

# Ecofin Global Utilities and Infrastructure Trust plc (EGL)

As of 31/12/2022

## Performance (to 31 December 2022)

(all total returns in £)	1 M %	3 M %	6 M %	1 Y %	3 Y %	5 Y %	Since Admission* %
<b>Net Asset Value</b>	-1.1	5.3	3.9	5.7	45.3	82.9	99.3
<b>Share Price</b>	3.3	0.4	4.6	12.9	49.9	97.2	152.0
S&P Global Infrastructure Index	-3.3	2.9	0.9	11.5	13.2	30.3	41.5
MSCI World Utilities Index	-1.1	2.1	2.3	6.7	20.3	53.2	58.3
MSCI World Index	-5.4	1.1	3.9	-8.0	28.5	54.4	85.5
FTSE All-Share Index	-1.4	8.9	5.1	0.2	7.0	15.3	35.3
FTSE ASX Utilities	-0.4	12.3	1.7	2.2	26.7	51.4	28.7

\*26 September 2016.

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

## Yield, diversification, low volatility

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

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

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

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

## Dividends

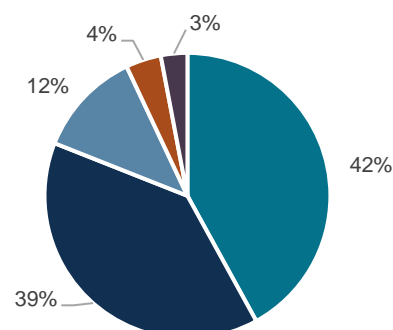
With effect from the interim dividend to be paid in February 2023, the quarterly dividend rate will increase to 1.95p per share (7.80p per annum) (from 1.85p per share, or 7.40p per annum). Quarterly payment dates fall on the last business day in February, May, August and November.

## As of 31 December 2022

Net assets	£244,735,721
NAV per share	217.46p
Share price	217.00p
Premium/(Discount)	(0.2)%
Gearing	13.2%
Yield*	3.4%

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

## Geographical allocation (% of portfolio)



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

## Sector allocation

	% of Portfolio
Regulated utilities	26
Transportation	11
Integrations	37
Renewables & nuclear	<u>26</u>
	<b>100</b>

## 10 Largest holdings

	% of Portfolio	Country
NextEra Energy	7.3	US
SSE	4.1	UK
Enel	4.0	Italy
RWE	4.0	Germany
DTE Energy	3.2	US
Drax	3.2	UK
EDP	3.1	Portugal
American Electric Power	3.1	US
Endesa	3.0	Spain
Exelon	<u>2.9</u>	US
<b>Total (42 holdings)</b>	<b>37.8</b>	

## Manager's comments

- EGL's NAV declined by 1.1% in December while the MSCI World Utilities and S&P Global Infrastructure indices declined by 1.1% and 3.3%, respectively. These returns were at least better than those for global equities which had a challenging finish to 2022 (MSCI World Index -5.4% in sterling terms). Currencies played a part again, this time positively for the NAV as sterling was little changed versus the US dollar but quite weak against the Euro (-2.5%). US and European gas and power prices fell as temperatures hovered at unusually warm levels allowing gas storage to be replenished more than anticipated.
- For calendar 2022, EGL's NAV increased by 5.7% and the share price by 12.9% (total returns) with EGL's infrastructure sectors outperforming in a year of rising inflation and interest rates, highly volatile energy/power markets and geopolitics, government subsidies and windfall taxes, traffic recoveries, and a drive for energy security and clean power sources. Asset reorganisations and earnings upgrades boosted many share prices. This highlights the strategy's capital preservation characteristics in a year when global equity indices fell by 8.0% (MSCI World Index in GBP terms).
- Since inception, on an annualised basis, the total returns for the NAV and shares (to 31 December) were 11.6% p.a. and 15.9% p.a., exceeding both the sector index comparators and the MSCI World Index.
- During December, the most positive contributors to NAV were Drax and European majors EDP, E.ON and Iberdrola while scarcity of power, higher power prices and margins and earnings upgrades continued to feature. Windfall tax risk also started to dissipate. Additional detail from the UK government on its generation windfall tax was helpful as it clarified that power generators with higher costs, such as Drax (which has a fuel cost), would have extra allowances. EDP's shares were boosted with the conclusion of two asset rotation deals recently and a marked recovery in hydro conditions after 2022's severe drought; further to meetings with management we are encouraged by the company's confidence that the spread between project IRRs and cost of capital is being maintained and that it can deliver on its return targets as PPA prices are increasing with capex cost inflation (even if there is a timing effect). In the North American portfolio, Evergy and Exelon also performed well but this was countered by weakness in Canadian names (TransAlta Renewables, Brookfield Renewable) and some profit taking in nuclear specialist Constellation, 2022's stand-out sector winner. NextEra Energy and its yieldco NEP also reduced the NAV as bond yields backed up again in the second part of December, impacting higher valuation names.
- During the month we significantly increased the position in Drax and EDP (with EDP that process started in November) and topped up Enel, a major laggard in the sector last year. We trimmed the position in American Electric Power which was not granted regulatory approval to proceed with the sale of Kentucky Power to Algonquin on existing terms; a delay or cancellation of the deal would not impact EPS meaningfully but the uncertainty is unhelpful. Gearing stood at 13.2% at month end.
- EGL published its annual report for F2022 in December. One highlight is that the board announced a dividend increase of just over 5% to 1.95p per quarter (7.8p per annum), which will come into effect for the February 2023 dividend. A copy of the annual report is available here: <https://uk.ecofininvest.com/media/5564/egl-annual-report-2022.pdf>

TICKER: EGL

SEDOL: BD3V464

ISIN: GB00BD3V4641

## Key risk factors

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

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

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

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

## Gearing

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

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

For more information, please see [www.ecofininvest.com](http://www.ecofininvest.com)

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## Company details

Portfolio manager:	Jean-Hugues de Lamaze
Date of admission:	26 September 2016
Traded:	London Stock Exchange
Dealing currency:	Sterling
Issued share capital:	112,543,423 shares
Investment management fee:	1% p.a. of NAV on first £200mn; 0.75% of NAV thereafter

## Financial calendar

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

## NMPI status

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

## Individual Savings Account ("ISA")

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

Released: 10 January 2023