SHINING A LIGHT ON THE……
The Renewables Infrastructure Group Limited

AT A GLANCE

Investment Objective
To generate sustainable returns from a diversified portfolio of renewables infrastructure that contribute towards a zero-carbon future. The Company invests principally in operational assets which generate electricity from renewable energy sources, with a particular focus on onshore wind farms and solar PV parks.

Inception Date	29th July 2013
Fund Factsheet Link	https://www.morningstar.co.uk/uk/report/cef/quote.aspx?t=F00000Q7PL&lang=en-GB

Management	
Manager Name	**Start Date**
Richard Crawford	29th July 2013

FUND PERFORMANCE

Performance from 1st January 2016 to 31st October 2022:

	2016	2017	2018	2019	2020	2021	2022
The Renewables Infrastructure Fund	15.75%	5.11%	10.68%	28.96%	-2.88%	10.76%	0.61%

Performance over 12 months, 3 years, 5 years and since launch:

	1 year	3 years	5 years	Since launch
The Renewables Infrastructure Fund	3.45%	16.03%	56.43%	114.67%

You should note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

Tracking Error	Active Share	Upside Capture Ratio	Downside Capture Ratio	Batting Average	Beta	Alpha	Equity Style
-	-	-	-	-	-	-	-

Volatility Measurements	
3-Yr Std Dev (volatility)	13.53%
3-Yr Mean Return (average)	5.08%

Top 5 Holdings		
Hornsea One	-	9.00%
Beatrice	-	7.00%
East Anglia One	-	6.00%
Jadraas	-	6.00%
Merkur	-	5.00%

Sectors	
Onshore Wind	50.00%
Offshore Wind	34.00%
Solar PV	15.00%
Flexible Capacity	0.50%

Top 5 Regions	
UK	55.00%
Sweden	14.00%
Germany	10.00%
France	9.00%
Spain	6.00%

Fund Benchmark	-
Fund size (Mil)	GBP 3.3 billion
Ongoing Charge	0.88%

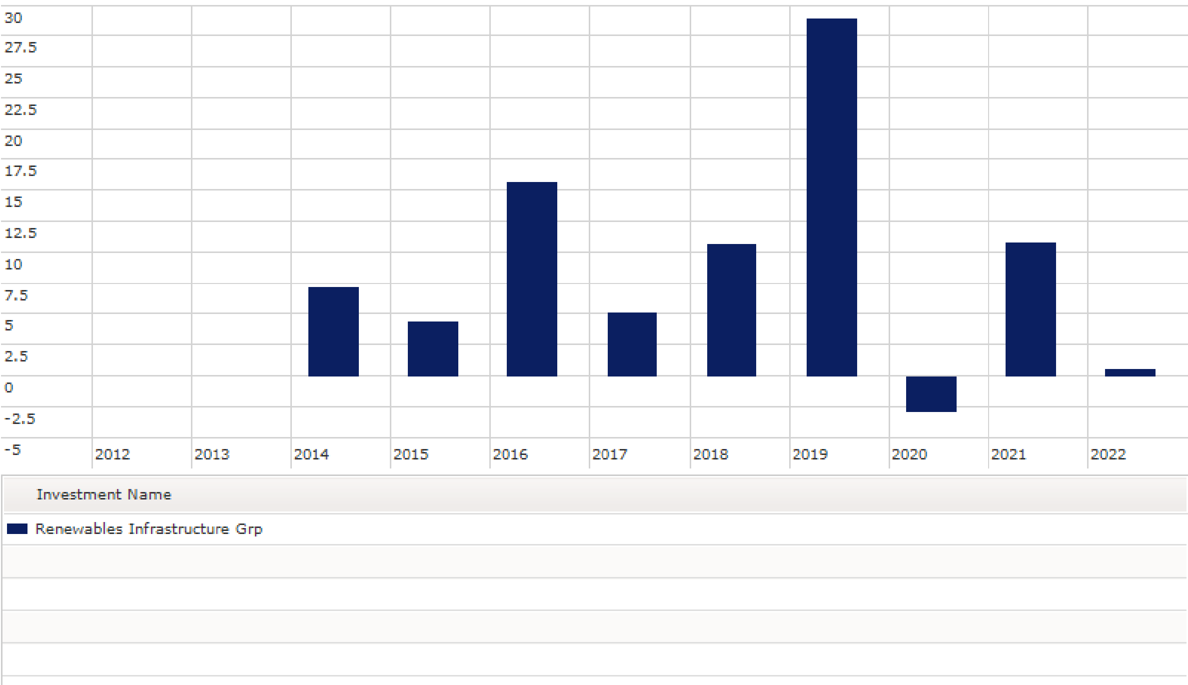
Bull points (pros)	Bear points (cons)
• First geographically and technologically diversified company investing in renewable infrastructure • Largest and most diversified portfolio of renewable energy in the sector • Access to wind and solar and small weighting to battery storage • Power price exposure is managed with 2/3 currently fixed through subsidies and price fixes • 92% of the portfolio is operational, with 8% under construction • Yield of over 6% • 39% of the assets held are ungeared. Average cost of debt is 3.5% and is fixed. The debt is normally paid down by the end of the subsidy cycle. The trust has a revolving credit facility but little exposure to interest rates	• Rising interest rate and government bond yields could push down the net asset value • Inflation could be seen as a negative although 51% of the revenues are directly linked to inflation • EU's price cap is e180/MWh but if the UK sets a lower rate this could be negative for the strategy

