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

JUNE 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

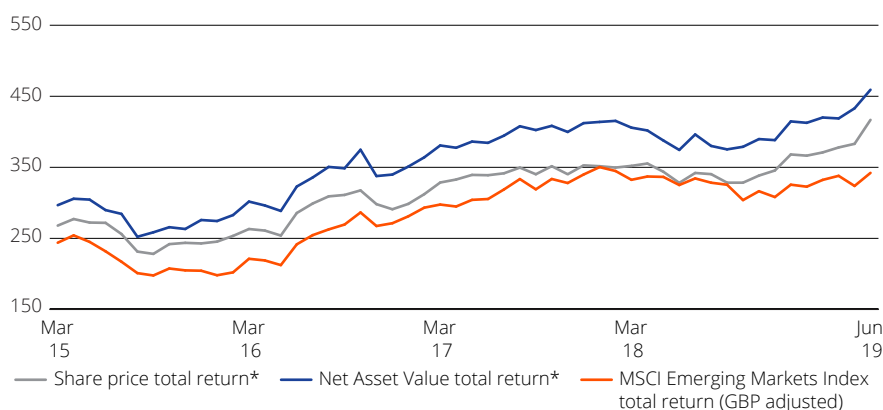
To seek to invest mainly in companies and sectors displaying the characteristics of essential services or monopolies such as utilities, transportation infrastructure, communications or companies with a unique product or market position.

## KEY DATES

<b>Launch Date<sup>+</sup></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

<sup>+</sup>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	8.8%	12.3%	27.0%	45.9%	316.8%
Net Asset Value	6.0%	9.3%	22.6%	42.2%	359.2%
MSCI Emerging Markets Index (GBP adjusted)	5.7%	3.0%	5.3%	41.6%	242.2%

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

12 Months to	Jun 19	Jun 18	Jun 17	Jun 16	Jun 15
Share Price	27.0%	(3.2%)	18.6%	5.1%	6.8%
Net Asset Value	22.6%	(2.6%)	19.0%	11.4%	4.8%
MSCI Emerging Markets Index (GBP adjusted)	5.3%	6.5%	26.4%	4.2%	3.2%

\*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)	271.28p
Share Price	243.00p
Discount to diluted NAV	(10.4%)
NAV Total return since launch *	359.2%
Annual average compound return *	11.5%
Historic Dividend paid per share (last 12 months)	7.20p
Historic Dividend Yield (last 12 months)	3.0%
Ongoing charges figure excluding performance fee	1.1%
Shares in issue	228,966,123

<sup>+</sup>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	£637.0m
Bank Debt	£(15.9)m
Shareholders' Funds	£621.1m
Gearing (based on AIC definition)	0.3%

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](http://www.icm.limited) and [www.icmim.limited](http://www.icmim.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 6.0% in June, broadly in line with the MSCI Emerging Markets Total Return Index which recorded a 5.7% increase in Sterling terms over the same period.

Emerging market indices were largely positive over the month as the US central bank took a seemingly dovish stance in its June meeting, indicating monetary policy could become more accommodative under worsening trade conditions. Markets breathed a further sigh of relief after Trump's much-anticipated meeting with Xi Jinping at the G20 summit at the end of the month, with a tentative truce warding off USD 300bn worth of tariffs on Chinese imports and reversing an earlier US-imposed ban on Chinese multinational Huawei.

The DOW Jones and S&P 500 gained 7.2% and 6.9%, respectively, while Hong Kong's Hang Seng and China's Shanghai Composite posted respective gains of 6.1% and 2.8%. Elsewhere in Asia, Thailand's SET was up 6.8%. India's SENSEX bucked the trend, down 0.8% on the month following a strong performance ahead of elections earlier this year.

In Latin America, Argentina's Merval was the standout performer, climbing 23.1% over the month as trading conditions remained volatile ahead of elections. Markets were pleasantly surprised by President Macri's decision to name the moderate Peronist Miguel Angel Pichetto as his vice-presidential candidate in what appears to be a concerted effort to broaden his voter base. Brazilian markets were also strong, rising 4.1%, while Mexico recorded a more modest gain of 1.0%.

Currencies reflected a weaker Sterling, with all but the HKD and USD recording relative gains.

