

**ABOUT US:** UEM is a UK closed-end investment trust, traded on the London Stock Exchange.  
Registration No 11102129

**OBJECTIVE:** 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.

## JUNE 2018

### ORDINARY SHARES

Ticker: UEM.L

NAV at launch	98.36p
NAV (cum income)	228.11p
Share Price	197.60p
Discount to diluted NAV	(13.4%)
NAV Total Return since launch *	274.5%
Annual average compound return *	10.7%
Historic Dividend paid per share (last 12 months)	7.00p
Historic Dividend Yield (last 12 months)	3.5%
Ongoing charges figure excluding performance fee	1.0%
Shares in issue	234,508,636

### CAPITAL STRUCTURE

Gross Assets less Current Liabilities	£534.9m
Bank Debt	£0.0m
Shareholders' Funds	£534.9m
Gearing (based on AIC definition)	(1.9%)

GEARING AIC - standardised gearing calculation as recommended by the AIC is based on net assets

### BOARD

John Rennocks	Susan Hansen	Garry Madeiros
Garth Milne	Anthony Muh	

### MANAGEMENT & PERFORMANCE FEES

Investment Management Fee	0.65% of net assets plus Company Secretarial Fee
Performance Fee	15% of the outperformance of the higher of (i) benchmark plus 2% and (ii) 8%, subject to high watermark, with a cap on the performance fee of 1.85% of average net assets for that financial year

### INVESTMENT MANAGERS

Utilico Emerging Markets Trust plc 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) and [www.icmim.limited](http://www.icmim.limited)

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

### ORDINARY SHARES PERFORMANCE



### PERFORMANCE (Total return\*)

	1 month	3 months	1 year	3 years	Inception
Share Price	(4.6%)	(6.8%)	(3.2%)	20.7%	228.1%
Net Asset Value	(3.4%)	(7.7%)	(2.6%)	29.2%	274.5%

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

12 Months to	Jun 18	Jun 17	Jun 16	Jun 15	Jun 14
Share Price	(3.2%)	18.6%	5.1%	6.8%	9.5%
Net Asset Value	(2.6%)	19.0%	11.4%	4.8%	6.5%

### KEY DATES

Launch Date	20 July 2005
Year End	31 March
AGM	September
Ex-Dividend Dates	September, December, March & June
Dividend Paid Dates	September, December, March & June
Continuation Vote	To be proposed at the AGM in 2021

### TEAM

Charles Jillings	Jacqueline Broers	Mark Lebbell
Duncan Saville	Jonathan Grocock	



## PERFORMANCE

UEM's NAV total return fell 3.4% during June and UEM's cum income NAV was 228.11p at the end of the month. This was in line with the MSCI Emerging Markets Total Return Index which also fell by 3.4% in Sterling terms over the month.

Emerging markets continue to be impacted by strengthening US Dollar and concerns over escalating trade skirmishes between the US and China, with market volatility picking up. This has been predominantly evident in the Chinese markets where the Shanghai Composite and Hong Kong's Hang Seng fell 8.0% and 5.0% respectively during the month, with the Shanghai index officially moving into bear market territory. In the mainland market regulatory tightening limiting bank exposure to speculative trust companies has exacerbated this movement. Other Asian markets such as Thailand (down 7.6%) and the Philippines (down 4.0%) posted a weak performance in June.

Many Latam markets posted similarly poor returns, with the Brazil Bovespa falling 5.2% and the Argentina Merval down 8.8%. Brazilian politics have become increasingly polarised, with populist candidates for both the left and the right emerging as the two main contenders in the Presidential elections due to be held in October. In Argentina the markets initially welcomed the partial upgrade to emerging market status (from frontier market) by MSCI and a USD 50bn financing deal with the IMF, but this was swiftly replaced by concerns over the political capital President Macri consumed in signing this agreement, and elevated risks of recession in the second half of 2018 due to tighter fiscal constraints included in the deal.

An outlier to the weak performance in emerging markets was the Mexican market, with the Mexico Bolsa up 6.7% in June. This reflected a recovery in sentiment as the drawn-out uncertainty of the election process finally ended on 1 July 2018 with front-runner Andres Obrador winning by a large margin. Obrador will be Mexico's first left-wing President in decades when he is sworn in on 1 December 2018.

Broadly speaking, emerging market currency performances trended in line with local markets with widespread depreciation against Sterling in June. Particular weakness was evident in the Argentinian Peso, down 13.2% as inflation expectations continue to trend higher. Meanwhile the Brazilian Real fell 2.4% and the Chinese Renminbi by 2.6% against Sterling. As above, the Mexican Peso was the outlier, strengthening 2.6% against Sterling.

