

Ecofin Global Utilities and Infrastructure Trust plc (EGL)

As of 30/06/2020

Performance (to 30 June, 2020)

(all total returns in £)	1 M %	3 M %	6 M %	1 Y %	3 Y %	Since Admission* %
Net Asset Value	1.9	15.1	1.7	8.2	34.8	39.5
Share Price	4.0	17.1	3.6	20.8	47.6	74.2
FTSE All-Share Index	1.5	10.5	-17.4	-12.9	-4.6	4.4
FTSE ASX Utilities	6.3	5.6	-2.3	18.3	6.4	-0.8
MSCI World Index	2.2	19.7	1.3	6.0	29.7	46.2
MSCI World Utilities Index	-1.8	6.4	-1.9	2.0	23.2	29.1
S&P Global Infrastructure Index	-1.3	14.0	-13.9	-12.9	-0.4	7.6

*26 September, 2016.

Source: Bloomberg. Performance is shown on a total return basis, i.e., assuming reinvestment of dividends.

Yield, diversification, low volatility

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

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

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

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

Dividends

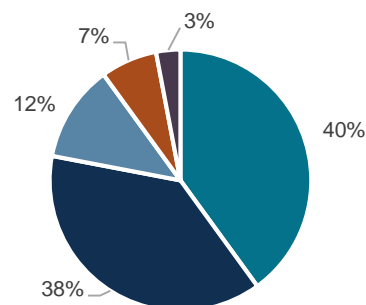
The Company announced in December 2019 an increase in the quarterly dividend rate to 1.65p per share (6.6p per annum), effective from the payment on 28 February, 2020. Quarterly dividend payments were previously 1.6p per share, or 6.4p per share per annum. Quarterly payment dates fall on the last business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

As of 30 June, 2020

Net assets	£156,324,356
NAV per share	166.33p
Share price	164.00p
Premium/(Discount)	(1.4)%
Gearing	14.8%
Yield*	4.0%

*Yield is based on dividends paid (last 4 quarterly dividends) as a percent of the share price.

Geographical allocation (% of portfolio)



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

Sector allocation

	% of Portfolio
Regulated utilities	24
Transportation	16
Integrates	39
Renewables (incl. YieldCos)	<u>21</u>
	100

10 Largest holdings

	% of Portfolio	Country
Enel	5.9	Italy
NextEra Energy*	5.2	US
RWE	4.5	Germany
Iberdrola	4.4	Spain
EDP	4.3	Portugal
Endesa	3.9	Spain
National Grid	3.7	UK
Exelon	3.2	US
Spark Infrastructure	3.2	Australia
Engie	<u>3.0</u>	France
Total (42 holdings)	41.2	

*common shares; the portfolio also holds the issuer's convertible preferred stock

Manager's comments

- Until late in the month, equity markets generally responded well to any signs of recovery in business activity and didn't dwell on less supportive economic stats, trade friction or the upswing in Covid-19 infections in various regions including notably many US states.
- EGL's NAV increased by 1.9% in June, again performing better than the representative indices due primarily to a heavy weight in Europe and renewables-oriented names. Sterling closed about 0.5% stronger against the US dollar and 0.7% weaker versus the Euro which produced a positive impact on the NAV and a slightly negative effect on index returns which are more heavily weighted in US listed companies.
- The NAV's performance was very strong in Q2 as a whole, on an absolute and relative basis, and year-to-date the NAV and share price have registered total returns of 1.7% and 3.6% apiece, while the MSCI World Utilities and S&P Global Infrastructure indices have registered returns of -1.9% and -13.9%, respectively, and the MSCI World Index has returned 1.3%. Small issuances of new shares continued in June given a sustained small premium in the share price; since April, EGL has issued 2.11 million new shares (£3.3 million).
- The headline numbers for global indices obscure the narrow leadership in US equities (the tech heavy NASDAQ reached a new record high in June) and the big regional variances in returns across EGL's sectors last month and indeed year-to-date. Taking June as an example, utilities in the UK and Continental Europe rose by 6.3% and 6.5%, respectively, while, curiously in our view, they fell by 5.1% in the US. In Europe, strength in relevant commodity prices funnelled through to firm up power prices and carbon prices have been strikingly strong (+25% in June and nearing historical highs), possibly related to the political agenda and waning of German reluctance to an EU-wide carbon floor. Power demand and pricing have been reasonably resilient in the US too, and earnings and guidance have been on target so the sector's sharp underperformance relative to broad local indices and global peers has been puzzling. It may reflect some indigestion with California-based PG&E's \$5bn equity offering late June linked to its re-emergence from bankruptcy.
- Regional performance in the portfolio diverged in June, echoing the comments above. The pan-European book rose by c. 5% with particularly strong performances by Enel, now EGL's largest holding, UK names, further to confirmation by SSE of its dividend policy [and some takeover speculation around Drax], RWE and Endesa. The North American portfolio, on the other hand, fell by about 3% with NextEra's shares under pressure. Considering the consistent interest rate backdrop, that's unusual dispersion (the 'rest of world' portfolio gained 1.7%). Anticipating some mean reversion for North American names in the months ahead, we topped up the holdings in TA Renewables and First Energy and added a new name, Edison International. Edison operates in California where we believe regulatory risks have diminished meaningfully with the overhaul of legislation since the 2017/2018 wildfires and PG&E's bankruptcy; additional catalysts for Edison's performance include its green growth agenda and the resumption of 8% p.a. EPS growth and nearer 11% p.a. dividend per share growth by 2022. Core earnings have been strong but obscured by fire-related impacts and the shares appear considerably under-valued.
- While infrastructure shares apart from utilities have struggled to perform as well as growth-oriented renewables-focussed utilities lately, natural gas infrastructure names Williams and Spark Infrastructure have provided positive contributions to NAV performance in recent months.
- China Longyuan Power Group, Asia's largest wind power producer, was also added to the portfolio early last month. The valuation of its shares relative to its book value is expected to improve to align more with its peers which are still listed (Huaneng Renewables and Huadian Fuxin have both been taken over by their parent in the last year).
- Gearing was held steady at c. 14-15%. For the most part, purchases were funded by the proceeds from the new share issuances.

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/egl

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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:	93,983,423 shares
Investment management fee:	1% p.a. of net assets

Financial calendar

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

NMPI status

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

Individual Savings Account ("ISA")

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

Released: 3 July, 2020