

EMERGING CITIES. EMERGING WEALTH. EMERGING OPPORTUNITIES.

Offering long-term value in emerging markets investments



SEPTEMBER 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.

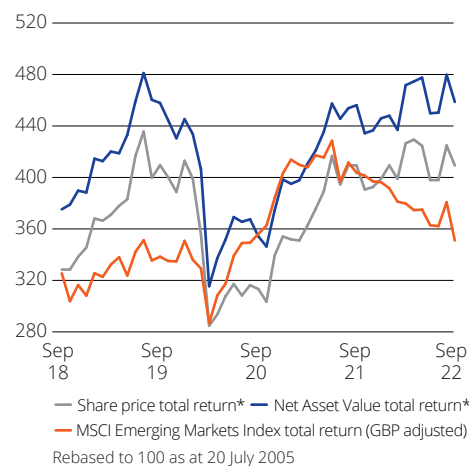
INVESTMENT APPROACH

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*)

ROLLING 12 MONTH PERFORMANCE (Total return*)

	1 month	3 months	1 year	3 years	5 years	Inception	Sep 22	Sep 21	Sep 20	Sep 19	Sep 18
Share Price	(3.7%)	2.9%	0.0%	(0.1%)	20.3%	309.3%	0.0%	30.7%	(23.5%)	24.7%	(3.5%)
Net Asset Value ("NAV") per share	(4.4%)	2.0%	0.7%	0.2%	14.0%	358.7%	0.7%	28.6%	(22.6%)	22.0%	(6.8%)
MSCI Emerging Markets Index (GBP adjusted) ("MSCI")	(7.8%)	(3.3%)	(13.1%)	3.7%	10.0%	251.0%	(13.1%)	13.4%	5.2%	4.0%	2.0%

FUND DETAILS

ORDINARY SHARES

NAV per share at launch +	98.36p
NAV per share (cum income)	243.29p
Share price	211.00p
Discount to NAV	(13.3%)
NAV per share total return since launch *	358.7%
Annual average compound return *	9.3%
Historic dividend paid per share (last 12 months)	8.00p
Historic dividend yield (last 12 months)	3.8%
Ongoing charges figure	1.4%
Shares in issue	206,183,375
Ticker	UEM.L

CAPITAL STRUCTURE

Gross Assets less Current Liabilities	£521.8m
Bank Debt	£(20.2)m
Shareholders' Funds	£501.6m
Gearing/(net cash)	4.6%

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

In September, UEM's NAV total return decreased by 4.4%, outperforming the MSCI Emerging Markets total return Index which was down 7.8% in Sterling terms for the period.

Global markets in September were

gloomy with the majority of markets except for Brazil witnessing losses. Fighting inflation became paramount on most central banks' agendas, irrespective of the implication for capital markets and was clearly demonstrated by the US Federal Reserve who raised interest rates for a third consecutive 75bps increase in September to 3.25%. The European Central Bank and the UK Central Bank also increased rates, with deposit rates now at 0.75% and 2.25% respectively, as both grapple with inflationary levels estimated at near 10.0%. The shutdown of Nord Stream 1 (natural gas pipeline from Russia to Germany) in September also failed to help calm inflationary nerves, raising concerns over energy supplies as Europe starts to head into the winter. Subsequently the S&P Index was down 9.3%, the Eurostoxx down 5.7% and UK FTSE 100 down 5.4%.

The emerging markets overall fared worse as broad macroeconomics volatility as well as currency weakness took a toll. The rising fears of a global slowdown as well as the war in Ukraine, along with the simmering tensions between China and Taiwan further contributed to the negative sentiment in the markets. The ongoing pursuit of a zero Covid-19 policy in China, further dampened the market, reflected in the Hong Kong Hang Seng Index being down 13.7% and the Shanghai Composite Index down 5.6%. The Philippines PSEI Index was also down 12.8% and the Vietnamese VNI Index down 11.6%.

The Brazilian Bovespa was one of the few markets in positive territory in September up 0.5%, boosted by the Brazilian Central Bank decision to keep the Selic rate at 13.75% indicating that the country could be near the end of its tightening period as inflation rates in 2023 are expected to see a material step down. The upcoming Presidential election with both candidates, Lula and Bolsonaro, also being known quantities has calmed market concerns, especially as the newly elected Congress remains controlled by centre / centre right parties.

Global exchange rates have been hampered by the rising US interest rates which have continued to fuel the strength of the US Dollar. The Euro was sent to a 20 year low against the Dollar whilst Sterling against the Dollar in September was down a further 4.3%. The pressure on Sterling was further increased by a questionable 'mini budget', announced by the newly elected UK Prime Minister Liz Truss, which failed to ease market concerns over the rapidly widening current account deficit. The Bank of England subsequently had to step in temporarily buying long dated gilts, enabling Sterling to recover from an all-time low against the US Dollar. Sterling also depreciated against the Mexican Peso, down 4.1%, the Hong Kong Dollar down 4.1% and Vietnamese Dong down 2.3%. Sterling appreciated 3.0% against the Chilean Peso.

