THIS IS A MARKETING DOCUMENT

Ecofin Sustainable Listed Infrastructure UCITS Fund Luxembourg

Q1 2022 QUARTERLY COMMENTARY

Please note that this fund's name was changed to Ecofin (from Tortoise) Sustainable Listed Infrastructure UCITS Fund in September 2021.

Performance

Over the quarter, the fund's NAV increased by 2.1% compared with the S&P Global Infrastructure Index which rose by 9.6% (total returns in Euros). Over 12 months, the NAV rose by 19.1%, further consolidating its strong performance since inception. The index has significantly higher energy infrastructure content which has performed strongly recently given much higher energy commodity prices. The fund's cumulative return since inception is 42.5%. On an annualised basis, the total return to unitholders since inception has been 14.3% per annum versus 7.8% per annum for the index.

As of 31 March 2022

(All total returns in EUR)	3 months %	6 months %	1 year	Since inception* %
Fund NAV	2.1	13.7	19.1	42.5
S&P Global Infrastructure Index	9.6	16.7	22.4	22.1

*6 August, 2019

NAV performance includes the effects of all costs for the Founder share class. Index returns are gross returns.

Market overview

Market conditions during the quarter were complicated, even prior to the escalation of the ongoing conflict in Ukraine. January and early February were grim in equity markets with elevated inflation data supporting forecasts of greater monetary tightening than initially expected, which weighed heavily on sentiment and valuations, especially in high growth (including clean energy) and rate-sensitive sectors. Like equities, commodity prices were volatile with tense geopolitical situations contributing to angst and continuing strength in energy prices. Bond yields were rising as markets priced in interest rate rises for this year and the increasing likelihood of monetary policy tightening.

Following the escalation of conflict in Ukraine, focus turned almost exclusively to companies' exposure to the region, while markets overall continued to de-rate on the back of mounting inflationary pressures and moderating growth expectations. 10-year yields, which had risen sharply for a few weeks (to over 2% for the U.S. Treasury benchmark), turned lower again as money rushed to safe havens, and helping the U.S. yield curve to flatten as shorter term rates moved higher to reflect increased macro risk. The Russian invasion of Ukraine had a particularly damaging impact on European valuations and specifically impacted European utilities as doubts emerged as to whether gas from Russia would continue to flow considering unprecedented economic sanctions being imposed by EU countries. Nonetheless, the strategy outperformed in February thanks to a material tactical exposure to names with positive exposure to power prices (e.g., RWE, Drax, Acciona Energias, Greencoat UK Wind).

Bond markets had a particularly poor month of March, reflecting tightening monetary policies nearly everywhere to tackle high inflation stoked by pandemic-induced shortages and the disruption caused by the war in Ukraine. The 10-year U.S. Treasury yield's path to adding c. 50bps was quite typical of other markets too: it started the month at 1.86%, dipped to 1.71%, and closed the month at 2.38%.

Yield curves were still flattening in many major markets, though, which provided a surprisingly strong boost to equities, and ESLIF's essential assets performed even better than the broad market averages. Generally strong earnings also encouraged sentiment, and markets began to appreciate that the policy push towards European energy independence would materially accelerate the already substantial growth opportunity for utilities to develop incremental renewable capacity. The strategy outperformed comparable indices through a combination of overweight positioning in power price beneficiaries, exposure to regulated names which had underperformed at the start of the year, and exposure to renewables developers.

The affordability of energy in Europe continued to be a major political issue, triggering government intervention and uncertainty in the utility sector. EDF was a stark example given the French government's move to cap power price rises for consumers and require this majority state-owned company to sell more power to third-party suppliers at well below market rates.

Performance attribution

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

Company	Avg. net exposure	NAV contribution %
Top 5:		
Drax	3.4	0.95
Constellation Energy	1.1	0.61
American Electric Power	3.4	0.50
Williams Companies	1.7	0.47
RWE	3.7	0.40
Bottom 5:		
Enel	3.4	-0.44
NextEra Energy	5.5	-0.43
Uniper	1.3	-0.42
Ferrovial	3.0	-0.38
China Suntien Green	1.1	-0.36

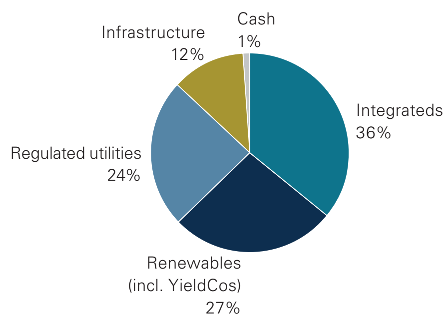
Drax, a UK power generation company with a focus on biomass, was the top performer in the quarter. The company has built up a leading position in pelleting and biomass combustion which is an important technology to decarbonise electricity generation. The company also stands to benefit from higher electricity prices in the UK.

