b>	196,547
<b>Share capital and reserves</b>			
Called-up share capital	12	<b>1,119</b>	1,007
Share premium account	13	<b>40,801</b>	15,500
Special reserve		<b>116,976</b>	117,730
Capital reserve	14	<b>74,156</b>	62,310
Revenue reserve		–	–
<b>Total shareholders' funds</b>		<b>233,052</b>	196,547
<b>Net asset value per ordinary share (pence)</b>	15	<b>208.14</b>	195.11

The Financial Statements were approved by the board of directors and authorised for issue on 19 December 2022 and were signed on its behalf by:

**David Simpson**

Director

The accompanying notes are an integral part of the Financial Statements.

# Statement of Changes in Equity

		For the year ended 30 September 2022					
	Notes	Share capital £'000	Share premium account £'000	Special reserve <sup>1</sup> £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 October 2021		1,007	15,500	117,730	62,310	-	196,547
Return after taxation		-	-	-	11,846	6,639	18,485
Issue of ordinary shares	12, 13	112	25,301	-	-	-	25,413
Dividends paid	6	-	-	(754)	-	(6,639)	(7,393)
<b>Balance at 30 September 2022</b>		<b>1,119</b>	<b>40,801</b>	<b>116,976</b>	<b>74,156</b>	<b>-</b>	<b>233,052</b>

		For the year ended 30 September 2021					
	Notes	Share capital £'000	Share premium account £'000	Special reserve <sup>1</sup> £'000	Capital reserve £'000	Revenue reserve £'000	Total £'000
Balance at 1 October 2020		950	4,956	118,338	32,149	-	156,393
Return after taxation		-	-	-	30,161	5,925	36,086
Issue of ordinary shares	12, 13	57	10,544	-	-	-	10,601
Dividends paid	6	-	-	(608)	-	(5,925)	(6,533)
<b>Balance at 30 September 2021</b>		<b>1,007</b>	<b>15,500</b>	<b>117,730</b>	<b>62,310</b>	<b>-</b>	<b>196,547</b>

1. The special reserve may be used, where the board considers it appropriate, by the Company for the purposes of paying dividends to shareholders and, in particular, smoothing payments of dividends to shareholders.

The accompanying notes are an integral part of the Financial Statements.

# Statement of Cash Flows

	Notes	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
<b>Net return before finance costs and taxation</b>		<b>19,825</b>	<b>36,964</b>
Increase in accrued expenses		228	85
Overseas withholding tax		(786)	(753)
Deposit interest income		(37)	(21)
Dividend income		(9,798)	(8,455)
Foreign exchange (losses)		3,076	(1,115)
Dividends received		9,462	8,227
Deposit interest received		37	21
Interest paid		(236)	(84)
Gains on investments		(16,129)	(28,742)
Increase in other debtors		1	2
<b>Net cash flow from operating activities</b>		<b>5,643</b>	<b>6,129</b>
<b>Investing activities</b>			
Purchases of investments		(76,989)	(97,893)
Sales of investments		56,277	84,716
<b>Net cash used in investing activities</b>		<b>(20,712)</b>	<b>(13,177)</b>
<b>Financing activities</b>			
Movement in prime brokerage borrowings		(10,260)	13,985
Dividends paid	6	(7,393)	(6,533)
Share issue proceeds		25,413	10,601
<b>Net cash from financing activities</b>		<b>7,760</b>	<b>18,053</b>
<b>(Decrease)/increase in cash</b>		<b>(7,309)</b>	<b>11,005</b>
<b>Analysis of changes in cash during the year</b>			
Opening balance		11,251	-
Foreign exchange movement		(3,942)	246
(Decrease)/increase in cash		(7,309)	11,005
<b>Closing balance</b>		<b>-</b>	<b>11,251</b>

The accompanying notes are an integral part of these Financial Statements.

# Notes to the Financial Statements

For the year ended 30 September 2022

## 1. Accounting policies

### (a) Basis of preparation

The Financial Statements have been prepared in accordance with the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice ("UK GAAP"), including the Financial Reporting Standard applicable in the U.K. and Republic of Ireland ("FRS 102") and with the Statement of Recommended Practice 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in April 2021. The Financial Statements are prepared in Sterling which is the functional currency of the Company and rounded to the nearest £'000. They have also been prepared on a going concern basis and approval as an investment trust has been granted by HMRC.

The Company's assets consist substantially of equity shares in companies listed on recognised stock exchanges and in most circumstances are realisable within a short timescale. The board has set limits for borrowing and regularly reviews actual exposures and cash flow projections. The Company has prime broker borrowings to draw upon, and these borrowings are repayable on demand.

Having taken these factors into account and having assessed the principal risks and other matters set out in the Viability Statement on page 19, the directors believe that, after making enquiries, the Company has adequate resources to continue in operational existence for the foreseeable future and has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of this Report. Accordingly, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Further detail is included in the Directors' Report (unaudited) on page 21.

### Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires the use of certain significant accounting judgements, estimates and assumptions which requires management to exercise its judgement in the process of applying the accounting policies and are continually evaluated. Special dividends are assessed and credited to capital or revenue according to their circumstances and are considered to require significant judgement. The directors do not consider there to be any significant estimates within the Financial Statements.

### (b) Income

Income from investments, including taxes deducted at source, is included in revenue by reference to the date on which the investment is quoted ex-dividend. Special dividends are credited to capital or revenue, according to the circumstances. The fixed returns on debt securities are recognised on a time apportionment basis so as to reflect the effective yield on the debt securities. Interest receivable from cash and short-term deposits is treated on an accruals basis.

### (c) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged to the revenue account except where they directly relate to the acquisition or disposal of an investment, in which case they are charged to the capital account; in addition, expenses are charged to the capital account where a connection with the maintenance or enhancement of the value of the investments can be demonstrated. In this respect the management fee and borrowing costs have been allocated 50% to the capital account and 50% to the revenue account.

With effect from 1 October 2022, the allocation of the management fee and borrowing costs between the capital and revenue accounts was changed such that these expenses are allocated 60% to the capital account and 40% to the revenue account.

### (d) Taxation

The charge for taxation is based on the profit for the year to date and takes into account, if applicable, taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided using the liability method on all timing differences, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in future against which the deferred tax asset can be offset.

Due to the Company's status as an investment trust company and the intention to continue meeting the conditions required to obtain approval in the foreseeable future, the Company has not provided deferred tax on any capital gains and losses arising on the revaluation or disposal of investments.

The tax effect of different items of income/gain and expenditure/loss is allocated between capital and revenue within the Statement of Comprehensive Income on the same basis as the particular item to which it relates using the Company's effective rate of tax for the year, based on the marginal basis.