## PORTFOLIO

There were no changes to the constituents of the top twenty holdings in the portfolio during June, though within these investments there were some significant moves reflecting local market volatility as well as company-specific issues.

Approximately two-thirds of the top twenty stocks declined in June. TGS performed exceptionally poorly, with UEM's holding in USD-denominated ADRs falling 27.3% as the combination of the weaker currency and market outflows impacted shares. Following two years of 100%-plus tariff increases, there are proposals to smooth future tariff increases to limit the impact on the consumer. Having embarked on energy sector reforms this would be a step backwards in the normalisation of the regulatory environment.

Weak performances were also seen at Power Grid India, down 12.2% in June, following initial consultation documents for the forthcoming regulatory cycle. The potential for weakening global trade also saw ICT shares fall by 8.4%.

However, there were also some notably strong performances in the month, with Transelectrica up by 15.0% and CR Gas up 14.1%. Transelectrica benefitted from regulator ANRE proposing a 7.5% increase in the transmission tariff, the first hike after three years of cuts. Meanwhile CR Gas benefitted from strong initial gas volume data with retail growth in excess of 20% for the first five months of 2018, and expectations of improving unit margins. Good performances were also achieved by Malaysia Airports, up by 5.5%, and BYMA, up 5.2%.

Purchases during the month for the portfolio amounted to £2.7m and realisations totalled £4.0m.

## DEBT

Following realisations and the receipt of dividends from many of its investee companies, UEM repaid its bank facility and bank debt was at zero as at 30 June 2018.

## OTHER

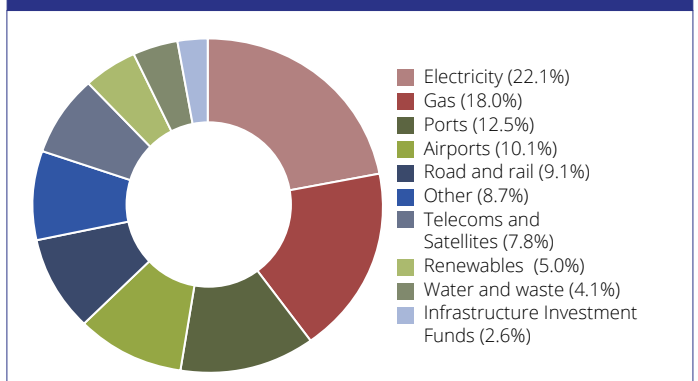
UEM's share price ended June at 197.60p, a decrease of 4.6% over the month. The discount widened to 13.4% from 12.4%.

Charles Jillings  
ICM Investment Management Limited and ICM Limited

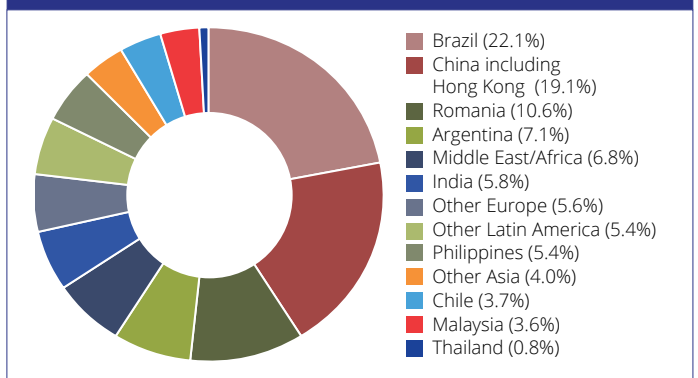
## TOP TWENTY HOLDINGS

	% of gross assets
1. International Container Terminal Services Inc.	3.8%
2. Ocean Wilsons Holdings Limited	3.8%
3. China Resources Gas Group Ltd	3.6%
4. Yuexiu Transport Infrastructure Limited	3.4%
5. Companhia de Gas de Sao Paulo (Comgas)	3.0%
6. Transgaz S.A.	2.9%
7. Alupar Investimento S.A.	2.8%
8. Transelectrica SA	2.6%
9. Energisa S.A.	2.6%
10. Malaysia Airport Holdings Berhad	2.5%
11. Rumo S.A.	2.5%
12. APT Satellite Holdings Limited	2.3%
13. Shanghai International Airport Co Ltd	2.3%
14. Conpet S.A.	2.3%
15. Engie Energia Chile S.A.	2.1%
16. China Everbright Greentech Limited	1.9%
17. Transportadora de Gas del Sur S.A.	1.9%
18. Bolsas Y Mercados Argentinos	1.8%
19. Power Grid Corporation of India	1.8%
20. Enel Americas S.A	1.8%
<b>Total Top 20</b>	<b>51.7%</b>

## SECTOR SPLIT OF INVESTMENTS



## GEOGRAPHICAL SPLIT OF INVESTMENTS



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