



# Eagle Renewables Infrastructure Strategy Brochure January 2020



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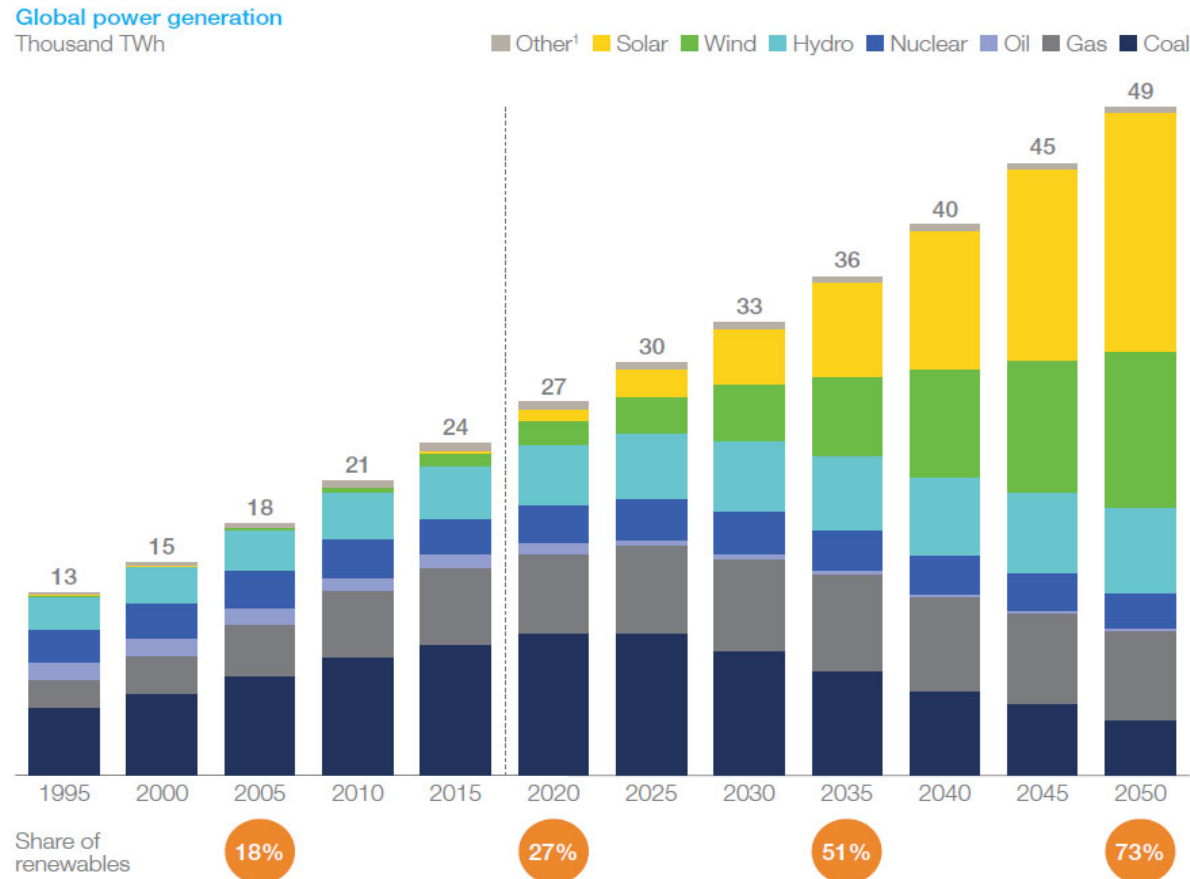
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# Here Come Renewables