# Notes to the Financial Statements

For the year ended 30 September 2022

continued

## 1. Accounting policies (continued)

### (e) Valuation of investments

For the purposes of preparing the Financial Statements, the Company has applied Sections 11 and 12 of FRS 102 in respect of financial instruments. All investments are measured initially and subsequently at fair value and transaction costs are expensed immediately. Investment transactions are accounted for on a trade date basis. The fair value of the financial instruments in the Statement of Financial Position is based on their quoted bid price at the reporting date, without deduction of the estimated future selling costs.

Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as "Gains on investments held at fair value through profit or loss". Also included within this caption are transaction costs in relation to the purchase or sale of investments, including the difference between the purchase price of an investment and its bid price at the date of purchase.

### (f) Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of change in value.

### (g) Borrowings

Short-term borrowings, which comprise of prime brokerage borrowings, are recognised initially at the fair value of the consideration received, net of any issue expenses, and subsequently at amortised cost using the effective interest method. The finance costs, being the difference between the net proceeds of borrowings and the total amount of payments required to be made in respect of those borrowings, accrue evenly over the life of the borrowings and are allocated 50% to revenue and 50% to capital.

### (h) Segmental reporting

The directors are of the opinion that the Company is engaged in a single segment of business activity, being investment business. Consequently, no business segmental analysis is provided.

### (i) Nature and purpose of reserves

#### Share premium account

The balance classified as share premium includes the premium above nominal value received by the Company on issuing shares net of issue costs.

#### Special reserve

The special reserve arose following court approval in November 2016 to transfer the entire £123,609,000 from the share premium account. This reserve is distributable and may be used, where the board considers it appropriate, by the Company for the purposes of paying dividends to shareholders and, in particular, augmenting or smoothing payments of dividends to shareholders. There is no guarantee that the board will in fact make use of this reserve for the purpose of the payment of dividends to shareholders. The special reserve can also be used to fund the cost of share buy-backs.

#### Capital reserve

Gains and losses on disposal of investments and changes in fair values of investments are transferred to the capital account. Foreign exchange differences of a capital nature are also transferred to the capital account. The capital element of the management fee and relevant finance costs are charged to this account. Any associated tax relief is also credited to this account.

#### Revenue reserve

This reserve reflects all income and costs which are recognised in the revenue column of the Statement of Comprehensive Income.

The Company's special reserve, capital reserve and revenue reserve may be distributed by way of dividend.

### (j) Foreign currency

Monetary assets and liabilities and non-monetary assets held at fair value in foreign currencies are translated into Sterling at the rates of exchange ruling at the Statement of Financial Position date. Transactions involving foreign currencies are converted at the rate ruling on the date of the transaction. Gains and losses on the translation of foreign currencies are recognised in the revenue or capital account of the Statement of Comprehensive Income depending on the nature of the underlying item

### (k) Dividends payable

Dividends are recognised in the period in which they are paid.

## 2. Income

	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
<b>Income from investments (revenue account)</b>		
UK dividends	1,254	1,233
Overseas dividends	7,966	6,995
Stock dividends	578	227
	<b>9,798</b>	8,455
<b>Other income (revenue account)</b>		
Deposit interest	37	21
<b>Total income</b>	<b>9,835</b>	8,476

During the period to 30 September 2022 the Company received special dividends totalling £416,000 (30 September 2021: £1,281,000), all of which was recognised as revenue and is included in the revenue column of the Statement of Comprehensive Income.

## 3. Investment management fee

	Year ended 30 September 2022			Year ended 30 September 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Investment management fee	1,089	1,089	2,178	935	935	1,870

The Company has an agreement with Ecofin Advisors Limited for the provision of investment management services.

The management fee was calculated at 1.00% per annum of the Company's NAV on the first £200 million and 0.75% per annum of NAV thereafter, payable quarterly in arrears. The management fee is chargeable 50% to revenue and 50% to capital. During the year £2,178,000 (30 September 2021: £1,870,000) of investment management fees were earned by the Investment Manager, with a balance of £562,000 (30 September 2021: £491,000) being payable to Ecofin Advisors Limited at the year-end.

## 4. Administrative expenses

	Year ended 30 September 2022 £'000		Year ended 30 September 2021 £'000
	Revenue £'000	Capital £'000	Revenue £'000
Administration and company secretarial fees	268		262
Directors' remuneration	118		125
Auditor's remuneration:			
fees payable to the Company's auditor for the audit of the Company's annual accounts	41		38
Printing and postage fees	38		25
Directors' liability insurance	8		6
Depository fees	101		84
Regulatory fees	109		26
Employer's National Insurance contributions	7		3
Registrar's fees	29		27
Advisory and legal fees	139		166
Other expenses	27		18
	<b>885</b>		780

All of the expenses above include irrecoverable VAT where applicable. For the Auditor's remuneration for the statutory audit, irrecoverable VAT amounted to £7,000 (30 September 2021: £6,000).

Advisory and legal fees include: fees in respect of sponsored research and other marketing resources, any legal fees and an accrual for expenses relating to the recovery of excess taxes withheld on foreign dividends.

Regulatory fees include the cost of the blocklisting facility which permits the Company to issue shares in response to investor demand. This was renewed twice during the financial year ended 30 September 2022.

# Notes to the Financial Statements

For the year ended 30 September 2022

continued

## 5. Finance costs

	Year ended 30 September 2022			Year ended 30 September 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Prime brokerage borrowings – interest	118	118	236	42	42	84

## 6. Dividends on ordinary shares

	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Fourth interim for 2020 of 1.65p (paid 30 November 2020)	-	1,576
First interim for 2021 of 1.65p (paid 26 February 2021)	-	1,633
Second interim for 2021 of 1.65p (paid 28 May 2021)	-	1,662
Third interim for 2021 of 1.65p (paid 31 August 2021)	-	1,662
Fourth interim for 2021 of 1.65p (paid 30 November 2021)	1,666	-
First interim for 2022 of 1.85p (paid 28 February 2022)	1,874	-
Second interim for 2022 of 1.85p (paid 31 May 2022)	1,893	-
Third interim for 2022 of 1.85p (paid 31 August 2022)	1,960	-
	7,393	6,533

The proposed fourth interim dividend for 2022 has not been included as a liability in these Financial Statements as it was not payable until after the reporting date.

Set out below are the total dividends paid and proposed in respect of the financial period, which is the basis on which the requirements of Section 1158-1159 of the Corporation Tax Act 2010 are considered. The revenue available for distribution by way of dividend for the year was £6,639,000 (30 September 2021: £5,925,000).

	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Three interim dividends of 1.85p each (2021: three interim dividends of 1.65p each)	5,727	4,957
Proposed fourth interim dividend 1.85p (2021: 1.65p)	2,082	1,666
	7,809	6,623

The amount reflected above for the cost of the proposed fourth interim dividend for 2022 is based on 112,543,423 ordinary shares, being the number of ordinary shares in issue on the ex-dividend date 27 October 2022.