## PORTFOLIO

There was just one change to the constituents of UEM's top twenty holdings in June, with Ecorodovias Infraestrutura e Logistica ("Ecorodovias") taking the eighteenth spot after additional purchases and strong share price appreciation. Ecorodovias is a Brazilian transportation company focused primarily on toll road concessions. It is currently one of the largest transportation companies in Latin America. Meanwhile, COMGAS left the top twenty following the exercise of a tender offer by majority shareholder Cosan.

Several of UEM's top twenty positions posted strong performances in June. Notably, top holding, ICT, was up 5.3% on the month, strongly outperforming the local market. It is also worth mentioning UEM's other top holding in the Philippines, Metro Pacific, which gained 6.9% amidst reports it will shortly begin the process of selling a stake in its hospital businesses.

Top performers across Hong Kong and China included APT Satellite, which climbed 13.2% on news that its parent company, China Satellite Communications, is in the advanced stages of an IPO process and Yuexiu Transport, which advanced 4.4% on the month.

Holdings in Brazil were particularly strong. Notably, Sanepar, Cosan Logistica and Ecorodovias posted gains of 12.1%, 9.8% and 13.3%, respectively, all benefitting from strong market momentum. Sanepar recovered much of last month's losses as prospects for a full 12.1% tariff hike improved following the public hearing held at the end of May which highlighted the illegitimacy of the court decision to issue a halt. The outlier was Ocean Wilsons which declined by 4.5%.

Indian holdings Powergrid, Gujarat State Petronet and Indigrad advanced 8.7%, 1.3% and 1.7%, respectively. Powergrid benefitted from news that the power regulator, CERC, will allow it to offer towers to telecom companies for base-receiver stations.

In Romania, Trangaz and Conpet's share prices both decreased by 2.8% and 0.5%, respectively, during the month.

## DEBT

UEM decreased its bank debt in June, taking it from £23.8m to £15.9m.

## OTHER

UEM's share price ended June at 243.00p, up 8.0% on end-May. The discount to NAV narrowed from 12.6% to 10.4%.

UEM paid its fourth quarterly interim dividend of 1.80p per share in respect of the period ended 31 March 2019, which was paid on 28 June 2019.

During the month UEM bought back 0.8m shares for cancellation at an average price of 237.12p.

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

## PORTFOLIO SUMMARY

TOP TWENTY HOLDINGS		% of total investments
1	International Container Terminal Services Inc.	6.6%
2	Alupar Investimento S.A.	4.9%
3	Companhia de Saneamento do Paraná (Sanepar)	4.6%
4	Energisa S.A.	3.9%
5	China Resources Gas Group Ltd	3.7%
6	Ocean Wilsons Holdings Limited	3.4%
7	Rumo S.A.	3.2%
8	China Everbright Greentech Limited	3.2%
9	Cosan Logistica S.A.	2.7%
10	Engie Energia Chile S.A.	2.7%
11	APT Satellite Holdings Limited	2.5%
12	Transgaz S.A.	2.4%
13	Metro Pacific Investments Corporation	2.2%
14	Power Grid Corporation of India Limited	2.0%
15	Yuexiu Transport Infrastructure Limited	2.0%
16	Omega Geracao S.A.	1.9%
17	Conpet S.A.	1.7%
18	Ecorodovias Infraestrutura e Logistica S.A.	1.7%
19	Gujarat State Petronet Limited	1.7%
20	India Grid Trust	1.7%
<b>Total Top Twenty</b>		<b>58.7%</b>

## SECTOR SPLIT OF INVESTMENTS

Electricity	22.4%
Ports	14.8%
Road and Rail	10.8%
Gas	10.4%
Water and Waste	9.3%
Other	7.6%
Renewables	7.6%
Telecoms and Satellites	7.5%
Infrastructure Investment Funds	5.2%
Airports	4.4%

## GEOGRAPHICAL SPLIT OF INVESTMENTS

Brazil	27.7%
China including Hong Kong	17.1%
India	10.0%
Philippines	8.8%
Romania	6.8%
Middle East/Africa	6.5%
Other Latin America	6.1%
Other Asia	4.6%
Other Europe	3.8%
Argentina	3.1%
Chile	2.7%
Malaysia	2.1%
Thailand	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 the Financial Conduct Authority (FRN: 630094).