UPDATE….

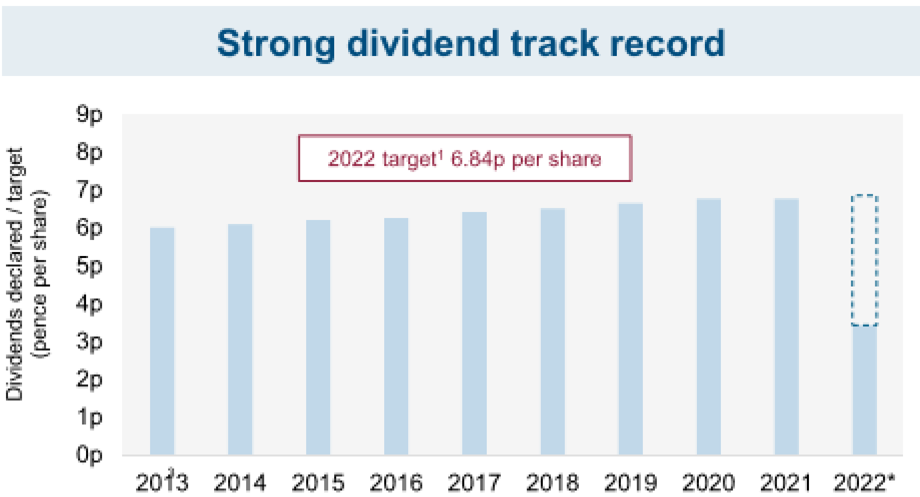
The strategy was launched in 2013 and is managed by InfraRed Capital Partners and Renewable Energy Systems Limited (RES). InfraRed are an international infrasture manager, and RES is the world's largest independent renewable energy company.

The crisis within energy has pushed the need for energy security, and renewables contribute towards this. Renewables Infrastructure was the first geographically and technologically diversified company investing in renewable infrasture and is the largest and most diversified portfolio of renewable energy in the sector.

The market return is shown below:



The strategy also has a strong divided track record which is demonstrated below:



Effectively returns are therefore made up from a growth in asset values plus the dividend payment. So although there are periods where the market return is negative, the dividend will mean the overall return is positive.

The strategy aims to deliver sustainable value through portfolio construction, sustainable investment practices and value enhancement. In terms of value enhancement, this leans on the experience of RES and focuses on four areas:

Uplift energy yield
Maximise revenue streams
Reduce operational costs
Life extension and repowering

In terms of specifics examples of work they have done, these include:

1. Blade enhancements being rolled out following successful trail with significant yield uplift
2. Wake steering hardware installed: now in optimisation and testing phase
3. Additional grid services revenue secured in Ireland
4. New power sale routes to market captured
5. Circular economy: refurbished parts from decommissioned site used
6. Biodiversity activities progressed including beehives and wildflowers

92% of the portfolio is operational and 8% is in construction. Blary Hill onshore wind farm in Scotland was recently completed on time and within budget. They are working on other onshore wind farms in France and Sweden. They are also working on a solar PV project in Spain. In terms of these projects, they consider community engagement, local supply chain and natural habitat, and therefore sustainability is a key aspect of the projects.

Two investments this year were Hornsea One, an offshore wind farm where they have taken a 10% stake in the business. The other is Valdesolar, which is Solar PV, and they have a 49% share.