PORTFOLIO

Performance across the portfolio in September was mixed, with one third of the portfolio up,

whilst the remaining two thirds down reflecting the general mood of the market. There were two changes to the constituents of the UEM top thirty with Engie Brasil Energia and Inpost replacing Corp Financiera Colombiana and Naver Corp. Engie Brasil is one of the largest power generation companies in Brazil, with 8.5GW installed capacity, of which 96% is renewable. It also has investments in gas and electricity transmission assets. Inpost, listed on the Amsterdam Stock Exchange, is a dominant delivery service provider in Poland with automated parcel machines and a drive to gain a bigger presence in both France and the UK. Inpost's share price was up 17.1% in September boosted by better-than-expected 2Q22 results.

Another strong performer in the portfolio in September was Orizon, its share price was up 12.0% being spurred along by better investor awareness of Orizon as well as an expectation that 3Q22 results should be strong. MyEG was also up 5.6% and Powergrid Infrastructure Investment Trust was up 2.1%. Weaker share price performances continued to be seen with the Chinese gas companies. Kunlun and China Gas Holdings were down 17.1% and 15.4% respectively due to the combination of high international LNG prices and weak industrial activity in China impacting natural gas demand, whilst lower real estate activity is affecting new gas connections.

UEM has started to receive capital distributions from CGN Capital Partners following the completion of the sale of CGN assets to Sembcorp Industries in June 2022. It is envisioned that the majority of the investment in CGN will be realised over the coming twelve months.

During September, purchases for the portfolio totalled £7.6m and realisations totalled £11.8m.

DEBT

UEM's bank debt increased from £19.9m to £20.2m due to FX movements, with the debt all drawn in Euros and unchanged at EUR 23.0m over the month.

OTHER

UEM's share price ended September at 211.00p, down 4.5% over the month. The discount to NAV narrowed slightly to 13.3% from 13.8%. UEM is continuing to take advantage of the discount, buying back 2.0m shares at an average price of 220.00p.

Charles Jillings

ICM Investment Management Limited
and ICM Limited

SECTOR SPLIT OF INVESTMENTS

Electricity	19.6%
Ports and Logistics	17.9%
Data Services and Digital Infrastructure	15.1%
Renewables	9.6%
Gas	7.4%
Airports	6.4%
Telecommunications	5.9%
Water and Waste	5.5%
Other	4.9%
Infrastructure Investment Funds	4.7%
Road and Rail	3.0%

TOP THIRTY HOLDINGS		% of total investments
1	Alupar Investimento S.A.	4.1%
2	International Container Terminal Services, Inc.	4.0%
3	Petalite Limited	3.5%
4	India Grid Trust	3.4%
5	Centrais Eletricas Brasileiras S.A. (Eletrobras)	3.2%
6	Gujarat State Petronet Limited	3.2%
7	FPT Corporation	2.7%
8	Orizon Valorizacao de Resiuos S.A.	2.6%
9	Power Grid Corporation of India Limited	2.5%
10	VinaCapital Vietnam Opportunity Fund Ltd	2.5%
11	My E.G. Services Bhd	2.4%
12	Ocean Wilsons Holdings Limited	2.3%
13	CGN Capital Partners Infra Fund 3	2.2%
14	Rumo S.A.	2.1%
15	Santos Brasil Participacoes S.A.	2.0%
16	Powergrid Infrastructure Investment Trust	1.9%
17	Telelink Business Services	1.9%
18	Citic Telecom International Holdings Limited	1.9%
19	KunLun Energy Company Limited	1.8%
20	Simpar SA	1.8%
21	Grupo Aeroportuario del Pacifico, S.A.B. de C.V. (GAP)	1.8%
22	China Gas Holdings Limited	1.6%
23	Korean Internet Neutral Exchange Inc. (KINX)	1.6%
24	Grupo Aeroportuario del Centro Norte, S.A.B. de C.V. (OMA)	1.6%
25	Conversant Solutions Pte Limited	1.5%
26	China Datang Corporation Renewable Power Co., Limited	1.5%
27	Engie Energia Chile S.A.	1.5%
28	Adani Ports and Special Economic Zone Limited	1.4%
29	ENGIE Brasil Energia S.A.	1.2%
30	InPost S.A.	1.1%
Total Top Thirty		66.8%

GEOGRAPHICAL SPLIT OF INVESTMENTS

Brazil	22.4%
China incl. HK	15.0%
India	13.8%
Other Europe	10.8%
Vietnam	8.0%
Middle East/Africa	4.9%
South Korea	4.3%
The Philippines	4.0%
Mexico	4.0%
Other Asia	3.4%
Colombia	2.7%
Malaysia	2.4%
Chile	2.4%
Romania	1.9%