



# Ecofin Global Utilities and Infrastructure Trust plc (EGL)

As of 31/05/2024

## Performance (to 31 May 2024)

(all total returns in £)	1 M %	3 M %	6 M %	1 Y %	3 Y %	5 Y %	Since Admission* %
<b>Net Asset Value</b>	7.6	15.8	14.6	8.4	28.7	66.0	105.6
<b>Share Price</b>	7.0	22.2	12.1	-4.2	13.0	68.0	126.9
S&P Global Infrastructure Index	4.4	9.6	10.5	9.5	29.6	27.4	50.9
MSCI World Utilities Index	5.7	13.7	12.1	9.9	25.2	35.0	65.7
MSCI World Index	2.7	3.1	14.2	22.1	37.4	85.2	140.7
FTSE All-Share Index	2.4	9.9	13.5	15.3	25.1	36.8	58.3
FTSE ASX Utilities	-2.7	-1.2	-5.4	-3.6	26.2	65.9	34.9

\*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

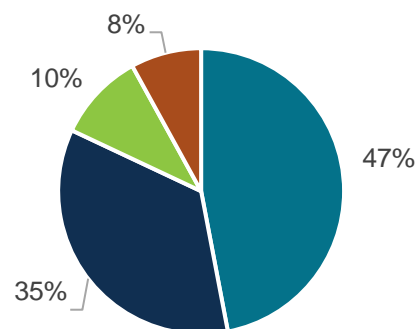
With effect from the interim dividend paid in February 2023, the quarterly dividend rate increased to 1.95p per share (7.80p per annum). With effect from the interim dividend to be paid in February 2024, the quarterly dividend rate will increase to 2.05p per share (8.20p per annum). Quarterly payment dates fall on the last business day in February, May, August and November.

## As of 31 May 2024

Net assets	£234,211,327
NAV per share	211.39p
Share price	183.00p
Premium/(Discount)	(13.4)%
Gearing	7.9%
Yield*	4.4%

\*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
- Cont. Europe
- UK
- Rest of World

## Sector allocation

	% of Portfolio
Regulated utilities	34
Integrated utilities	31
Renewables & nuclear	18
Environmental services	7
Transportation infrastructure	<u>10</u>
	<b>100</b>

## 10 Largest holdings

	% of Portfolio	Country
NextEra Energy	6.2	US
National Grid	5.1	UK
Vistra	4.2	US
American Electric Power	4.0	US
Constellation Energy	4.0	US
Enel	4.0	Italy
SSE	3.9	UK
RWE	3.9	Germany
Veolia	3.4	France
ENAV	<u>3.4</u>	Italy
<b>Total (37 holdings)</b>	<b>42.1</b>	

## Manager's comments

- EGL's NAV delivered a solid 7.6% rise in May. This was an even better showing than EGL's sector indices which outperformed strong equity markets for the third month in a row, despite fading hopes for policy rate reductions and fluctuating longer-term bond yields. The S&P Global Infrastructure Index rose by 4.4% and the MSCI World Utilities Index increased by 5.7%, ahead of the MSCI World's 2.7% gain (all total returns in £).
- US utilities were the stand-out performers again in May and stock selection continued to add value; NextEra, Vistra, Constellation and AES were the portfolio's leading contributors to NAV. The resurgence of US power demand growth, largely driven by AI's datacentres, has been favouring baseload power producers and the transmission & distribution utilities that will hook that power up to final users. In Europe as well as in the US, power prices were rising, erasing early 2024 falls, and earnings results and guidance were in line with or nicely ahead of consensus expectations, helping to fuel share prices with valuations still relatively low. European utilities lagged US counterparts but the portfolio still saw strong performances from large integrators RWE and Enel as well as from environmental services groups Veolia (a top 10 position since March) and China Water Affairs.
- National Grid reported a solid quarter too but all eyes were on its £7bn equity issuance to support upgraded capex plans – to £60bn over 5 years, almost double the £33bn deployed over the last 5 years and >20% above consensus. The rights issue was sooner than expected too, with the acceleration likely driven by improving capex visibility and possibly the UK election. The shares were very weak for several days thereafter, struggling to absorb the heavily dilutive rights and the group's plan to double its capex budget without any clear effect on its earnings growth profile. Although the market's initial reaction was a thumbs-down, we believe National Grid should be one of the most attractive profiles around for the next 2-3 years, trading at less than 12x earnings. We exercised our rights and added to the position on the lows late May.
- Although pure renewables developers have continued to underperform this year, many of the largest renewables specialists (NextEra, AES, RWE, Iberdrola for example in EGL's portfolio) have diversified portfolios, solid earnings to report, power demand growth exposure and therefore share price momentum. Private equity giants have taken note of the depressed valuations for listed renewables and continued to take advantage in May: Brookfield Asset Management is in talks to acquire France's Neoen and Atlantica Sustainable Infrastructure (a yieldco) is to be acquired by an ECP-led consortium.
- Borrowings were reduced significantly from mid-month in view of the very sharp rally in the NAV. We took partial profits in several US utilities on the back of share price gains (NextEra, AEP, Edison International, Southern, Constellation, Vistra), as well as in SSE and Ferrovial. A new holding was established in BKW which is involved in energy production (mostly hydro, wind and nuclear) and trading, grids and services in Europe. Gearing was 7.9% at month-end, about half the prior month's level.

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:	110,795,598 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: 7 June 2024