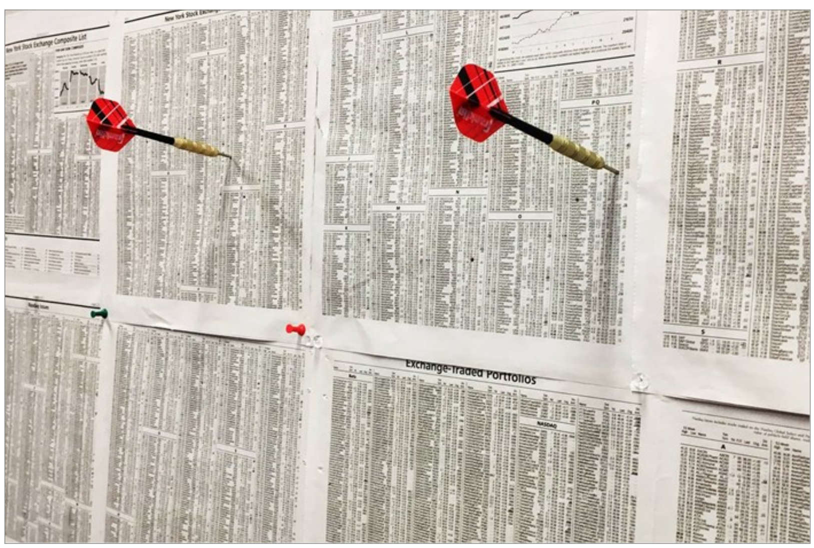
Quarterly Commentary
3Q 2021

EGA Renewables Infrastructure

From the EGA Portfolio Management Team

Don't Play Darts With Your Investment Portfolio

In 2002 the Wall Street Journal ended its lighthearted contest between stock pickers and dart throwers. The premise was simple. Over 200 investment professionals would pit their stock selections against those selected by a dart being thrown into a wall of stock sheets. The six-month contests were held 142 times over 14 years, and to the delight of active managers everywhere the pros (+10.2%) came out ahead of the darts (+3.5%). This experiment got us thinking about the most common questions we get regarding the use of renewables infrastructure in investment portfolios. Typically, these revolve around merits, risks and rewards. And, most importantly, how does the strategy fit into an existing portfolio with long-term goals? Our short answer: renewables infrastructure offers income-oriented, lower risk exposure to today's most compelling megatrend, the next energy super-cycle (a.k.a., "energy transition").



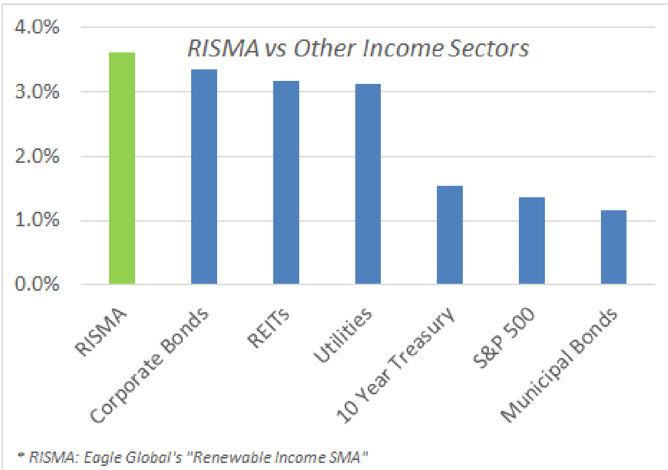
Breaking it out piecemeal:

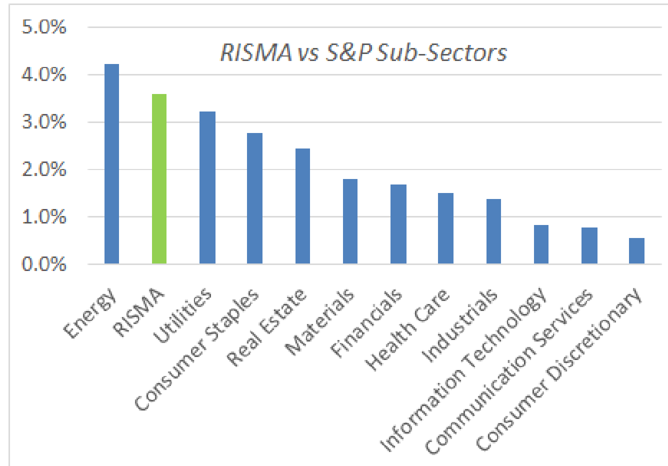
- Income-oriented: a 3.6% yield that screens better than most income investments
- Better risk-adjusted returns: Market-like risk with returns similar to other renewables strategies, resulting in a better Sharpe ratio
- Exposure to the next energy super-cycle (a.k.a., "energy transition")

This combination of income and growth means renewables infrastructure can fit into a portfolio in several ways. It can be allocated into your Energy or Electric Utility buckets if you allocate based on sector, or Value or Income if you allocate based on strategy, or provide a low-risk offset to some of your riskier growth investments. Renewables infrastructure should be considered a core holding for every portfolio.

Income-Oriented: Yield In A Yield-Starved World

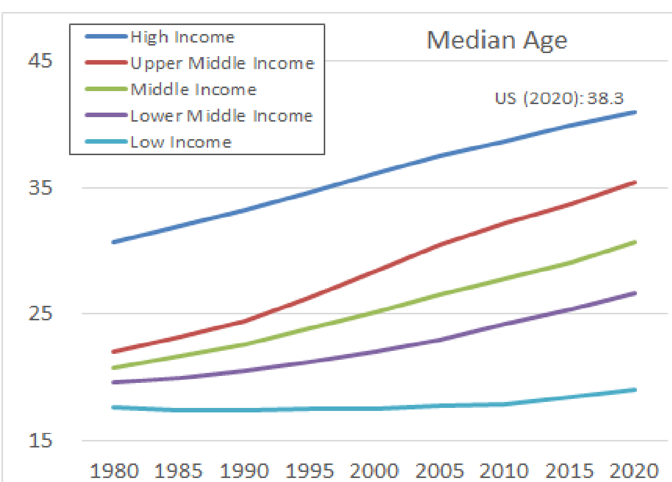
The market has seen an unprecedented decline in interest rates over the last 40 years. As a result, there aren't many sectors left for income-oriented investors. The few that remain come with either significant existential risks (e.g., traditional energy), minimal to no growth (e.g., REITs), or historically low income (e.g., corporate bonds). That brings us back to renewables infrastructure, which ranks among the only sectors promising "Yield + Growth" that can actually deliver. The yield is self-evident while the growth comes from the energy super-cycle detailed below.