## 7. Taxation

### (a) Analysis of charge for the period

	Year ended 30 September 2022			Year ended 30 September 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Overseas tax suffered	1,489	–	1,489	1,134	–	1,134
Overseas tax reclaimable	(385)	–	(385)	(340)	–	(340)
<b>Total tax charge for the period</b>	<b>1,104</b>	–	<b>1,104</b>	794	–	794

### (b) Factors affecting the tax charge for the period

The tax assessed for the year is lower than the standard rate of corporation tax rate of 19.00% (2021: 19.00%). The differences are explained as follows:

	Year ended 30 September 2022			Year ended 30 September 2021		
	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Net profit on ordinary activities before taxation	7,743	11,846	19,589	6,719	30,161	36,880
Net return multiplied by the standard rate of corporation tax of 19% (30 September, 2021: 19%)	1,471	2,251	3,722	1,277	5,730	7,007
Effects of:						
Non-taxable U.K. dividends	(259)	–	(259)	(234)	(243)	(477)
Non-taxable overseas dividends	(1,431)	–	(1,431)	(1,216)	–	(1,216)
Tax effect of expensed double taxation relief	(10)	–	(10)	(11)	–	(11)
Expenses not deductible for tax purposes	1	–	1	–	–	–
Movement in unutilised expenses	228	229	457	184	186	370
Other capital returns	–	(2,480)	(2,480)	–	(5,673)	(5,673)
Overseas tax suffered	1,489	–	1,489	1,134	–	1,134
Overseas tax reclaimable	(385)	–	(385)	(340)	–	(340)
<b>Total tax charge</b>	<b>1,104</b>	–	<b>1,104</b>	794	–	794

### (c) Factors that may affect future tax charges

No provision for deferred tax has been made in the accounting year. The Company has not provided for deferred tax on capital gains or losses arising on the revaluation or disposal of investments as it is exempt from tax on these items because of its status as an investment trust company.

At the year-end, the Company has, for taxation purposes only, accumulated unrelieved management expenses and loan relationship deficits of £11,241,000 (30 September, 2021: £8,835,000). A deferred tax asset in respect of this has not been recognised and these expenses will only be utilised if the Company has profits chargeable to corporation tax in the future. It is considered unlikely that the Company will generate such profits and therefore no deferred tax asset has been recognised.

## 8. Return per ordinary share

	Year ended 30 September 2022		Year ended 30 September 2021	
	£'000	p	£'000	p
Returns are based on the following figures:				
Revenue return	6,639	6.42	5,925	5.98
Capital return	11,846	11.46	30,161	30.42
Total return	18,485	17.88	36,086	36.40
Weighted average number of ordinary shares in issue	<b>103,375,349</b>		99,135,779	

For the year ended 30 September 2022 and 30 September 2021 there was no dilution to the revenue return per ordinary share. Additionally, for the year ended 30 September 2022 and 30 September 2021 there was no dilution to the capital return per ordinary share.

# Notes to the Financial Statements

For the year ended 30 September 2022

continued

## 9. Investments

	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Held at fair value through profit or loss:		
Opening book cost	184,640	159,259
Opening investment holding gains	36,276	19,894
Opening fair value	220,916	179,153
<b>Analysis of transactions made during the year</b>		
Purchases at cost	77,567	96,282
Sales proceeds received	(56,277)	(83,261)
Gains on investments	16,129	28,742
<b>Closing fair value</b>	<b>258,335</b>	220,916
 Closing book cost	 218,985	184,640
Closing investment gains	39,349	36,276
<b>Closing fair value</b>	<b>258,334</b>	220,916

The Company received £56,277,000 (2021: £83,261,000) from investments sold in the year. The book cost of these investments when they were purchased was £43,221,000 (2021: £70,902,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments.

## Transaction costs

During the year expenses were incurred in acquiring or disposing of investments classified as fair value through profit or loss. These have been expensed through capital and are included within losses on investments in the Statement of Comprehensive Income. The total costs were as follows:

	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Purchases	138	152
Sales	25	59
	<b>163</b>	211

The above transaction costs are calculated in line with the AIC's Statement of Recommended Practice (SORP). The transaction costs in the Company's Key Information Document are calculated on a different basis and in line with the EU's Packaged Retail Investment and Insurance-based Products (PRIIPs) regulations.

## 10. Other debtors and receivables

	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Prepayments and accrued income	1,409	1,103
	<b>1,409</b>	1,103

## 11. Creditors: amounts falling due within one year

	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
Other creditors:		
Investment Management Fees	562	491
<b>Sundry Creditors</b>	<b>516</b>	359
	<b>1,078</b>	850

## 12. Ordinary share capital

	As at 30 September 2022		As at 30 September 2021	
	Shares	£'000	Shares	£'000
<b>Issued and fully paid</b>				
Ordinary shares of 1p each at 1 October	100,738,423	1,007	95,013,423	950
Issue of new ordinary shares	11,230,000	112	5,725,000	57
Ordinary shares of 1p each at 30 September	111,968,423	1,119	100,738,423	1,007

The Company was admitted to the Main Market of the London Stock Exchange on 26 September 2016. The total number of ordinary shares in the Company in issue immediately following admission was 91,872,247, each with equal voting rights. During the year, the Company issued 11,230,000 (2021: 5,725,000) ordinary shares with net proceeds of £25,413,000 (2021: £10,601,000).

## 13. Share premium account

	Year ended 30 September 2022 £'000	Year ended 30 September 2021 £'000
At 1 October	15,500	4,956
Issue of shares	25,301	10,544
At 30 September	40,801	15,500

## 14. Capital reserve

	As at 30 September 2022 £'000	As at 30 September 2021 £'000
At 30 September	62,310	32,149
Movement in investment holdings gains	3,073	16,382
Gains on realisation of investments at fair value	13,056	12,360
Special dividend	-	1,281
Currency (losses)/gains	(3,076)	1,115
Investment management fees	(1,089)	(935)
Finance costs	(118)	(42)
At 30 September	74,156	62,310

## 15. NAV per ordinary share

The NAV attributable to the ordinary shares and the NAV per ordinary share at the year-end were as follows:

	As at 30 September 2022	As at 30 September 2021
Net asset value attributable (£'000)	233,052	196,547
Number of ordinary shares in issue (note 12)	111,968,423	100,738,423
Net asset value per share (p)	208.14	195.11

## 16. Financial instruments and capital disclosures

### Risk management policies and procedures

The investment objectives of the Company are to achieve a high, secure dividend yield on its investment portfolio and to realise long-term growth in the capital value of the portfolio for the benefit of shareholders, while taking care to preserve shareholders' capital.

The Company's financial instruments comprise:

- equity shares held in accordance with the Company's investment objective and policies;
- fixed interest securities, cash and liquid resources as well as short-term receivables and payables that arise from its operations; and
- borrowings in various currencies to finance operations.

