

Ecofin Global Utilities and Infrastructure Fund – June 2023

LWM FUND SPOTLIGHT ECOFIN GLOBAL UTILITIES AND INFRASTRUCTURE FUND

INVESTMENT OBJECTIVE

The aim is to provide long-term capital growth and attractive dividend income for shareholders by investing in listed utilities, environmental services, and other economic infrastructure sectors globally. The trust targets a total return of 6 – 12% per annum over the longer-term including dividends.

INCEPTION DATE

26th September 2016

FUND FACTSHEET

<https://www.trustnet.com/factsheets/T/nfzk/ecofin-global-utilities-and-infrastructure-trust-plc/>

MANAGEMENT

Manager Name

Start Date

Jean Hughes De Lamaze

RATIO DATA (3-years)

Alpha	Beta	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	Tracking Error
0.33	0.58	-18.08	13.08	-10.20	74	75	14.29

OTHER DATA

Benchmark	-
Fund Size	£269.95m
Fees	The Investment Manager will be entitled to a management fee equal to 1% p.a. of the NAV on the first GBP 200m and 0.75% p.a. of NAV thereafter, payable quarterly in arrears. The Contract is terminable on 6 months' notice.

BULL POINTS (PRO)

- Targets a total return of 6-12% p.a.
- Growing yield, currently circa 4%.
- Invests in listed infrastructure.
- Targets opportunities in the shift to renewable energy, electrification of the economy, upgrade of water, waste, and transport infrastructure.

BEAR POINTS (CONS)

- Listed infrastructure so a crowded and competitive market.

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FUND PERFORMANCE

Performance from 26th September 2016 – 31st May 2023

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



■ A - Ecofin Advisors Limited - Ecofin Global Utilities and Infrastructure Trust Plc ORD 1P TR in GB (138.76%)

26/09/2016 - 31/05/2023 Data from FE fundinfo 2023

Pricing Spread: Bid-Bid • Currency: Pounds Sterling

Customise Columns	2023 ↑↓	2022 ↑↓	2021 ↑↓	2020 ↑↓	2019 ↑↓	2018 ↑↓	2017 ↑↓
Ecofin Advisors Limited Ecofin Global Utilities and Infrastructure Trust Plc ORD 1P TR in GB	-11.57	12.93	9.87	20.81	31.56	-0.01	27.70

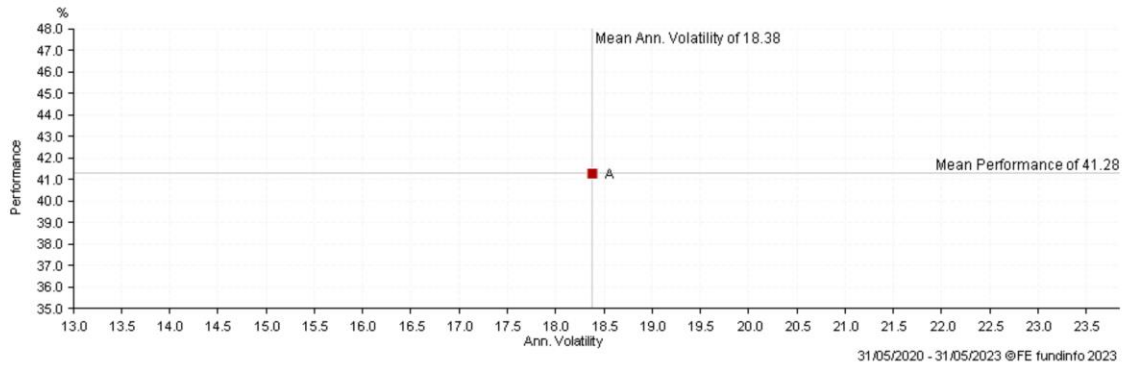
Customise Columns	1m ↑↓	3m ↑↓	6m ↑↓	1yr ↑↓	3yr ↑↓	5yr ↑↓
Ecofin Advisors Limited Ecofin Global Utilities and Infrastructure Trust Plc ORD 1P TR in GB	-8.56	-6.23	-2.93	-6.59	41.28	94.58

Please 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.

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VOLATILITY / RISK SCORE

Pricing Spread: Bid-Bid • Currency: Pounds Sterling



31/05/2020 - 31/05/2023 ©FE fundinfo 2023

Key	Name	Performance	Annualised Volatility
■ A	Ecofin Advisors Limited - Ecofin Global Utilities and Infrastructure Trust Plc ORD 1P TR in GB	41.28	18.38

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LWM FUND ANALYSIS

The strategy is more akin to infrastructure funds, investing in listed infrastructure across the world. It looks to mix regulated and growth-oriented business segments:

- Electric and gas utilities – generation, transmission and distribution of electricity, gas and liquid fuels and renewable energies.
- Environmental services – water supply, wastewater, water treatment and waste management.
- Transportation infrastructure – roads and airports.