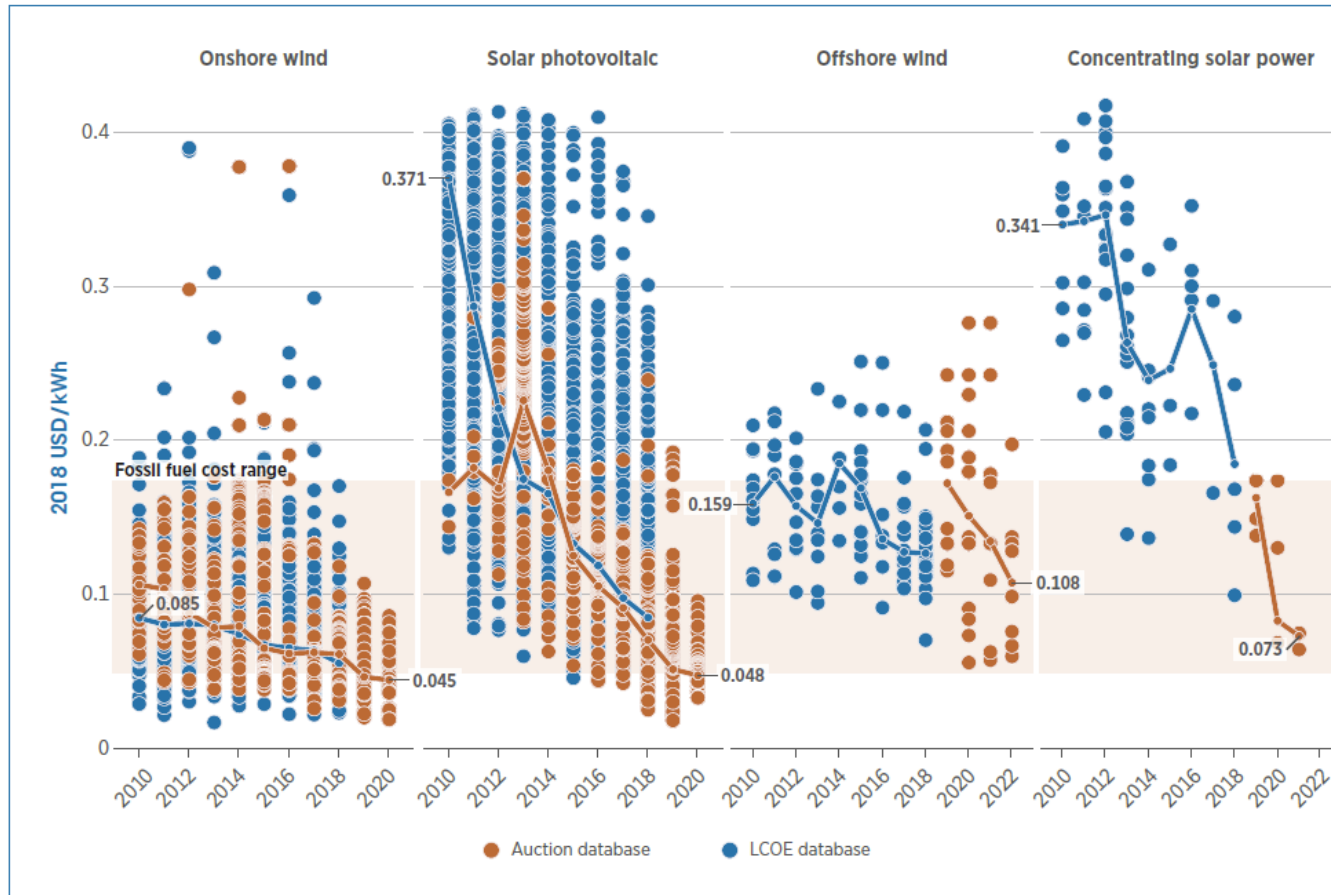
# Here Come Renewables

*McKinsey Estimates Renewables Will generate Over 50% Of World Power By 2035*



# Adoption Is Driven By Economics As Subsidies Fade

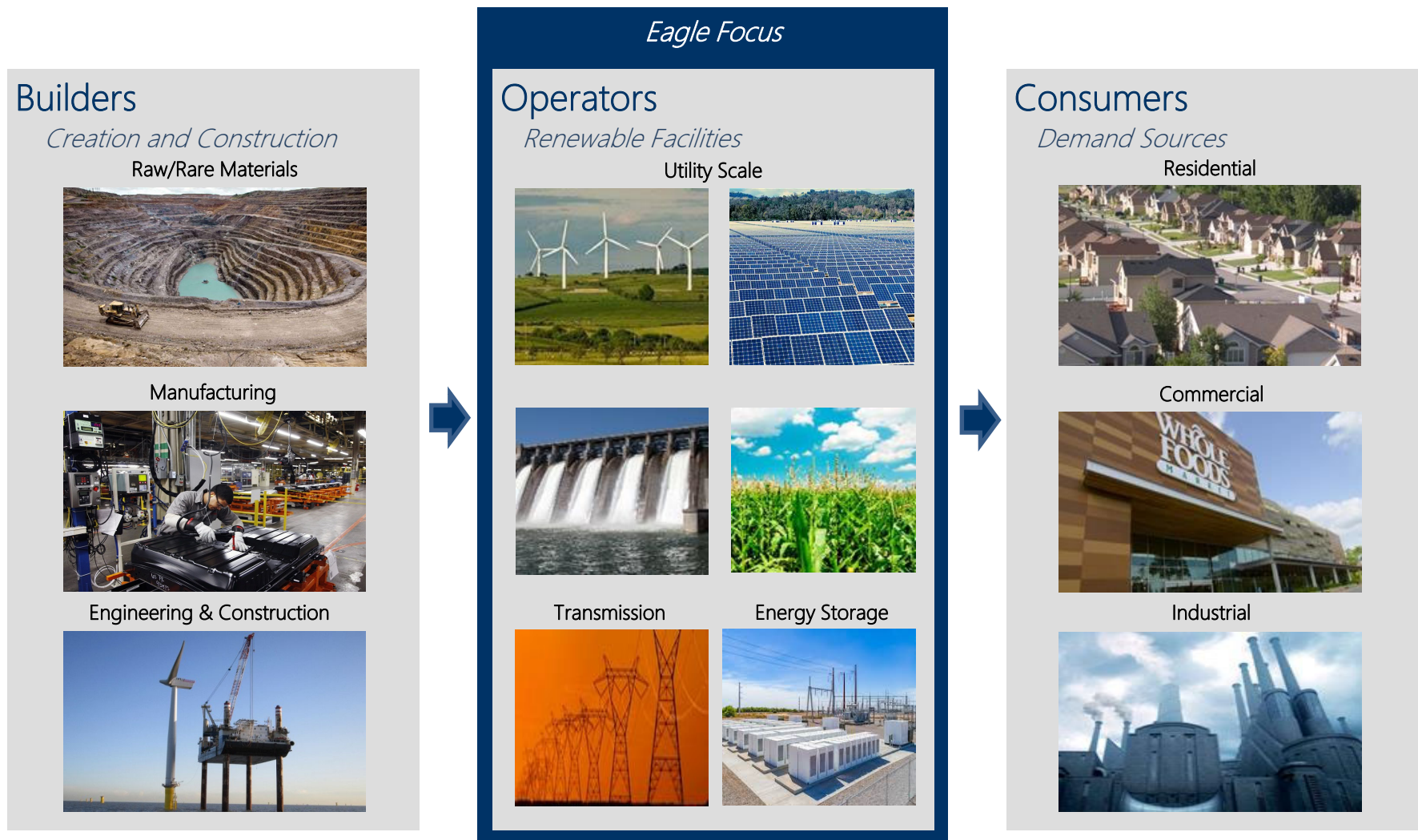
The LCOE for projects and global weighted average values for CSP, solar PV, onshore and offshore wind, 2010-2022



