Quarterly Commentary
Q1 2021

EGA Renewables Infrastructure

From the EGA Portfolio Management Team

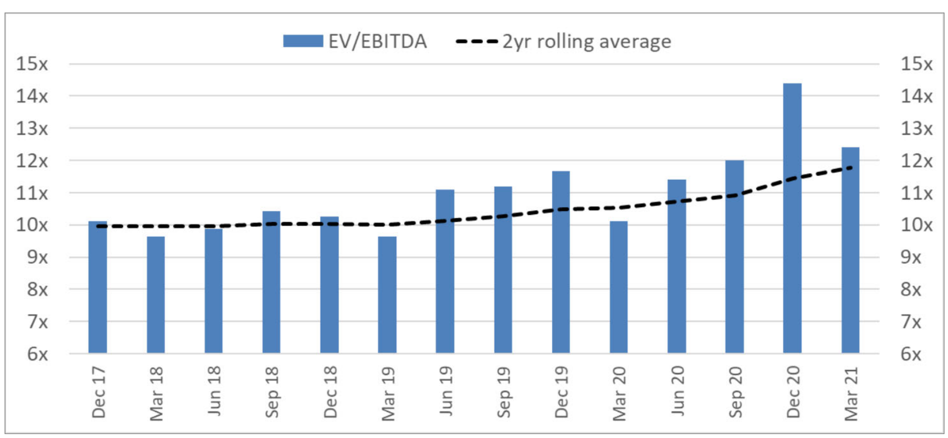
Opportunity Is Knocking

A Wall Street oddity is it's one of the few places people avoid when its products go on sale. A person looking to purchase clothes, a car, or electronics will almost always "shop the sales", but for some reason this doesn't happen with stocks. Market corrections have historically had a marginal impact on the long-term outlook for companies or sectors, and yet some investors immediately assume the worst when stocks go "on sale". We like to think of ourselves (and our clients) as market savvy outliers, willing to throw open the door when opportunity knocks. Like it is right now.

Let's take a closer look at the details. Renewables Infrastructure posted disappointing 1Q21 performance as the Eagle Renewables Infrastructure Index (ticker: RENEW) lost 5.0% versus a gain of 6.2% for the S&P 500. We primarily attribute this weakness to profit taking following remarkable performance in 2020. Once again, the key question is how has the long-term outlook for renewable infrastructure changed? Any cursory glance at the industry would show a sector continuing to develop at a rapid pace and, importantly, increasing public acceptance of the energy transition. To summarize, the long-term outlook for renewable infrastructure continues to get better, the stocks are on sale following a weak 1Q21, and therefore we think the time to buy is now.

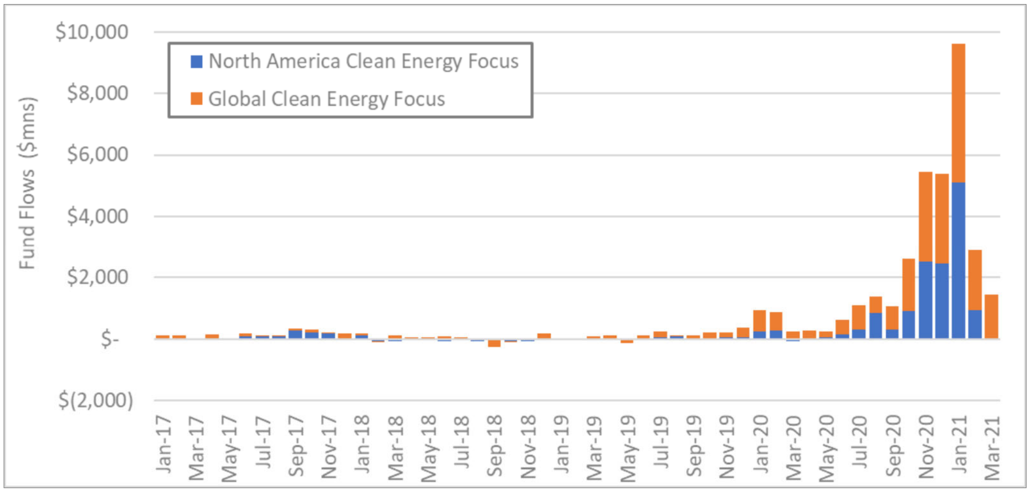
Release Your Inner Bargain Hunter

As mentioned above, Renewables Infrastructure stock price returns for 1Q21 underperformed the broader market by 11.2%. As a result, the sector has largely pulled back in line with its two-year rolling average as measured by EV/EBITDA. The below graph shows the sector trading at just over a 12x multiple as of March 31st, versus a 2-year rolling average that comes in at just under 12x. This reversion implies a more compelling entry point for investors following what appears to have been an overheated 2020. There are a number of "half glass empty" points to make about this data, such as the sector still trades above its 2-year rolling average, well above where it traded in 2018-2019, and is sensitive to many of the issues that have worried investors about 2021 "Growth" stocks. We think the rise in the rolling average over time represents increasing acceptance of renewable energy and therefore greater confidence in the more attractive growth profile associated with the de-carbonization megatrend. While we've highlighted many times the trillions of dollars that need to be spent as part of the energy transition, it's another thing entirely to see more clearly the path to accomplishing it. By this we mean more supportive public policy at the U.S. federal level as well as greater cooperation internationally, not to mention the material decline in cost of capital that occurs when investors prioritizing ESG and clean energy make their presence known.



