

# UK listed fund uniquely focused on global infrastructure and utilities megatrends in emerging markets



Overall rating out of 2,814 Global Emerging Markets Equity funds as of 30 September 2023.

## Fund details

### Investment 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 ("EM").

### Investment approach

UEM is a UK closed-ended investment trust investing primarily in operational infrastructure and utilities assets benefiting from long-term infrastructure megatrends.

### Fund Manager

Charles Jillings

Fund overview	
NAV per share at launch <sup>2</sup>	98.36p
NAV per share (cum income)	261.58p
Share price	222.00p
Discount to NAV	(15.1%)
NAV per share total return since launch <sup>1</sup>	410.3%
Annual average compound return <sup>1</sup>	9.4%
Historic dividend paid per share (last 12 months)	8.60p
Historic dividend yield (last 12 months)	3.9%
Ongoing charges figure	1.4%
Shares in issue	197,770,678
Market capitalisation	£439.1m
Fund launch date	20 July 2005
Year end	31 March

Capital structure	
Gross assets less current liabilities	£529.1m
Bank debt	£(11.8)m
Net assets	£517.3m
Gearing/(net cash)	2.7%

## Fund performance



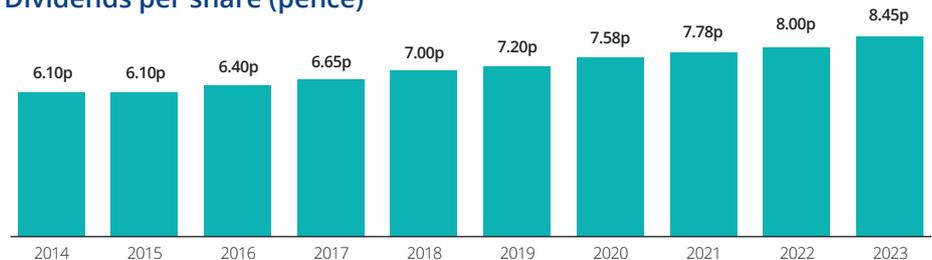
Performance (total return <sup>1</sup> )	1 month	3 months	1 year	3 years	5 years	Inception
Share price	0.9%	0.1%	9.5%	43.0%	36.4%	348.1%
NAV per share	2.3%	1.2%	11.2%	44.0%	36.0%	410.3%
MSCI EM Index (GBP adjusted)	1.0%	1.1%	1.9%	0.4%	9.8%	257.5%

Rolling 12 month performance (total return <sup>1</sup> )	Sep 23	Sep 22	Sep 21	Sep 20	Sep 19
Share price	9.5%	0.0%	30.7%	(23.5%)	24.7%
NAV per share	11.2%	0.7%	28.6%	(22.6%)	22.0%
MSCI EM Index (GBP adjusted)	1.9%	(13.1%)	13.4%	5.2%	4.0%

## Investment management

Investment managers	ICM Limited and ICM Investment Management Limited
Investment management fee	1.0% of NAV ≤ £500m; 0.9% of NAV > £500m ≤ £750m; 0.85% of NAV > £750m ≤ £1,000m; and, 0.75% of NAV > £1,000m

## Dividends per share (pence)



Dividends payable March, June, September and December

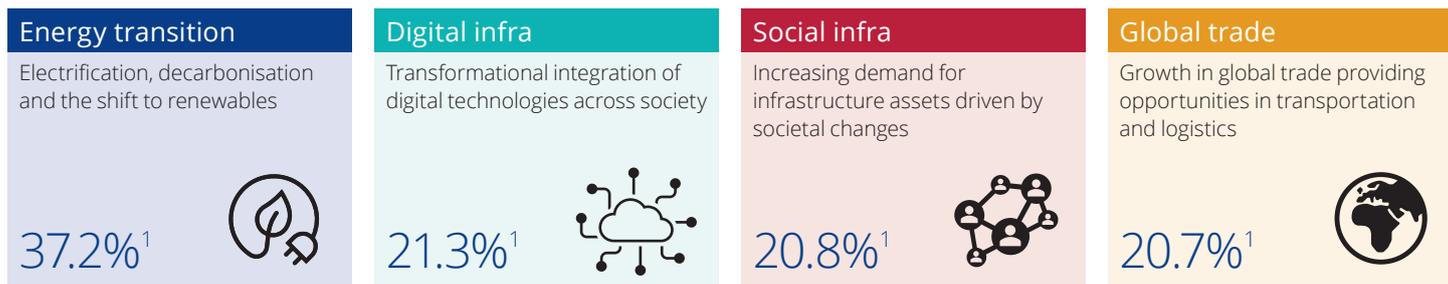
Past performance is not a guide to future returns and future returns are not guaranteed.

