

EMERGING CITIES. EMERGING WEALTH. EMERGING OPPORTUNITIES.

Offering long-term value in emerging markets investments



MAY 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.

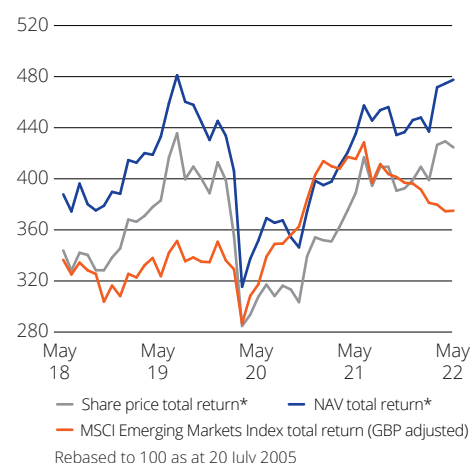
INVESTMENT APPROACH

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 2022
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	Inception
Share Price	(1.1%)	6.4%	9.1%	10.8%	324.6%
Net Asset Value ("NAV")	0.6%	9.3%	9.7%	10.3%	377.6%
MSCI Emerging Markets Index (GBP adjusted) ("MSCI")	0.1%	(1.6%)	(9.8%)	15.8%	275.0%

ROLLING 12 MONTH PERFORMANCE (Total return*)

	May 22	May 21	May 20	May 19	May 18
Share Price	9.1%	26.5%	(19.7%)	11.4%	1.3%
Net Asset Value ("NAV")	9.7%	23.8%	(18.8%)	11.7%	0.4%
MSCI Emerging Markets Index (GBP adjusted) ("MSCI")	(9.8%)	30.9%	(2.0%)	(3.8%)	10.6%

FUND DETAILS

ORDINARY SHARES

NAV at launch ⁺	98.36p
NAV (cum income)	257.39p
Share Price	223.00p
Discount to diluted NAV	(13.4%)
NAV Total return since launch*	377.6%
Annual average compound return*	9.7%
Historic Dividend paid per share (last 12 months)	8.00p
Historic Dividend Yield (last 12 months)	3.6%
Ongoing charges figure	1.4%
Shares in issue	212,488,390
Ticker	UEM.L

CAPITAL STRUCTURE

Gross Assets less Current Liabilities	£570.7m
Bank Debt	£(23.8)m
Shareholders' Funds	£546.9m
Gearing/(net cash)	(0.9%)

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.

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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 in the month of May increased by 0.6%, again ahead of the MSCI Emerging Markets total return Index ("MSCI") which increased by 0.1% in Sterling terms during the period.

Markets in May remained volatile as inflationary pressures weighed on consumers and enterprises globally. Central banks continued to raise rates and to signal further increases. The risk of developed economies slipping into recession has increased. Lockdowns in key Chinese cities continued whilst much of the rest of the World continued to ease restrictions. Markets rallied towards the end of the month on speculation that central banks may not increase rates as fast or as far as expected. Given the current macro headwinds, this optimism may prove to be short lived.

The Federal Reserve raised rates from 0.5% to 1.0% in May and signalled further rises of a similar magnitude would "likely be appropriate at the next couple of meetings". In Brazil, the SELIC rate increased by 100bps to 12.75% although there are signs that the current rate cycle is nearing its peak. The Reserve Bank of India surprised markets with an unexpected 40bps increase to 4.4% in early May and signalled a further rise in June.

Markets remained volatile although the month end rally resulted in many markets posting a positive return for the month. These included the Chilean ISPA Index which gained 12.0%, the Brazilian Bovespa was up by 3.2% and the Shanghai Composite rose by 4.6%. In the US, the S&P500 was marginally up although the NASDAQ Composite declined by 2.2%. Other markets that declined in May included India's SENSEX Index which was down by 2.6%, the Bursa Malaysia declined by 1.9% and Romania's BET Index declined by 1.7%.

Sterling recovered slightly against the US Dollar in May but declined by 1.2% against the Euro. The Brazilian Real gained 4.1% versus Sterling and the Mexican Peso was up by 3.1%. In contrast, the Indian Rupee weakened by 1.9%.

The Brent Crude oil price continued to rise, up 12.3% in May, on the back of ongoing concerns around energy supplies due to the geopolitical issues with Russia, whilst industrial metal prices such as copper fell 2.3% prompted by slower economic growth expectations and the continuing Covid-19 lockdowns in China.