Source: IRENA

# Renewable Energy Supply Chain

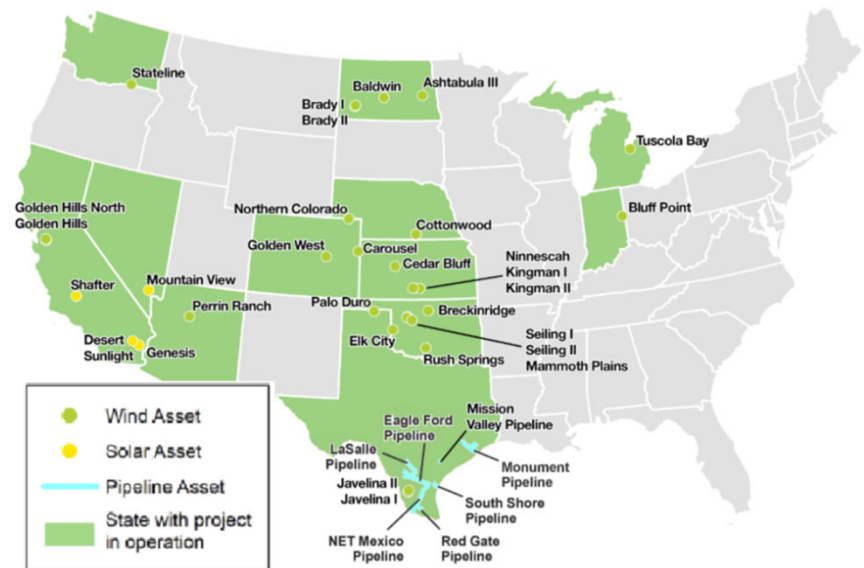
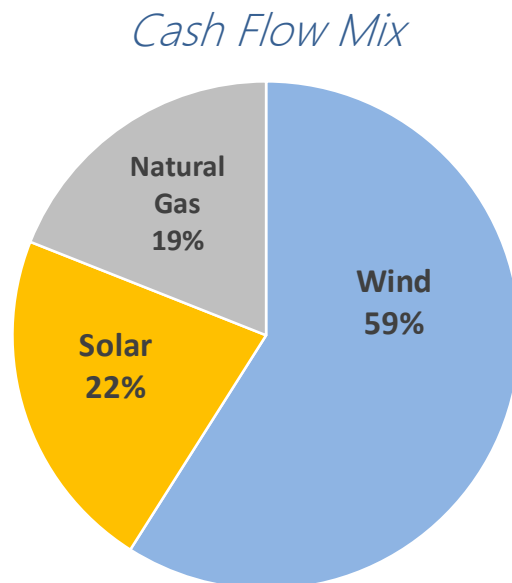
*From Creation To Consumption*



# Case Study: NextEra Energy Partner (NEP)

## *Asset And Geographic Diversity*

- › NextEra Energy Partners (NEP) purchases assets primarily from parent NextEra Energy (NEE), a top renewable energy project developer in US
- › NEP owns and operates the wind, solar, and natural gas assets



- › NEP sells the energy it produces to utility companies via long term contracts
- › Weighted average contract life of 16 years with 48 diverse, credit-worthy utilities