<sup>1</sup> Total return is calculated based on undiluted NAV plus dividends reinvested and adjusted for the exercise of warrants and subscription shares.

<sup>2</sup> Utilico Emerging Markets Limited – UEM's predecessor.

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## Megatrends providing potential for sustainable and defensible growth

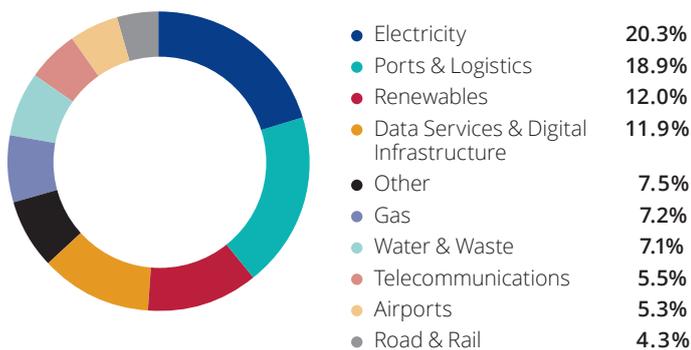


### Total top 30 | 71.5%

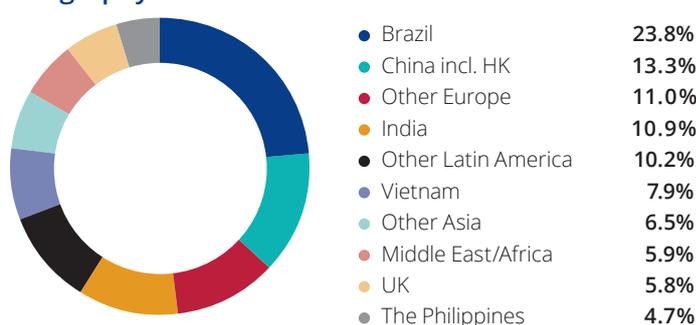
	%		%		%
1 International Container Terminal Services, Inc.	4.7	11 Korean Internet Neutral Exchange (KINX)	2.4	21 CGN Capital Partners Infra Fund 3	1.8
2 Petalite Limited	4.7	12 Citic Telecom International Holdings	2.3	22 Omega Energia S.A.	1.7
3 Alupar Investimento S.A.	4.4	13 VinaCapital Vietnam Opportunity Fund	2.3	23 China Datang Corporation Renewable Power Co.	1.5
4 Orizon Valorizacao de Residuos S.A.	3.8	14 Umeme	2.3	24 China Gas Holdings	1.5
5 Gujarat State Petronet	3.4	15 InPost S.A.	2.3	25 Pertamina Geothermal Energy	1.4
6 FPT Corporation	3.2	16 Santos Brasil Participacoes	2.1	26 Powergrid Infrastructure Investment Trust	1.4
7 India Grid Trust	2.9	17 TTS (Transport Trade Services) S.A.	2.1	27 Cia de Saneamento Basico do Estado de Sao Paulo (Sabesp)	1.4
8 Power Grid Corporation of India	2.8	18 Centrais Eletricas Brasileiras S.A. (Eletrobras)	2.1	28 Telelink Business Services	1.3
9 Engie Energia Chile S.A.	2.6	19 KunLun Energy Company	2.0	29 Vamos Locacao	1.3
10 Rumo S.A.	2.5	20 Aguas Andinas S.A.	2.0	30 Ocean Wilsons Holdings	1.3

## Investment allocation as at 30 September 2023

### Sector



### Geography



Lower volatility to EM with consistently low beta<sup>2</sup> and an active share of over 98%<sup>3</sup>

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<sup>1</sup> Portfolio percentage.

<sup>2</sup> Five-year adjusted beta for UEM shares versus the MSCI EM Index (GBP) as at 30 September 2023 is 0.83.

<sup>3</sup> Active share is a measure of the difference between UEM's holdings and the MSCI EM Index – the higher the percentage, the lower the overlap in composite companies.

## Market and portfolio performance



### PERFORMANCE

UEM's NAV total return increased by 2.3% in September, ahead of the MSCI EM total return Index ("MSCI") which was up 1.0% in Sterling terms in the month. In the six months to 30 September 2023,

UEM's NAV total return has increased by 6.0%, significantly outperforming the MSCI which was down 0.9% in Sterling terms over the period.

