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# UK closed-end investment trust focused on long-term total return

JULY 2019

## 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

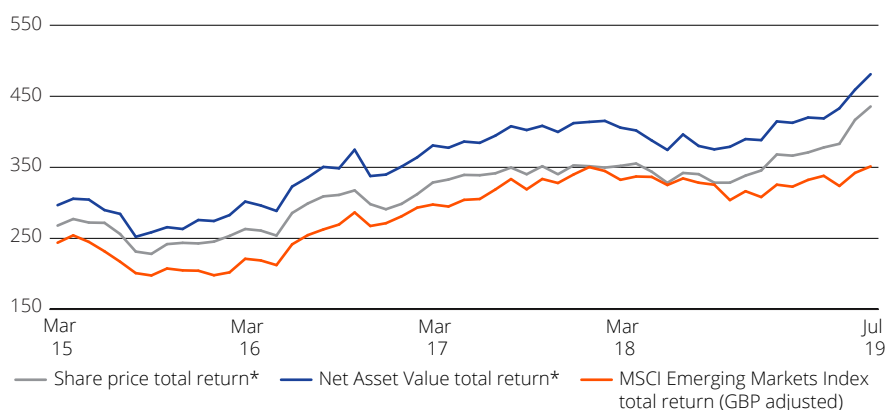
To seek to invest mainly in companies and sectors displaying the characteristics of essential services or monopolies such as utilities, transportation infrastructure, communications or companies with a unique product or market position.

## KEY DATES

<b>Launch Date*</b>	20 July 2005
<b>Year End</b>	31 March
<b>AGM</b>	September
<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 2021

\*Utilico Emerging Markets Limited - UEM's predecessor

## PERFORMANCE



Rebased to 100 as at 20 July 2005

## PERFORMANCE (Total return\*)

	1 month	3 months	1 year	3 years	Inception
Share Price	4.5%	15.3%	27.4%	45.7%	335.6%
Net Asset Value	4.8%	14.9%	21.4%	43.3%	381.1%
MSCI Emerging Markets Index (GBP adjusted)	2.7%	3.9%	5.1%	38.0%	251.3%

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

12 Months to	Jul 19	Jul 18	Jul 17	Jul 16	Jul 15
Share Price	27.4%	0.1%	14.2%	16.8%	(0.3%)
Net Asset Value	21.4%	0.4%	17.5%	18.0%	2.9%
MSCI Emerging Markets Index (GBP adjusted)	5.1%	4.9%	25.3%	17.2%	(6.4%)

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

## FUND DETAILS

### ORDINARY SHARES

Ticker: UEM.L

NAV at launch+	98.36p
NAV (cum income)	284.22p
Share Price	254.00p
Discount to diluted NAV	(10.6%)
NAV Total return since launch*	381.1%
Annual average compound return*	11.8%
Historic Dividend paid per share (last 12 months)	7.20p
Historic Dividend Yield (last 12 months)	2.8%
Ongoing charges figure excluding performance fee	1.1%
Shares in issue	228,100,893

+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

### CAPITAL STRUCTURE

Gross Assets less Current Liabilities	£656.5m
Bank Debt	£(8.2)m
Shareholders' Funds	£648.3m
Gearing (based on AIC definition)	0.8%

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

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.





## PERFORMANCE

UEM's NAV total return was up 4.8% in July, ahead of the MSCI Emerging Markets Total Return Index which saw a 2.7% increase in Sterling terms over the same period.

Emerging markets indices broadly fell in July on the back of a stronger US Dollar but also on a weaker commitment from the US central bank (after a 25 basis point interest rate cut during the month) to a series of further rate cuts and policy slacking. China also saw a slowdown in GDP to 6.2%, albeit largely expected by the market due to the current headwinds being experienced. The Chinese Shanghai Composite Index and the Hong Kong Hang Seng Index were down 1.6% and 2.7% respectively. The Indian Sensex Index was one of the worst performers, down 4.9%, as the first budget of Modi's second term was disappointing while economic data and initial earning seasons results were lacklustre. Mexico's Bolsa IPC Index was also down 5.3% on the back of the unexpected resignation of the finance minister, raising concerns over the government's ability to foster stability.