In terms of tailwinds there are three key areas:

1. Imperative of arresting adverse climate change
2. Policy to reduce dependence on imported gas
3. Pressure on government and consumer finances

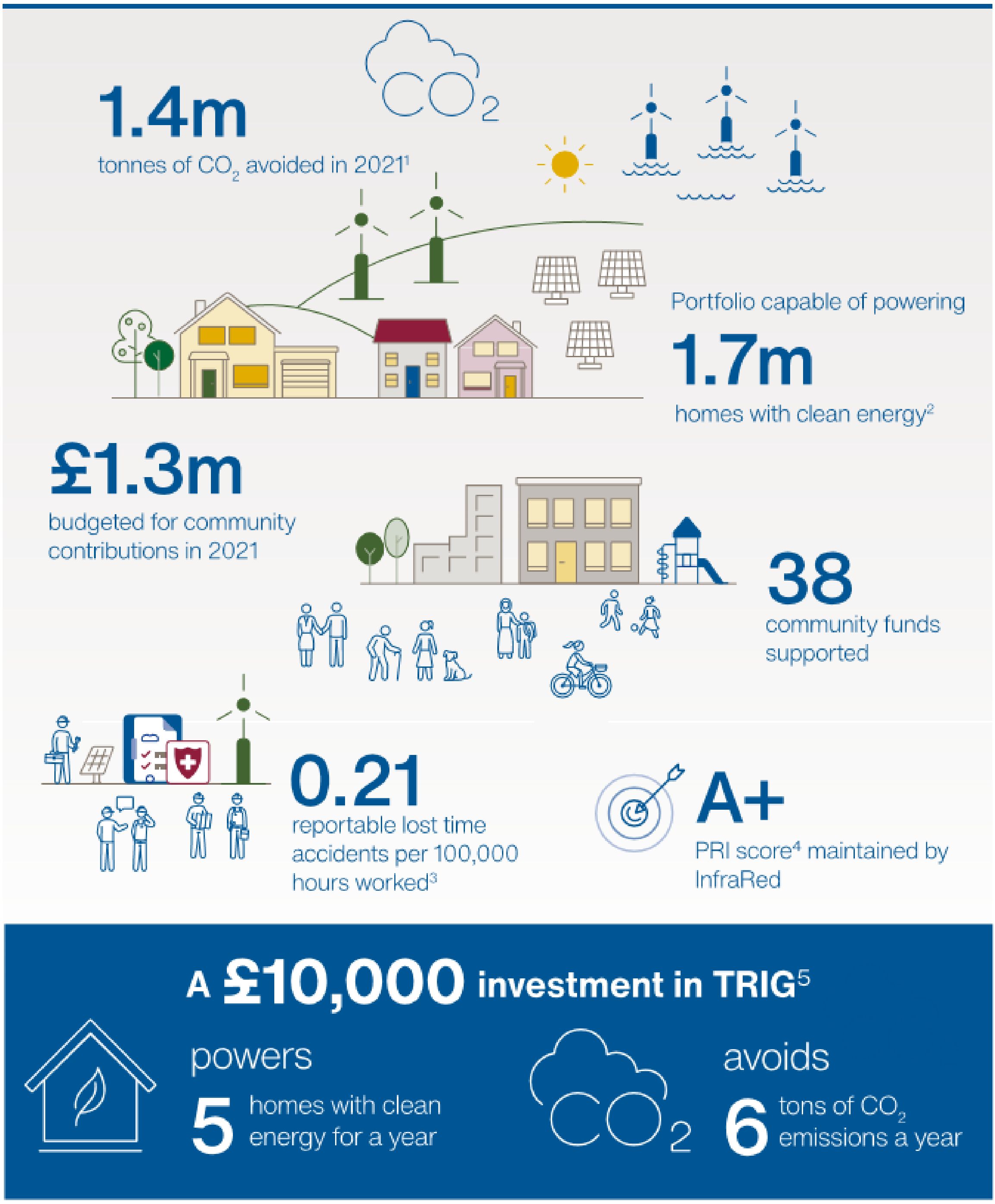
There are however challenges:

1. Price caps
2. Interest rates
3. Inflation

Rising inflation impacts both cashflows and the net asset value. However, 51% of the revenues are directly linked to inflation, and therefore rising inflation should be seen as a potential positive for the revenues rather than a negative. Interest rates are a potential risk and could push down the net asset value, although the inflation aspect may counter this. It also important to reflect that gearing is relatively low and fixed at low levels.

Price caps are an unknown. The EU's price cap of e180/MWh is higher than what is assumed within the latest net asset value. However the UK cap is less known, and the rumoured level could have a negative impact.

The chart below highlights the 2021 sustainability highlights for the trust:



In summary, for investors wanting exposure to renewable energy, this trust delivers. It has provided investors with both capital growth and income. The management are careful to ensure they pay a sustainable and reliable dividend and therefore the increase has been steady. There are risks from interest rates and inflation but potentially the greatest risk is the UK's proposed cap on power prices from renewable generators, which could be negative.

The source of information in this note has been provided by Renewables Infrastructure and is correct as of November 2022. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to decide based on these notes we cannot take responsibility for this, and you should carry out your own research before deciding. We would also recommend that you receive advice before following up on any decision.