

SDCL Efficiency Income Trust

Company update and proposed board appointments

SDCL Efficiency Income Trust's (SEIT's) 30 September update reports progress in implementing its wind-down, with portfolio performance broadly in line with the investment manager's expectations and discussions ongoing with potential purchasers. Disposal proceeds are expected to fund debt repayment and liquidity requirements before shareholder distributions. Separately, the company announced on 25 September the proposed appointments of Boaz Weinstein and Richard Pavry as non-executive directors, nominated by its two largest investors. The appointments are subject to shareholder approval on 15 October and are discussed on page two. The board and investment manager remain focused on balancing prompt capital returns with maximising value.

Asset sale preparations and operational progress

Since July's shareholder approval, SEIT has progressed the financing, governance and operational arrangements for the wind-down. Jefferies is overseeing sales information for potential purchasers, with the board and its advisers in active discussions with potentially interested parties. Enhanced governance controls cover oversight, accountability, risk management and decision-making. SEIT reports that portfolio diversification supports stability and cash generation despite macroeconomic and geopolitical pressures. The investment manager continues to support management teams and preserve portfolio value through business development, operational optimisation and selected development and restructuring initiatives.

RCF repayment to precede shareholder distributions

Drawings under the revolving credit facility (RCF) stood at c £188m at 30 September. SEIT has agreed amendments to its financing arrangements to reflect the wind-down strategy. Lender approval of the revised investment policy included capping the facility at its current level and requiring disposal proceeds to permanently reduce it, alongside other conditions. Proceeds are therefore expected to be applied first towards RCF repayment and maintaining appropriate liquidity before cash is returned to shareholders. Portfolio cash generation is primarily being used to reduce debt and support underlying asset values, while project-level financing initiatives will also contribute to reducing leverage. The board continues to monitor liquidity closely and states that ongoing covenant compliance will require particular attention from both the board and investment manager throughout the wind-down.

FX hedging and management agreement review

SEIT will materially reduce its fx hedging programme as part of the wind-down. The board considers that, under current circumstances, the cost and liquidity implications of maintaining the programme outweigh the benefits of the long-term NAV protection it has provided to date. It believes available resources are better directed towards supporting orderly portfolio realisations and returning cash to shareholders. The investment management agreement is also under review, with an update to follow. The company update does not provide disposal values or a timetable for capital returns.

Investment companies

30 September 2026

Price 33.30p
Market cap £365m
Total assets £1,100m

NAV 77.8p
Discount to NAV 56.3%
Current yield 0.0%

¹Yield shown as 0% based on SEIT's suspended regular dividend policy. This excludes any future distributions that may be required to maintain investment trust status, the timing and amount of which have not yet been determined.

Shares in issue 1,085.4m

Code/ISIN SEIT/GB00BGHVZM47

Primary exchange LSE

AIC sector Renewable Energy Infrastructure

Financial year end 31 March

52-week high/low 63.0p 32.3p

Fund objective

SDCL Efficiency Income Trust's objective is to generate an attractive total return for investors, comprising a stable dividend income and capital preservation, with the opportunity for capital growth.

Bull points

- SEIT provides a high-dividend yield while trading at a significant discount to NAV, offering a total-return focus and an attractive entry position.
- A progressive dividend, which has been significantly covered since inception.
- Further scope for operation and efficiency gains within its portfolio, adding accretive value.

Bear points

- Coming out of a prolonged period of high inflation and interest rates, but there is still uncertainty within the economic and geopolitical environment.
- Counterparty risk (although SEIT is well diversified).
- Investor sentiment regarding renewable energy infrastructure investment trusts remains relatively negative.

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Proposed board appointments to support portfolio realisations

SEIT has proposed the appointment of Boaz Weinstein and Richard Pavry as non-executive directors following requests from its two largest investors, Saba Capital Management and General Atlantic SD (Bermuda), respectively. Weinstein is Saba's founder and chief investment officer. Both proposed directors would be classified as non-independent.

The proposals follow shareholder approval of SEIT's wind-down investment objective and policy on 10 July 2026, supported by 98.12% of votes cast. The company's objective, and the board's priority, is to realise all portfolio assets in an orderly manner, balancing the prompt return of cash with maximising value for shareholders.

Nominations from the two largest investors

Saba approached the board to request a director nomination following the initiation of the wind-down. After considering the request and consulting certain larger shareholders, the board decided to put the proposal to a shareholder vote. General Atlantic requested its own nominee during that consultation.

As at 23 September, Saba had notified SEIT of an aggregate interest of c 27.8% in the company's voting rights, comprising c 7.88% through a direct interest in shares and c 19.92% through financial instruments. General Atlantic held c 16% of issued share capital as at 31 August.

The board considers that collaboration with shareholders will support an orderly, timely and value-maximising wind-down, a view shared by Saba and General Atlantic. Given the range of potential outcomes, it believes there is merit in both investors having the opportunity to nominate a director. The board expects their representation to bring alignment with the broader shareholder base and additional perspectives to its oversight of portfolio realisations.

Participation in disposals and governance safeguards

Subject to governance, conflict and confidentiality arrangements, the proposed directors would participate in reviewing and approving asset disposal proposals. Arrangements will be put in place to manage current or future conflicts arising from their relationships with their nominating shareholders and to safeguard confidential disposal information. These may require either director to recuse themselves from relevant board meetings.

Neither Weinstein nor Pavry would receive a director's fee or reimbursement of expenses. Subject to the safeguards and applicable market abuse requirements, the board expects that they may share certain information received as directors with their nominating shareholders. The board will continue to engage with all shareholders and act in their collective interests when considering disposals and other decisions.

General meeting and voting support

The appointments will be considered at a general meeting at 2pm on 15 October 2026 at One Great Cumberland Place, London, W1H 7AL. Two separate ordinary resolutions will propose the appointments of Weinstein and Pavry, respectively, each with immediate effect upon approval. Neither resolution is conditional on the other.

The board unanimously recommends both appointments as being in the interests of shareholders as a whole. Saba and General Atlantic have also confirmed that they will vote their respective beneficial shareholdings in favour of both resolutions.

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