The Company may enter into derivative contracts in order to manage the risks arising from its investment activities. As at the year-end there were no derivative contracts outstanding (2021: nil).

# Notes to the Financial Statements

For the year ended 30 September 2022

continued

## 16. Financial instruments and capital disclosures (continued)

The board sets out its investment policies, including its policies on gearing and diversification, in the Strategic Report beginning on page 14. The board and the Company's Investment Manager consider and review the financial risks inherent in managing the Company's assets and these are detailed below.

### Market price risk

The Company's investment portfolio is subject to fluctuations, volatility and the vagaries of market prices. The directors seek to mitigate this risk by ensuring proper controls exist through the IMA for maintaining a diversified portfolio of the securities of utility and utility-related companies and ensuring that there are balances within the portfolio by geography, sub-sector and types of instrument. If the fair value of the Company's investments at year-end (see portfolio holdings on page 12) had increased or decreased by 10% then it would have had an effect on the Group's capital return and equity equal to £25,833,000 (30 September 2021: £22,092,000).

### Foreign currency risk

The value of the Company's assets and the total return earned by the Company's shareholders can be significantly affected by foreign exchange movements as most of the Company's assets are denominated in currencies other than Sterling, the currency in which the Company's accounts are prepared. It is not the Company's policy to try to minimise or eliminate foreign exchange risk; over the long-term this could restrict the investment returns potentially available to Sterling-based investors in international securities. There is a risk for the NAV and shareholders, therefore, if Sterling appreciates significantly against foreign currencies. This risk is partially offset by the Company's borrowings in currencies other than Sterling.

	As at 30 September 2022		
	Investments £'000	Net monetary assets/(liabilities) £'000	Total currency exposure £'000
Australian dollar	10,136	(842)	9,294
Canadian dollar	4,620	(498)	4,122
Euro	101,015	(8,956)	92,059
Hong Kong dollar	6,692	(601)	6,091
Sterling	27,871	(3,667)	24,204
Swiss franc	-	-	-
US dollar	108,000	(10,718)	97,282
Total	258,334	(25,282)	233,052

	As at 30 September 2021		
	Investments £'000	Net monetary assets/(liabilities) £'000	Total currency exposure £'000
Australian dollar	14,523	(1,216)	13,307
Canadian dollar	9,980	3,956	13,936
Euro	85,565	(15,114)	70,451
Hong Kong dollar	11,041	7,371	18,412
Philippine peso	-	14	14
Sterling	24,255	(2,663)	21,592
Swiss franc	-	15	15
US dollar	75,552	(16,732)	58,820
Total	220,916	(24,369)	196,547

A 10% rise or decline of Sterling against foreign currency denominated (i.e. non-Sterling) assets held at the year-end would have decreased/increased the total return and net asset value by £20,885,000 or 10.6% (30 September 2021: £17,496,000 or 8.9%). This is considered to be a reasonable illustration based on the volatility of exchange rates during the year.

### Interest rate risk

The Company is only exposed to significant interest rate risk through its borrowings with Citigroup Global Markets Limited and through the fair value of investments in fixed interest rate securities, if any.

Borrowings varied throughout the period as part of a board endorsed policy and at year-end amounted to the equivalent of £25,613,000 (30 September 2021: £35,873,000) in a variety of currencies. All of these borrowings were at floating rates of interest.

If this level of borrowing were to have been maintained for the year, a 1% increase/decrease in the benchmark rate would have decreased/increased the revenue return by £128,000 (30 September 2021 £123,000) and decreased/increased the capital return by £128,000 (30 September 2021: £123,000). In the event that the prime brokerage facility were to be renegotiated or terminated, the Company might not be able to finance its borrowings on as favourable terms and this risk is monitored.

The interest rates on prime brokerage borrowings varied by currency from -0.19% to 3.81% during the year ended 30 September 2022.

### Liquidity risk

The Company's assets mainly comprise readily realisable securities which can be easily sold to meet funding commitments if necessary. A liquidity analysis is prepared on at least a quarterly basis as part of the Investment Manager's report to the board and the liquidity profile of all securities is reviewed. The Investment Manager reviews the liquidity profile of the investments continuously.

The contractual maturities of the Company's financial liabilities at 30 September 2022 based on the earliest date on which payment can be required was as follows:

	As at 30 September 2022 £'000	As at 30 September 2021 £'000
<b>Due within 3 months</b>		
Prime brokerage borrowings	(25,613)	(35,873)
Other creditors	(1,078)	(850)
	<b>(26,691)</b>	<b>(36,723)</b>

The maximum level of gearing utilised and the nature and term of any borrowings are the responsibility of the directors. They have authorised the Investment Manager to utilise gearing of up to 25%. Gearing is the amount of the Company's borrowings less cash, divided by net assets attributable to shareholders. The Company has a prime brokerage facility with its prime broker, Citigroup, and benefits from a flexible borrowing arrangement. The interest rate on borrowings under the prime brokerage agreement depends on the currency of the borrowing but is generally 50 basis points over the applicable benchmark rate (and subject to a minimum monthly fee, equivalent to \$200,000 per annum, effective 1 April 2022). The gearing is not structural in nature and borrowings can be repaid at any time. During the financial year, gearing varied between approximately 8.3% and 19.5%.

### Credit risk

Credit risk is mitigated by diversifying the counterparties with which the Investment Manager conducts investment transactions. The credit standing of all counterparties is reviewed periodically with limits set on amounts due from any one broker. There were no items past due or impaired.

The maximum exposure to credit risk at 30 September 2022 and 30 September 2021 was considered to be the same as the carrying amount of the debtors and prepayment and cash at bank in the Statement of Financial Position.

### 17. Fair value hierarchy

FRS 102 requires an entity to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

Level 1: unadjusted quoted prices in an active market for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly; and

Level 3: inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

# Notes to the Financial Statements

For the year ended 30 September 2022

continued

## 17. Fair value hierarchy (continued)

The financial assets and liabilities measured at fair value in the Statement of Financial Position are grouped into the fair value hierarchy at the reporting date as follows:

As at 30 September 2022	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
<b>Financial assets at fair value through profit or loss</b>					
Quoted equities	a)	<b>258,334</b>	-	-	<b>258,334</b>
<b>Net fair value</b>		<b>258,334</b>	-	-	<b>258,334</b>
As at 30 September 2021	Note	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets at fair value through profit or loss					
Quoted equities	a)	216,808	4,108	-	220,916
<b>Net fair value</b>		<b>216,808</b>	<b>4,108</b>	-	<b>220,916</b>

### a) Equities and preference shares

The fair value of the Company's investments in equities and preference shares has been determined by reference to their quoted bid prices at the reporting date. Equities and preference shares included in Fair Value Level 1 are actively traded on recognised stock exchanges. Investments categorised as Level 2 are not considered to trade in active markets.

