

EMERGING CITIES. EMERGING WEALTH. EMERGING OPPORTUNITIES.

Offering long-term value in emerging markets investments



DECEMBER 2022

UK closed-end investment trust focused on long-term total return

OBJECTIVE

Utilico Emerging Markets Trust plc ("UEM") seeks to provide long-term total return by investing predominantly in infrastructure, utility and related sectors mainly in emerging markets.

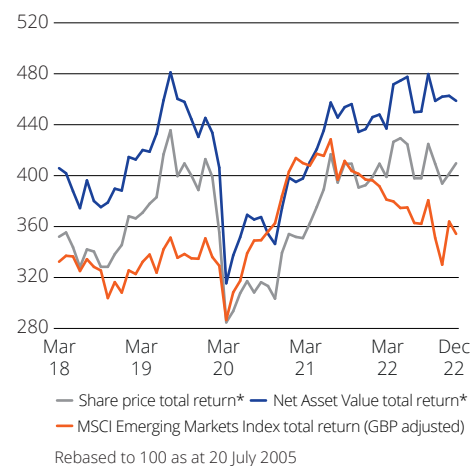
INVESTMENT APPROACH

To seek to invest mainly in companies and sectors displaying the characteristics of essential services or monopolies such as utilities, transportation infrastructure, communications or companies with a unique product or market position.

KEY DATES

Launch Date⁺	20 July 2005
Year End	31 March
AGM	September 2023
Ex-Dividend Dates	September, December, March & June
Dividend Paid Dates	September, December, March & June
Continuation Vote	To be proposed at the AGM in 2026

PERFORMANCE



PERFORMANCE (Total return*)

	1 month	3 months	1 year	3 years	5 years	Inception
Share Price	2.0%	0.1%	2.7%	(0.8%)	16.1%	309.7%
Net Asset Value ("NAV") per share	(0.9%)	0.0%	2.9%	3.0%	11.3%	358.7%
MSCI Emerging Markets Index (GBP adjusted) ("MSCI")	(2.7%)	0.9%	(10.6%)	1.0%	4.2%	254.3%

ROLLING 12 MONTH PERFORMANCE (Total return*)

	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18
Share Price	2.7%	12.7%	(14.2%)	19.5%	(2.0%)
Net Asset Value ("NAV") per share	2.9%	11.9%	(10.5%)	14.7%	(5.8%)
MSCI Emerging Markets Index (GBP adjusted) ("MSCI")	(10.6%)	(1.7%)	14.9%	13.8%	(9.3%)

FUND DETAILS

ORDINARY SHARES

NAV per share at launch +	98.36p
NAV per share (cum income)	241.11p
Share price	209.00p
Discount to NAV	(13.3%)
NAV per share total return since launch *	358.7%
Annual average compound return *	9.1%
Historic dividend paid per share (last 12 months)	8.15p
Historic dividend yield (last 12 months)	3.9%
Ongoing charges figure	1.4%
Shares in issue	203,674,613
Ticker	UEM.L

CAPITAL STRUCTURE

Gross Assets less Current Liabilities	£517.2m
Bank Debt	£(26.1)m
Shareholders' Funds	£491.1m
Gearing/(net cash)	4.1%

Gearing AIC – standardised gearing calculation as recommended by the AIC is based on net assets

INVESTMENT MANAGERS

UEM is managed by ICM Limited and ICM Investment Management Limited, which is authorised and regulated by the Financial Conduct Authority.

www.icm.limited

INVESTMENT MANAGEMENT FEE (PER ANNUM)

1.0% of NAV up to and including £500m;
 0.9% of NAV exceeding £500m up to and including £750m;
 0.85% of NAV exceeding £750m up to and including £1,000m; and,
 0.75% of NAV exceeding £1,000m.

+ Utilico Emerging Markets Limited – UEM's predecessor

* Total return is calculated based on undiluted NAV plus dividends reinvested and adjusted for the exercise of warrants and subscription shares

Important Notes

The information presented on this document is solely for information purposes and is not intended to be, and should not be construed as, an offer or recommendation to deal in UEM. Investments in UEM are subject to investment risks and the value of investments and the income derived from them may fall as well as rise and investors may not get back the principal amount invested. Past performance is not indicative of future performance. Investors should read the prospectus along with the supplement(s) and seek relevant professional advice before making any investment decision. The information presented has been obtained from sources believed to be reliable, but no representation or warranty is given or may be implied that they are accurate or complete. The Investment Managers reserve the right to make any amendments to the information at any time, without notice. Issued by ICM Investment Management Limited (registered in England: 08421482), which is authorised and regulated by the Financial Conduct Authority (FRN: 630094).





PERFORMANCE

In December, UEM's NAV total return decreased by 0.9%, although this was an outperformance against the MSCI Emerging Markets total return Index which fell by 2.7% in Sterling terms for the month. For the year to 31

December 2022, UEM's NAV total return increased by 2.9%, significantly outperforming the MSCI Emerging Markets total return Index which fell 10.6% over the same period.

Global markets in December were generally weaker, with the Federal Reserve raising rates by 50bps to 4.5% and the committee gave a hawkish outlook indicating continued monetary tightening throughout 2023. The European Central Bank and Bank of England also raised rates in December. China suddenly and surprisingly dropped its zero Covid policy, anecdotally triggering a large wave of Covid infections although this was not reflected in official figures. We expect a short period of disruption but ultimately a return towards normality after three years of travel and other restrictions, giving rise to consumer demand.

A mild start to the winter in Europe eased concerns over potential natural gas shortages and fuel prices generally weakened, which, if sustainable, should help ease inflationary pressures in the coming months. In Brazil, there was some volatility as investors digested what the new Lula administration might look like.

