

Ecofin Sustainable Global Water UCITS Fund

Q4 2023 QUARTERLY COMMENTARY

Represents the aggregate rating of ESGWF holdings as of 31 December 2023. Certain information ©2023 MSCI ESG Research LLC. Reproduced by permission; no further distribution permitted. See last page of the factsheet for additional information on the rating.



Signatory of:



Fund overview

The Ecofin Global Water strategy invests in companies across the globe and throughout the water value chain that we believe are in a position to benefit from the pursuit to solve the water supply/demand imbalance.

Fund returns as of 31 December 2023

<i>(All total returns in EUR)</i>	3 month %	1 year %	ITD %
Fund NAV	7.6	2.8	-1.9
S&P Global Water Index	10.2	10.9	6.8
S&P Global Infrastructure Index	6.1	2.2	-4.9

NAV performance in EUR for the Founder share class. Date of inception 04 May 2022.

Q4 2023 Performance Commentary

The fund's NAV total return was 7.6% (and 7.9% gross of fees, for comparison to an index) during the period, lagging the S&P Global Water Index which returned 10.2% but beating global infrastructure equities in the fourth quarter (S&P Global Infrastructure Index). Currency impacts detracted from the period's NAV performance (negative impact of c.280 basis points), as the period ended with the U.S. dollar weakening versus the Euro.

Coming out of a tough October, November and December proved to be strong months for the fund as long-term interest rates in the U.S. and Europe reversed their ascension back to levels on par or below where they were at the beginning of 2023.

Both Europe and North America contributed positively to the performance over the quarter. All sub-segments also generated positive contribution. Water utilities notably started to recover after a series of challenging quarters, thanks to easing of the interest rate context. But the portfolio was mostly driven by industrial names which generated the bulk of the positive contribution to NAV, notably thanks to strong performance from Xylem Inc., Georg Fischer AG and Core & Main Inc.

Key quarterly performance drivers

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

Company	Avg. net exposure	NAV contribution %
Top 5:		
Xylem Inc.	8.7	1.7
Georg Fischer AG	3.4	0.8
Core & Main Inc	2.7	0.8
Severn Trent PLC	5.6	0.6
METAWATER Co Ltd	3.4	0.6
Bottom 5:		
China Water Affairs Group Ltd	2.9	-0.6
Guangdong Investment Ltd	1.6	-0.1
Middlesex Water Co	0.9	0.0
American States Water Co	2.7	0.0
IDEX Corp	4.5	0.0

