



FUND LAUNCHED

2005

FUNDS UNDER
MANAGEMENT

£552.3
MILLION

NET ASSET VALUE
PER SHARE

526.0%
SINCE INCEPTION*



The Philippines – overlooked market, but lots of potential

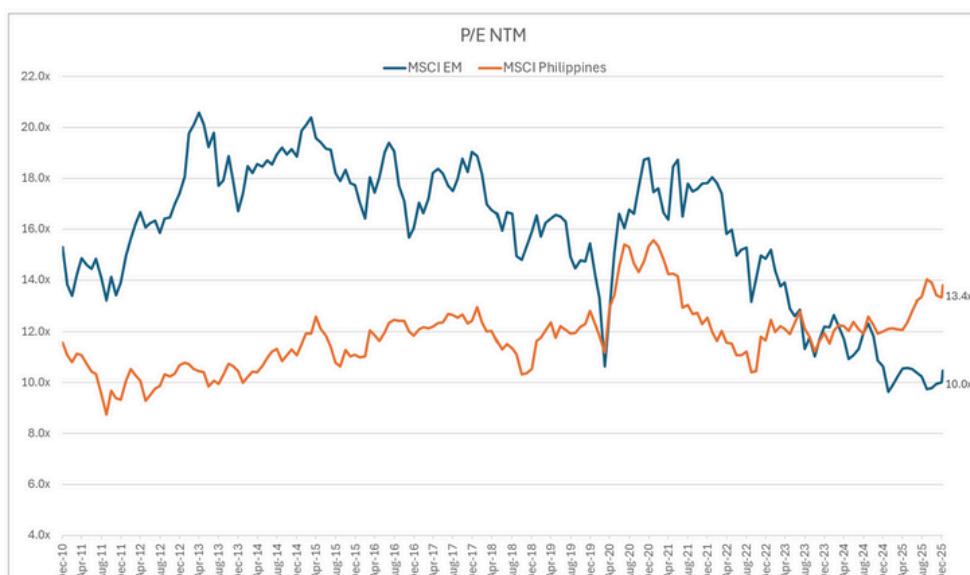
January 2026

The Philippines, a once favoured emerging market (EM) equity market in the early 2010s, has significantly lagged the broader EM index over the past decade. MSCI Philippines delivered a cumulative USD return of -11% compared to +107% for MSCI EM.

Total return (USD) 08/01 -	2010 to 2015	2015 to 2026	2020 to 2026
MSCI Philippines	+146%	-11%	-11%
MSCI EM	-8%	+107%	+58%

Source: FactSet USD total return (08/01/2026)

Put simply, the underperformance has been driven by the valuation starting point. For instance, MSCI Philippines' P/E valuation averaged 17.3x between 2010-2015, vs. MSCI at 10.6x. Fast forward to today, MSCI Philippines trades at a much more attractive 10.0x versus broader EM at 13.4x.



Source: FactSet NTM P/E data (06/01/2026)

The Philippines now represents just 0.37% of the MSCI EM Index (as of 7th January 2026)¹, making it easy for investors to overlook the opportunity set and ignore the attractive structural growth drivers that underpin long-term growth in the Philippines.

The Philippines benefits from favourable demographics. Of its 112m population, 64% are aged 15-64 years² while the median age is only 27 years³. Additionally, 30% of the population is aged 0-14 years, which provides the future growth in the labour and rising urbanisation.

While the era of +7% GDP growth in the Philippines is likely behind us, the economy remains resilient. It expanded +5.0% in 9M25, albeit growth did slow to 4.0% in 3Q amid a challenging global backdrop and domestic headwinds from corruption allegations tied to flood control projects. Nevertheless, the Philippines is still projected to deliver +4.9% GDP growth for 2025⁴, reinforcing its position as one of the faster growing economies in the emerging markets.

Market sentiment is already at a low

Corruption allegations tied to recent flood control projects have weighed heavily on investor sentiment. As a result, FDI has remained weak throughout 2025 and the equity market has faced a steady stream of outflows.

However, the Philippines economy remains domestically orientated with consumption accounting for c.76% of GDP⁵. Household budgets are supported by low, stable inflation at just 1.5%, while monetary policy has turned accommodative. In December, the Central Bank of the Philippines (BSP) cut rates by a further 25bps to 4.5% to stimulate the economy and guide inflation back within its 2-4% target range. These factors reinforce the resilience of the economy despite external and political headwinds.