## 18. Analysis of changes in net debt

	As at 30 September 2021 £'000	Currency differences £'000	Cash flows £'000	As at 30 September 2022 £'000
Cash and short term deposits	11,251	(3,942)	(7,309)	-
Debt due within one year	(35,873)	-	10,260	(25,613)
	<b>(24,622)</b>	<b>(3,942)</b>	<b>2,951</b>	<b>(25,613)</b>
	As at 30 September 2020 £'000	Currency differences £'000	Cash flows £'000	As at 30 September 2021 £'000
Cash and short term deposits	-	246	11,005	11,251
Debt due within one year	(22,757)	869	(13,985)	(35,873)
	<b>(22,757)</b>	<b>1,115</b>	<b>(2,980)</b>	<b>(24,622)</b>

A statement reconciling the movement in net funds to the net cash flow has not been presented as there are no differences from the above analysis.

## 19. Related party transactions and transactions with the Investment Manager

Fees payable during the year to the directors and their interests in shares of the Company are considered to be related party transactions and are disclosed within the Directors' Remuneration Report on pages 30 to 32. The balance of fees due to directors at the year-end was £nil (30 September 2021: £nil).

The Company has an agreement with Ecofin Advisors Limited for the provision of investment management services. Details of fees earned during the year and balances outstanding at the year-end are disclosed in note 3.

# Notice of Annual General Meeting

Notice is hereby given that the sixth AGM of Ecofin Global Utilities and Infrastructure Trust plc will be held on Friday 17 March 2023 at 2.30 pm at The Clermont, Charing Cross, The Strand, London WC2N 5HX for the following purposes:

## As ordinary resolutions

1. To receive the Directors' Report and the audited Financial Statements of the Company for the year ended 30 September 2022.
2. To receive and approve the annual report on remuneration included in the Directors' Remuneration Report for the year ended 30 September 2022.
3. To approve the Company's dividend policy as set out on page 21 of the 2022 annual report and accounts.
4. To re-elect Malcolm King, in accordance with the Company's articles of association, as a director of the Company.
5. To re-elect Iain McLaren, in accordance with the Company's articles of association, as a director of the Company.
6. To re-elect Susannah Nicklin, in accordance with the Company's articles of association, as a director of the Company.
7. To re-elect David Simpson, in accordance with the Company's articles of association, as a director of the Company.
8. To re-appoint BDO LLP as the Independent Auditor to the Company, to hold office until the conclusion of the next AGM at which the Financial Statements are laid before the members.
9. To authorise the directors to determine the Auditor's remuneration.

To consider, and if thought fit to pass, the following resolution:

10. THAT, in substitution for all subsisting authorities to the extent unused, the directors be and they are hereby generally and unconditionally authorised, in accordance with Section 551 of the Companies Act 2006 ("the Act"), to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal value of £371,393 (being approximately one third of the issued ordinary share capital of the Company as at 14 December 2022) or, if changed, the nominal value which represents one third of the issued ordinary share capital at the date the resolution is passed.

The authority hereby conferred on the directors shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or 17 June 2024, whichever is the earlier, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or rights to subscribe for, or to convert any security into, shares to be granted after such expiry and the directors may allot shares or grant rights to subscribe for, or to convert any security into, shares (as the case may be) in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

## As special resolutions

To consider, and if thought fit to pass, the following resolutions:

11. THAT, subject to the passing of resolution 10 above and in substitution for all subsisting authorities to the extent unused, the directors be and they are hereby empowered, pursuant to Section 570 and Section 573 of the Act, to allot equity securities (within the meaning of Section 560 of the Act) for cash pursuant to the authority conferred by resolution 10 or by way of sale of treasury shares as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
  - (a) in connection with a rights issue or open offer of securities to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings and to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary, but in each case subject to such exclusions, limits, restrictions or other arrangements as the directors may consider necessary or appropriate to deal with any treasury shares, fractional entitlements or securities represented by depository receipts, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange or any other matter; and
  - (b) (otherwise than under paragraph (a) of this resolution) to any person or persons up to an aggregate nominal value of £112,543 (being approximately 10 per cent. of the issued ordinary share capital of the Company as at 14 December 2022) or, if changed, the nominal value which represents 10 per cent. of the issued share capital at the date the resolution is passed, and shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or on 17 June 2024, whichever is the earlier, except that the Company may, before such expiry, make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

# Notice of Annual General Meeting

continued

- 
12. THAT, the Company be and is hereby generally and unconditionally authorised, pursuant to and in accordance with Section 701 of the Act, to make market purchases (within the meaning of Section 693(4) of the Act) of ordinary shares of 1p each in the capital of the Company (ordinary shares) on such terms and in such manner as the directors shall from time to time determine, provided that:
- (a) the maximum aggregate number of ordinary shares hereby authorised to be purchased is 16,870,259 (being approximately 14.99% of the number of ordinary shares in issue as at 4 December 2022);
  - (b) the minimum price (exclusive of all expenses) which may be paid for an ordinary share is its nominal value, being 1p;
  - (c) the maximum price (exclusive of all expenses) which may be paid for an ordinary share is the higher of (i) an amount equal to 5% above the average of the closing mid-market price of an ordinary share (as derived from the Daily Official List of the London Stock Exchange) for the five business days immediately preceding the date on which that ordinary share is contracted to be purchased and (ii) the higher of the price of the last independent trade and the highest current independent bid for a share in the Company on the trading venues where the market purchases by the Company pursuant to the authority conferred by this resolution will be carried out;
  - (d) the authority hereby conferred shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or on 17 June 2024, whichever is the earlier unless previously revoked, varied or renewed by the Company in General meeting; and
  - (e) the Company may at any time prior to the expiry of such authority enter into a contract or contracts under which a purchase of ordinary shares under such authority will or might be completed or executed wholly or partly after the expiration of such authority and the Company may make a purchase of ordinary shares in pursuance of any such contract or contracts as if the authority conferred hereby had not expired.
13. THAT, a General meeting of the Company, other than an AGM may be called on not less than 14 clear days' notice.
- By order of the board