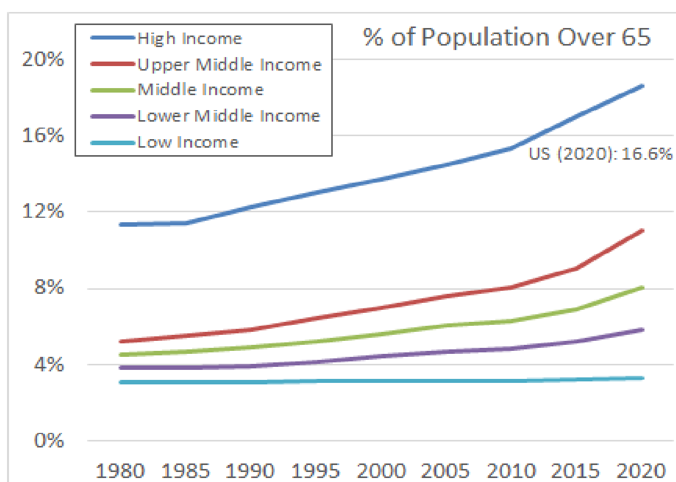




Source: Bloomberg

Furthermore, it is our view that all investors should allocate a portion of their portfolio to income, though we'll leave it to the investor (and their financial planner) to decide what that amount is. The fact is both the world's and the U.S.' population is aging. Over the last 40 years the U.S.' median age has increased 8.3 years to 38.3, while the percentage of the U.S. population over 65 years old has risen 5.0% to 16.6%. These patterns are consistent with Europe as well as other middle-to-high income countries. It makes sense these investors will increasingly seek income-oriented investments as they age to supplement their retirement incomes. We believe renewables infrastructure meshes well with this investment aim, not to mention the mental health benefits of being associated with positive environmental change. The latter point should not be discounted, especially since it is consistent with how younger generations (e.g., Millennials) approach investing. Impact investing has been written about extensively by sociologists and represents a good way to bring together older investors focused on income and younger investors focused on impact.



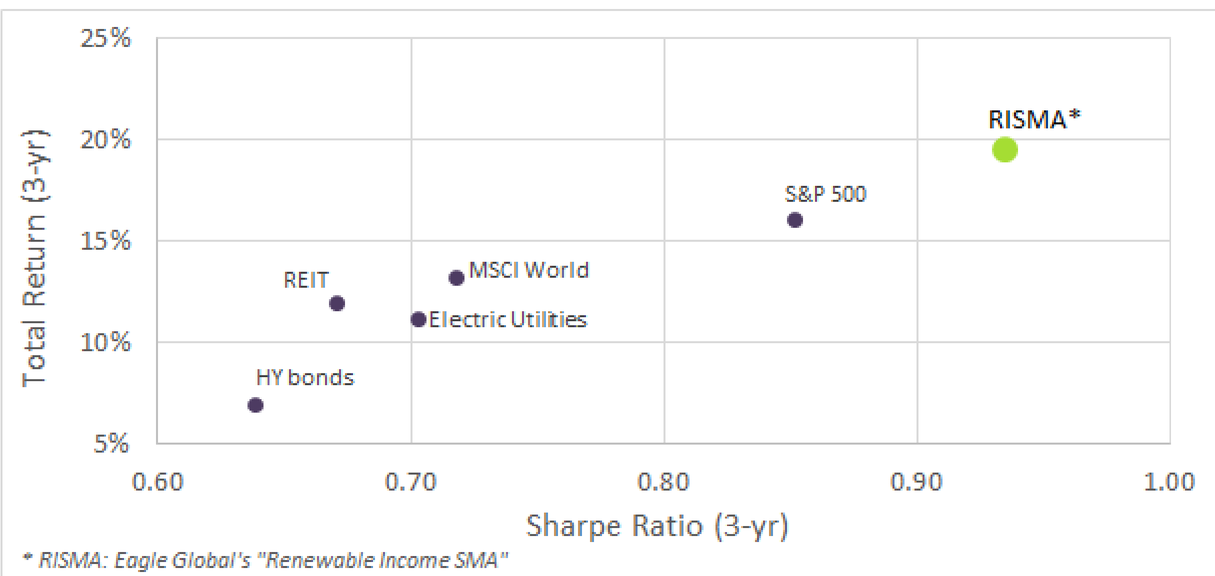


Source: United Nations

Lower-Risk, Market-Like Risk Attributes: Where Serious Investors Put Serious Money

We hear often from investors that today's opportunities are akin to flying an airplane blindfolded. Perhaps it's not that dramatic, but there is truth that financial headlines are dominated by "Big Tech", emerging technology, cryptocurrency, and non-fungible tokens (NFTs). Is "Big Tech" the all-consuming kraken? Will solid-state or iron-ore batteries win the energy storage race? Which crypto do you own? And are NFTs really for real? The reality is that while these opportunities are exciting, most investors will admit they deploy fun money into these things and not real money. Serious investors put serious money into the slow-and-steady. This is what renewables infrastructure is all about, and why renewables infrastructure needs to be a part of every serious portfolio.

