

EMERGING CITIES. EMERGING WEALTH. EMERGING OPPORTUNITIES.

Offering long-term value in emerging markets investments

MARCH 2020

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

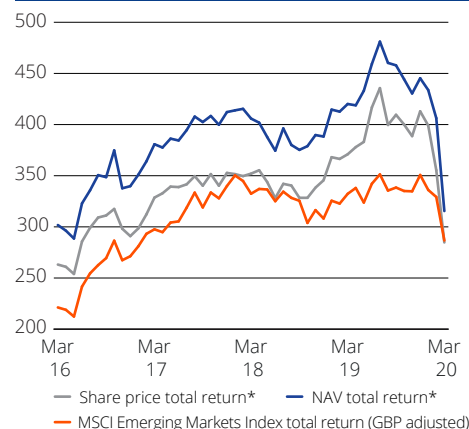
To seek to invest mainly in companies and sectors displaying the characteristics of essential services or monopolies such as utilities, transportation infrastructure, communications or companies with a unique product or market position.

KEY DATES

Launch Date ⁺	20 July 2005
Year End	31 March
AGM	September
Ex-Dividend Dates	September, December, March & June
Dividend Paid Dates	September, December, March & June
Continuation Vote	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	(19.9%)	(31.0%)	(23.2%)	(13.3%)	184.8%
Net Asset Value	(22.3%)	(29.2%)	(24.9%)	(17.1%)	215.5%
MSCI Emerging Markets Index (GBP adjusted)	(12.9%)	(18.3%)	(13.7%)	(3.7%)	186.7%

ROLLING 12 MONTH PERFORMANCE (Total return*)

12 Months to	Mar 20	Mar 19	Mar 18	Mar 17	Mar 16
Share Price	(23.2%)	5.4%	7.1%	24.9%	(1.8%)
Net Asset Value	(24.9%)	3.5%	6.6%	26.2%	1.7%
MSCI Emerging Markets Index (GBP adjusted)	(13.7%)	(0.0%)	11.7%	34.5%	(9.3%)

*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)	181.84p
Share Price	161.50p
Discount to diluted NAV	(11.2%)
NAV Total return since launch*	215.5%
Annual average compound return*	8.1%
Historic Dividend paid per share (last 12 months)	7.45p
Historic Dividend Yield (last 12 months)	4.6%
Ongoing charges figure excluding performance fee	1.1%
Shares in issue	227,862,470

⁺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	£461.4m
Bank Debt	£(47.1)m
Shareholders' Funds	£414.3m
Gearing (based on AIC definition)	1.0%

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

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 cum income NAV declined 22.3% during March, ending the month at 181.84p. This was weaker than the MSCI Emerging Markets Total Return Index which fell by 12.9% in Sterling terms over the month.

This month has proven to be one of the most challenging investment environments that ICM has experienced in the past few decades. At the start of the month, market volatility spiked after Saudi Arabia and Russia failed to reach agreement on production cuts, resulting in the Saudis announcing unilateral production increases, driving the oil price down from over USD 50.00 to just USD 22.74 per barrel. Simultaneously, the coronavirus crisis has escalated worldwide, resulting in the rapid implementation of lockdowns across all major economies. This unprecedented move has resulted in significant market disruption and a flight to safe haven instruments such as the US Dollar.

Emerging market equities and currencies have been considerably impacted by this series of events, with all the main EM indices posting a negative performance in March, and several EM currencies depreciating against Sterling. Of greatest consequence to UEM has been the shocking performance of the Brazilian market, with the BOVESPA falling 29.9% in March, and the Brazilian Real depreciating by 10.4% versus Sterling. Having been the first country to emerge from coronavirus lockdown, Chinese markets once more delivered the smallest decline of all EM, with the Shanghai Composite down just 4.5%. At the same time, the Chinese Renminbi appreciated by 1.9% against Sterling. Hong Kong's Hang Seng was less resilient, falling 9.7%, partly offset by the USD-linked HK Dollar, up 3.6% against Sterling. Across other EM the market movements made for grim viewing, with the Indian SENSEX falling 23.1%, the Philippine PCOMP dropping 21.6% and the Bucharest BET down 16.4%. The Indian Rupee depreciated 1.7% against Sterling, while the Philippine Peso and the Romanian Leu appreciated by 3.2% and 2.6% respectively.

