

EMERGING CITIES. EMERGING WEALTH. EMERGING OPPORTUNITIES.

Offering long-term value in emerging markets investments



FEBRUARY 2023

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.

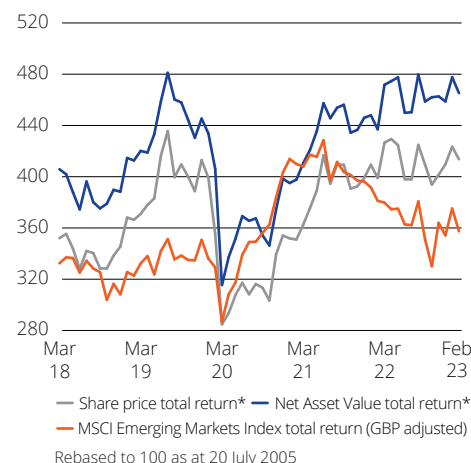
INVESTMENT APPROACH

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	(2.3%)	3.0%	3.7%	16.4%	18.3%	313.6%
Net Asset Value ("NAV") per share	(2.6%)	0.6%	6.5%	14.5%	12.0%	365.3%
MSCI Emerging Markets Index (GBP adjusted) ("MSCI")	(4.7%)	(1.8%)	(6.2%)	8.6%	3.6%	257.4%

ROLLING 12 MONTH PERFORMANCE (Total return*)

	Feb 23	Feb 22	Feb 21	Feb 20	Feb 19
Share Price	3.7%	13.7%	(1.3%)	(3.0%)	4.8%
Net Asset Value ("NAV") per share	6.5%	9.9%	(2.1%)	(1.5%)	(0.7%)
MSCI Emerging Markets Index (GBP adjusted) ("MSCI")	(6.2%)	(7.0%)	24.5%	2.0%	(6.4%)

FUND DETAILS

ORDINARY SHARES

NAV per share at launch +	98.36p
NAV per share (cum income)	240.15p
Share price	211.00p
Discount to NAV	(13.7%)
NAV per share total return since launch *	356.9%
Annual average compound return *	9.0%
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	202,660,317
Ticker	UEM.L

CAPITAL STRUCTURE

Gross Assets less Current Liabilities	£521.0m
Bank Debt	£(25.4)m
Shareholders' Funds	£495.6m
Gearing/(net cash)	3.3%

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

UEM's NAV total return decreased by 2.6% in February, performing better than the MSCI Emerging Markets total return Index which was down by 4.7% in Sterling terms for the month.

Unlike the positive "risk-on" market rally

witnessed in January, fuelled by falling inflation data and expectations that key central banks are nearing the end of their aggressive interest rate rising cycle, February saw the majority of markets experience weakness and becoming "risk-off". This swing in markets was driven by stronger than expected economic data, such as indications of a continued tight labour market from the US, indicating that a recession may not be on the horizon and subsequently inflationary pressures could persist for longer, resulting in the reduction of interest rate cuts to come later and possibly at a slower pace than anticipated. The US Federal Reserve Bank's Chairman Jay Powell also indicated that further rate increases are likely, especially if strong macro data continues to persist. During February, the Federal Bank increased rates by 25bps to 4.75%, whilst both the Bank of England and the European Central Bank increased by 50bps raising interest rates to 4.0% and 2.5% respectively. The S&P Index was therefore down for the month by 2.6%.

The Hang Seng Index declined in February by 9.4%, despite the expectation that the re-opening of China post Covid-19 might lead to a rapid consumption boom due to the high amount of savings built up during lock down. Continued geopolitical tension led to some profit taking. The Chinese A-share market weathered the geopolitical pressures better as the Shanghai Composite was essentially flat for February, up marginally by 0.7%. Other Asian markets also saw weakness, with the Philippines PCOMP Index down by 3.5%, the Thai SET Index down by 2.9% and the Vietnamese market down by 7.8%. The Vietnam Ho Chi Minh Index was also impacted by ongoing pressure arising within the property market as the second largest developer delayed a repayment of a bond, widening concerns about the property debt crisis.

The Brazilian Bovespa also declined by 7.5% in February, due to deterioration of investors' sentiment in the face of uncertain economic policy. This, combined with a dispute between the Brazilian Central Bank and Lula's government, unsettled the markets. The market is pricing no rate cuts this year, even though Brazil has one of the highest real interest rates in the world. The Mexican Bolsa was also down 3.3%.

Sterling was mixed, strengthening 2.8% against the Australian Dollar, 3.5% against the Malaysian Ringgit and 4.7% against the Thai Baht, but weakened 1.7% against the US Dollar, 4.1% against the Mexican Peso, and 1.5% against the Hong Kong Dollar. Notably the US Dollar had its first positive month since September 2022, benefitting from the expectation of an extended US monetary policy tightening cycle.

