THIS IS A MARKETING DOCUMENT

Ecofin Sustainable Listed Infrastructure UCITS Fund (ESLIF)

Q1 2024 QUARTERLY COMMENTARY

MSCI ESG RATINGS: AA (CCC | B | BB | BBB | A | AA | AAA)

Represents the aggregate rating of ESLIF's holdings as of 31 March 2024. Certain information ©2024 MSCI ESG Research LLC. Reproduced by permission; no further distribution permitted. See last page of the factsheet for additional information on the rating.

Please note that this Ireland domiciled Ecofin Sustainable Listed Infrastructure UCITS Fund ("ESLIF") was launched 23 February 2022. A UCITS fund with the same strategy and investment management team as ESLIF was previously launched under Luxembourg domiciliation in August 2019 ("Lux Fund"); however, due to platform onboarding issues in Luxembourg, Lux Fund was placed into liquidation in early June 2022 after the largest investor had transferred its investment to ESLIF.

Performance

Over the quarter, the NAV total return was 3.5% compared with the S&P Global Infrastructure Index's 3.4% (total return in Euros). Over the period since the launch of ESLIF (Irish fund format) in February 2022, the NAV total return is 6.2% versus the benchmark index's increase of 12.8%.

As of 31 March 2024

(All total returns in EUR)	3 months %	6 months %	1 year %	Since inception* %
ESLIF NAV	3.5	9.4	-1.2	6.2
S&P Global Infrastructure Index	3.4	9.8	3.8	12.8

*24 February 2022
For information purposes, performance information for the Lux Fund from its inception on 6 August 2019 to 31 May 2022 is provided below. Although both ESLIF and Lux Fund are managed by Ecofin Advisors Limited to the same strategy, Lux Fund's performance information DOES NOT constitute ESLIF's performance and it is provided for background information purposes only.

Performance of Lux Fund from August 2019 to 31 May 2022 (Lux Fund was closed in early June 2022)

(All total returns in EUR)	2019 %	2020 %	2021 %	2022 %	Since inception* %
Lux Fund NAV	10.8	4.1	21.0	3.3	44.1
S&P Global Infrastructure Index	8.7	-14.2	19.5	14.0	27.1

*6 August 2019

Market overview

After the relief of some buoyancy in ESLIF's sectors and portfolio in the final months of 2023, utilities and broader infrastructure lagged significantly again in January and February 2024 while equity market momentum was centred around tech-oriented sectors rather than long duration and essential assets. With early 2024 rate cut expectations being reigned in, given sticky inflation data and still healthy growth coming from the U.S. in particular, 10-year benchmark bond yields moved higher, back above 4% in the U.S. (from December lows of 3.79%). Equally pertinently for this strategy, warm-ish winter temperatures and ample supplies led to significant declines in natural gas, carbon and 2024 forward power prices, especially in Europe, which was a headwind for power generators' share prices. No amount of 'in line' or even positive news for companies in the utilities/renewables sector, with respect to results, guidance, dividend growth or capex plans, was able to comfort investors about earnings prospects with economies and power demand weak across Europe and energy markets deemed over-supplied. RWE's cautious statement for 2024 caused its share price to retrace a lot of Q4 2023's gains and impacted the wider group too (Enel, EDP, SSE).

In the U.S. the power demand dynamics are stronger (AI, data centres, EVs, economy generally) and by February the U.S. part of the portfolio was showing good strength with strong NAV contributions from Constellation Energy, which trounced consensus 2024 earnings guidance and longer term growth targets (the stock is the S&P 500 Index's second best performer year to date (YTD) after Nvidia), Vistra, American Electric Power and Public Service Enterprise Group. By then, Chinese holdings China Water Affairs and China Suntien had a notably better month too.