Emerging markets equities were mostly weaker in September, as the US Federal Reserve's "higher for longer" stance on interest rates impacted investment flows worldwide. The surprising resilience of the US economy in the face of rapid rate rises has led the Federal Reserve to indicate that policy will be biased toward more restrictive policy, with fewer rate cuts now expected in 2024. This has seen the yield on 10-year US Treasury bonds reach the highest levels since before the Financial Crisis and the DXY Dollar Index continue to appreciate. The S&P 500 Index fell by 4.9% in September.

Typically, the broader impact of restrictive Federal Reserve policy is seen in reduced supply of money in circulation as well as withdrawal of foreign capital from what are perceived to be higher-risk jurisdictions such as EM. In China, the Hang Seng Index declined by 3.1% and the Shanghai Composite fell by 0.3%, though market movements here were also affected by whipsawing prices in some listed Chinese real estate companies. The slowdown in the property market has impacted real estate developers' ability to make interest payments on debt liabilities, with both Country Garden and China Evergrande undergoing complex debt restructuring programs. UEM has no direct investments in Chinese property companies. More positively, China's factory activity expanded for the first time in six months in September, with the PMI edging into positive territory at 50.2 from 49.7 in the previous month.

Weakness was also seen in Vietnam's Ho Chi Minh Index, which fell 5.7%, Mexico's Bolsa, down 4.0%, and Chile's IPSA, down 2.9% over the month. Bucking the trend was the Bucharest BET, up 8.2%, bolstered by the recent IPO of Hidroelectrica, now one of the largest listed companies on the local market. India's SENSEX Index was also notable in delivering a positive 1.5% return in September, while Brazil's Bovespa Index managed to eke out 0.7% return following a second consecutive interest rate cut of 50bps to 12.75%.

### 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).

In the currency markets, the US Dollar continued to strengthen against most currencies, while Sterling weakened materially on deteriorating growth expectations for the UK economy. Sterling declined 3.7% against the US Dollar and 1.3% versus the Euro, and eased 2.6% against the Brazilian Real, 3.5% versus the Chinese Renminbi, 3.4% against the Indian Rupee and 3.8% versus the Philippine Peso.

### PORTFOLIO

There was one change to the top thirty holdings, with Cia de Saneamento Basico do Estado de Sao Paulo ("Sabesp") replacing Grupo Traxion on investment and relative performance. Sabesp is the largest listed water utility in Brazil, with a USD 8.5bn market cap. Its concessions cover 375 municipalities in Sao Paulo state, providing water and sewage service to 10.2m customers. Sabesp is 50.3% owned by the Sao Paulo State government that has initiated a privatisation process, strengthening the shares which appreciated by 5.4% in September.

Performance was evenly split between risers and fallers in the top thirty over the month. A notable positive price increase was seen at Kunlun Energy, up 17.6%, following interim results which saw volume growth of 9.0% and resilient Dollar margins, enabling EBITDA growth of 7.4% and bolstering its significant net cash position. Trading at just 3x EV/EBITDA, Kunlun demonstrates attractive valuations that are currently available in EM. In Romania, TTS Transport Trade Services posted solid 1H23 results with revenues up 42% driven by increases in volume of agricultural product, with its share price appreciating by 11.2%. Strong share price performances were also seen in UEM's digital infrastructure investment KINX up 10.7%, Powergrid India's share price was up 8.6% (adjusted for a stock split), and Orizon firmed by 5.0% in the month.

Weaker share price performances were seen at Vamos, down 16.5% following lacklustre Q2 results released in August, resulting in investors questioning visibility on 3Q23 rental contracts and yields Vamos will achieve. UEM's Chinese investments also softened, with China Gas' share price declining 7.6% and Datang Renewable easing 4.1%. Powergrid InvIT and Aguas Andinas' share prices decreased by 7.1% and 6.3% respectively. Notwithstanding continued encouraging progress towards commercialisation of its EV charging technology, the carrying value of Petalite was reduced by 12.9% to reflect softening of share prices at listed peers.

Portfolio purchases amounted to £7.5m and realisations totalled £6.8m in the month under review.



### DEBT

UEM's debt reduced to £11.8m from £13.5m during the month, drawn as GBP 7.5m and EUR 5.0m.

### OTHER

UEM's share price ended September at 222.00p, up 0.9% over the month. The discount to NAV disappointingly widened to 15.1% from 13.9%. UEM bought back 1.2m shares at an average price of 221.13p in the month. This takes the total shares bought back in the six months to 30 September 2023 to 4.4m, equivalent to 2.1% of the share capital as at 31 March 2023.

The first quarterly interim dividend of 2.15p per ordinary share in respect of the year ending 31 March 2024, was paid on 22 September to shareholders on the register on 1 September 2023.

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