Plenty of opportunities for bottom-up investors

Our visit to the Philippines was timely given the prevailing bearish market sentiment, which often uncovers compelling, overlooked opportunities for long-term, bottom-up investors. At UEM, we have invested in a number of interesting opportunities in the Philippines over the years.

Stock picks (how UEM is playing it)

One prime example is national champion International Container Terminal Services Inc. (ICTSI), the global port operator with a portfolio of 34 terminal concessions across 20 countries⁶. Given its expansive footprint, ICTSI is a natural beneficiary of the expansion in global trade, underpinned by global GDP growth. Its ability to negotiate tariff increases across its many jurisdictions, combined with its unwavering focus on operational efficiency, has driven significant value for shareholders as it replicates the strategy internationally. Despite the volatile external environment, ICTSI's diversified international portfolio and focus on origin and destination volumes have demonstrated exceptional resilience.

During our trip, we visited ICTSI's three terminals at the Port of Manila. Manila Multipurpose Terminal (MMT) services breakbulk and bulk cargo, largely related to the import of construction materials and commodities; Manila North Harbor Port (NorthPort) which is the Philippines' domestic gateway linking Metro Manila to the archipelago; and lastly, ICT's flagship terminal, Manila International Container Terminal (MICT), the Philippines' largest international terminal with operations on par with the best in the world. Efficiency was a theme throughout all 3 terminals, leveraging technology and automation where possible, all underpinned by a performance driven culture based on KPIs.

ICTSI remains a long-standing investment since UEM's listing in 2005, maintaining a top 10 position in the portfolio.

The Philippines

January 2026



L-R: Maybank representative, Henry Beck, Stuart Briscoe, Jacqueline Broers, ICT representative



L-R: Henry Beck, Stuart Briscoe, Jacqueline Broers, Maybank representative

Another key area of focus for UEM has been the Philippine water sector, following the publication of the Philippine Water Supply and Sanitation Master Plan by the Department of Economy, Planning, and Development (formerly the National Economic and Development Authority) in 2021. The plan seeks to provide universal access to water and sanitation by 2030 through PHP1.1tn (c.US\$19bn) of investment into related infrastructure⁷, largely supported by the mobilisation of private capital. This has acted as the catalyst for a transformational shift in the regulatory backdrop, creating a more supportive return environment intended to encourage the investment required.

Two key beneficiaries of this theme have been Manila Water and the recently listed (October 2025) Maynilad Water Services, the respective concessionaires of the neighbouring East zone and West Zone concession areas of Metro Manila. Despite their proximity, the two companies possess distinct characteristics: Manila Water has demonstrated itself as an excellent operator of the largely mature East Zone concession, whilst Maynilad's West Zone concession has significant room for optimisation, presenting a growth opportunity. We held informative meetings with both companies, outlining their progress and strategy on deploying their respective capex plans to achieve their regulatory targets.



L-R: Stuart Briscoe, Henry Beck, Jacqueline Broers



L-R: Manila Water management, Jacqueline Broers, Henry Beck, Stuart Briscoe, Maybank representative

Manila Water is currently a top 10 holding and UEM participated in Maynilad's recent IPO.

Our recent trip reconfirmed our constructive view on the Philippines and the strength of our UEM portfolio holdings. We continue to find attractive long-term investment opportunities within the utility and infrastructure sectors, which remain well-positioned to benefit from structural growth drivers and supportive domestic dynamics.

Stuart Briscoe (Senior Analyst), and Henry Beck (Analyst)

January, 2026

Source Data: ICM Limited.

- [1] FactSet MSCI EM constituents (January 2026)
- [2] World Bank, [Population ages 15-64 \(% of total population\) - Philippines | Data](#), 2024
- [3] Georank, Philippines demographic data, [Philippines demographics data 1960-2025: Median Age Growth](#)
- [4] Oxford Economics, Philippines forecast overview, Dec-2025
- [5] World Bank, [Households and NPISHs final consumption expenditure \(% of GDP\) - Philippines | Data](#), 2024
- [6] International Container Terminals Services Inc., [ICTSI](#)
- [7] The National Economic and Development Authority, [021122 PWSSMP Main-Report.pdf](#), 2021

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