**Maitland Administration Services Limited**

Company Secretary

5 January 2023

Registered Office:  
Hamilton Centre  
Rodney Way  
Chelmsford, CM1 3BY

# Notes to the Notice of Annual General Meeting

- (1) Only holders of ordinary shares of 1p each are entitled to attend and vote at the meeting. Each shareholder entitled to attend and vote at the meeting may appoint one or more persons to act as his/her proxy to attend, speak and vote at the meeting. A proxy need not be a member of the Company but must attend the meeting for the shareholder's vote to be carried. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member.
- (2) You can vote either:
- by logging on to [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy) and following the instructions. To vote electronically you will be asked to provide your Control Number, Shareholder Reference Number and PIN which are detailed on your Form of Proxy.
  - by returning your hard copy form of proxy. If you require an additional copy of the form of proxy you can obtain one directly from the registrars, Computershare Investor Services PLC, on Tel: 0370 703 6234. Lines are open between 08:30 – 17:30, Monday to Friday excluding public holidays in England and Wales; or
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.
- In order for a proxy appointment to be valid a form of proxy must be completed. In each case the form of proxy must be received by Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY by 2.30pm on Wednesday, 15 March 2023.
- If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
- The return of a completed form of proxy, electronic filing or any CREST Proxy Instruction (as described in note 5 below) will not prevent a shareholder from attending the meeting and voting in person if he/she wishes to do so.
- (3) Pursuant to Regulation 41(1) of the Uncertificated Securities Regulations 2001 (as amended) and for the purposes of Section 360B of the Act, the Company has specified that only those members registered on the register of members of the Company at the close of business on Wednesday 15 March 2023 (the Specified Time) (or, if the meeting is adjourned, 48 hours prior to the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. If the meeting is adjourned to a time not more than 48 hours after the Specified Time, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purposes of determining the number of votes that may be cast) at the adjourned meeting. Changes to entries in the register of members after the close of business on Wednesday 15 March 2023 or other relevant deadline will be disregarded in determining the rights of any person entitled to vote at the meeting.
- (4) Members (and any proxies or corporate representatives appointed) agree, by attending the meeting, that they are expressly requesting and are willing to receive any communications relating to the Company's securities made at the meeting.
- (5) CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to an instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the Company's agent (ID 3RA50) by the latest time(s) for receipt of proxy appointments specified in note (2) above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

# Notes to the Notice of Annual General Meeting

continued

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

- (6) Any member attending the meeting has the right to ask questions. Pursuant to Section 319A of the Act, the Company must cause to be answered any question relating to the business being dealt with at the meeting put by a member attending the meeting. However, members should note that no answer need be given in the following circumstances if to do so would interfere unduly with the preparation for the meeting or would involve a disclosure of confidential information:
  - (a) if the answer has already been given on a website in the form of an answer to a question; or
  - (b) if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- (7) If the chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the chairman, result in the chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the chairman will make the necessary notifications to the Company and the FCA. As a result, any member holding 3% or more of the voting rights in the Company who grants the chairman a discretionary proxy in respect of some or all of those voting rights, and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules, need not make a separate notification to the Company and the FCA.
- (8) Any person receiving a copy of this Notice as a person nominated by a member to enjoy information rights under Section 146 of the Act ("Nominated Person") should note that the provisions in notes 1 and 2 concerning the appointment of a proxy or proxies to attend the meeting in place of a member do not apply to a Nominated Person, as only shareholders have the right to appoint a proxy. However, a Nominated Person may have a right under an agreement between the Nominated Person and the member by whom he or she was nominated to be appointed, or to have someone else appointed, as a proxy for the meeting.

If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right under such an agreement to give instructions to the member as to the exercise of voting rights at the meeting. Nominated Persons should also remember that their main point of contact in terms of their investment in the Company remains the member who nominated the Nominated Person to enjoy information rights (or perhaps the custodian or broker who administers the investment on their behalf). Nominated Persons should continue to contact that member, custodian or broker (and not the Company) regarding any changes or queries relating to the Nominated Person's personal details and interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from a Nominated Person.
- (9) Under Section 527 of the Act, members meeting the threshold requirements set out in that Section have the right to require the Company to publish on a website a statement setting out any matter relating to:
  - (a) the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the meeting; or
  - (b) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which the annual report and accounts were laid in accordance with Section 437 of the Act.

The Company may not require the members requesting any such website publication to pay its expenses in complying with Sections 527 or 528 of the Act. Where the Company is required to place a statement on a website under Section 527 of the Act, it must forward the statement to the Company's auditor no later than the time when it makes the statement available on the website. The business which may be dealt with at the meeting includes any statement that the Company has been required under Section 527 of the Act to publish on a website.

- (10) At 14 December 2022, the latest practicable date in advance of the date of this Notice, the Company's issued capital consisted of 112,543,423 ordinary shares carrying one vote.
- (11) This Notice, together with information about the total numbers of shares in the Company in respect of which members are entitled to exercise voting rights at the date of this Notice, and (if applicable) any members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice, will be available on the web pages of the Company's Investment Manager, Ecofin UK, at [www.ecofininvest.com/egl](http://www.ecofininvest.com/egl)
- (12) No electronic address provided in this Notice or in any related documents (including the form of proxy) may be used to communicate with the Company for any purposes other than those expressly stated.
- (13) The biographies of the directors, are offering themselves for election and re-election are set out on page 13 of this annual report and accounts and set out each director's experience. These along with the disclosure in the Corporate Governance Statement on page 26 explain why the directors' contributions are important to the Company's long-term sustainable success.
- (14) No director has a service agreement with the Company. Copies of the directors' letters of appointment will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays, Sundays and Bank Holidays excluded) until the date of the AGM.
- (15) As soon as practicable following the AGM, the results of the proxy voting at the meeting and the number of proxy votes received for and against and the number of votes withheld, in respect of each resolution, as well as a result of any poll, will be announced via a Regulatory Information Service and placed on the Company's website.
- (16) Shareholders have the right, under Section 338 of the Act, to require the Company to give its shareholders notice of a resolution which the shareholders wish to be moved at an AGM of the Company. Additionally, shareholders have the right under Section 338A of the Act to require the Company to include a matter (other than a proposed resolution) in the business to be dealt with at the AGM. The Company is required to give such notice of a resolution or include such matter once it has received requests from shareholders representing at least 5% of the total voting rights of all the shareholder who have a right to vote at the AGM or from at least 100 shareholders with the same right to vote who hold shares in the Company on which there has been paid up an average sum per shareholder of at least £100. This request must be received by the Company not later than six weeks before the AGM (or, if later, the time at which notice is given of the AGM). In the case of a request relating to Section 338A of the Act, the request must be accompanied by a statement setting out the grounds for the request.
- (17) A copy of this Notice, and other information required by Section 311A of the Act, can be viewed and/or downloaded at [www.ecofininvest.com/egl](http://www.ecofininvest.com/egl) and, if applicable, any member's statements, resolutions or matters of business received by the Company after the date of this Notice will be available on the Investment Manager's website [www.ecofininvest.com/egl](http://www.ecofininvest.com/egl)

# Glossary

**Administrator** – the administrator is BNP Paribas Securities Services S.C.A to which the Company has delegated certain trade processing, valuation and middle office tasks and systems.

**AIC** – Association of Investment Companies, the trade body for closed-end investment companies [www.theaic.co.uk](http://www.theaic.co.uk).