The Argentinean Merval and the Philippines PSEI Indices were some of the few markets to see an uptick in the month, both up modestly by 0.6%, whilst the Brazilian Bovespa was up 0.8%, helped by the approval of the long awaited pension reform in the lower house of the National Congress. The Romanian BET Index was one of the better performers up 4.4% on the continued upward trend after the government amended its controversial bank "greed tax" and broadly strong corporate earnings results.

With the confirmation of Boris Johnson as the new Prime Minister in the UK raising the possibility of a more disorderly Brexit outcome on the 31 October 2019, Sterling depreciated against all currencies. Sterling was down 3.8% against the US Dollar, down 3.6% against the Hong Kong Dollar and down 5.5% against the Brazilian Real. This accounted for much of the performance in July by the MSCI Emerging Markets Index.

## PORTFOLIO

There was only one change to the constituents of UEM's top twenty portfolio in July, with Torrent Power Limited replacing Conpet, on the back of strong share price performance and additional purchases. Torrent Power is an electricity generation and distribution company based in Ahmedabad, Gujarat, India which has 3.7GW installed capacity and a customer base of over 3.32m connections. It is one of the few listed private companies in India to successfully operate distribution franchises. The share price was up 8.7% in July following the announcement that its gas-fired Unosugen plant has received a new 19-year PPA from the regulator, greatly improving the economics of the facility.

The Brazilian stocks within the top twenty also performed strongly in July, on the back of the pension reform approval. Omega and Ecorodovias, in particular, saw gains of 15.6% and 9.6% respectively. Energisa was also up 7.1%, boasted by further strong operational metrics. Indian Gujarat State Petronet also appreciated 8.9% on the back of very strong growth in demand as pricing of LNG saw industrial customers switch to gas, with distribution volumes up 35%.

International Container Terminals bucked the trend with its share price down 5.9%, APT Satellite Holding down 3.8% and Yuexiu Transport Infrastructure down 2.5% reflecting general Asian market weakness.

## DEBT

UEM decreased its bank debt in July, taking it from £15.9m to £8.2m, drawn in US Dollars.

## OTHER

UEM's share price ended July at 254.00p, up 4.5% on end-June. The discount to NAV widened marginally from 10.4% to 10.6%.

During the month UEM bought back 0.9m shares for cancellation at an average price of 253.39p.

**Charles Jillings**  
**ICM Investment Management Limited**  
**and ICM Limited**

## PORTFOLIO SUMMARY

TOP TWENTY HOLDINGS		% of total investments
1	International Container Terminal Services Inc.	6.1%
2	Alupar Investimento S.A.	5.0%
3	Companhia de Saneamento do Paraná (Sanepar)	4.9%
4	Energisa S.A.	4.2%
5	China Resources Gas Group Ltd	3.8%
6	Rumo S.A.	3.4%
7	Ocean Wilsons Holdings Limited	3.2%
8	China Everbright Greentech Limited	3.1%
9	Cosan Logistica S.A.	2.9%
10	Engie Energia Chile S.A.	2.6%
11	Transgaz S.A.	2.4%
12	APT Satellite Holdings Limited	2.3%
13	Omega Geracao S.A.	2.2%
14	Metro Pacific Investments Corporation	2.2%
15	Ecorodovias Infraestrutura e Logistica S.A.	2.2%
16	India Grid Trust	2.1%
17	Power Grid Corporation of India Limited	2.0%
18	Yuexiu Transport Infrastructure Limited	1.9%
19	Gujarat State Petronet Limited	1.8%
20	Torrent Power Limited	1.8%
<b>Total Top Twenty</b>		<b>60.1%</b>

## SECTOR SPLIT OF INVESTMENTS

Electricity	22.5%
Ports	14.3%
Road and Rail	11.3%
Gas	9.6%
Water and Waste	9.4%
Telecoms and Satellites	7.9%
Other	7.7%
Renewables	7.7%
Infrastructure Investment Funds	5.5%
Airports	4.1%

## GEOGRAPHICAL SPLIT OF INVESTMENTS

Brazil	29.1%
China including Hong Kong	16.5%
India	10.3%
Philippines	8.7%
Middle East/Africa	7.1%
Romania	6.5%
Other Latin America	5.7%
Other Asia	4.6%
Other Europe	3.8%
Argentina	2.6%
Chile	2.6%
Malaysia	2.0%
Thailand	0.5%

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## 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 the Financial Conduct Authority (FRN: 630094).

