

Turning global power demand into investor opportunity

After a turbulent 2024, the policy environment has stabilised for the renewables sector in 2025. Having been flat for more than two decades, demand for power has also started to surge in the developed world, and investors have taken notice.

The TM Gravis Clean Energy Income Fund has benefited from these shifts. Through careful, active management, the Fund has returned 10%, year-to-date, outperforming the iShares Global Infrastructure UCITS ETF by more than 3 percentage points*. Returns for the Fund were bolstered by strong performance from US renewable energy generators, with these companies up c. 16% YTD**.

Regulatory clarity from around the globe

- The “One Big Beautiful Bill” in July helped to clear the dark cloud hanging over renewables in the US, easing uncertainty over the future of the sector. Operational assets and areas such as battery storage and geothermal retain valuable tax incentives. Well-capitalised companies with development projects in the construction phase have time to qualify for remaining credits.
- In the UK, the release of the Clean Power 2030 Plan and rejection of a zonal pricing model for renewables were both positive developments over the summer. Changes to live renewable energy capacity auctions including longer Contracts for Difference (CfD) for wind and solar technologies, and the eligibility of re-powering projects to receive CfD were also good news for the sector.
- France has announced a similar strategy for climate energy change over the next decade. By the end of 2025 we are expecting announcements from regulators in both the UK and Spain on how much electricity transmission network companies can invest to align with national goals of renewable energy integration and grid resiliency. Going into 2026, we are expecting the UK and EU to harmonise their Emissions Trading Scheme.

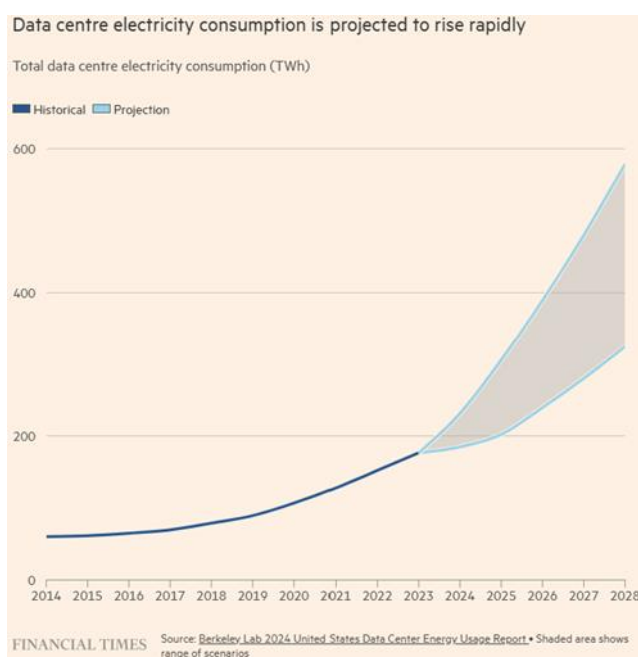
The result? Confidence and visibility are back.

Power demand is surging

- Since the start of the millennium, energy demand has been pretty flat in the developed world. During this period, the US moved from a manufacturing to a service-led economy. So although it experience

strong economic growth, this shift, coupled with the fact that we saw efficiency gains in the electricity networks and the way we consume energy, energy demand did not increase.

- Going into the 2030s and beyond, forecasters are expecting a significant acceleration in energy demand. The AI revolution is driving a structural step-change in electricity demand, particularly from data centres. In the US, power prices are rising at twice the rate of inflation***. In the UK, the National Energy System operator has estimated electricity demand will increase by 1.9-2.7x by 2050. There should also be a big uplift in demand in Europe, once transmission network development plans are signed off by governments at the end of this year.





A long-term growth story backed by structural tailwinds

Decarbonisation:

- Renewables generated more power than coal globally for the first time in the first half of 2025. Many governments, particularly across Europe, remain committed to net-zero targets and are extending incentives. There is also a focus on improving grids and batteries for energy storage. It's estimated that \$3.5tn average annual capital investment in physical assets – on top of what is already spent – is needed to 2050 to build a net zero economy****.

Digitalisation:

- Data centres already consume ~1.5% of global electricity. In some countries, like Ireland, this rises to as much as 20%. As AI adoption accelerates, this will grow rapidly, and renewables will be needed to power it. 100 data centre operators have signed the Climate Neutral Data Centre Pact, including Google, Microsoft, AWS and Meta. Digital Realty, one of the largest cloud, carrier-neutral data centre operators, has recently signed an agreement with Current Hydro supported by three planned hydroelectric projects in Ohio, West Virginia.
- EDPR, a holding within the TM Gravis Clean Energy Income Fund, has entered a partnership with Merlin Properties to develop 100MW of decentralised solar project to support its data centre campus under development near Lisbon.
- In July, Brookfield Renewables – another holding in the TM Gravis Clean Energy Income Fund – and Google announced a first-of-its kind Hydro Framework Agreement to deliver up to 3,000 MW of domestic hydroelectric power across the US, making it the world's largest clean power deal for hydro. The first \$3bn contracts under this agreement represent two 20-year PPAs providing 670 MW of capacity. This follows a similar announcement last year from Brookfield Renewables and Microsoft, with Brookfield to provide over 10.5 GW of renewable energy capacity between 2023 and 2030 in the US and Europe.

Deglobalisation:

- Energy security concerns and geopolitical tensions are encouraging more domestic power generation, with renewables a key way of achieving this. Solar, wind and battery storage can be deployed relatively quickly, and in most geographies, unlike fossil fuels, increase energy security with the ability to generate power domestically. What's more, the supply chains are already available. That makes renewables

the immediate solution to soaring energy needs and a bridge towards a new energy system.