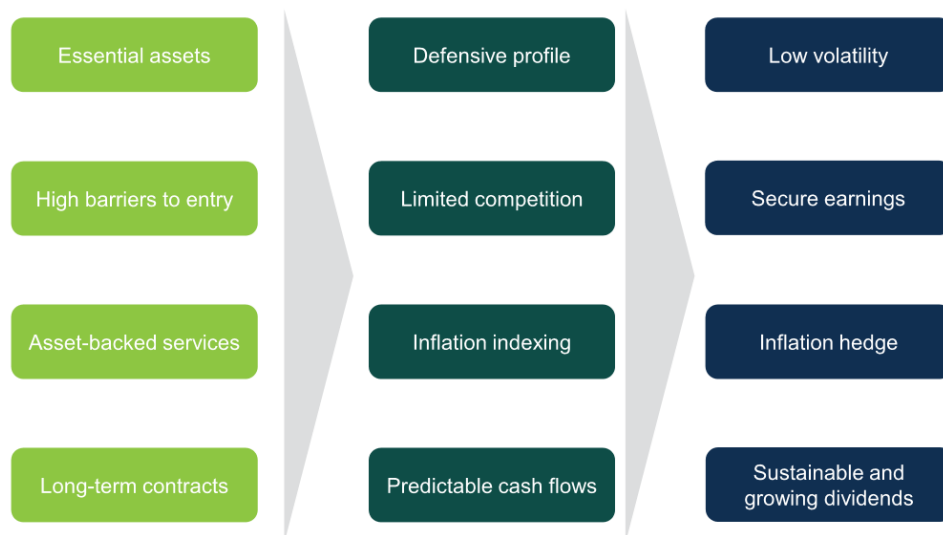
As an overview:

An alternative income strategy featuring capital preservation and exposure to global growth

Global	Income	Growth
Diversified across geographies, sub-sectors and investment themes <i>Balance North America/pan-Europe (EM capped at 10%)</i>	Invested in securities with attractive yields and inflation protection <i>Portfolio yield c. 4%</i>	Growth-oriented infrastructure businesses and utilities <i>DPS growth +5-7% p.a.</i>
Target total return: 6-12% per annum		Achieved total return*: 10.8% per annum

Investment universe: c. 400 companies; c. \$3.4 trillion market cap.

Why should investors consider this sector?



In an environment of rising inflation, this provides a good source of inflation protection.

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Inflation indexing

Most of our portfolio companies benefit from regulated and/or contracted cash flows which are directly or indirectly indexed to inflation.

Examples: UK, Italy, Portugal, some US states (Illinois), some LatAm countries

Pricing power

Even without inflation indexing, our companies typically benefit from strong pricing power as they operate essential infrastructure.

Examples: environmental services, toll roads, airport management

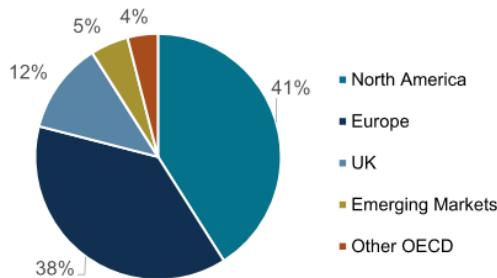
Cyclical tilts

Power generators typically see their margins expand in periods of inflation due to positive exposure to commodity prices.

Examples: power generators

In terms of the profile of the strategy:

By geography (% of portfolio)



- Over-weight Europe vs North America
- Circa 9% in 'Rest-of-World'
- Confidence in 6-12% per annum total return (capital plus dividends) over the medium term; portfolio currently yields 4.0%
- F2022 dividend income growth was strong again; long-term dividend growth objective of 5-7% per annum for this strategy

10 Largest holdings

	Country	% of portfolio
NextEra Energy	US	6.4
SSE	UK	4.3
RWE	Germany	4.0
Enel	Italy	3.9
ENAV	Italy	3.4
National Grid	UK	3.3
EDP	Portugal	3.3
Veolia	France	3.1
DTE Energy	US	3.1
Drax	UK	<u>3.0</u>
Total		37.9%

Sub-sectors

Sub-sectors	% of portfolio
Regulated utilities	27
Integrated utilities	36
Transportation infrastructure services	12
Renewables & nuclear	25














Ecofin as a business have two clear aims; a focus on performance and a commitment to sustainability. They want to invest in those companies that are dedicated to sustainable operations. It is these companies that are experiencing historic growth and benefiting from lower costs of capital.

This strategy, like all their strategies, takes the core philosophy of the business to its heart. It is a belief that societies need to accelerate the transformation to a greener, decarbonised,

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and more sustainable economy. It is not just good for the environment but will also drive earnings growth for years and decades to come.