Renewables infrastructure targets the owners and operators of energy transition assets, specifically wind farms, solar fields, hydroelectricity, geothermal, biomass, and more. These are technologies where economies of scale are already in force, and where long-term contracts are the norm. It's also one of the few sectors where Wall Street, Main Street, and K Street (government) align. This virtuous cycle sets the table for the multi-decade megatrend detailed below, while also providing the attractive yield detailed above. Taken a step further, the sector's slow-and-steady benefits can also be shown in its risk metrics. Our renewables infrastructure strategy (RISMA) offers the best risk-reward proposition of other slow-and-steady sectors. Its Sharpe Ratio of 0.93 over the last three years screens more attractive than the S&P 500 Index (0.85), the MSCI World Index (0.72), and a variety of other income-oriented sectors (REITs: 0.67, Electric Utilities: 0.70, High-Yield Bonds: 0.64). The sector screens equally attractive on other risk metrics as well, such as Sortino Ratio and Max Drawdown (data available on request). We see this risk-adjusted advantage continuing for decades given renewable infrastructure's exposure to the "Energy Transition".



Source: Bloomberg

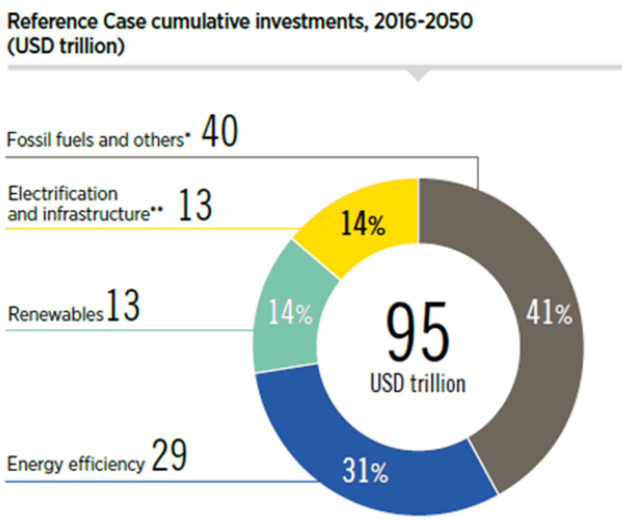
Energy Transition: The Next Energy Super-Cycle

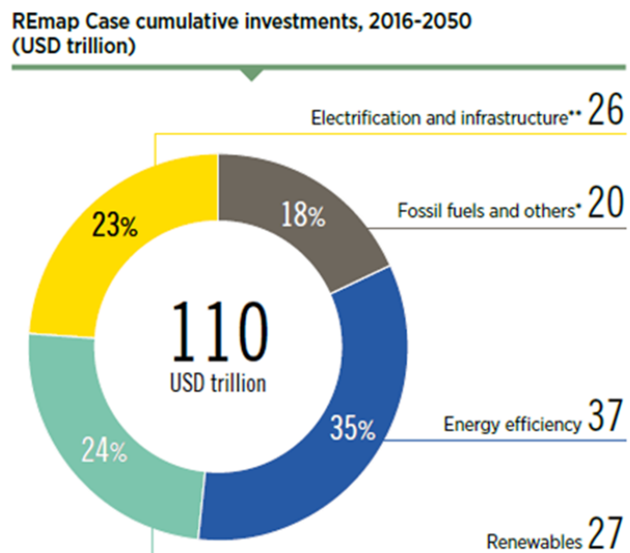
We recently published a white paper on the renewable energy megatrend, titled "Renewables: The Next Energy Super-Cycle" (available by request). A taste:

"Renewable power has long been thought of as the energy source of the future, yet its history is riddled with many false starts. In the early 1970s many believed OPEC-induced oil supply constraints would be the catalyst for greater renewable adoption, yet fossil fuel usage continued to grow for the following forty plus years. This time is convincingly different. Never has there been such a global alignment of government policy and advantaged project economics coupled with public demand."

The drivers? (1) cost competitiveness of renewable power with traditional energy sources, (2) global adoption of clean energy public policies, (3) changing energy consumption patterns are increasing electricity demand.

Our conclusion? The renewable energy megatrend will last decades and require trillions of dollars of investment to meet emission reduction targets.





