

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



Overall rating out of 2,901 Global Emerging Markets Equity funds as of 31 January 2024.

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 ²	98.36p
NAV per share (cum income)	267.14p
Share price	228.50p
Discount to NAV	(14.5%)
NAV per share total return since launch ¹	425.4%
Annual average compound return ¹	9.4%
Historic dividend paid per share (last 12 months)	8.60p
Historic dividend yield (last 12 months)	3.8%
Ongoing charges figure	1.4%
Shares in issue	193,443,643
Market capitalisation	£442.0m
Fund launch date	20 July 2005
Year end	31 March

Capital structure	
Gross assets less current liabilities	£542.7m
Bank debt	£(25.9)m
Net assets	£516.8m
Gearing/(net cash)	4.8%

Fund performance



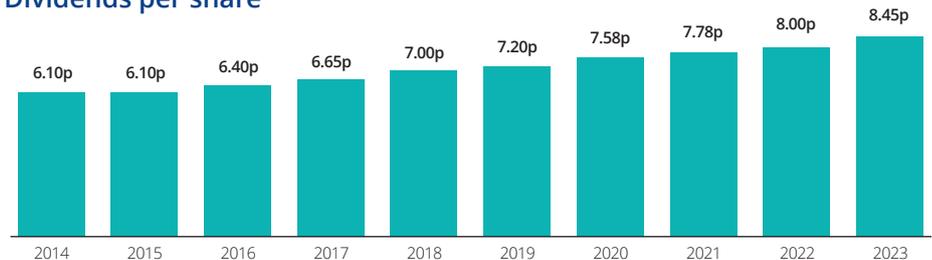
Performance (total return ¹)	1 month	3 months	1 year	3 years	5 years	Inception
Share price	(0.2%)	10.4%	10.0%	32.3%	26.5%	365.6%
NAV per share	(0.5%)	8.0%	10.0%	33.0%	26.7%	425.4%
MSCI EM Index (GBP adjusted)	(4.3%)	2.2%	(5.9%)	(14.7%)	8.4%	252.9%

Rolling 12 month performance (total return ¹)	Jan 24	Jan 23	Jan 22	Jan 21	Jan 20
Share price	10.0%	3.4%	16.3%	(11.8%)	8.4%
NAV per share	10.0%	6.6%	13.4%	(8.9%)	4.6%
MSCI EM Index (GBP adjusted)	(5.9%)	(4.2%)	(5.4%)	23.1%	3.2%

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



Dividends payable March, June, September and December

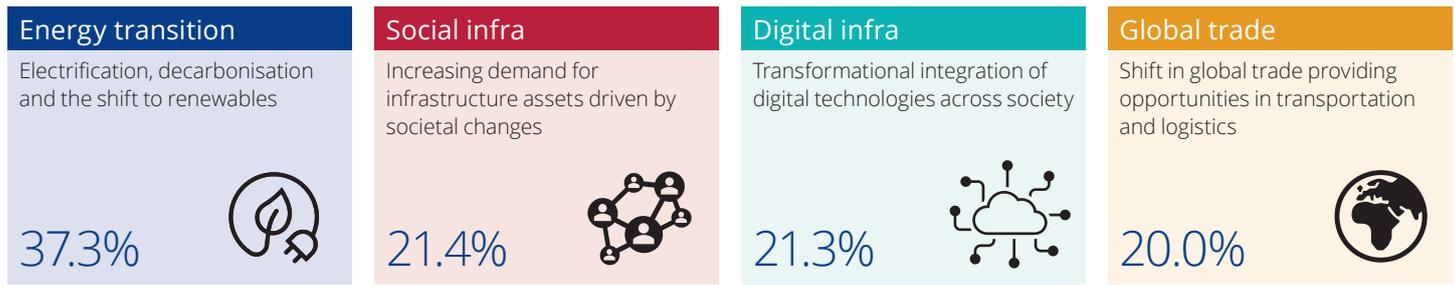
Past performance is not a guide to future returns and future returns are not guaranteed.

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

² Utilico Emerging Markets Limited – UEM's predecessor.