Source: Bloomberg

On this last point the data is remarkable. As per US Capital Advisors (see below chart), fund flows into Clean Energy has increased exponentially over the last 12-18 months, setting a record in January 2021 ($9.97 billion) that beat the prior monthly record set in November 2020 by nearly 75%! In 2020, Clean Energy saw inflows of $22.8 billion, compared to $4.6 billion in 2019, $73 million in 2018, and $3.7 billion in 2017. For the current year-to-date period the sector has seen inflows of $14.3 billion. These bullish fund flows are proof positive that investors are prioritizing sustainable investing via Clean Energy.

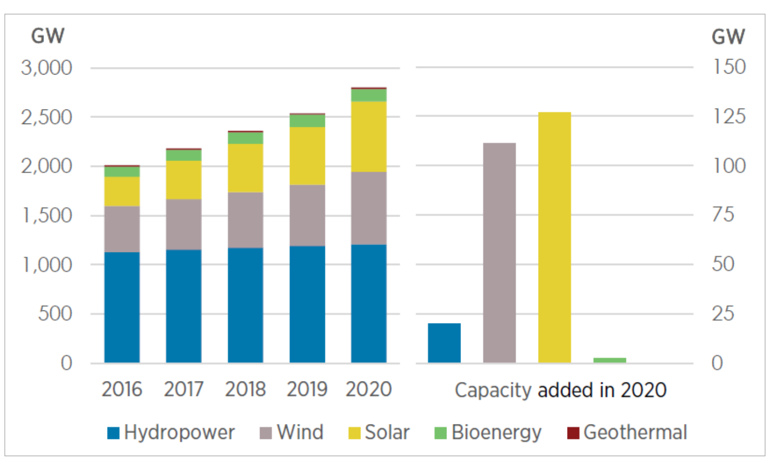


Source: US Capital Advisors

Despite all the positive sentiment on the long-term fundamental outlook and the remarkable support from a widening base of investors, the sector's stocks put up a weak 1Q21. We see nothing fundamentally wrong with the sector, and we see nothing but momentum growing for the de-carbonization megatrend. Let's also not forget unforeseen innovation, which in our view underpins the energy transition. Therefore, we recommend unleashing your inner bargain hunter and buy the dip.

Another Year Of Record Growth For Renewable Energy Capacity

The International Renewable Energy Agency (IRENA) published its "Renewable Capacity Statistics 2021" report on March 31, which shows renewable energy capacity continues to be added at a rapid pace. Renewable generation capacity increased by 10.3% in 2020 to 2,799 GW, setting a new annual record for capacity additions. The vast majority of this additional capacity is comprised of solar (+127 GW) and wind (+111 GW), though hydropower capacity increased meaningfully as well and continues to represent the largest total share of renewable generation capacity at 43%. Europe once again led the way forward by adding 34 GW though North America's addition of 32 GW was close behind. Asia continues to be the world leader in renewable generation capacity at 1,286 GW, followed by Europe (609 GW) and North America (422 GW).



Source: International Renewable Energy Agency (IRENA)

The previous chart highlights what is a global commitment to developing renewable energy, one that is accelerating and bullish for the owners and operators of renewable infrastructure. However, the unreliability of renewable energy means capacity additions have a higher hurdle to match traditional generation. Capacity factors (the percent of the day the asset generates electricity) for utility solar and residential solar is roughly 25% and 15% respectively and for wind it's roughly 40%. This means we have to construct much more solar and wind capacity to match the generation of a single natural gas plant that can operate above a 90% capacity factor. The point is increases in renewable energy capacity are not one-for-one with traditional energy, a problem we believe can be mostly solved through more efficient grids and advancements in energy storage. It is for this reason the opportunity set and development runway for renewable energy is so compelling, because it goes beyond simply building more solar fields and wind farms. It includes long-distance electric transmission lines, more advanced local electric distribution, pumped storage, batteries, energy conservation, EV charging stations, and more.

The companies within our universe (renewable infrastructure) are best positioned to benefit from a methodical approach to energy transition, supported by rational energy policy where investors are incentivized with low risk, long-term focused, income generating investment options.

1Q2021: By The Numbers

The Eagle Renewables Income SMA slipped 4.07%/4.25% (gross/net, est.) during the first quarter of the year, outperforming the Eagle Global Renewables Infrastructure Index (RENEW) that fell 4.98% over the same time period. More details on the performance of our active SMA strategy are available upon request.