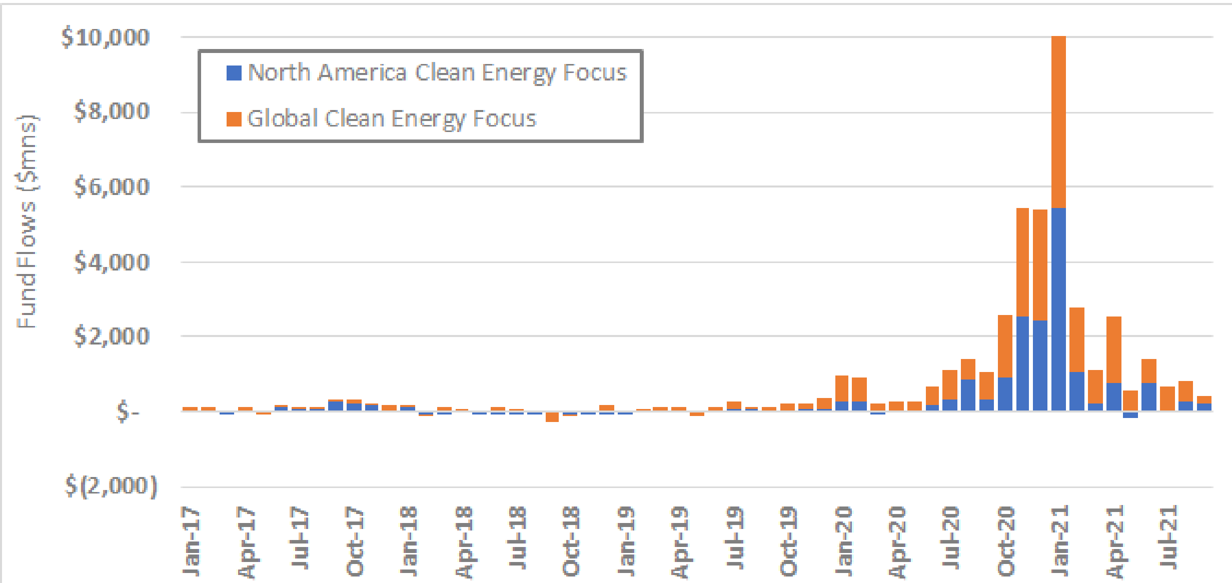
Source: International Renewable Energy Agency (IRENA)

Renewables Infrastructure: A Core Holding For Every Portfolio

In summary, we believe renewables infrastructure should be a core holding in every portfolio. We're not here to make the case against your other investments, only that when it comes to serious money, retirement money, there is no reason to settle for the uninspired slow-and-steady. There are options available that match your portfolio demands with a trend with a strong tailwind, like renewables infrastructure.

Capital Flows Into Clean Energy Continue To Impress

As per U.S. Capital Advisors, fund flows into Clean Energy continued to slow with $3.6 billion added in the third quarter. Despite this slowdown, year-to-date inflows of $24.7 billion have now surpassed inflows from the entirety of the prior year ($22.8 billion). We believe the dichotomy of renewable energy inflows and their significant underperformance relative to the broader market gives us confidence that investors are buying for the long-term, energy transition theme and are not concerned with near-term volatility.



Source: U.S. Capital Advisors

3Q2021: By The Numbers

The Eagle Renewables Income SMA (RISMA) slipped 1.55% (gross, est.) during the third quarter of the year, slightly ahead of the Eagle Global Renewables Infrastructure Index (RENEW). Year-to-date the Eagle Renewables Income SMA has declined 7.98% (gross, est.) versus –9.97% for the Eagle Global Renewables Infrastructure Index (RENEW). More details on the performance of our active SMA strategy are available upon request.

