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# Offering long-term value in emerging markets investments



## NOVEMBER 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.

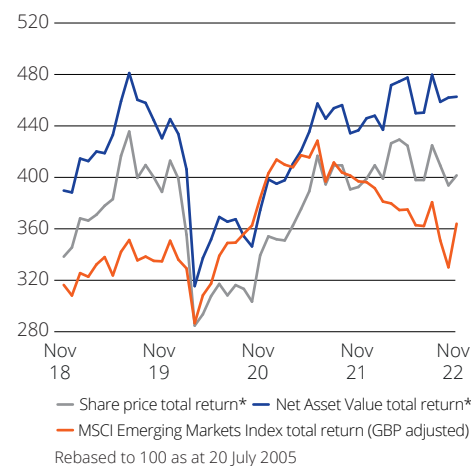
### INVESTMENT APPROACH

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

<b>Launch Date<sup>+</sup></b>	20 July 2005
<b>Year End</b>	31 March
<b>AGM</b>	September 2023
<b>Ex-Dividend Dates</b>	September, December, March & June
<b>Dividend Paid Dates</b>	September, December, March & June
<b>Continuation Vote</b>	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%	(5.5%)	2.3%	3.3%	18.0%	301.5%
Net Asset Value ("NAV") per share	0.2%	(3.6%)	6.0%	7.5%	15.7%	362.7%
MSCI Emerging Markets Index (GBP adjusted) ("MSCI")	10.3%	(4.4%)	(8.3%)	8.7%	11.0%	264.0%

## ROLLING 12 MONTH PERFORMANCE (Total return\*)

	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18
Share Price	2.3%	15.7%	(12.7%)	15.0%	(0.7%)
Net Asset Value ("NAV") per share	6.0%	16.6%	(13.0%)	10.3%	(2.4%)
MSCI Emerging Markets Index (GBP adjusted) ("MSCI")	(8.3%)	3.4%	14.7%	5.8%	(3.5%)

## FUND DETAILS

### ORDINARY SHARES

NAV per share at launch +	98.36p
NAV per share (cum income)	245.41p
Share price	207.00p
Discount to NAV	(15.7%)
NAV per share total return since launch *	362.7%
Annual average compound return *	9.2%
Historic dividend paid per share (last 12 months)	8.00p
Historic dividend yield (last 12 months)	3.9%
Ongoing charges figure	1.4%
Shares in issue	203,899,613
Ticker	UEM.L

### CAPITAL STRUCTURE

Gross Assets less Current Liabilities	£526.1m
Bank Debt	£(25.7)m
Shareholders' Funds	£500.4m
Gearing/(net cash)	2.9%

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](http://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 November, UEM's NAV total return increased marginally by 0.2% underperforming the MSCI Emerging Markets total return Index which increased by 10.3% in Sterling terms for the month.

Global markets in November were much more positive, continuing the recovery witnessed in October. Despite the Federal Reserve and the Bank of England increasing interest rates a further 75bps to 4.0% and 3.0% respectively, investor sentiment improved on hopes that inflation pressures may have peaked and that the pace of interest rate rises may slow. The November US CPI increasing to 7.7% was lower than expected whilst US non-farm payroll data indicated that the US employment market had cooled marginally. The S&P 500 was up 5.4% for the period.

Global markets were further supported by signs that Chinese policymakers are slowly prepared to relax some of their zero-Covid policies on the back of rising social unrest as well as offer some support to the property markets via a 16-point rescue plan. Furthermore, the first in person meeting between President Xi and President Biden at the G20 summit in Indonesia in which they agreed to resume cooperation in key areas, also helped fuel the optimism in the markets. The Hang Seng was up 26.6% for the month.

With the expectation of softer US inflation, a weaker Dollar and lower US interest rates, the majority of emerging markets in November saw strong returns. The Philippines PSEI Index was up 10.2% for the period, whilst the Indian Sensex was up 3.9%. The outlier for the period was the Brazilian Bovespa Index which was down 3.1%. November was the first month after the Brazilian general elections and President-elect Lula asked Congress for a waiver to increase and extend social benefits promised during his campaign, creating volatility in the local market about the sustainability of the country's fiscal accounts. Subsequently this has put into question Brazilian inflationary outlook and the monetary easing expected to start in 2023.

Sterling continued to recover some of its losses against the US Dollar, up 3.4% and also appreciated against the Hong Kong Dollar, up 2.9%. Against the Malaysian Ringgit, Sterling depreciated 2.7% as the Ringgit was supported by Anwar Ibrahim being named as the country's new prime minister, but Sterling was down 0.7% against the Euro.

## PORTFOLIO

Performance across the portfolio in November was mixed with country specific factors once again mainly affecting stocks rather than company or sector specific considerations. There were two new entrants into the top thirty, with China Gas Holdings, the Chinese listed gas distribution company re-entering the top thirty replacing Simpar and TTS replacing Engie Brasil. TTS is a Romanian listed river transportation and port operator operating primarily on the Danube River and in the port of Constanta.