Index Name	1Q21	2020	3 Year*	5 Year*
Eagle Global Renewables Infra Index	(4.98%)	35.50%	19.48%	16.90%
Eagle Renewables Income SMA (gross)	(4.07%)	55.69%	26.04%	--
Eagle Renewables Income SMA (net)	(4.25%)	54.57%	25.12%	--
S&P 500 Index	6.17%	18.40%	16.78%	16.29%
MSCI World Index	4.92%	15.90%	12.84%	13.36%
PHLX Utility Index	2.50%	2.72%	12.76%	9.48%
DJ All REIT Equity Index	8.27%	(4.79%)	10.89%	7.25%
Barclays US Corp High Yield Bond Index	0.85%	7.11%	6.84%	8.06%

* - annualized

Source: Bloomberg. See disclosure information on p. 4 and 5 of this document.

Renewables Infrastructure Team Update

There were no significant team related news items to highlight this quarter. We continue to focus on the research and portfolio execution effort as well as our indexing initiative and are in constant dialogue with industry experts and management teams. We are starting to see in-person conferences being offered by the broker community, in addition to the numerous virtual events that dot our calendar. We consider this a positive sign that life is returning to normal. As a firm we look forward to once again leveraging in-person interactions to further our research effort and data procurement, which along with many other tools form the foundation of our investment process.

We look forward to communicating the results of your investment next quarter and thank you for your continued patronage and confidence in Eagle Global Advisors.

- The Eagle Renewables Infrastructure Team

EGA Renewables Income Composite

October 1, 2017 through December 31, 2020

	2020	2019	2018
Total Return (%) Net	**55.79**	**33.87**	**(7.63)**
Eagle Renewables Infrastructure Benchmark Total Return (%)*	**35.50**	**33.06**	**0.08**
Composite 3 Year Std. Dev.	18.95	N/A	N/A
Benchmark 3 Year Std. Dev.	16.88	N/A	N/A
Number of Portfolios	4	4	4
Composite Dispersion (%)	0.00	0.00	0.00
Composite Assets at End of Period (US$ 000)	1,340	862	646
% Non Fee Paying Accounts in the Composite	100%	100%	100%
Total Energy Infrastructure Assets at End of Period (US$ 000)	342,845	1,210,714	1,690,132
Composite Assets as Percentage of Firm Assets	0.1	0.0	0.0
Total Firm Assets (US$ 000)	1,571,232	2,279,115	2,632,277

* Benchmark: Eagle Renewables Infrastructure

EGA Renewables Income Composite - The EGA Renewables Income composite consists of those equity-only portfolios invested in a concentrated portfolio of renewable infrastructure companies.

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- The composite start date is October 1, 2017 and was created in 2020. The composite consists of separate accounts where the firm has full investment discretion, the portfolio contains over $100,000 in renewable infrastructure companies, and the portfolio properly represented the intended strategy at the end of the calendar quarter. All performance returns assume the reinvestment of dividends, interest, and capital gains.
- The benchmark is the Renewables Infrastructure Index and is designed to track the performance of renewable infrastructure or renewable-related infrastructure assets, primarily wind, solar, hydro, biomass and electric transmission lines. Constituents are companies whose stocks trade globally in OECD countries. The index is a capped, float-adjusted, capitalization-weighted index developed by Eagle Global Advisors and disseminated real-time on a price-return basis (RENEW) and on a total-return basis (RENEWTR).
- The indices shown are for informational purposes only and are not reflective of any investment. As it is not possible to invest in the indices, the data shown does not reflect or compare features of an actual investment, such as its objectives, costs and expenses, liquidity, safety, guarantees or insurance, fluctuation of principal or return, or tax features. Indices do not include fees or operating expenses and are not available for actual investment. Indices presented are representative of various broad based asset classes. They are unmanaged and shown for illustrative purposes only. The volatility of the indices is likely materially different than the strategy depicted. Eagle Global's Renewables Infrastructure strategy include buying and selling various renewables infrastructure companies. Holdings will vary from period to period and non-renewables companies can have a material impact on the performance.
- The Eagle list of composite descriptions is available upon request. Eagle policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

Renewables Income Fee Schedule (minimum annual fee: $2,500)			
Account Size	Under $5 million	$5 to 25 million	Over $25 million
Annual Fee	0.95%	0.85%	0.75%

Representative Example of Compounded Effect of Investment Advisory Fee

	Years	Cumulative Fee	Years	Cumulative Fee
A maximum 1.00% management fee deducted from a portfolio quarterly (0.25%/quarter) would result in the following cumulative compound reduction of the portfolio time-weighted rate of return.	1	0.953%	6	5.858%
	2	1.916%	7	6.868%
	3	2.888%	8	7.887%
	4	3.868%	9	8.915%
	5	4.859%	10	9.954%

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