March marked a broader upturn in sentiment for the strategy's sectors and the fund's NAV which outperformed. Some greater confidence that the inflation outlook would permit policy rate reductions before too long was helpful, even if longer term benchmark bond yields, a major driver for infrastructure sectors lately, swung around and effectively moved sideways over the month. Energy commodity and European carbon prices, which had been weaker YTD, staged partial recoveries, leading to a small rally in forward power prices. The U.S. part of the portfolio was the strongest NAV driver as U.S. utilities recovered some ground after prolonged underperformance and the portfolio's large U.S. holdings outperformed. Corporate news continued to be positive, including around bellwether NextEra Energy (see below). The 'Mag 2' power stocks, Constellation (nuclear) and Vistra (nuclear and other baseload power), continued to perform very well, capturing generalist investors' interest as direct plays on power demand growth from data centres.

Performance attribution

The 5 best and worst contributors to the NAV during the quarter were:

Company	Avg. net exposure	NAV contribution %
Top 5:		
Constellation Energy Corp.	3.5	1.8
Vistra Corp.	2.0	1.4
NextEra Energy Inc.	5.5	0.5
ENAV SpA	3.5	0.5
American Electric Power Co Inc.	4.8	0.4
Bottom 5:		
RWE AG	3.4	-1.0
EDP-Energias de Portugal SA	1.6	-0.4
Xcel Energy Inc.	3.1	-0.4
SSE PLC	3.7	-0.4
Xinyi Energy Holdings Ltd	1.1	-0.3

By sub-sector, over three months the bright spots were nuclear (net cashflow positive Constellation and Vistra, as well as Public Service Enterprise Group), transportation infrastructure (ENAV, Ferrovial, Vinci), and network operators set for a growth acceleration (E.ON, AEP, Exelon). Power generators and integrated utilities RWE, EDP and SSE, described below, lagged.

Constellation Energy Corp (nuclear) and **Vistra Corp** (nuclear and other baseload power), continued to perform very well (Vistra +81% and Constellation +58% in Q1), capturing generalist investors' interest as direct plays on power demand growth from GenAI and data centres. During the quarter, Constellation also significantly upgraded its 2024 earnings guide and EPS and dividend growth targets through 2028. Late January we doubled the position size of Vistra which operates in the tight Texas electricity market. Vistra delivered strong earnings and free cash flow during the quarter, beating already raised expectations, and its purchase of Energy Harbour, which includes a 4000 megawatt (MW) nuclear generation fleet, received FERC approval in February.

NextEra Energy Inc delivered a strong earnings report during the quarter to which the shares barely reacted. The shares did respond positively after the company hosted an analysts' day focussed on renewables development which impressed in terms of demand growth potential, sophisticated in-house expertise and competitive advantages (scale, technologies). Also, finding no violations, the Federal Election Commission closed its investigation into a complaint filed in 2022 against NextEra's Florida utility, potentially alleviating an overhang for the shares.

ENAV SpA reported strong 2023 results and a dividend per share 15% ahead of consensus forecasts, pointing to upside for 2024 guidance driven mainly by top-line growth. Confirmation that free cash flow will continue to be devoted to investments in the core business and dividends spurred a March rally in the shares.

American Electric Power Co Inc shares were stronger in line with electricity transmission & distribution peers, upon better than expected 2023 sales and reaffirmation of growth targets, and in view of a change in CEO and 2 board seats announced for Carl Icahn.

RWE AG concerned the market by signalling in January an impact to 2024 earnings from lower commodity prices, guiding analysts toward the lower end of the range for 2024 earnings per share (EPS). This caused weakness more widely in the sector, recognising that for fixed cost generators lower power prices would lead to negative earnings revisions, even though many integrateds – EDP, Enel, Endesa, Iberdrola, Engie – would benefit near term as buyers of power.

EDP – see above. The company reported in-line earnings for 2023 and reassuring guidance for 2024 assuming an average year for hydro and despite weaker growth at its global pure renewables listed subsidiary EDPR.

Xcel Energy Inc shares were weak as the company has operations in the region of Texas which suffered the Smokehouse Creek fire, coincident with Warren Buffett's warning about fire risks for utilities. Fire damages, while significant, are expected to be less than originally feared and liability, if attributed to Xcel, should be covered by insurance for this high quality utility.

