

# UEM is a UK closed-end investment trust, traded on the London Stock Exchange

JANUARY 2019

## Utilico Emerging Markets Trust plc ("UEM")

### OBJECTIVE

To provide long-term total return by investing predominantly in infrastructure, utility and related sectors mainly in emerging markets.

### INVESTMENT APPROACH

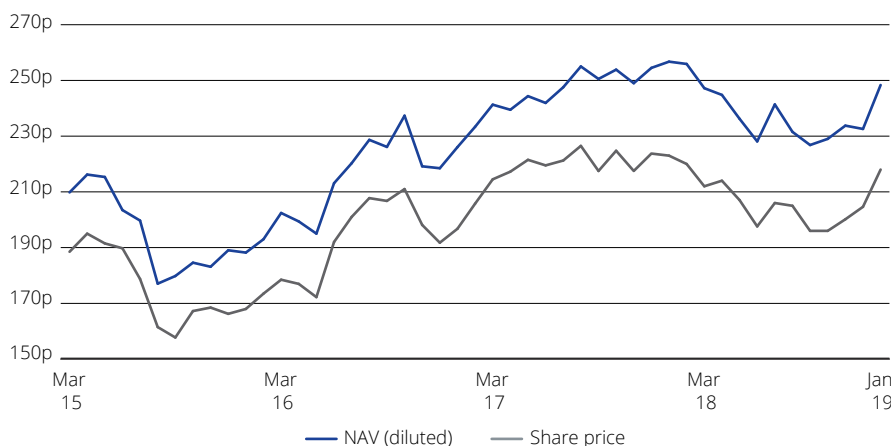
To seek to invest mainly in companies and sectors displaying the characteristics of essential services or monopolies such as utilities, transportation infrastructure, communications or companies with a unique product or market position.

### 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



### PERFORMANCE (Total return\*)

	1 month	3 months	1 year	3 years	Inception
Share Price	6.5%	12.1%	4.7%	50.0%	268.1%
Net Asset Value	6.8%	9.4%	0.2%	51.1%	314.6%

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

12 Months to	Jan 19	Jan 18	Jan 17	Jan 16	Jan 15
Share Price	4.7%	17.8%	21.7%	(10.4%)	18.9%
Net Asset Value	0.2%	17.9%	27.9%	(7.5%)	15.8%

\*Total return is calculated based on undiluted NAV 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)	248.35p
Share Price	218.00p
Discount to diluted NAV	(12.2%)
NAV Total return since launch*	314.6%
Annual average compound return*	11.1%
Historic Dividend paid per share (last 12 months)	7.20p
Historic Dividend Yield (last 12 months)	3.3%
Ongoing charges figure excluding performance fee	1.1%
Shares in issue	230,391,915

\*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	£572.2m
Bank Debt	£0.0m
Shareholders' Funds	£572.2m
Gearing (based on AIC definition)	(2.7%)

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.



EMERGING CITIES. EMERGING WEALTH. EMERGING OPPORTUNITIES.



## PERFORMANCE

During January UEM's NAV total return increased 6.8%, ahead of the MSCI Emerging Markets Total Return Index which was up 5.7% in Sterling terms.

Emerging markets in January recovered except for the Malaysian and Romanian markets, seeing a decrease of 0.4% and 5.9% respectively. The easing of trade tensions, with Donald Trump and Xi Jinping both appearing to want to reach a deal alongside a dovish Federal Reserve with no interest rate increase, has helped to drive the markets. The S&P 500 Index increased 7.9% with the Hong Kong Hang Seng Index up 8.1% and the Chinese Shanghai Composite up by 3.6%. Over this period, Sterling appreciated against the US Dollar and was up by 3.3%, and appreciated by 3.5% against the Hong Kong Dollar, whilst was relatively flat against the Chinese Renminbi. The Philippines' PSEi Index was also up 7.3%, on the back of an improving marco backdrop.

