THIS IS A MARKETING DOCUMENT

Ecofin Energy Transition UCITS

Q1 2024 QUARTERLY COMMENTARY

MSCI ESG RATINGS AA

CCC | B | BB | BBB | A | AA | AAA

Represents the aggregate rating of EETU'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.

The fund's NAV increased by 2.1% in Q1 while the MSCI ACWI Index increased by 10.6% over the same period.

As of 31 March 2024

(All total returns in EUR)	3 months %	6 months %	1 year %	3 years %	Since 29.01.2019 %*
EETU NAV (Class E)	2.1%	2.1%	-7.2%	-17.8%	49.9%
MSCI ACWI	10.6%	17.7%	23.9%	33.1%	88.0%

*Until 5 June 2019, the Ecofin Energy Transition UCITS Fund (formerly known as the Tortoise Energy Transition UCITS Fund) (the "Fund"), a sub-fund of the Gateway UCITS Fund PLC, was managed by GCA Investment Management LLC, with Ecofin Advisors Limited providing investment advisory services from 29 January 2019. On 6 June 2019, Ecofin Advisors Limited was formally appointed as the investment manager of the Fund.

At the end of Q1, the fund had 24 positions and by region was invested 39% in North America, 35% in Europe and 23% in Asia. Circa 34% of the position weights had primary exposure to the electrification master theme while 31% were exposed to clean transportation and 31% to industrial & building efficiency.

The portfolio's quarter-to-date net performance has again significantly outperformed the more pureplay cleantech indexes (e.g. S&P Global Clean Energy Index c. -8.3 % over the period in EUR terms) and underperformed an equal weighted MSCI ACWI Index by c. 222 basis points (bps) (the MSCI ACWI Index's performance continues to be dominated by a small handful of very large cap stocks), a reasonable outcome during a period when rates are increasing, given the higher strategy factor exposures to more rate sensitive duration and growth.

U.S. utility relative performance stabilised during the period despite rebounding interest rates which is in part a result of accelerating U.S. power demand trends as well as increasing expectations that decarbonised power may begin to realise price premia, particularly if reliable and offering high round-the-clock availability. We are witnessing a renaissance of valuations for nuclear power for the following reasons: 1) nuclear offers 24/7/365 decarbonised electricity that can mitigate the intermittency of wind and solar; 2) the Production Tax Credit in the Inflation Reduction Act (IRA) provides a floor tariff for nuclear electricity which supports investing to extend the life of the plants and create further value over the long-term, and reduces the need for hedging; and 3) datacentre operators are exploring opportunities to connect directly to the nuclear plants and seem ready to pay a premium to wholesale power prices to secure their insatiable need for green power. These attributes are particularly beneficial for unregulated nuclear plants which benefits Constellation in particular and, to a lesser extent, NextEra which are both large weights in the portfolio.

European power prices have been depressed by falling natural gas prices as we have experienced a mild winter and an absence of a recovery in energy demand post the EU energy crisis in 2022. This has affected companies with generation exposed to spot prices and hedged prices as the market expects a lower power price capture when the hedges expire. Power prices troughed during February and rebounded slightly in March. On the positive side for developers, solar panel equipment prices have collapsed thereby supporting solar deployment with lower electricity tariffs but stable returns.

Accelerating power demand trends from decarbonisation have also contributed to the strong performance of electrical equipment and cable suppliers in the portfolio, in particular those with higher exposure to some of the key drivers of power demand growth such as datacentres.

In clean transportation, electric vehicle (EV) sales trends were soft during Q1, with weakness in the U.S. and Europe offset by growth trends in China, the world's largest EV market. The EV industry has moved into a period of greater competitive intensity on pricing given increased global EV vehicle production, slower demand growth, and an attempt to push further into the high-volume mass market. This year is likely to lead to market share consolidation for the original equipment manufacturers (OEMs) and suppliers. The pureplay EV exposures in the portfolio, CATL and BYD, are both cost, volume and technology leaders which makes them well placed to benefit in the medium term from the consolidation phase. Both stocks delivered positive returns in the quarter.