**AIC Code** – the AIC Code of Corporate Governance issued by the AIC in 2019 and endorsed by the FRC to enable investment companies to meet their obligations under the UK Corporate Governance Code.

**AIC SORP** – Statement of Recommended Practice ‘Financial Statements of Investment Trust Companies and Venture Capital Trusts’ issued by the AIC.

**AIFMD/AIFM/AIF** – Alternative Investment Fund Managers Directive. Issued by the European Parliament in 2012 and 2013, the Directive requires that all investment vehicles (“AIFs”) in the European Union, including investment trusts, appoint a Depositary and an Alternative Investment Fund Manager (“AIFM”). The board remains responsible, however, for all aspects of the Company’s strategy, operations and compliance with regulations. The Company’s AIFM is Ecofin Advisors Limited.

**Alternative Performance Measures (APMs)** – the Company uses APMs to present a measure of profitability which is aligned with the requirements of investors and potential investors (please refer to page 62).

**Benchmark** – the Company’s portfolio is not measured against an equity index benchmark. This is because the Investment Manager’s asset allocation process pays little attention to the country and regional compositions of the main global utilities index, the MSCI World Utilities Index, or the global listed infrastructure indices. The directors, therefore, review portfolio performance against a number of equity market indices, including the MSCI World Utilities Index and S&P Global Infrastructure Index which serve as reference points, and ratios to understand the impact of factors such as gearing, currencies, sub-sectors, geographical allocation and stock selection decisions on the Company’s overall investment performance. Stock selection is measured against relevant local and regional indices and monitored by the board.

**Closed-end collective investment vehicle** – a company, including an investment company, with a fixed issued ordinary share capital, the shares of which are traded on an exchange at a price not necessarily related to NAV of the company and which can only be issued or bought back by the company in certain circumstances.

**Company** – Ecofin Global Utilities and Infrastructure Trust plc.

**Custodian** – the Custodian is Citigroup Global Markets Limited. The Custodian is a financial institution responsible for safeguarding the securities and cash assets of the Company, as well as the income arising therefrom, through provision of custodial, settlement and associated services.

**Depositary** – the Depositary is Citibank Europe plc. Under AIFMD rules, the Company must have a Depositary whose duties in respect of investments and cash include safekeeping, verification of ownership and valuation, and cash monitoring. Under the AIFMD rules, the Depositary has strict liability for the loss of the Company’s financial assets in respect of which it has safekeeping duties.

**Discount/Premium** – the share price of an investment trust is derived from buyers and sellers trading their shares on the stock market. The share price is not likely to be identical to NAV per share of the underlying assets less the liabilities of the company. If the share price is lower than the NAV per share, the shares are said to be trading ‘at a discount’. If the share price is above the NAV per share, the shares are said to be trading ‘at a premium’.

**Distributable reserves** – reserves distributable by way of dividend or for the purpose of buying back ordinary share capital. Shortly after admission, the Company applied successfully to court to cancel its share premium account in order to establish distributable reserves (the special reserve), thereby enabling the Company immediately to commence dividend distributions to shareholders. On an ongoing basis, these distributable reserves may be used, when the board considers it appropriate, for the purposes of paying dividends to shareholders and smoothing payments of dividends to shareholders. The special reserve can also be used to fund the cost of any share buy-backs.

**Dividend dates** – reference is made in announcements of dividends to three dates. The “record” date is the date after which buyers of the shares will not be recorded on the register of shareholders as qualifying for the pending dividend payment. The “payment” date is the date that dividends are credited to shareholders’ bank accounts. The “ex-dividend” date is normally the business day prior to the record date.

**EBITDA** – earnings before interest, tax, depreciation and amortisation, which is a measure of a company’s operating performance.

**Ecofin Advisors Limited** – the Investment Manager and AIFM. Ecofin Advisors Limited (“Ecofin UK”) is regulated by the FCA and registered with the SEC and indirectly wholly owned by TortoiseEcofin.

**Ecofin Limited** – the Investment Manager until its acquisition in December 2018 by Tortoise Investments, LLC. Ecofin Limited was renamed Tortoise Advisors UK Limited. In 2020, Tortoise Advisors UK Limited was renamed Ecofin Advisors Limited and Tortoise Investments, LLC was renamed TortoiseEcofin Investments, LLC.

**ESG** – using Environmental, Social and Governance factors in the evaluation of companies and countries, and to assess associated risks or opportunities.

**Financial Conduct Authority or 'FCA'** – the independent body that regulates the financial services industry in the UK.

**FRC** – Financial Reporting Council.

**Gearing** – this is the sum of the Company's borrowings from its prime broker (including the net amounts due from brokers) less cash divided by net assets attributable to shareholders. The maximum permitted level of gearing, which is set by the board, is 25%.

**Investment Manager and Alternative Investment Fund Manager ("AIFM")**

Manager ("AIFM") – Ecofin Advisors Limited. The responsibilities and remuneration of Ecofin Advisors Limited are set out in the Directors' Report contained on page 22 and note 3 to the Financial Statements.

**Market capitalisation** – the stock market quoted price of the Company's shares multiplied by the number of shares in issue.

**Net asset value (NAV)** – the assets less the liabilities of the Company, as set out in the Statement of Financial Position, all valued in accordance with the Company's accounting policies (see note 1).

**Non-executive director** – a director who has a letter of appointment, rather than a contract of employment, with the Company. The Company does not have any executive directors. Non-executive directors' remuneration is set out in the Directors' Remuneration Report on page 30.

**Ongoing charges** – ongoing charges are all operating costs expected to be regularly incurred and that are payable by the Company, expressed as a proportion of the average NAV of the Company over the financial year. Ongoing charges are calculated in accordance with AIC recommended methodology. The costs of buying and selling investments are excluded, as are interest costs, taxation, non-recurring costs and the costs of buying back or issuing ordinary shares.

**Portfolio Manager** – Jean-Hugues de Lamaze, an employee of the Investment Manager with overall management responsibility for the portfolio.

**Special dividends** – dividends received from investee companies which have been paid out of capital reconstructions or reorganisations of the investees are sometimes referred to as 'special dividends' and may be allocated to the capital account in accordance with the Company's accounting policies and the SORP. Dividends which are unusually large in terms of the investee companies' annual earnings or normal payment pattern are also sometimes referred to as 'special' but are treated as revenue in nature unless the evidence suggests otherwise.

**TortoiseEcofin** – TortoiseEcofin Investments, LLC (formerly Tortoise Investments, LLC) is a privately owned US-based firm which owns a family of investment management companies (collectively "TortoiseEcofin"). TortoiseEcofin has approximately US\$10 billion of client funds under management. TortoiseEcofin invests in essential assets including energy infrastructure. In December 2018 Ecofin Limited was acquired by Tortoise Investments, LLC. Ecofin Limited's name was changed to Tortoise Advisors UK Limited and has since been changed to Ecofin Advisors Limited.

