



QuotedData

BY MARTEN & CO

NextEnergy Solar Fund - Update note from QuotedData

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Well covered, growing, double-digit yield

Despite having many attractive features, NextEnergy Solar Fund (NESF) has seen its share price derate significantly during the last two years (driven largely by macroeconomic headwinds, such as the impact of higher interest rates on income-producing assets, which has affected the whole renewable energy sector and has been a factor again very recently). A hefty and, in our view irrational, [discount](#) to [net asset value \(NAV\)](#) has opened up, bringing with it significant [yield](#) expansion - NESF now has the second-highest [dividend](#) yield in the FTSE 350 - despite its dividend being 1.3x cash-covered during its financial year ended 31 March 2024 (FY2024), with a coverage target of 1.1x - 1.3x for the year ending 31 March 2025 (FY2025) on a higher target dividend.

NESF has been making progress with its capital recycling programme (a strategy that involves selling assets and reinvesting the proceeds into higher-returning opportunities) (see page 8), with the proceeds used to reduce debt and fund [share repurchases](#) that, at current discount to NAV levels, are very [NAV](#)-accretive. The final phase for 100MW of assets could prove transformational.

Full Research:

<https://quoteddata.com/research/nextenergy-solar-fund-well-covered-growing-double-digit-yield-qd/>

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