WHAT WORKED WELL THIS QUARTER

Constellation Energy Corp (CEG US), the largest merchant nuclear fleet operator in the U.S., benefitted from a strong Q4 result, above consensus guidance, and growing potential for its 24/7 carbon-free power generation to receive power price premiums from customers looking to access baseload zero carbon power, such as datacenter operators.

Hubbell Inc (HUBB US), a U.S. electrical component manufacturer for transmission and distribution as well as industrial end-markets, performed well in the quarter. Structurally increasing capex for transmission and distribution (T&D) spend is a tailwind for Hubbell, driven by grid hardening, accelerating electricity demand growth, and reshoring.

Prysmian SpA (PRY IM), an Italian transmission and distribution cable manufacturer, performed well after a strong set of results and above consensus guidance. The cyclical cables business is improving while the high voltage cable backlog continues to grow and provide revenue visibility towards 2030. The strong balance sheet brings optionality for mergers and acquisitions (M&A).

WHAT DIDN'T WORK WELL THIS QUARTER

Sunrun Inc (RUN US), the largest rooftop solar leasing business in the U.S., was a detractor in the quarter. After a strong performance in December, the stock retraced after U.S. Treasury yields lifted. The company also issued a conservatively timed convertible bond earlier than expected, and a year ahead of the expiry of the maturing convertible. Smaller peers with their own company specific issues (Sunpower and Sunnova) have also increased investor caution to this subsector, however Sunrun may ultimately benefit from a market share and pricing power perspective. The position is sized in the portfolio commensurate with the volatility.

EDP Energias de Portugal SA (EDP PL), a Portuguese utility and renewable developer, had a weak start to the year. Declining (normalising) European power prices along with rising rates delivered the majority of the negative impact. Given high levels of power price hedging, negative earnings revisions are significantly less than the magnitude of the stock move.

Infineon Technologies (IFX GY), a European power semiconductor manufacturer, had a poor start to the year after a very strong move higher in November and December 2023. There are some concerns about the Industrial and EV end-markets being softer than previously anticipated, albeit the underlying trends on a medium-term view remain strong. The company has also continued to communicate confidence in hitting its EV targets for the year. More recently there are also growing questions about access to the Chinese market. The stock valuation reflects a lot of these concerns.

LOOKING AHEAD

Rate volatility has been elevated over the past two years, and more recent periods of decreasing rate volatility have resulted in superior relative performance of the portfolio. While much airtime is dedicated to the pace and magnitude of Fed rate cuts, the evolution of rate volatility is likely to be at least equally significant for the portfolio's performance. The majority of businesses in the energy transition universe are able to operate successfully at current absolute rate levels. Macro datapoints relating to economic activity and inflation will continue to drive rate volatility near term, with eventual increased confidence in the trajectory of macro datapoints such as inflation resulting in lower rate volatility.

Encouragingly, after a period of significant underperformance, the utility sector's performance has improved on an absolute and relative basis, in particular more recently as equity market volatility has increased. The attractive valuation of the sector coupled with the benefits of accelerating electricity demand (in particular, demand for zero carbon electricity) have started to deliver this improved relative performance despite a more recent surge in Treasury yields heading into Q2.

EV demand is likely to remain lumpy in 2024, with expected ongoing healthy growth in China offset by weaker growth in the U.S. and Europe. Pricing will remain a key focal point as more brands jostle for market share with incremental product launches amidst a backdrop of weaker demand in certain regions. The fund focuses on companies with cost and technology leadership that will benefit from this current EV market consolidation phase, as well as suppliers into the segment that should benefit from a material uplift in content per vehicle in EVs versus combustion engine vehicles.

The U.S. election outcome later this year will remain an overhang for companies that have high earnings sensitivity to Inflation Reduction Act (IRA) subsidies. The overhang is likely to remain until greater clarity emerges on the expected outcome or until the election itself. As a result, pending more clarity on the presidential election, the portfolio has a reduced level of exposure to companies with high IRA exposure.

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