SSE PLC is also a long duration business model (high growth networks, renewables and thermal generation) which is more sensitive to rates (where expected cuts this year were deferred and scaled back during the quarter) and power prices.

Xinyi Energy Holdings Ltd shares continued to be weak and have underperformed the Hang Seng index by c. 20% YTD. FY2023 results disappointed due to capacity additions being postponed, a lower load factor than expected, and unfavourable FX moves. The share valuation is extremely low.

Portfolio changes

Over the last several months, we lowered exposure to power prices via sales of Drax, SSE, AES, EDP and Iberdrola and took some partial profits in Constellation. In February, APA Group was exited. Proceeds were reallocated to transmission & distribution/grids (Snam, Edison International, Southern, National Grid), U.S. utilities with unduly depressed valuations, non-power utilities (Veolia), and transportation infrastructure names (ENAV, Vinci). We also doubled the position size of Vistra, a newly established holding in Q4 2023. In the sector allocation table, E.ON has been reclassified as 'regulated', moving the dial on the regulated and integrated holdings.

Yield

The yield on the portfolio was 4.5% as at 31 March (4.5% as at 31 December). We expect the portfolio will deliver another above average rate of increase in income from investments. Long term, we continue to anticipate growth in income from investments closer to 5 to 7% per annum.

Strategy

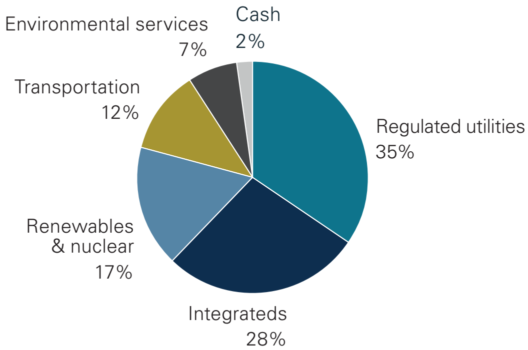
Uncertainty about the course for interest rates and energy prices continues to weigh on infrastructure valuations, especially for high-growth renewables developers where little value is being ascribed to growth. Although March delivered a small recovery for listed infrastructure share valuations, most remain decoupled from the underlying prospects for growth in demand for electricity and from the drivers for infrastructure renewal. These sectors will likely need more reassurance about lower levels ahead for inflation and interest rates and greater conviction about longer term power price levels to calm the headwinds and kindle investor optimism.

Nonetheless, with the earnings outlook we're observing, there are compelling investment opportunities at current levels with relative valuations at historic lows. Utilities in the portfolio should deliver predictable non-cyclical earnings growth. GenAI and datacentres are supporting the expectation for power demand growth and, moreover, datacentre owners are showing a willingness to pay a premium for reliable and clean electricity, recognising that green electrons are scarce and that uninterrupted clean energy is not a commodity. The growth the sector should experience will also reflect the quantum increase in investments in electricity networks/grids we are witnessing. Power network operators are demonstrably more confident in the growth to come from the renewables capacity build-out, electrification of economies and the associated need for grid upgrades (E.ON, Terna, National Grid, SSE, Iberdrola, Enel). Beyond power utilities, we continue to look for opportunities amongst companies operating and investing to upgrade water management and environmental services (Veolia, China Water Affairs) and transportation infrastructure (ENAV, Vinci, Ferrovial). In view of the very large sums raised by private equity since December 2023 (€8 billion by Macquarie; $28 billion by Brookfield; $6.4 billion by KKR; Blackrock purchased infrastructure firm GIP for $12.5 billon) to devote to infrastructure investment globally, adding to already record levels of available cash to invest, and the significant gap in valuations between listed and private infrastructure, mergers and acquisitions (M&A) is returning to this strategy's sectors (Greenvolt and Encavis were both bid for by KKR in December 2023 and March 2024 respectively, at significant premiums to the prevailing share price) and should provide support for a re-rating of the growth opportunity.