PORTFOLIO

During May, UEM reduced its exposure to companies and markets which were considered more sensitive to current inflationary pressures. Proceeds from these sales totalled £24.1m during the month, whilst £4.0m of purchases were made during May, significantly deleveraging the portfolio.

There was only one change to the constituents of the top thirty holdings in the portfolio in May on relative performance with Bolsa de Valores de Colombia, the Colombian stock exchange replacing Sonatel, which reduced in value after it paid its substantial annual dividend and UEM reduced its position.

Performance of stocks in the top thirty were mixed, with a number of companies paying annual dividends during the month. The best performers in percentage terms were China Gas, which gained 21.4% for the month, albeit recovering from a ten year low in its share price and Rumo which gained 7.8% in May after hosting an investor day, increasing investor confidence in Rumo's outlook.

India Grid Trust's share price fell by 9.9% in response to the increase in Indian interest rates. China Datang Renewables' share price fell by 9.3% on disappointing results due to unfavourable wind conditions. Orizon reversed some of April's strong gains, declining by 8.0% in May.

DEBT

UEM's bank debt remained at EUR 28.0m as at the end of May, with the corresponding liability in Sterling terms increasing marginally from £23.5m to £23.8m. UEM gave notice to repay part of the bank debt although this settled post the month end.

OTHER

UEM's share price ended May at 223.00p, down 1.1% over the month, with the discount to NAV widening to 13.4% from 11.8%. UEM continued to take advantage of the wide discount in May and bought back 1.6m shares at an average price of 220.39p.

UEM declared a fourth quarterly interim dividend of 2.00p per ordinary share in respect of the year ended 31 March 2022, which will be paid on 24 June 2022 to shareholders on the register on 6 June 2022.

Charles Jillings

ICM Investment Management Limited and ICM Limited

SECTOR SPLIT OF INVESTMENTS

Ports and Logistics	19.6%
Electricity	16.6%
Data Services and Digital Infrastructure	15.4%
Renewables	9.8%
Gas	7.8%
Telecommunications	7.4%
Other	5.7%
Airports	5.1%
Infrastructure Investment Funds	5.1%
Water and Waste	4.9%
Road and Rail	2.6%

TOP THIRTY HOLDINGS		% of total investments
1	International Container Terminal Services, Inc.	4.8%
2	Alupar Investimento S.A.	3.9%
3	Petalite Limited	3.2%
4	India Grid Trust	3.2%
5	Gujarat State Petronet Limited	3.1%
6	Ocean Wilsons Holdings Limited	2.7%
7	My E.G. Services Bhd	2.6%
8	FPT Corporation	2.6%
9	Power Grid Corporation of India Limited	2.5%
10	CGN Capital Partners Infra Fund 3	2.4%
11	Simpar SA	2.3%
12	VinaCapital Vietnam Opportunity Fund Ltd	2.2%
13	Orizon Valorizacao de Resiuos S.A.	2.1%
14	Rumo S.A.	2.0%
15	KunLun Energy Company Limited	1.9%
16	Grupo Aeroportuario del Pacifico, S.A.B. de C.V. (GAP)	1.8%
17	Telelink Business Services	1.8%
18	Santos Brasil Participacoes S.A.	1.8%
19	Corporacion Financiera Colombiana S.A.	1.8%
20	China Datang Corporation Renewable Power Co., Limited	1.8%
21	China Gas Holdings Limited	1.7%
22	PT Link Net Tbk.	1.7%
23	Citic Telecom International Holdings Limited	1.7%
24	China Everbright Greentech Limited	1.6%
25	Bolsa de Valores de Colombia	1.6%
26	Powergrid Infrastructure Investment Trust	1.5%
27	Grupo Aeroportuario del Centro Norte, S.A.B. de C.V. (OMA)	1.5%
28	Korean Internet Neutral Exchange Inc. (KINX)	1.5%
29	Naver Corporation Limited	1.4%
30	KT Corporation	1.4%
Total Top Thirty		66.1%

GEOGRAPHICAL SPLIT OF INVESTMENTS

Brazil	19.9%
China Incl. HK	15.4%
India	12.2%
Other Europe	10.7%
Vietnam	7.6%
South Korea	5.1%
Middle East/Africa	5.0%
The Philippines	4.8%
Other Asia	4.7%
Mexico	4.4%
Colombia	3.8%
Malaysia	2.6%
Romania	2.0%
Chile	1.8%