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Megatrends providing structural tailwinds for long term sustainable growth

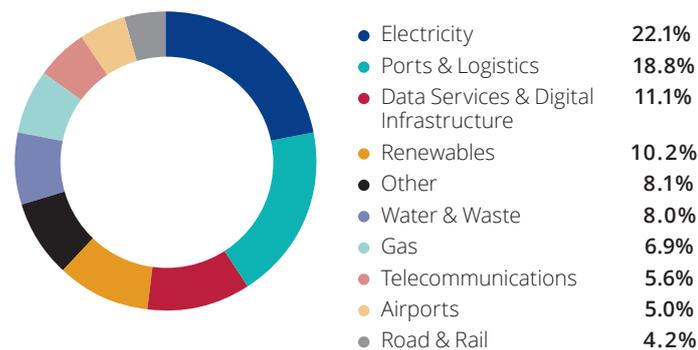


Total top 30 | 70.7%

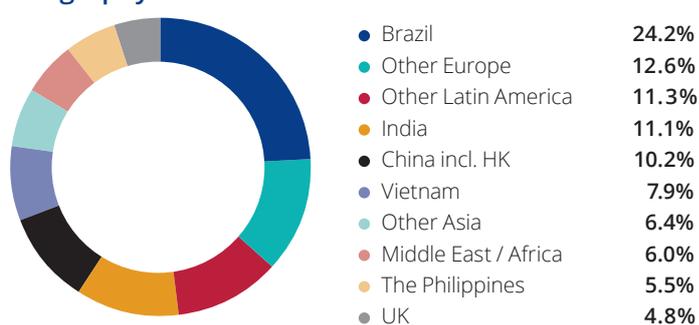
		%			%			%			
1	International Container Terminal Services, Inc.		4.5	11	Centrais Eletricas Brasileiras S.A. (Eletrobras)		2.7	21	Ocean Wilsons Holdings		1.8
2	Alupar Investimento S.A.		4.3	12	Santos Brasil Participacoes		2.6	22	Serena Energia S.A.		1.7
3	Petalite Limited		3.9	13	Engie Energia Chile S.A.		2.5	23	Cia de Saneamento Basico do Estado de Sao Paulo (Sabesp)		1.7
4	Orizon Valorizacao de Residuos S.A.		3.4	14	Rumo S.A.		2.4	24	Holding Bursatil Regional S.A		1.5
5	Power Grid Corporation of India		3.3	15	VinaCapital Vietnam Opportunity Fund		2.4	25	Powergrid Infrastructure Investment Trust		1.4
6	FPT Corporation		3.1	16	Umeme		2.0	26	Grupo Traxion S.A.B. de C.V		1.3
7	Gujarat State Petronet		3.1	17	Citic Telecom International Holdings		2.0	27	China Gas Holdings		1.3
8	Korean Internet Neutral Exchange (KINX)		3.0	18	KunLun Energy Company		1.9	28	Telelink Business Services		1.3
9	InPost S.A.		2.8	19	TTS (Transport Trade Services) S.A.		1.9	29	China Datang Corporation Renewable Power		1.2
10	India Grid Trust		2.7	20	Aguas Andinas S.A.		1.8	30	Sonatel		1.2

Investment allocation as at 31 January 2024

Sector



Geography



Lower volatility to EM with consistently low beta¹ and an active share of over 98%²

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Note: % of total investments

¹ Five-year adjusted beta for UEM shares versus the MSCI EM Index (GBP) as at 31 January 2024 is 0.84.

² 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 declined by 0.5% in January, outperforming the MSCI Emerging Markets total return Index ("MSCI") which fell 4.3% in Sterling terms in the month. Since 31 March 2023,

UEM's NAV total return has increased by 9.1%, significantly better than the MSCI which declined by 2.2% in Sterling terms over the same period.

Global stock markets were mixed in January, as the continued downward trend in inflation led to the US Federal Reserve removing its tightening bias but pushing back on hopes of imminent rate cuts. The S&P 500 Index firmed by 1.6%, reflecting continued concentration of the Index into the "Mag 7" (Amazon, Apple, Google, etc). It was notable within this group that Tesla warned on slowing EV demand and intense competition from Chinese EV manufacturers. China exporting deflation and undercutting global rivals in targeted sectors is a developing trend worth watching.