# Eagle Renewables Infrastructure Index

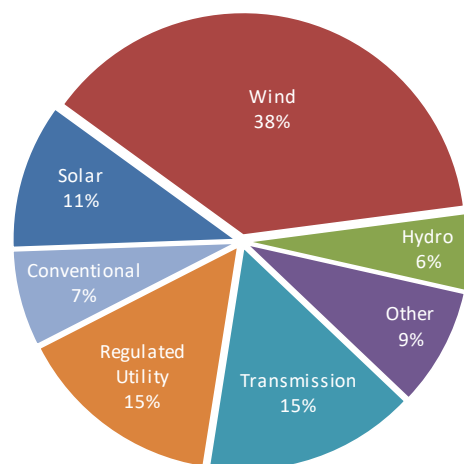
*RENEWNA (Price) / RENEWNAT (Total Return)*

## Index Overview

The Eagle North American Renewables Infrastructure Index provides a benchmark that is designed to track the performance of renewables infrastructure or renewables-related infrastructure assets, primarily wind, solar, hydro, biomass, and electric transmission lines. Constituents are companies whose stocks trade in either the USA and Canada, though assets owned by these companies can have a global reach.

The index is a capped, float-adjusted, capitalization-weighted index developed by Eagle Global Advisors, and disseminated real-time on a price-return basis (RENEWNA) and on a total-return basis (RENEWNAT).

## Index Composition



## Constituent Market Capitalization

Mean	\$9,846
Median	\$2,628
Largest	\$118,362
Smallest	\$192
Total weight - top 10	79.25%

## Risk & Return - 36 months

Standard Deviation	11.20%
Sharpe Ratio	1.65
Sortino Ratio	3.27
Beta vs. S&P 500	0.64
Dividend Yield	4.60%

## Index Constituents

Ticker	Country	Company Name	Weight
BLX	Canada	Boralex	8.35%
NEE	USA	NextEra Energy	8.26%
INE	Canada	Innervex Renewable Energy	8.20%
NPI	Canada	Northland Power	8.16%
CWEN	USA	Clearway Energy	8.00%
HASI	USA	Hannon Armstrong	7.90%
NEP	USA	NextEra Energy Partners	7.86%
BEP	USA	Brookfield Renewable Partners	7.62%
PEGI	USA	Pattern Energy Group	7.45%
AY	USA	Atlantica Yield	7.44%
TERP	USA	TerraForm Power	7.12%
RNW	Canada	TransAlta Renewables	6.10%
EVA	USA	Enviva Partners	3.80%
FF	USA	FutureFuel	1.39%
GPP	USA	Green Plains Partners	0.79%
PIF	Canada	Polaris Infrastructure	0.78%
PL	Canada	Pinnacle Renewable Energy	0.77%



# Asset Class Performance History 2012-2019

	Average Trailing Total Return (Trailing CAGR)				
	2019	2 Year	3 Years	5 Years	7 Years
Eagle North American Renewables Infra Index	46.48%	15.71%	18.53%	10.92%	10.76%
S&P Global Clean Energy Index *	45.08%	15.28%	17.15%	6.33%	9.80%
S&P 500 Index TR	31.49%	12.13%	15.27%	11.70%	14.73%
PHLX Utility Index TR	26.82%	14.58%	13.99%	10.26%	12.86%
DJ All REIT Equity Index TR	28.74%	11.11%	10.30%	8.48%	10.21%
Barclays US Corp High Yield Bond Index TR	14.32%	5.80%	6.37%	6.13%	5.78%
Barclays US Muni Bond Index TR	7.54%	4.36%	4.72%	3.53%	3.40%

\* - the S&P Global Clean Energy Index is a diversified mix of clean energy production and clean energy equipment & technology companies

- › The Eagle North American Renewables Infrastructure Index (ticker: RENEWNA) is a capped, float-adjusted, capitalization-weighted index of United States and Canadian renewable infrastructure stocks