Index Name	3Q21	YTD	1 Year	3 Year*	5 Year*
Eagle Renewables Income SMA (gross)	(1.55%)	(7.98%)	12.54%	20.69%	--
Eagle Renewables Income SMA (net)	(1.74%)	(8.50%)	11.71%	19.80%	--
Eagle Global Renewables Infra Index	(2.69%)	(9.97%)	35.50%	17.43%	15.04%
S&P 500 Index	0.58%	15.92%	18.40%	15.99%	16.90%
MSCI World Index	(0.01%)	13.04%	15.90%	13.14%	13.74%
PHLX Utility Index	2.18%	4.15%	2.72%	11.11%	9.75%
DJ All REIT Equity Index	0.29%	21.58%	(4.79%)	11.87%	8.49%
Barclays US Corp High Yield Bond Index	0.89%	4.53%	7.11%	6.91%	6.52%

* - annualized

Source: Bloomberg. See disclosure information on p. 7

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, both domestically and increasingly in Europe. We see the energy transition or decarbonization megatrend continuing to gain traction among investors, supporting our view societal and political support are making renewables infrastructure increasingly inelastic to market forces. It is for this reason that despite an underwhelming start to 2021 we remain excited about the growth and investment prospects of our renewables infrastructure franchise.

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

Disclosures

The indices shown are for informational purposes only and are not reflective of any investment. They are unmanaged and shown for illustrative purposes only. The volatility of the indices are likely materially different than the strategy depicted. Eagle Global's Renewables Infrastructure Strategy includes buying and selling various renewables infrastructure companies. Holdings will vary from period to period and renewables infrastructure companies can have a material impact on the performance.

No Warranties. The accuracy and/or completeness of any Eagle Global Advisors index, any data included therein, or any data from which it is based is not guaranteed by Eagle Global Advisors, and it shall have no liability for any errors, omissions, or interruptions therein. Eagle Global Advisors makes no warranties, express or implied, as to results to be obtained from use of information provided by Eagle Global Advisors and used in this service, and Eagle Global Advisors expressly disclaim all warranties of suitability with respect thereto. You Must Make Your Own Investment Decision. It is not possible to invest directly in an index. Index performance does not reflect the deduction of any fees or expenses. Past performance is not a guarantee of future returns. You should not make a decision to invest in any investment fund or other vehicle based on the statements set forth in this document, and are advised to make an investment in any investment fund or other vehicle only after carefully evaluating the risks associated with investment in the investment fund, as detailed in the offering memorandum or similar document prepared by or on behalf of the issuer. This document does not contain, and does not purport to contain, the level of detail necessary to give sufficient basis to an investment decision. The addition, removal, or inclusion of a security in any Eagle Global Advisors index is not a recommendation to buy, sell, or hold that security, nor is it investment advice.

EGA Renewables Income Composite

October 1, 2017 through June 30, 2021

	Q2 21	Q1 21	2020	2019	2018	2017
Total Return (%) Gross	**(2.62)**	**(4.01)**	**55.79**	**33.87**	**(7.63)**	**4.96**
Total Return (%) Net	**(2.80)**	**(4.20)**	**54.67**	**32.89**	**(8.32)**	**4.76**
Eagle Renewables Infrastructure Benchmark Total Return (%)*	**(2.63)**	**(4.98)**	**35.50**	**33.06**	**0.08**	**0.65**
Composite 3 Year Std. Dev.	18.70	18.41	18.95	N/A	N/A	N/A
Benchmark 3 Year Std. Dev.	17.19	17.27	16.88	N/A	N/A	N/A
Number of Portfolios	<6	<6	<6	<6	<6	<6
Composite Dispersion (%)	N/A	N/A	N/A	N/A	N/A	N/A
Composite Assets at End of Period (US$ 000)	1,738	1,284	1,340	862	646	702
Total Firm Assets (US$ 000)	1,850,795	1,691,191	1,571,232	2,279,115	2,632,277	3,561,407

* 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.

- For GIPS purposes, Eagle Global Advisors, LLC is an independent investment advisor, registered with the SEC, actively managing individual investment portfolios containing domestic equity, international equity, master limited partnerships, and domestic fixed income securities, (either directly or through a sub-advisory relationship), for mutual funds, high net worth individuals, retirement plans for corporations and unions, financial institutions, trusts, endowments and foundations. SEC registration does not imply a certain level of skill or training.
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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

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.	Years	Cumulative Fee	Years	Cumulative Fee
	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%