In emerging markets, China continued to disappoint, with the Hang Seng Index plunging by 9.2% and the Shanghai Composite falling 6.3%. The month started badly with wealth manager Zhongzhi Enterprise Group, a major player in China's USD3tr shadow banking sector, filing for bankruptcy due to its exposure to the weakening property market. Notwithstanding cuts by the Central Bank to the reserve requirement ratio, sentiment remains poor, reflected in manufacturing activity shrinking for the fourth straight month.

Elsewhere in Asia, the Sensex Index hit an all-time high during the month as the bull run in India continued, though profit-taking saw it end the month down 0.7%. Concerns of sticky inflation were partly allayed by January CPI easing to a 3-month low of 5.1% thanks to slowing food price rises. The Philippines PSEI Index and Vietnam's Ho Chi Minh Index delivered decent returns, both up 3.0% in January.

In Latam, the standout performance came from Argentina, whose volatile Merval Index soared by 35.6% on hopes of fiscal discipline from new President Milei. The Brazilian Bovespa Index was more subdued, retracing by 4.8% after a very strong run to an all-time high at the end of 2023. Interest rates in Brazil were cut by 50bps to 11.25%, though these are still significantly above inflation which is running at 4.5%. Elsewhere,

Chile's IPSA declined by 3.4% and Mexico's Bolsa Index was flat.

In the currency markets, Sterling strengthened against most currencies, up 1.6% versus the Brazilian Real, 1.1% versus the Chinese Renminbi, and most notably 6.6% against the Chilean Peso following a surprise 100bps rate cut in Chile. Sterling was broadly flat against the US Dollar and the Indian Rupee.

PORTFOLIO

There were three changes to the top thirty holdings, with Telelink Business Services, China Datang Renewables and Sonatel making a reappearance. Whilst Engie Brasil and Vamos dropped out on relative performance, UEM's unlisted investment in CGN Capital Partners Infra Fund 3 more than halved following the receipt of c.USD6m in initial proceeds from the sale of some of its wind and solar projects. This was pleasing to see.

UEM's holdings in India were the standout performers in January, with Gujarat State Petronet's ("GSPL") share price up 19.8% and Power Grid Corp of India up 9.6% over the month. UEM took advantage of the buoyant markets to reduce its position in GSPL by almost a third.

In China, performance reflected the wider market, with CITIC Telecom's share price falling by 14.9% on noise around the expiry and renewal process for its original Macau basic telephony concession. China Gas' share price declined by 7.4% and Datang Renewables by 6.1%. Elsewhere in Asia, KINX continued its strong run, up 7.1% over the month.

In Latam, BVC completed its conversion into Holding Bursatil Regional, a holding company which originated from the merger of the Colombian, Chilean and Peruvian exchanges. The goal is to create a single end-to-end trading and

settlement platform for all three markets, which is expected to drive increased trading flows and listings across the three markets. As a business that benefits significantly from operational leverage, the merger is expected to deliver margin expansion.

In line with the broader market, most of UEM's Brazilian shares retraced from end-December market highs, with Serena Energia declining by 4.6%, Alupar by 6.3%, and Orizon by 8.5%. But sector-specific drivers bolstered Santos and Ocean Wilsons, up 7.6% and 10.8% respectively on speculation of M&A activity in the ports sector and an improved outlook on volumes. Sabesp's share price was also up 4.8% on continued encouraging progress with the privatisation process.

In the CEE region, Inpost's share price was up 11.5% following its trading update showing volumes up 21% in Q4 2023 with improving conditions in its international markets. TTS's share price continued to appreciate, firming by 8.2% over the period.

Portfolio purchases amounted to £8.9m and realisations totalled £14.9m.

DEBT

UEM's debt decreased from £30.0m to £25.9m during the month, drawn as GBP 3.7m and EUR 26.0m.

OTHER

UEM's share price ended January at 228.50p, decreasing 0.2% over the month. The discount to NAV narrowed slightly to 14.5% from 14.7%. UEM bought back 1.0m shares at an average price of 229.69p in the month. This takes the total shares bought back in the ten months to 31 January 2024 to 8.8m, equivalent to 4.3% of the share capital as at 31 March 2023.

Charles Jillings
ICM Investment Management Limited
and ICM Limited



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).