PORTFOLIO

In what has been a very volatile month, there were three changes to the constituents of the top 20 holdings in the portfolio during March, with Centrais Eletricas Brasileiras ("Eletrobras"), Sonatel, and Conpet replacing CR Gas, Ecorodovias and Fondul Proprietatea. Eletrobras and Conpet have previously appeared in the top 20 holdings, while Sonatel is a relatively recent investment. Sonatel is the main fixed and mobile telecoms provider in Senegal, with mobile

operations in four further West African countries including Mali and a mobile payments platform delivering high growth. Its largest shareholder is France's Orange S.A.

UEM exited its position in CR Gas as shares have performed remarkably well, with our investments there compounding an average annual return of 19% in GBP over the past ten years. Having held up very well in the downturn, ICM is redeploying capital back into higher-growth opportunities. UEM has also taken some profits in Fondul Proprietatea, while other changes relate to market movements.

All of UEM's top 20 investments declined, with the worst performances being seen at APT Satellite which was down 32.1%, Energisa, down 30.0%, Omega Geracao, down 29.9%, ICT, down 29.5% and Sanepar, down 28.9%. It should be noted that these declines come at a time that the companies have typically been reporting solid results for 2019, for example, Energisa reported EBITDA growth of 32.2%, while APT Satellite increased its DPS by 30.0%. While we expect all companies to temporarily see varying degrees of economic stress from the lockdowns, we would highlight that all our major investee companies maintain robust balance sheets, adequate liquidity, and sustainable business models that can weather this crisis. Moreover, we note that governments and regulatory bodies have been extremely supportive, giving us confidence that profits, cash flows, and dividends will bounce back in due course. It is an advantage of UEM's closed-end structure that we are able to continue to invest in high-quality companies at a time of high volatility, offering us some superb prospective IRRs.

Purchases during the month for the portfolio amounted to £31.7m and realisations totalled £61.9m.

DEBT

UEM reduced its bank debt in March from £50.5m to £47.1m, drawn in US Dollar. Note however that net gearing is materially lower, as UEM had cash balances of £39.5m at end-March.

OTHER

UEM's share price ended March at 161.50p, down 20.8% on end-February. The discount narrowed to 11.2%.

UEM paid its third quarterly interim dividend of 1.925p per ordinary share in respect of the year ended 31 March 2020 on 27 March 2020. The UEM Board also issued a notice, reassuring shareholders that in the event of any short-term weakness in portfolio income, it still intends to maintain the quarterly dividend at 1.925p for the remainder of the 2020 calendar year.

Charles Jillings
ICM Investment Management Limited
and ICM Limited

PORTFOLIO SUMMARY

TOP TWENTY HOLDINGS		% of total investments
1	International Container Terminal Services Inc.	5.3%
2	Alupar Investimento S.A.	4.5%
3	China Everbright Greentech Limited	3.9%
4	Rumo S.A.	3.5%
5	Engie Energia Chile S.A.	3.1%
6	Ocean Wilsons Holdings Limited	3.1%
7	India Grid Trust	3.0%
8	Companhia de Saneamento do Paraná (Sanepar)	3.0%
9	Cosan Logistica S.A.	2.9%
10	Energisa S.A.	2.7%
11	Gujarat State Petronet Limited	2.7%
12	CITIC Telecom International Holdings Limited	2.5%
13	Centrais Elétricas Brasileiras SA (Eletrobras)	2.3%
14	Transgaz S.A.	2.3%
15	Torrent Power Limited	2.3%
16	Sonatel	2.2%
17	Power Grid Corporation of India Limited	2.2%
18	APT Satellite Holdings Limited	2.0%
19	Omega Geracao S.A.	2.0%
20	Conpet S.A.	2.0%
Total Top Twenty		57.5%

SECTOR SPLIT OF INVESTMENTS

Electricity	23.2%
Ports	14.5%
Road and Rail	11.9%
Telecoms and Satellites	10.2%
Gas	8.7%
Other	8.4%
Renewables	7.8%
Infrastructure Investment Funds	7.5%
Water and Waste	6.0%
Airports	1.8%

GEOGRAPHICAL SPLIT OF INVESTMENTS

Brazil	29.1%
China Incl. HK	18.0%
India	13.1%
Other Asia	8.9%
Middle East / Africa	7.6%
Philippines	6.4%
Romania	5.8%
Colombia	4.1%
Other Europe	3.2%
Chile	3.1%
Mexico	0.7%

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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 by the Financial Conduct Authority (FRN: 630094).