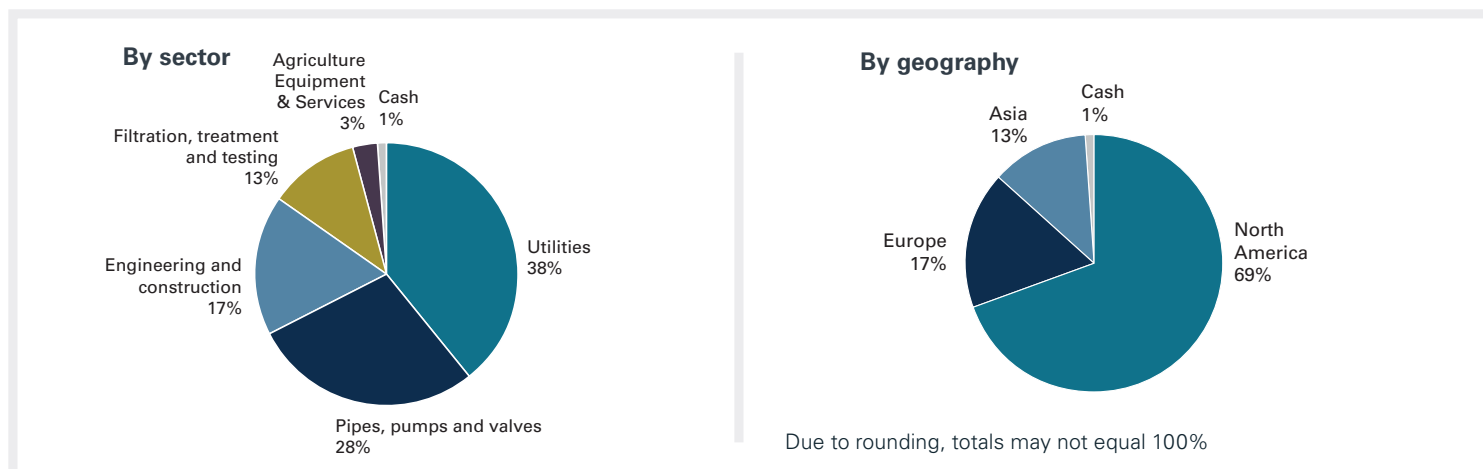
Market Outlook

Increasing cost of capital reduces companies' ability to grow while also lowering the present value of their long-term streams of cash flows. Therefore, if interest rates further stabilise in 2024, we believe that should be supportive for the sector and the portfolio.

We do see buying opportunities, given the lower share prices and valuations, but we are sticking to a selective approach.

We remain constructive on water as the sector is less sensitive to economic activity and has better growth prospects, and valuations imply potential for relative outperformance if the broader market weakens. The secular tailwinds in the water sector will continue to provide momentum as attractive earnings growth underpins strong risk-adjusted equity performance over the medium-to-long term. We remain focused on positioning the portfolio in companies with exposure to end markets with healthy momentum that provide relatively strong earnings growth.

Portfolio exposure (% of NAV) As of 31 December 2023



Disclaimers

The Ecofin Sustainable Global Water Fund performance includes the effect of ongoing costs (including the management fee) which are capped at 1.6% per annum for institutional investors and 1.35% for Founder investors, whereas the S&P Global Water Net Total Return Index (Euro) (which provides liquid and tradeable exposure to 50 companies from around the world that are involved in water related businesses) and the S&P Global Infrastructure Net Total Return Index (Euro) (which is designed to track 75 companies from around the world chosen to represent the listed infrastructure industry while maintaining liquidity and tradability) do not apply a corresponding deduction for ongoing costs of a fund. (The performance of an index is generally presented on a total return basis, i.e., assuming reinvestment of dividends net of withholding taxes using the tax rates applicable to non-resident institutional investors.)

Neither the S&P Global Water Net Total Return Index (Euro) or the S&P Global Infrastructure Net Total Return Index (Euro) are specifically referred to in the Prospectus of the fund, and shall not be considered as a benchmark in the sense of the Benchmarks Regulation, and TortoiseEcofin does not give any representation or warranty with its fitness for a particular purpose in comparative performance. The MSCI ACWI Index captures large and mid cap representation across 23 Developed Markets and 26 Emerging Markets countries. The index covers approximately 85% of the global investable equity opportunity set.

IMPORTANT NOTICE

Investments in the Ecofin Sustainable Global Water UCITS Fund (“Fund”) should only be made following receipt of a copy of the full Prospectus, which includes Supplement and relevant KIID which may be obtained by contacting the Fund’s Management Company, Equity Trustees or the Fund’s local agent in the countries in which the Fund is passported/authorised or on the Ecofin website. The Fund is passported or otherwise available for distribution in the UK, France, Norway, Denmark, Sweden, Finland, the Netherlands, Spain, Germany, Italy and Ireland.

Ecofin Advisors Limited is the adviser to the Fund. The Fund may not be offered, sold, or delivered directly or indirectly in the United States or to or for the account or benefit of any U.S. persons defined in the Securities Act of 1933 as amended. The Company has not been and will not be registered under the 1940 Act. This document does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe or purchase, any shares in the Fund nor shall it or the fact of its distribution form the basis of, or be relied on in connection with, any contract thereof.

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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>