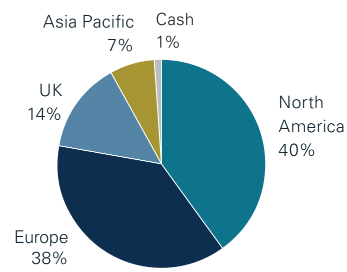
Constellation, a merchant nuclear power generation business in the U.S., was spun out from **Exelon** in January 2022. The company has the largest merchant nuclear fleet in the U.S. which can benefit from growing demand for zero-carbon electricity as well as the increase in electricity prices driven higher by rising U.S. gas prices.

American Electric Power, **Williams** and **RWE** all stand to benefit from higher commodity and/or power prices in their respective markets.

Uniper shares were punished by the market due to its ownership of Russian subsidiary Unipro. This position was sold as soon as the war started. Shares in **Enel** also underperformed, at least in part due to the company's ownership of Russian subsidiary Enel Rossiya, but also due to concerns around the company's ability to pass on significantly higher energy prices to end consumers. **NextEra** underwent a rare quarter of underperformance vis-à-vis other U.S. utilities, largely due to mounting pressure from the Department of Commerce to investigate the potential circumvention of tariffs imposed on Chinese solar panels by renewable developers in the U.S. **Ferrovial** underperformed during the quarter as infrastructure investors began to doubt the company's ability to deliver top line growth in line with inflation. **China Suntien** continued to underperform due to concerns that its new LNG terminal, scheduled to commence operations by year-end, may end up being underutilised.

As of 31 March 2022





Portfolio changes

During the quarter, any direct exposure to Russia in the portfolio (Uniper) was divested immediately following the Russian invasion of Ukraine to minimize the downside and preserve capital through the ensuing period of significant market volatility. Some other adjustments were made to the portfolio, such as adding to high conviction names at levels which indicated severe dislocations in the share prices (Endesa, Veolia, Enel, Engie, RWE, Ferrovial, Acciona Energias). We also sold Brookfield Renewable and trimmed Iberdrola to introduce new positions in Ameren, a fully regulated and decarbonising electric and gas utility in Missouri and Illinois, and REN (Redes Energeticas Nacionais), the operator of Portugal's electricity and natural gas infrastructure.

Yield

The yield on the portfolio was 3.8% on 31 March, 2022 (3.4% on 31 December, 2021). We saw a very strong rebound in dividend receipts in 2021 given the resilience in demand for most of the portfolio's essential services, the economics for renewable energy and a strong recovery where certain companies had been prevented from paying dividends in 2020. We anticipate that longer term growth in income will be +5-7% per annum.

Strategy

Utilities (essential assets) allocations are performing well while investors' risk appetite is diminished, and regulated names and transportation infrastructure are useful exposures given the inflation linkage in their pricing formulas.

Although utilities are sometimes considered 'bond proxies' and therefore vulnerable to rising rates, the shape of the yield curve is considerably more relevant for these companies. In general, the flattening of yield curves, as we are seeing currently in most major markets, is supportive for utilities independently of the absolute level of interest rates. Interest rates are rising to reflect and combat sharply higher rates of inflation which, to a large extent, benefit companies in the portfolio through either direct adjustments in regulatory remuneration rates and/or higher commodity prices.

We expect strong revenues for many power companies in the first quarter and likely in the full year 2022 thanks to the combination of better renewables resources (compared to a relatively weak 2021) and higher power prices, especially in Europe. This should benefit companies with fixed cost generation assets in the near and (more so) in the medium term as higher margins are locked in through forward hedges. Medium term, we also expect an acceleration in renewables development activity as countries and companies want to ensure their security of supply at predictable prices; this should lead to growth upgrades in outer years for renewables developers across both Europe and in North America.

As the macro environment remains skewed towards a significant step-up in interest rates in response to what is now generally expected to be a prolonged period of elevated inflation, we expect regulated utilities benefiting from remuneration schemes that are directly linked to inflation rates to continue outperforming, particularly if cyclical growth were to slow materially because of inflationary pressures. Intervention (regulation and windfall taxes) from governments trying to mitigate the impact of higher power prices on consumers remains the biggest risk to the realisation of higher profits in the current environment.

The focus of this strategy – investment in infrastructure modernisation and utilities in transition – is being further strengthened as governments move at unprecedented speed to accelerate the transition away from fossil fuels, which now more than ever have fallen out of favour considering geopolitical complications, and in favour of renewables. A majority of the portfolio is invested in companies leveraging this secular trend to increase their growth rates, enhance returns, reduce the volatility of earnings, and improve ESG profiles through a steady reduction in greenhouse gas emissions.

This strategy continues to screen well in terms of carbon emissions, i.e. tonnes of CO_2 emitted per megawatt hour of electricity generation. Ecofin does not set firm limits on fossil fuel exposure and invests in companies transitioning to better growth and 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 strategy's portfolio's electricity generators had CO_2 emissions which were 21% 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 13% lower than those of companies in the global utilities index (as measured in tCO_2/$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 coal in the medium term and a net zero emissions target in the long run.