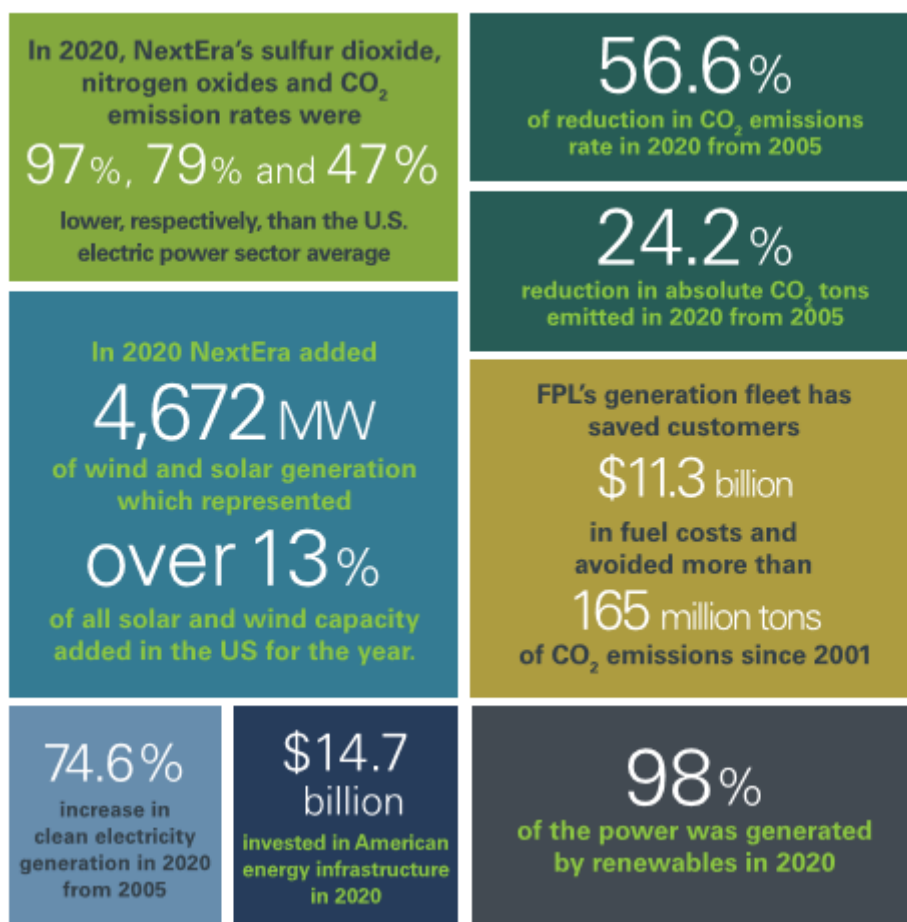
Below is an example of holdings, themes, outcomes, and impact:

Themes	Portfolio Examples	Thematic Focus	Thematic Outcomes	Thematic Impact
Electrification (Electric & gas utilities and renewable energies; generation, transmission & distribution)	<ul style="list-style-type: none"> • Drax • EDP • Enel • Exelon • Iberdrola • NextEra • RWE • SSE 	<ul style="list-style-type: none"> • Captures the growing electricity market as a piece of the broader energy market • Renewable growth within electricity generation; good for the environment – good for the company 	<ul style="list-style-type: none"> • Measurable reduction in GHG and other pollutants • Continued replacement of coal and other fossil fuel generating plants with renewables • Economic growth 	      
Environmental Services (Water supply, water treatment, wastewater, and waste management)	<ul style="list-style-type: none"> • Veolia 	<ul style="list-style-type: none"> • Improving waste, water and energy management • Turn waste to energy • Improve water usage efficiency 	<ul style="list-style-type: none"> • Keeps biomass out of landfills • Helps protect groundwater • Encourages reuse and recycling 	 
Transportation infrastructure (Roads, railways, airports and ports)	<ul style="list-style-type: none"> • Atlantia • Atlas Arteria • Ferrovial 	<ul style="list-style-type: none"> • Upgrading outdated infrastructure for current needs to support growth and minimise risks • Companies building franchises with dedication to minimising the environmental impact of their services 	<ul style="list-style-type: none"> • Carbon neutrality and sustainability objectives 	   

NextEra Energy is currently the largest holding. The company provides sustainable energy generation and distribution services. It generates electricity through wind, solar and natural gas. It also develops battery storage facilities and is involved in pipeline infrastructure management. The aim is to become the world's largest and cleanest energy provider. It produces 98% of its power through clean or renewable energy.

The company is phasing out coal and deploying more solar.

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For investors, Ecofin is a company that truly believes in what it is doing, through engagement and investing in those companies at the forefront of change. Rather than developing projects they are investing in companies that run projects. They have a total return mindset to ensure growth in asset value alongside a sustainable growing yield.

In summary, this is a pure infrastructure play investing in listed assets. It comes from a specialist in this area. It aims to deliver a total return on investments of between 6% and 12% p.a. It is investing around the greatest change we have seen in decades. On the flip side, this is a competitive market and therefore there are other strategies which may be worth considering.

The source of information in this note has been provided by Ecofin and is correct as of June 2023. 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 make a decision based on these notes we cannot take responsibility for this, and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.

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