**Total return** – total return measures assume dividends are reinvested in the NAV or shares or index.

**UK Code of Corporate Governance (UK Code)** – the standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders that all companies with a Premium Listing on the London Stock Exchange are required to report on in their annual report and accounts.

# Alternative Performance Measures

The Company uses the following Alternative Performance Measures ("APMs"):

## Dividends paid and dividend yield

Dividends paid are set out in note 6 on page 48. During the year to 30 September 2022, the Company paid four quarterly dividends, one of 1.65p per share in November 2021 and three of 1.85p per share in February, May and August of 2022, and these totalled 7.20p per share (year to 30 September 2021: 6.60p per share). A dividend yield is shown as a percentage and calculated by dividing the value of dividends paid (in a certain year) by the prevailing share price (or NAV). The dividend yield, expressed as a percentage of the closing price of the Company's shares on 30 September 2022 was 3.3% (30 September 2021: 3.3%).

## Gearing on net assets

Gearing is the sum of the Company's borrowings (including the net amounts due to/from brokers) less its cash divided by the net assets attributable to shareholders. The Company has a prime brokerage facility with Citigroup which allows it to borrow and repay borrowings at any time; the gearing is not structural in nature. The interest rate on the borrowings depends on the currency of the borrowing but is generally 50 basis points above the applicable benchmark rate. Borrowings provide a gearing effect on net assets. When the Company is geared, a change in the value of the Company's investment portfolio will cause its NAV to change by a larger amount. The Investment Manager is permitted by the board to utilise gearing of up to 25% of net assets. During the year to 30 September 2022 the level of gearing averaged 12% of net assets (year to 30 September 2021: 14%).

## NAV total return

The total return on the NAV per share assumes that each dividend paid by the Company was reinvested into the shares of the Company at the NAV per share prevailing at the time the shares were quoted ex-dividend.

	Page	Year ended 30 September 2022	Year ended 30 September 2021
Opening NAV per share	3	<b>194.99p</b>	164.60p
Dividends paid	3, 48	<b>7.20p</b>	6.60p
Closing NAV per share	3	<b>208.14p</b>	194.99p
<b>NAV total return</b>		<b>12.5%</b>	22.9%

## Share price total return

The total return to the shareholder assumes that each dividend received was reinvested into the Company's shares on the date on which the shares were quoted ex-dividend.

	Page	Year ended 30 September 2022	Year ended 30 September 2021
Opening share price	3	<b>198.00p</b>	159.25p
Dividends paid	3, 48	<b>7.20p</b>	6.60p
Closing share price	3	<b>219.00p</b>	198.00p
<b>Share price total return</b>		<b>14.0%</b>	28.9%

**Discount/Premium** – the share price of an investment trust is derived from buyers and sellers trading their shares on the stock market. The share price is not likely to be identical to the NAV per share of the underlying assets less the liabilities of the Company. If the share price is lower than the NAV per share, the shares are trading 'at a discount'. If the share price is above the NAV per share, the shares are trading 'at a premium'. As at 30 September 2022, the Company's shares were trading at a premium to the NAV of 4.7%.

**Ongoing charges** – ongoing charges are calculated in accordance with AIC recommended methodology using the charges for the current year and the average NAV during the period. Ongoing charges are all operating costs expected to be regularly incurred and that are payable by the Company over the financial year. The costs of buying and selling investments are excluded, as are interest costs, taxation, non-recurring costs and the costs of buying back or issuing ordinary shares.

# Company Information

## Directors

David Simpson (Chairman)  
Iain McLaren (Audit Committee Chairman and Senior Independent director)  
Malcolm (Max) King (Remuneration Committee Chairman)  
Susannah Nicklin

## Investment Manager

Ecofin Advisors Limited  
Burdett House, 15 Buckingham Street  
London WC2N 6DU  
Tel: 020 7451 2929  
Email: info@ecofininvest.com

## Bankers, Custodian and Depositary

Citigroup  
Citigroup Centre, Canada Square  
Canary Wharf  
London E14 5LB

## Solicitors

Norton Rose Fulbright LLP  
3 More London Riverside  
London SE1 2AQ

## Registered Auditor

BDO LLP  
55 Baker Street  
London W1U 7EU

## Brokers

Stifel Nicolaus Europe Limited  
150 Cheapside  
London EC2V 6ET

## Company Secretary and Registered Office

Maitland Administration Services Limited  
Hamilton Centre  
Rodney Way  
Chelmsford  
Essex CM1 3BY

Tel: +44 (0)1245 950317  
Email: cosec@maitlandgroup.com

## Administrators

BNP Paribas Securities Services S.C.A.  
10 Harewood Avenue  
London NW1 6AA

## Registrars

Computershare Investor Services PLC  
The Pavilions, Bridgwater Road  
Bristol BS99 6ZZ, United Kingdom  
Tel: +44 (0)370 703 6234  
[www.investorcentre.co.uk](http://www.investorcentre.co.uk)  
WebCorres@computershare.co.uk

## Financial calendar

Ordinary share dividends payable (last business day of)	February, May, August, November
AGM	March
Half-year end	31 March
Release of interim report	May
Financial year-end	30 September
Release of Annual Report	December

## Share prices and NAV information

The Company's ordinary shares are traded on the London Stock Exchange.

	Ordinary shares
SEDOL number	BD3V464
ISIN number	GB00BD3V4641
LEI	2138005JQTYKU92QOF30
Reuters ticker	EGL.L
Bloomberg ticker	EGL:LN

The Company releases its NAV to the London Stock Exchange daily. These announcements are available on the Reuters and Bloomberg news services, as is other information about the Company. They are also available on the Investment Manager's website [www.ecofininvest.com/egl](http://www.ecofininvest.com/egl)

Prices of the Company's ordinary share are listed in the Financial Times under the London Share Service 'Investment Companies' section.

## Annual and Interim Reports and other Company information

Copies of the Company's annual and interim reports are available from the Company Secretary.

The Investment Manager publishes a monthly report; availability of these reports is announced to the London Stock Exchange and posted on the Reuters and Bloomberg news services. The reports are also available on the Investment Manager's website [www.ecofininvest.com/egl](http://www.ecofininvest.com/egl)

## Share transactions

The Company's shares may be dealt in directly through a stockbroker or professional advisor acting on an investor's behalf.

## Individual Savings Account ("ISA")

The Company's shares are eligible to be held in an ISA account subject to HM Revenue & Customs limits.

Registered in England & Wales No: 10253041

**Investment Manager:**

Ecofin Advisors Limited

Burdett House

15 Buckingham Street

London WC2N 6DU

Tel 020 7451 2929

Fax 020 7451 2928

[www.ecofininvest.com/egl](http://www.ecofininvest.com/egl)