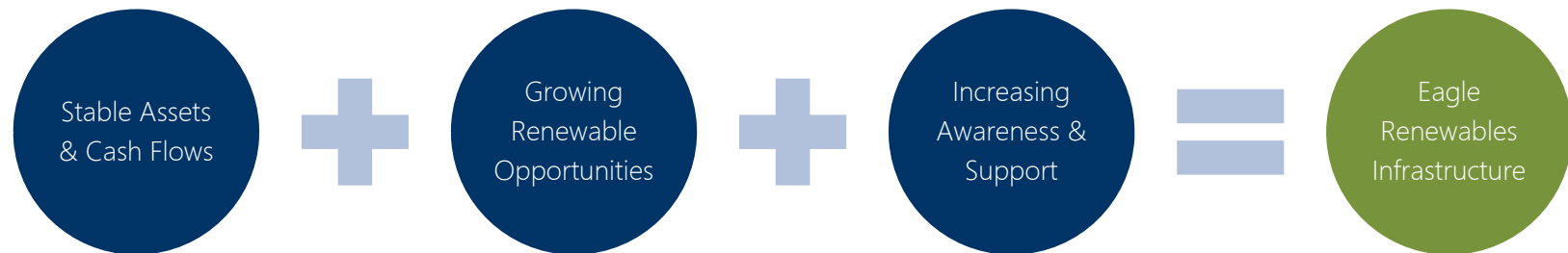
# Investment Opportunity

# A Better Way To Own The Future

*Stability Of Infrastructure And Growth Of Renewables*

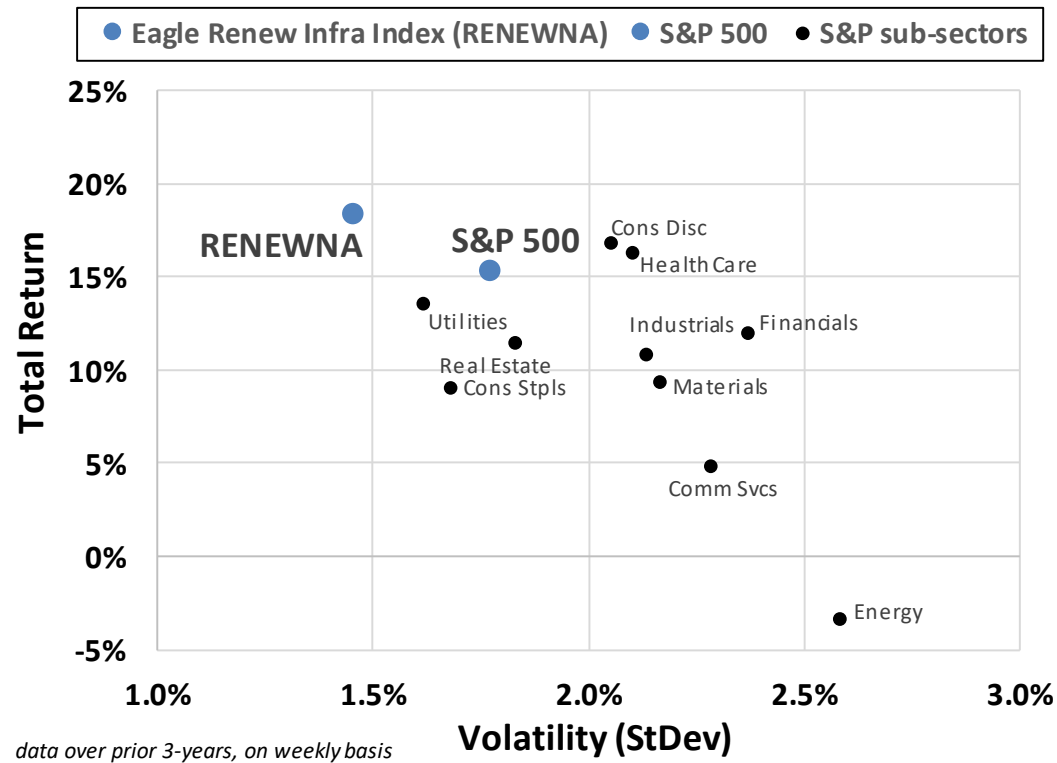
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- › Compelling yield supported by asset and cash flow stability
- › Long and visible runway for growth as development costs decline
- › Increasing public awareness and support
- › In our view, the above results in a bright future for renewables infrastructure



