

# Ecofin Global Utilities and Infrastructure Trust plc (EGL)

As of 28/02/2019

## Performance (as of 28 February, 2019)

(all total returns in £)	1 M %	3 M %	6 M %	1 Y %	2 Y %	Since Admission* %
<b>Net Asset Value</b>	0.2	1.5	1.7	17.3	18.0	16.2
<b>Share Price</b>	1.2	-0.9	3.4	21.3	25.1	28.9
FTSE All-Share Index	2.3	2.6	-3.7	1.7	6.1	13.2
FTSE ASX Utilities	0.5	3.7	2.5	15.9	-10.6	-13.3
MSCI World Index	1.9	-1.3	-5.3	4.9	11.6	24.9
MSCI World Utilities Index	1.5	1.5	5.8	22.1	14.0	18.5
S&P Global Infrastructure Index	1.2	3.7	2.3	10.7	8.5	12.5

\*26 September, 2016. As at 13 September, 2016, the value of the assets attributable to EGL, further to the reconstruction of Ecofin Water & Power Opportunities plc (EWPO), was £124,528,000 or 135.54p per share. By 26 September, 2016, the date of admission of EGL's shares to trading, the value of the Company's assets had increased to £129,200,000 or 140.63p per share and the mid-market price of the shares was 113.00p. Source: Bloomberg. Performance is shown on a total return basis, i.e., assuming reinvestment of dividends.

## Yield, diversification, low volatility

Ecofin Global Utilities and Infrastructure Trust plc (EGL) is a closed-end investment company domiciled in the UK whose shares are listed and traded on the London Stock Exchange. The Company carries on its business so that it qualifies as an authorized UK investment trust. EGL invests primarily in the equity and equity-related securities of utility and infrastructure companies which are listed on recognized stock exchanges in European countries, the United States and other developed, OECD countries although it may invest up to 10% of its assets in companies whose equity securities are listed on stock exchanges in non-OECD countries. It may also invest up to 10% of its assets in debt securities, which are typically traded on over-the-counter markets.

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

**Yield:** The Company targets a dividend yield of at least 4% on net assets using gearing and, if necessary, reserves to augment the portfolio yield.

**Gearing:** EGL may borrow up to 25% of its net assets to earn a higher level of dividend income and to offer shareholders a geared return on their investment. The Company pursues a flexible gearing policy, borrowing in major currencies at floating rates of interest under a facility which allows the Company to repay its borrowings at any time without penalty.

## Dividends

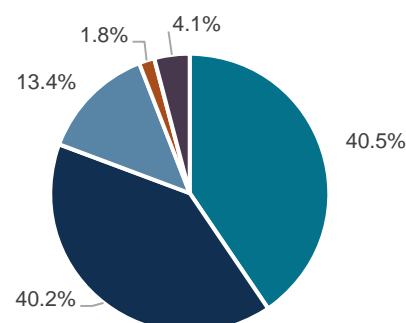
In October 2016 the Company announced that it would target quarterly dividend payments of 1.6p per share, or 6.4p per share per annum. The first interim dividend was paid in December 2016; thereafter, quarterly payment dates fall on the last business day in February, May, August and November.

## As of 28 February, 2019

Net assets	£133,885,082
NAV per share	145.73p
Share price	128.00p
Premium/(Discount)	(12.2%)
Gearing	10.0%
Yield*	5.0%

\*Yield is based on dividends paid (annual) as a percent of the share price. Initial quarterly dividend of 1.6p per share was paid in December 2016; subsequent interim dividends of 1.6p per share have been paid on the last day of February, May, August and November.

## Geographical allocation (% of portfolio)



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

## Sector allocation

	% of Portfolio
Regulated utilities	21.3
Transportation	15.3
Integrations	43.2
Renewables (incl. YieldCos)	<u>20.2</u>
	<b>100.00</b>

## 10 Largest holdings

	% of Portfolio	Country
NextEra Energy	6.2	US
Exelon	4.6	US
Enel	4.5	Italy
Iberdrola	4.4	Spain
EDF	4.1	France
Covanta	3.7	US
National Grid	3.4	UK
Terraform Power	3.4	US
RWE	3.3	Germany
Algonquin Power & Utilities	<u>3.2</u>	Canada
<b>Total (40 holdings)</b>	<b>40.8</b>	