Developed markets were generally weak, with the S&P 500 declining by 5.9% during December, the Eurostoxx down 4.3% and the FTSE 100 down by 1.6%. Many of the EM indices also declined with the Brazilian Bovespa down by 2.4%, the Indian Sensex down by 3.6%, the Mexican IPC down by 6.2% and the Vietnam Ho Chi Minh down by 3.9%.

In Hong Kong, the Hang Seng Index advanced by 6.4% although the Shanghai Composite was weaker by 2.0% for December. There were modest gains of 2.0% and 0.4% respectively in the Thai SET and Bursa Malaysia Indices.

The US Dollar continued to weaken, losing 1.0% of its value against Sterling and the Euro continued its recovery, gaining 2.6% against Sterling. EM currencies were mixed, with the Chilean Peso gaining 4.2% against Sterling and the Vietnamese Dong gaining 3.5%. The Indian Rupee weakened by 2.5% and the Brazilian Real by 1.4% against Sterling for December.

PORTFOLIO

Performance across the portfolio in December was mixed with some significant positive and negative moves, which appear predominantly driven by sentiment in specific countries.

There were three changes within the top thirty with Umeme, Chindata and TAV replacing Adani Ports, TTS and Vamos. Umeme is the main Ugandan electricity distribution company, in which UEM has been invested since the IPO over ten years ago. Chindata operates energy efficient data centres in China, Malaysia, India and Thailand with Bytedance (owner of the Tik Tok social media platform and Douyin, its Chinese equivalent) as its principal customer. TAV operates airports in Turkey and internationally.

Companies that posted strong share price gains in December included Umeme, up by 31.0%. In December, the Ugandan government formally notified Umeme that its concession, which expires in 2025, would not be renewed. Umeme is contractually entitled to compensation for unrecovered investment which amounts to approximately three times the current market capitalisation.

Other strong gainers in the month included China Gas Holdings, which continued its recovery, up by 14.7%. InPost's share price was up by 12.1% reflecting improved sentiment, Chindata was up 11.3% after strong results in November and Engie Energia Chile's share price was up by 6.6%.

Stocks that weakened materially were in Brazil and Mexico. Orizon's share price declined by 13.7% and Eletrobras was down by 11.9%. The Mexican airports, GAP and OMA both declined by 10.4%, reflecting weakness in the Mexican stock market.

During December, purchases for the portfolio totalled £6.7m and realisations totalled £5.0m.

DEBT

UEM's bank debt increased marginally to £26.1m from £25.7m reflecting exchange rate movements with £18.6m drawn in Euros (EUR 21.0m) and £7.5m in US Dollars (USD 9.0m).

OTHER

UEM's share price ended December at 209.00p, up by 1.0% over the month and in addition shareholders received a 2.15p quarterly interim dividend during December.

The discount to NAV narrowed to 13.3% from 15.7%. During December, UEM bought back 0.2m shares at an average price of 204.29p.

Charles Jillings ICM Investment Management Limited and ICM Limited

SECTOR SPLIT OF INVESTMENTS

Electricity	19.4%
Ports and Logistics	18.5%
Data Services and Digital Infrastructure	14.8%
Renewables	8.9%
Gas	8.0%
Airports	7.0%
Telecommunications	6.6%
Water and Waste	5.1%
Other	4.4%
Infrastructure Investment Funds	4.2%
Road and Rail	3.1%

TOP THIRTY HOLDINGS		% of total investments
1	International Container Terminal Services, Inc.	5.1%
2	Alupar Investimento S.A.	4.2%
3	Petalite Limited	3.6%
4	Gujarat State Petronet Limited	3.4%
5	India Grid Trust	3.1%
6	Centrais Eletricas Brasileiras S.A. (Eletrobras)	3.0%
7	FPT Corporation	2.5%
8	VinaCapital Vietnam Opportunity Fund Ltd	2.4%
9	Power Grid Corporation of India Limited	2.4%
10	Orizon Valorizacao de Resiuos S.A.	2.4%
11	China Gas Holdings Limited	2.4%
12	CGN Capital Partners Infra Fund 3	2.1%
13	Citic Telecom International Holdings Limited	2.1%
14	Rumo S.A.	2.1%
15	Ocean Wilsons Holdings Limited	2.0%
16	Korean Internet Neutral Exchange Inc. (KINX)	1.9%
17	Grupo Aeroportuario del Centro Norte, S.A.B. de C.V. (OMA)	1.8%
18	China Datang Corporation Renewable Power Co., Limited	1.8%
19	Santos Brasil Participacoes S.A.	1.8%
20	Engie Energia Chile S.A.	1.7%
21	KunLun Energy Company Limited	1.7%
22	Telelink Business Services	1.7%
23	InPost S.A.	1.7%
24	Powergrid Infrastructure Investment Trust	1.7%
25	My E.G. Services Bhd	1.7%
26	Umeme Limited	1.6%
27	Conversant Solutions Pte Limited	1.6%
28	Grupo Aeroportuario del Pacifico, S.A.B. de C.V. (GAP)	1.5%
29	Chindata Group Holdings Limited	1.3%
30	TAV Havalimanlari Holding A.S.	1.3%
Total Top Thirty		67.6%

GEOGRAPHICAL SPLIT OF INVESTMENTS

Brazil	20.8%
China incl. HK	15.0%
India	12.9%
Other Europe	11.7%
Vietnam	7.7%
Middle East/Africa	5.8%
The Philippines	5.1%
South Korea	4.6%
Mexico	4.2%
Other Asia	3.6%
Chile	2.8%
Colombia	2.2%
Romania	1.9%
Malaysia	1.7%