# Compelling Sector-To-Sector Risk Profile

*Attractive Total Return Proposition*

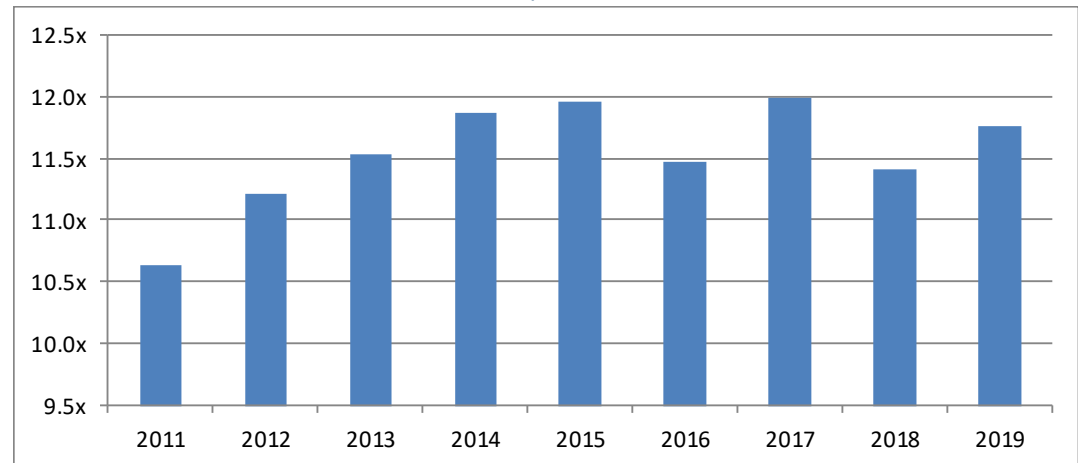


# Value In Renewables Infrastructure

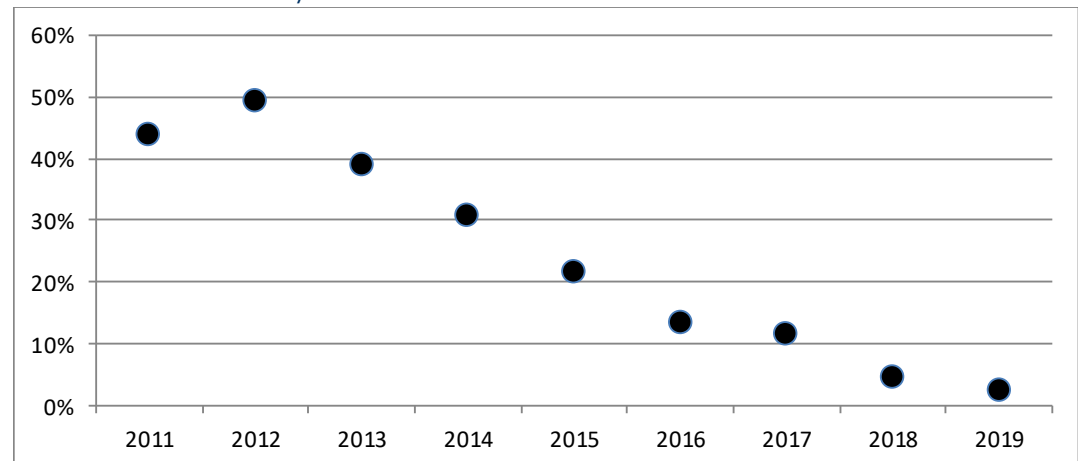
*Undervalued Compared To Recent Years And The S&P500*

- › EV/EBITDA multiple in line with five year average
- › EV/EBITDA now in line with S&P
- › Strong secular growth outlook suggests possible multiple expansion and premium to the S&P 500
- › Current valuation represents an attractive entry point

ERII EV/EBITDA

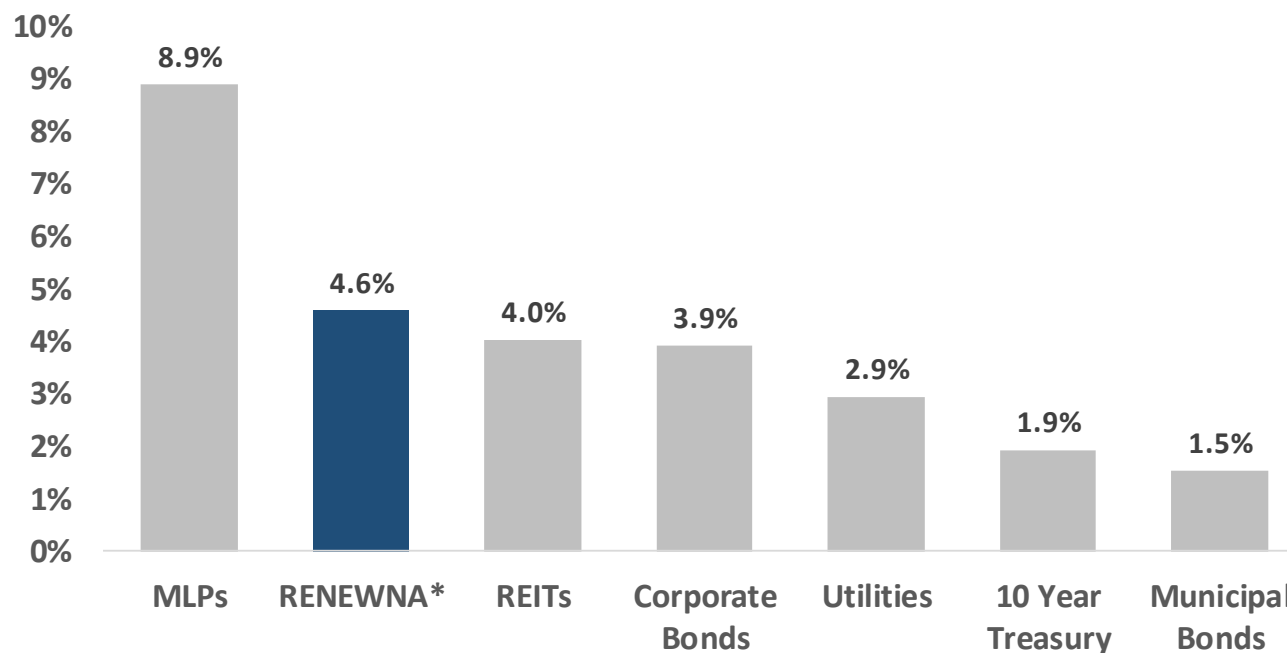


ERII EV/EBITDA Premium Over S&P 500



# Attractive Income

*Higher Yield Than All But MLPs*



\* - Eagle North American Renewables Infrastructure Index

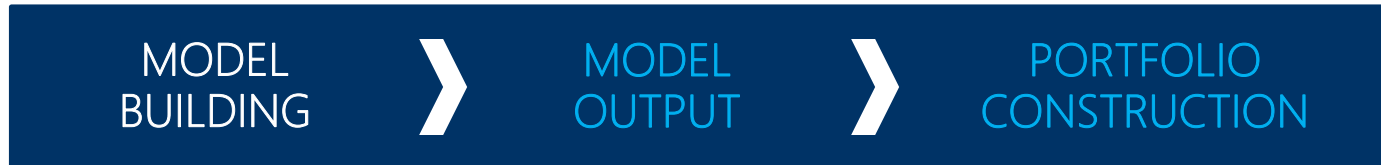
- Renewables Infrastructure stocks offer “Yield Plus Growth”
- Growth via sponsor development and, increasingly, organically