PORTFOLIO

Performance across UEM's portfolio in February was mixed with two changes to the top thirty as Aguas Andinas replaced My EG and Grupo Traxion replaced Chindata. Aguas Andinas is the largest water and sanitation company in Chile. Its main concession area is the metropolitan region of Santiago, with its other major region in the North of the capital (Aguas Cordillera and Agias Manquehue). Grupo Traxion is a Mexican land transportation and logistics company that is currently benefitting from nearshoring as it is operating in the cargo, logistics solutions, and personnel and student transportation segments.

During the month, Kinx witnessed a share price increase of 11.7% driven partly by solid full year results, whilst Umeme, the Ugandan electricity distribution company, who announced in December 2022 that its concession will not be renewed but will be compensated for unrecovered investment, increased by 7.1%. Grupo Aeroportuario Del Pacifico, the Mexican airport operator, was also up by 7.0% on the back of continued robust results. Eletrobras' share price was down in February by 15.3% due to the sharp decrease in energy spot prices resulting from a significant improvement in reservoir levels and a potential oversupply of energy generation in the country. Inpost was also down by 11.4% and Telelink down by 10.4% on news that the minimum dividend pay-out ratio may be cut to fund growth or merger and acquisition opportunities. Overall, the portfolio saw fifteen companies witness share price increases and the remaining half, share price declines.

During February, purchases for the portfolio totalled £13.9m and realisations totalled £7.0m.

DEBT

UEM's bank debt marginally increased from £25.2m to £25.4m and was drawn as EUR 12.0m and USD 18.0m.

OTHER

UEM's share price ended February at 211.00p, down 2.3% over the month. The discount to NAV narrowed slightly to 13.7% from 14.0%. UEM bought back 0.9m shares at an average price of 215.80p in the month.

A third quarterly interim dividend of 2.15p per ordinary share in respect of the year ending 31 March 2023 was declared, which will be paid on 24 March 2023 to shareholders on the register on 3 March 2023.

Charles Jillings
ICM Investment Management Limited
and ICM Limited

SECTOR SPLIT OF INVESTMENTS

Electricity	17.8%
Ports and Logistics	17.6%
Data Services and Digital Infrastructure	14.3%
Renewables	10.9%
Gas	8.4%
Airports	7.0%
Telecommunications	6.8%
Water and Waste	5.7%
Other	4.3%
Infrastructure Investment Funds	4.0%
Road and Rail	3.2%

TOP THIRTY HOLDINGS		% of total investments
1	International Container Terminal Services, Inc.	4.8%
2	Alupar Investimento S.A.	4.0%
3	Petalite Limited	3.6%
4	Gujarat State Petronet Limited	3.6%
5	Orizon Valorizacao de Resiuos S.A.	2.9%
6	India Grid Trust	2.9%
7	FPT Corporation	2.6%
8	Power Grid Corporation of India Limited	2.5%
9	VinaCapital Vietnam Opportunity Fund Ltd	2.4%
10	Korean Internet Neutral Exchange Inc. (KINX)	2.3%
11	China Gas Holdings Limited	2.2%
12	Grupo Aeroportuario del Centro Norte, S.A.B. de C.V. (OMA)	2.2%
13	Citic Telecom International Holdings Limited	2.2%
14	CGN Capital Partners Infra Fund 3	2.1%
15	China Datang Corporation Renewable Power Co., Limited	2.1%
16	Rumo S.A.	2.0%
17	KunLun Energy Company Limited	1.9%
18	Centrais Eletricas Brasileiras S.A. (Eletrobras)	1.8%
19	Santos Brasil Participacoes S.A.	1.8%
20	Engie Energia Chile S.A.	1.8%
21	Umeme Limited	1.7%
22	Grupo Aeroportuario del Pacifico, S.A.B. de C.V. (GAP)	1.7%
23	Vamos Locacao De Caminhos, Maquinas E Equipamentos S.A.	1.7%
24	InPost S.A.	1.7%
25	Powergrid Infrastructure Investment Trust	1.6%
26	Conversant Solutions Pte Limited	1.5%
27	Telelink Business Services	1.5%
28	Ocean Wilsons Holdings Limited	1.4%
29	Aguas Andinas S.A.	1.3%
30	Grupo Traxion, S.A.B. de C.V.	1.3%
Total Top Thirty		67.1%

GEOGRAPHICAL SPLIT OF INVESTMENTS

Brazil	20.9%
China incl. HK	15.6%
India	11.6%
Other Europe	11.5%
Vietnam	7.6%
Middle East/Africa	6.0%
Mexico	5.2%
South Korea	4.8%
The Philippines	4.8%
Other Asia	3.9%
Chile	3.1%
Colombia	2.0%
Romania	1.9%
Malaysia	1.1%