



# Ecofin Global Utilities and Infrastructure Trust plc (EGL)

As of 31/03/2023

## Performance (to 31 March 2023)

(all total returns in £)	1 M %	3 M %	6 M %	1 Y %	3 Y %	5 Y %	Since Admission* %
<b>Net Asset Value</b>	1.4	-1.5	3.8	0.8	62.0	95.8	96.3
<b>Share Price</b>	-1.2	-1.0	-0.6	-0.7	67.8	129.7	149.6
S&P Global Infrastructure Index	0.2	0.9	3.8	2.0	51.3	44.6	42.8
MSCI World Utilities Index	3.0	-1.5	0.6	0.6	28.5	59.3	55.9
MSCI World Index	1.1	5.7	6.8	-0.6	60.6	71.3	96.1
FTSE All-Share Index	-2.8	3.1	12.2	2.8	47.7	27.6	39.5
FTSE ASX Utilities	3.7	7.7	21.0	1.5	47.5	74.9	38.6

\*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 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

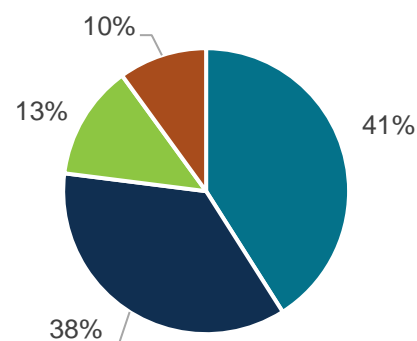
With effect from the interim dividend to be paid in February 2023, the quarterly dividend rate will increase to 1.95p per share (7.80p per annum) (from 1.85p per share, or 7.40p per annum). Quarterly payment dates fall on the last business day in February, May, August and November.

## As of 31 March 2023

Net assets	£242,812,714
NAV per share	212.29p
Share price	213.00p
Premium/(Discount)	0.3%
Gearing	11.0%
Yield*	3.5%

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

## Geographical allocation (% of portfolio)



■ North America    ■ Cont. Europe  
■ UK                    ■ Rest of World

## Sector allocation

	% of Portfolio
Regulated utilities	23
Integrated utilities	33
Renewables & nuclear	24
Environmental services	7
Transportation infrastructure	<u>13</u>
	<b>100</b>

## 10 Largest holdings

	% of Portfolio	Country
NextEra Energy	6.7	US
SSE	4.4	UK
National Grid	4.2	UK
RWE	3.8	Germany
Enel	3.7	Italy
EDP	3.4	Portugal
ENAV	3.4	Italy
AES	3.3	US
Engie	3.1	France
Veolia	<u>3.1</u>	France
<b>Total (40 holdings)</b>	<b>39.1</b>	

## Manager's comments

- Temporarily at least, banking stresses (including two large US bank failures) changed the course of interest rates in March. A risk-off lurch brought sharp falls in bond yields (the benchmark US 10-year government yield started the month at just over 4% and finished it at 3.5%) and turned attention to more defensive equities which had been trailing year-to-date, most significantly in the US. Tighter credit conditions would equate to effective rate rises, potentially allowing the Federal Reserve to pause inflation-fighting rate hikes sooner than otherwise anticipated. Despite the liquidity and economic concerns and added volatility, global equities rose again (MSCI World Index +3.2% in local currency and +1.1% in sterling terms in March).
- EGL's NAV increased by 1.4%, held back somewhat by sterling's 2.6% gain against the US dollar (sterling was approximately flat against the Euro). The MSCI World Utilities Index increased by 3.0% and the S&P Global Infrastructure Index rose by just 0.2%. Across geographies, the recovery in utilities was fairly uniform, helped by their perceived safe-haven status and lower bond yields; in Europe there was also a decent bounce in natural gas prices that fed through to power prices. There were not any stand-out performers in the month, just better performances from many names with solid fundamentals which had trailed year-to-date or last year (such as NextEra Energy, Endesa, Enel, Brookfield Renewable, E.ON). With greater concern about growth (or recession) prospects, infrastructure names were weaker (ENAV, Atlas Arteria) and so were emerging markets holdings China Water Affairs and China Longyuan.
- Mid-month the European Commission released its Net-Zero Industry Act (NZIA) as part of the European Green Deal and in response to the US IRA's massive package of subsidies. The NZIA sets ambitious targets for decarbonising technologies (capacity additions) and aims to ensure that 40% of demand for clean tech in Europe is manufactured domestically by 2030; it also aims to drastically reduce permitting timeframes. Legislation and funding firepower, which is meant to match incentives in other jurisdictions, still needs agreement and parliamentary approvals.
- 31 March marked the end of the half-year for EGL. During the 6 month period, the NAV increased by 3.8% which compares well with the relevant sector indices (MSCI World Utilities Index +0.6%; S&P Global Infrastructure Index +3.8%). The MSCI World Index's lofty 18.5% gain in local currency terms was trimmed to +6.8% in sterling terms due to sterling's more than 10% appreciation versus the US dollar over the six months. Over the period sterling's strength reduced EGL's portfolio performance by about 5.1%.
- Gearing was almost unchanged during the month (11% at month's end). Portfolio activity included an addition to National Grid which we believe has an attractive valuation and combination of defensiveness and inflation protection, as well as superior regulated asset base growth and incremental support from the US IRA and the UK's Net Zero Strategy which will require new renewables capacity to be integrated into the respective grids. They have not been flavour-of-the-month (or YTD) but we topped up ENAV, AES and Constellation on share price setbacks given the quality of recent earnings and strength of fundamental growth drivers. On the other hand, on relative performance grounds only, we trimmed Enel, Endesa, Terna and Brookfield Renewable.
- You may notice the new sub-sector 'Environmental services' listed above. This is to better cater for and illustrate the portfolio's holdings in this area which have grown with the additions of Veolia and China Water Affairs over the last year (American Water Works has been a long-standing holding).

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:	114,379,423 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: 11 April 2023