# Investment Approach



# A Rigorous Investment Process

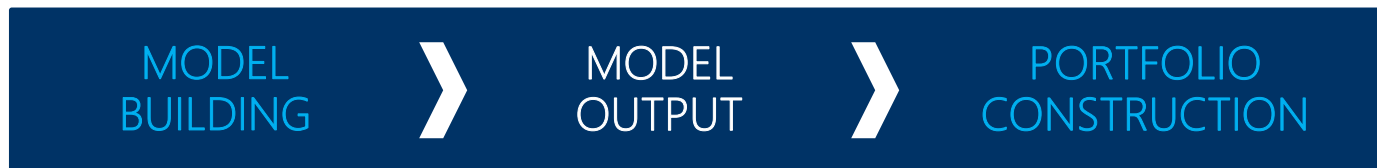
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- Rigorous data gathering including multiple meetings per year with each management team in our universe, scouring public findings, attending industry conferences.
- Integrated cash flow models are constructed for companies in our universe.
- Models integrate cash flow statement, income statement, and balance sheet.

# Models Generate Multi-Year Cash Flows

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- Models generate multi-year cash flow estimates
  - Cash available to be paid to unit holders; cash we expect to be paid to unit holders.
- Cash flow streams are discounted back to a present value, using a discount rate specific to the risks of each company's cash flows.
- PV of cash flows is compared to current market price to determine value.
- Stress test models with both upside and downside scenarios
  - Upside: More things go right than wrong
  - Downside: More things go wrong than right

# “Bottom Up” Portfolio Construction

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- Portfolios are constructed bottom-up utilizing securities with the best risk adjusted five year forward total return potential.
- Portfolios are constructed and managed for total return
  - Distributions are an important component of total return, but these are not “income” portfolios.
  - Weights to the benchmark are monitored, but not part of the decision process.
- Risk Management

# Eagle Renewables Infrastructure Strategy

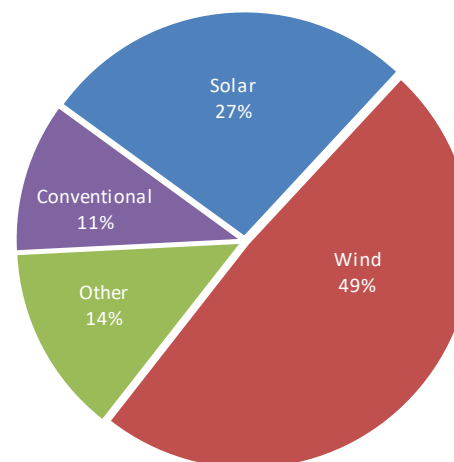
## Investment Highlights

- **Essential Infrastructure:** Renewables Infrastructure companies own or have interests in renewable or renewable-related infrastructure assets. Renewables energy includes wind, solar, hydro, biomass, ethanol, etc.
- **Income + Growth** Compelling income supported by stable cash flows and long-term contracts. Long Term Secular Growth Story.
- **Clean Energy:** Renewables Infrastructure companies own and operate solar, wind, hydro and natural gas assets.
- **Historical Performance:** Renewables Infrastructure companies have historically outperformed other yield-oriented investments like REITs, utilities and bonds.

## Strategy Profile

- Separate Account Structure
- Launched 2017
- Long only; no leverage or hedging
- Focused on stable, fee-based assets based largely in North America
- No K-1s
- Portfolio Yield 4.8%