The Brazilian equity market maintained its strong performance into 2019 as the Brazilian Bovespa Index rose by 10.8%, investors remain buoyant due to the new administration's optimism surrounding pension reform. The Brazilian Real appreciated against Sterling by 3.0%. The Argentinean Merval Index was also up 19.9%, helped by the more positive trade talks as well as an improvement in the current president's poll rating, indicating that winning a second term in office does not seem as unlikely as it did in 2018.

The Romanian BET Index was the worse performer for January, down 5.9%, due to the overhang from the government's shock plans announced in December to tax banking assets, limit gas prices, tax energy assets and change pension contributions. The Indian SENSEX Index was flat for the period, up only 0.5% as the market is preparing for elections, with the Indian Rupee depreciation 4.6% against Sterling.

## PORTFOLIO

There was one new entry to the top twenty in January, Metro Pacific Investments Corporation, replacing Malaysia Airports. Metro Pacific is a Philippines-based infrastructure conglomerate operating in the power, water, toll roads, hospitals and rail sectors. The portfolio performed well with sixteen of the top twenty up over the period. Comgas witnessed the best performance, up 38.3% on the back of a tender offer from the parent company to acquire the preference shares at a 23% premium to pre-announced closing market price. Cosan Logistica, Sanaper, Alupar and Rumo were up 23.0%, 20.3%, 16.9% and 16.6% respectively on the back of positive investor sentiment in Brazil whilst China Everbright was up 11.3% following the discounted rights issue at the parent company level in late 2018.

Four of the top twenty holdings were down in January with Tranelectrica down 9.0% on the back of the government proposals to introduce an additional tax charges on energy companies and changes to the private pension scheme. Power Grid Corp of India was down 5.6% following market weakness witnessed in India.

Purchases during the month for the portfolio amounted to £16.0m and realisations totalled £22.4m.

## DEBT

UEM remained ungeared, having fully repaid its bank debt of £5.0m in October.

## OTHER

UEM's share price ended January at 218.00p, up 6.5% on previous month-end, with the discount to NAV at 12.2%. During the month UEM bought back 214,647 ordinary shares for cancellation at an average price of 214.79p.

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

## PORTFOLIO SUMMARY

TOP TWENTY HOLDINGS		% of gross assets
1	International Container Terminal Services Inc.	5.1%
2	Companhia de Gas de Sao Paulo (Comgas)	4.6%
3	Ocean Wilsons Holdings Limited	4.1%
4	Alupar Investimento S.A.	3.9%
5	Energisa S.A.	3.8%
6	Rumo S.A.	3.4%
7	China Resources Gas Group Ltd	3.0%
8	Cosan Logistica S.A.	2.7%
9	Companhia de Saneamento do Paraná (Sanepar)	2.7%
10	Yuexiu Transport Infrastructure Limited	2.6%
11	Engie Energia Chile S.A.	2.5%
12	Enel Américas S.A.	2.4%
13	APT Satellite Holdings Limited	2.3%
14	China Everbright Greentech Limited	2.2%
15	Transgaz S.A.	2.0%
16	Metro Pacific Investments Corporation	1.9%
17	Shanghai International Airport Co Ltd	1.9%
18	Conpet S.A.	1.8%
19	Power Grid Corporation of India	1.7%
20	Tranelectrica SA	1.7%
<b>Total Top Twenty</b>		<b>56.3%</b>

## SECTOR SPLIT OF INVESTMENTS

Electricity	22.2%
Gas	15.8%
Ports	14.3%
Road and Rail	11.2%
Telecoms and Satellites	8.8%
Water and Waste	6.7%
Airports	6.6%
Other	6.3%
Renewables	5.8%
Infrastructure Investment Funds	2.3%

## GEOGRAPHICAL SPLIT OF INVESTMENTS

Brazil	31.4%
China including Hong Kong	18.6%
Romania	7.6%
Philippines	7.2%
Middle East / Africa	5.8%
Other Latin America	5.2%
India	5.1%
Other Europe	5.0%
Argentina	4.5%
Other Asia	3.8%
Chile	3.1%
Malaysia	2.0%
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).

