

Performance	3 months	6 months	1 year	3 years	ITD*
Fund Performance (B Class)	-1.8%	-7.3%	1.8%	-17.7%	-13.4%
IA Infrastructure**	1.6%	4.5%	10.7%	11.1%	8.3%
Sector Quartile	4	4	4	4	4

Source: Morningstar. Figures compared on a Bid to Bid basis with Net Income Reinvested. Data as at 31.12.2025

*Inception date: 28.09.2022

Market review

The final quarter of 2025 was negative for green infrastructure share prices, with investor sentiment remaining weak despite a mixed backdrop of positive and negative market developments.

On the positive side, the much-anticipated UK Budget Statement proved relatively benign. There were no changes to corporation tax, capital allowances or the Electricity Generator Levy, removing a key source of policy risk for the sector. In addition, the FCA finalised its Consumer Composite Investment regime, clearly eliminating the prior encouragement of double-counting underlying fund fees – a welcome clarification for listed infrastructure funds. Monetary conditions were also marginally supportive, with the Bank of England continuing its easing cycle and cutting the Bank Rate to 3.75% in December.

However, these positives were outweighed by renewed policy uncertainty. In the UK, the government launched a consultation on switching the indexation of Renewables Obligation Certificates (ROCs) from RPI to CPI, which would reduce the long-term value of related cash flows if implemented. In the US, sentiment deteriorated further after the Trump administration ordered the suspension of leases for five offshore wind projects already under construction.

Performance and activity

The EdenTree Green Infrastructure Fund delivered a negative total return in the fourth quarter. As in the previous quarter, it remains our view that there were no fundamental factors relevant to our holdings experiencing sufficient deterioration to justify the decline.

Negative returns came primarily from the Secure Income financial segment and the Energy Generation category within the green infrastructure framework. At an individual stock level, the worst performers over the period were the solar companies, which are most at risk from the government's potential switch from RPI to CPI for ROCs, with all three of the main listed UK solar businesses (Bluefield Solar, Foresight Solar and NextEnergy Solar) delivering negative share price returns. Our holding in Japan-based Canadian Solar Infrastructure, however, provided solar exposure that was shielded from this UK-specific development.

We saw positive returns from High Return Potential holdings, primarily within Energy Storage, with Gresham House Energy Storage the standout performer. The company delivered a positive return of 16% for the period, after reporting a 7% net asset value (NAV) increase in the third quarter, in anticipation of higher future cashflows from funded asset augmentations and improved third-party revenue forecasts. Despite this strong return and positive update, the stock continues to trade at a discount to NAV of well above 30% at the time of writing, so we see plenty of potential for further rerating.

There were no major transactions in the portfolio over the period, but we marginally increased the position in Gresham House Energy Storage on evidence of successful execution of their strategy to focus on tolling agreements, refinancing and asset augmentation.

Outlook

We continue to see green infrastructure as fundamentally supported by the scale of investment required for the energy transition and grid upgrades, further reinforced by increased demand from the buildout of AI infrastructure.

From a UK policy perspective, clarity around the rejection of zonal pricing should remain a positive for investor sentiment. That said, investors will likely remain sensitive to the potential of other policy interventions undermining renewable energy business models, such as the proposal to switch from RPI to CPI as the indexation mechanism for ROCs.

Green infrastructure will likely continue to be influenced by bond yields, but a continued downward trajectory for UK rates should hopefully make this a tailwind.

While private market activity has been subdued, transactions continue to take place at a level that is supportive of investment trust NAVs being appropriately set. This ongoing disparity between public market and private market valuations leaves the door open for corporate activity in the form of take-privates or mergers. In the meantime, most of the businesses in the sector continue to provide well-covered dividends to compensate investors for their patience.

Performance	Discrete Rolling 12 months	12 months to 31/12/2021	12 months to 31/12/2022	12 months to 31/12/2023	12 months to 31/12/2024	12 months to 31/12/2025
Fund Performance (B Class)				-9.7%	-10.4%	1.8%
IA Infrastructure**				-2.8%	3.2%	10.4%
Sector Quartile				4	4	4

Source: Morningstar. Figures compared on a Bid to Bid basis with Net Income Reinvested.

*Inception date: 28.09.2022

**As the Fund will invest in companies involved in the ownership, operation or maintenance of infrastructure assets, investors may compare the Fund's performance to the Investment Association Infrastructure Sector. Funds in this sector must have at least 80% of their assets (directly or indirectly) in companies involved in the ownership, operation or maintenance of infrastructure assets (including but not limited to: utilities, energy, transport, health, education, security and communications). However, the Manager is not bound or influenced by the Sector category when making investment decisions.

Past performance is not necessarily a guide to future returns.

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