## Portfolio Composition

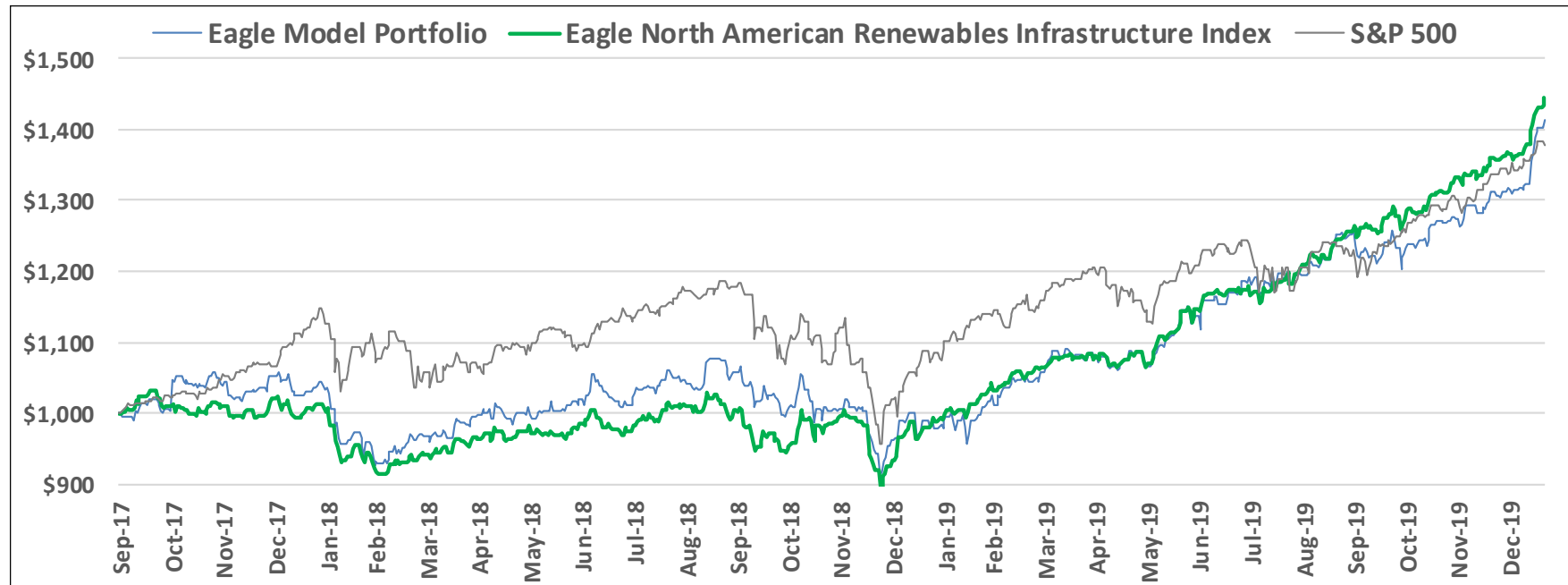


## Terms / Structure

Minimum Investment	\$100,000
Management Fee	0.95% for less than \$5 million
	0.85% for \$5.0-\$24.9 million
	0.75% for \$25+ million

# EGA Model Portfolio Versus The Benchmarks

(Inception October 2017)



- Eagle's Model Portfolio has returned 41.4% (gross, est.) versus 44.6% and 37.9% for the Eagle North American Renewables Infrastructure Index and the S&P 500, respectively

# Eagle Global Advisors



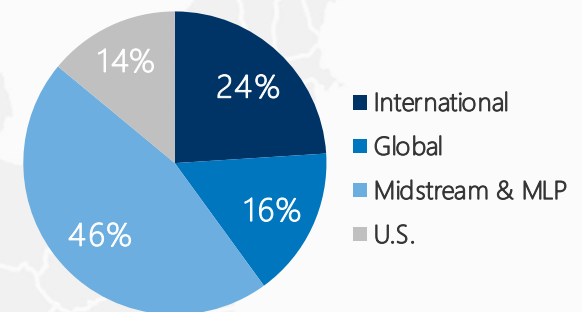
# Eagle Global Advisors



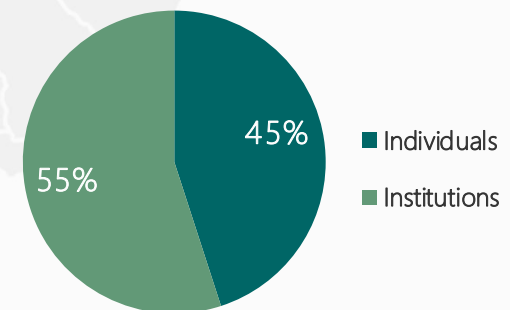
- ✓ Founded: 1996
- ✓ Location: Houston, TX
- ✓ Ownership: 100% Employee-owned
- ✓ Total Employees: 34

Total AUM: \$2.6 Billion\*

## Investment Strategy



## Client Type





# Why Eagle Global Advisors?

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- › Extensive experience with infrastructure investing provides a strong foundation for our Renewables framework
- › Emerging sector ripe for adding value through our internally generated, independent research
- › Asset class dominated by non-dedicated investors
- › Security selection a critical driver of returns
- › Eagle Global Advisors is an independent, employee owned firm with a long-term client focus

# Investment Team Profile

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## Michael Cerasoli, CFA, Portfolio Manager

- Five years managing client portfolios as part of the Eagle Global Energy Infrastructure team
- Additional responsibilities as an investment analyst covering oil/gas and renewable infrastructure sectors
- Ten years as a publishing analyst at Goldman Sachs covering Midstream/MLPs and SMID Oil Services; three years as an equity trader at various Wall Street firms
- BA in Economics Union College; MBA Iona College

## Will Shen, Investment Analyst

- Twelve years of experience in energy and infrastructure sectors
- Responsible for renewables infrastructure, midstream, and shipping sectors at Eagle Global
- BA and MBA from Rice University