Together, these themes underpin a multi-decade investment opportunity in clean energy infrastructure.

Why TM Gravis Clean Energy Income?

Defensive income:

- The Fund invests in listed companies that own and operate renewable generation, grid and storage assets. Revenues are typically contracted or regulated, offering stable, inflation-linked cash flows. They are less cyclically-sensitive. The Fund primarily provides exposure to operational infrastructure assets, limiting any potential disruption from changing US policy.

Attractive yield:

- Target yield of 4.5%, with a trailing 12-month yield over 6% (C Inc GBP)*.

Global diversification:

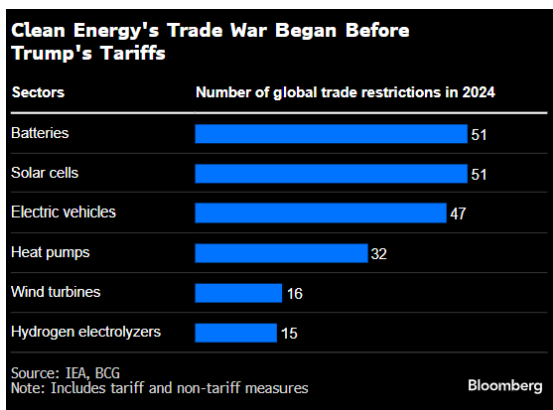
- Roughly 50% UK / 50% US today, shifting towards 60% global exposure as new infrastructure (grids, geothermal, storage) is added. Recent additions to the portfolio include Redeia, which via its subsidiary "Red Electrica", operates Spain's electricity transmission network infrastructure, and Italy's power grid operator Terna Rete Elettrica.

Evolving portfolio:

- Through investing in a diversified portfolio of listed securities the Fund's exposure to underlying energy generation types can evolve as the opportunities, and government support evolves. Having begun life predominantly invested in solar and wind assets, hydroelectric generation and energy storage now feature more strongly. The Fund also has exposure to the increased energy demand from AI through holdings such as Brookfield Renewables.

Positioned for recovery:

- The Fund's focus on operational, cash-generative assets means it's well placed to benefit from improving sentiment, rising demand, and potential interest rate cuts. The sector is well-used to operating under tariffs and may be better equipped to navigate them than other industries.



The outlook: is electricity the new gold?

Even with shifting political winds, the direction of travel is clear. The world needs more clean, reliable power, and fast. Electricity is becoming one of the world's most valuable resources, with some commentators describing it as "the new gold". As demand surges and supply struggles to keep up, access to cheap, reliable electricity is now seen as a key measure of economic and technological power. Renewables and grid infrastructure are the only technologies ready to meet the demand at scale.

The opportunity today

Around half of the TM Gravis Clean Energy Income Fund holdings are investment companies which are currently trading on an average 28.5% discount to net asset value, representing a terrific entry point for new investors into the global renewables infrastructure sector.

Institutional investors have recognised the opportunity and there has been a huge amount of transactions in the sector. For example, in February, Innergex was taken private by CDPQ at a 58% premium to the undisturbed share price. In June, Harmony Energy was acquired by Foresight Group at net asset value. Will retail investors now also grasp the opportunity?

**Source: FE Analytics, total returns in sterling for the Fund's C Acc GBP share class and ETF's GBP share class as at 20 October 2025.*

***Source: Bloomberg, using the average total return of US/Canadian renewables names in the TM Gravis Clean Energy Income Fund from 31/12/2024 to 15/10/2025.*

****Source: Bloomberg Energy Daily, Spiralling Power Costs are now a major political issue in the US. 23rd September 2025.*

*****Source: McKinsey & Company, The Net Zero Transition, What it would cost, what it could bring, January 2022.*

Important information

This article is issued by Gravis Advisory Limited ("GAL" or the "Firm"), which is authorised and regulated by the Financial Conduct Authority. GAL's registered office address is 24 Savile Row, London, United Kingdom, W1S 2ES. The company is registered in England and Wales under registration number 09910124.

The TM Gravis Clean Energy Income Fund (the "Fund") is a sub-fund of TM Gravis Funds ICVC, which is a UK UCITS scheme and an umbrella company for the purposes of the OEIC Regulations. The Authorised Fund Manager of TM Gravis Funds ICVC is Thesis Unit Trust Management Limited (TUTMAN), Exchange Building, St John's Street, Chichester, West Sussex, PO19 1UP. TUTMAN is authorised and regulated by the Financial Conduct Authority. GAL is the investment manager of the Fund.

Any decision to invest in a Fund must be based solely on the information contained in the Prospectus, the latest Key Investor Information Document and the latest annual or interim report and financial statements.

GAL does not offer investment advice and this article should not be considered a recommendation, invitation or inducement to invest in a Fund. Prospective investors are recommended to seek professional advice before making a decision to invest.

Your capital is at risk and you may not get back the full amount invested. Past performance is not a reliable indicator of future results. Prospective investors should consider the risks connected to an investment in a Fund, which include (but are not limited to) exchange rate risk, counterparty risk, inflation and interest rate risk and volatility. Please see the Risk Factors section in the Prospectus for further information.

This article has been prepared by GAL using all reasonable skill, care and diligence. It contains information and analysis that is believed to be accurate at the time of publication but is subject to change without notice. It is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. Any recipients outside the UK should inform themselves of and observe any applicable legal or regulatory requirements in their jurisdiction.