China Gas Holdings was the top performer in the portfolio over the month, up 42.4%, recovering off recent lows, helped by improved market sentiment but also by China Gas showing resilient growth

with retail volumes, up 8.0% in the six months to 30 September 2022 and Dollar margins recovering having been impacted by high LNG prices. Kunlun Energy was up 28.0% and witnessed a rebound from recent lows whilst Gujarat State Petronet was up 19.5% on the back of the regulator PNGRB releasing amendments to tariffs to be implemented in April 2023 which will be beneficial to pipeline operators, allaying concerns of a material cut in tariffs.

The Brazilian companies in the portfolio were the most notable decliners during the month, impacted by uncertainty from the new government's economic policies. Vamos Locacao was down 18.1% and Santos Brasil was down 16.3% despite solid 3Q22 results. Engie Energia Chile was also down 14.5%.

During November, purchases for the portfolio totalled £2.8m and realisations totalled £10.5m.

## DEBT

UEM's bank debt decreased marginally from £25.8m to £25.7m with £18.2m drawn in Euro (EUR 21.0m) and £7.5m in US Dollar (USD 9.0m).

## OTHER

UEM's share price ended November at 207.00p, up by 2.0% over the month. The discount to NAV narrowed to 15.7% from 17.2%. During November UEM bought back 0.3m shares at an average price of 211.14p.

A second quarterly interim dividend of 2.15p per ordinary share in respect of the year ending 31 March 2023 was declared, an increase of 7.5% compared to the last quarter, which will be paid on 16 December 2022 to shareholders on the register on 2 December 2022.

On 12 December 2022, UEM will make a live presentation via the Investor Meet platform. The presentation is open to all existing shareholders and potential investors. Questions can be submitted pre-event via the Investor Meet Company dashboard and investors can sign up to Investor Meet for free and add to meet UEM via: <https://www.investormeetcompany.com/utilico-emerging-markets-trust-plc/register-investor>

## Charles Jillings ICM Investment Management Limited and ICM Limited

## SECTOR SPLIT OF INVESTMENTS

Electricity	19.4%
Ports and Logistics	19.0%
Data Services and Digital Infrastructure	14.4%
Renewables	9.1%
Gas	8.0%
Airports	7.2%
Telecommunications	6.6%
Water and Waste	4.5%
Other	4.4%
Infrastructure Investment Funds	4.2%
Road and Rail	3.2%

TOP THIRTY HOLDINGS		% of total investments
1	International Container Terminal Services, Inc.	5.2%
2	Alupar Investimento S.A.	4.1%
3	Petalite Limited	3.6%
4	Gujarat State Petronet Limited	3.6%
5	Centrais Eletricas Brasileiras S.A. (Eletrobras)	3.4%
6	India Grid Trust	3.1%
7	Orizon Valorizacao de Resiuos S.A.	2.8%
8	Power Grid Corporation of India Limited	2.6%
9	VinaCapital Vietnam Opportunity Fund Ltd	2.3%
10	FPT Corporation	2.3%
11	Ocean Wilsons Holdings Limited	2.3%
12	Rumo S.A.	2.2%
13	CGN Capital Partners Infra Fund 3	2.2%
14	China Gas Holdings Limited	2.1%
15	Grupo Aeroportuario del Centro Norte, S.A.B. de C.V. (OMA)	2.0%
16	Citic Telecom International Holdings Limited	2.0%
17	KunLun Energy Company Limited	1.9%
18	Santos Brasil Participacoes S.A.	1.7%
19	China Datang Corporation Renewable Power Co., Limited	1.7%
20	Korean Internet Neutral Exchange Inc. (KINX)	1.7%
21	Powergrid Infrastructure Investment Trust	1.7%
22	Telelink Business Services	1.7%
23	My E.G. Services Bhd	1.7%
24	Grupo Aeroportuario del Pacifico, S.A.B. de C.V. (GAP)	1.6%
25	Engie Energia Chile S.A.	1.6%
26	Conversant Solutions Pte Limited	1.5%
27	InPost S.A.	1.5%
28	Adani Ports and Special Economic Zone Limited	1.3%
29	TTS (Transport Trade Services) S.A.	1.3%
30	Vamos Locacao de Caminhoes, Maquinas e Equipamentos S.A.	1.2%
<b>Total Top Thirty</b>		<b>67.9%</b>

## GEOGRAPHICAL SPLIT OF INVESTMENTS

Brazil	21.4%
China incl. HK	14.7%
India	13.5%
Other Europe	11.3%
Vietnam	7.2%
The Philippines	5.2%
Middle East/Africa	5.1%
Mexico	4.7%
South Korea	4.5%
Other Asia	3.6%
Chile	2.6%
Colombia	2.4%
Romania	2.1%
Malaysia	1.7%