## Manager's comments

- The impressive rally in global equities since the turn of the year carried on through February. Sentiment seemed to sway with macro factors mostly – the potential for a break-through on trade war negotiations, risks associated with a deeply divided government here, underwhelming global growth data.
- The Company's NAV increased by 0.2% as some strong share price gains were subdued by Sterling's strength late in the month. The heavily US oriented MSCI World Utilities Index and the S&P Global Infrastructure Index rose by 1.5% and 1.2%, respectively, less than the MSCI World Index (+1.9%) after a few months of strong relative performance (all total returns in Sterling). Benchmark 10-year government bond yields remained low and fairly steady, only ticking a little higher at month-end; the US 10-year yield hovered around 2.7%, the comparable Bund yield was unchanged (0.18%) and Gilt yields rose about 6bps to 1.31%. With the 29 March Brexit deal deadline quickly approaching and with disarray in Parliament, the prospect of a vote to extend the Article 50 process in the absence of a deal encouraged a strong bounce in Sterling at the end of February. Sterling closed the month approximately 1.2% higher against the US dollar and 1.8% higher against the Euro (calendar year-to-date Sterling has gained approximately 4% against the US dollar and the Euro).
- The strength in our sectors was concentrated in the US where utilities recouped a good proportion of January's setback caused by the bankruptcy of PG&E. NextEra Energy, Terraform Power, NextEra Energy Partners, Covanta and Public Service Enterprise led the positive contributions to NAV from the US portfolio with gains of between 5% and 9%. Utilities in the UK and on the Continent paused after their recent strong rallies and local utility indices were little changed in local currency terms. Reported earnings and updated outlooks have been in line with market expectations overall. Only EDF's shares traded notably lower in February; there were no surprises in the reported earnings but the market focussed on a Bloomberg article suggesting that the French government was considering a buyout of minorities. Although the suggestion has not been confirmed, the risk that minority shareholders may not benefit from the well-flagged forthcoming restructuring of the group weighed on the shares. Infrastructure shares continued to recover: Beijing Airport (+6%), APA (+8%), Ferrovial (+3%), and Aena (+4%).
- The level of gearing was reduced from c. 15-16% late January to 10% by the end of February. Share prices in our sectors and the Company's NAV have had a strong start to the year and as the disorderly approach to Brexit continued, we felt the risks were skewed, at least in the near term, to the downside. We took some profits in Continental names (Zurich Airport, E.ON, Engie) and to a lesser extent in the US (Williams). In the UK, we lightened exposure to Drax early in the month and participated in Greencoat's rights issue.

TICKER: EGL

SEDOL: BD3V464

ISIN: GB00BD3V4641

## Key risk factors

All financial investments involve an element of risk. The value of your investment and the income derived from it will vary and there can be no assurance that the investment manager will be able to invest the Company's assets on attractive terms, generate investment returns for investors or avoid investment losses.

The Company focusses on investments in two sectors, the utilities and infrastructure sectors, and accordingly an investment in the Company's shares may be regarded as representing a more concentrated risk than the investment in the shares of a broadly diversified, generalist investment trust or fund.

The Company may employ gearing. Whilst the use of gearing should enhance the NAV per share when the value of the Company's underlying assets is rising, it will have the opposite effect when the underlying asset values are falling.

The Company invests to a considerable extent in securities which are not denominated or quoted in Sterling, the Company's base currency. Movements in exchange rates will, therefore, have an effect, favourable or unfavourable, on the return on an investment in the Company's shares.

## Gearing

The Company may make use of gearing to enable the Company to earn a high level of dividend income and to offer Shareholders a geared return on their investment. The Directors believe that the use of gearing is justified given the nature of most of the companies in which the Company invests; that is, companies which provide essential services, operate in regulated markets and within stable regulatory frameworks, and pay dividends. Whilst the use of gearing should enhance the net asset value (NAV) per share when the value of EGL's underlying assets is rising, it will have the opposite effect when the value of its assets is falling. As a result, the volatility of the Company's NAV will increase when gearing is being used which may also increase the volatility of the Company's share price. The nature and term of any borrowings are the responsibility of the Directors, while the amount of any borrowings is at the discretion of the Investment manager.

EGL may borrow amounts equal to 25% of its net assets. Any borrowings will be flexible, short-term borrowings in major currencies at floating rates of interest under a Prime Brokerage facility with Citigroup which allows the Company to repay its borrowings at any time without penalty.

For more information, please see [www.tortoiseadvisors.co.uk](http://www.tortoiseadvisors.co.uk)

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## Company details

Portfolio manager:	Jean-Hugues de Lamaze
Date of admission:	26 September, 2016
Traded:	London Stock Exchange
Dealing currency:	Sterling
Issued share capital:	91,872,247 shares
Investment management fee:	1.25% p.a.

## Financial calendar

Year-end:	30 September
Results announced:	May (half-year); December (final)
AGM:	March
Dividends paid:	Last day of February, May, August & November

## NMPI status

The Company conducts its affairs so that its securities can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investment products, and intends to continue to do so. The Company's securities are excluded from the FCA's restrictions which apply to non-mainstream pooled investment products because they are shares in an investment trust.

## Individual Savings Account ("ISA")

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

Released: 4 March, 2019