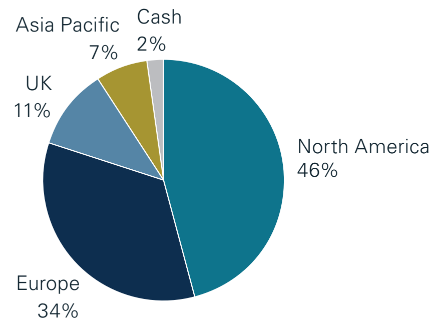
As of 31 March 2024

Portfolio exposure (% of NAV)

By sector



By geography



Due to rounding, totals may not equal 100%.

The fund continues to screen well in terms of carbon emissions, i.e. tonnes of CO2 emitted per megawatt hour of electricity generation. For this strategy, Ecofin does not set firm limits on fossil fuel exposure and invests in companies transitioning to better growth and environmental, social and governance (ESG) profiles (rather than permitting only 'clean' stocks). Nevertheless, at a portfolio level our approach delivers an emissions profile which is well within the spectrum of typical impact funds. As of 31 March, this portfolio's electricity generators had CO2 emissions which were 11% below the average emissions of the electricity grids in which the companies operate, largely because of a relatively small reliance on coal (c. 11% of the mix), and 16% lower than those of companies in the global utilities index (as measured in tCO2/$million invested). On a forward-looking basis, specifically due to our focus on companies in transition, the portfolio's emissions profile looks even better, with almost all companies having committed to both a full phase-out of fossil fuels in the medium term and a net zero emissions target in the long run.

Disclaimers

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All investing involves risk. Principal loss is possible. The risks of investing vary depending on an investor's particular situation.

Past performance is no guarantee of future results. Returns may increase or decrease due to currency fluctuations.

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The MSCI ESG Fund Ratings is designed to assess the resilience of a fund's aggregate holdings to long term ESG risks. Highly rated funds consist of issuers with leading or improving management of key ESG risks.

- AAA, AA: Leader- The companies that the fund invests in tend to show strong and/or improving management of financially relevant environmental, social and governance issues. These companies may be more resilient to disruptions arising from ESG events.
- A, BB, BB: Average- The fund invests in companies that tend to show average management of ESG issues, or in a mix of companies with both above-average and below-average ESG risk management.
- B, CCC: Laggard- The fund is exposed to companies that do not demonstrate adequate management of the ESG risks that they face or show worsening management of these issues. These companies may be more vulnerable to disruptions arising from ESG events.

The Fund ESG Rating is calculated as a direct mapping of "Fund ESG Quality Score" to letter rating categories.

- 8.6- 10: AAA
- 7.1- 8.6: AA
- 5.7- 7.1: A
- 4.3- 5.7: BBB
- 2.9- 4.3: BB
- 1.4- 2.9: B
- 0.0- 1.4: CCC

The "Fund ESG Quality Score" assesses the resilience of a fund's aggregate holdings to long term ESG risks. Highly rated funds consist of issuers with leading or improving management of key ESG risks, based on a granular breakdown of each issuer's business: its core product or business segments, the locations of its assets or revenues, and other relevant measures such as outsourced production. The "Fund ESG Quality Score" is provided on a 0-10 score, with 0 and 10 being the respective lowest and highest possible fund scores.

The "Fund ESG Quality Score" is assessed using the underlying holding's "Overall ESG Scores", "Overall ESG Ratings", and "Overall ESG Rating Trends". The "Fund ESG Quality Score" is equal to the "Fund Weighted Average ESG Score". MSCI calculates the "Fund Weighted Average ESG Score" of the underlying holding's "Overall ESG Scores". The Overall ESG Scores represent either the ESG Ratings Final Industry-Adjusted Score or Government Adjusted ESG Score of the issuer. Methodology for the issuer level scores are available in the MSCI ESG Ratings Methodology document.

The stated rating only applies to the Institutional share class and other share class ratings may differ.

For more information please visit https://www.msci.com/esg-fund-ratings