

EMERGING CITIES. EMERGING WEALTH. EMERGING OPPORTUNITIES.

# Offering long-term value in emerging markets investments

## AUGUST 2021

**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

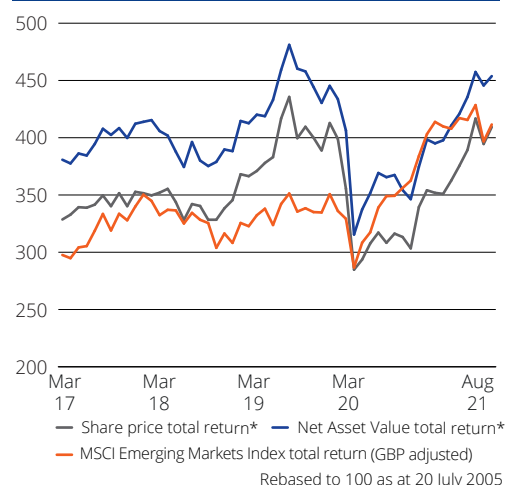
To seek to invest mainly in companies and sectors displaying the characteristics of essential services or monopolies such as utilities, transportation infrastructure, communications or companies with a unique product or market position.

## KEY DATES

<b>Launch Date<sup>+</sup></b>	20 July 05
<b>Year End</b>	31 March
<b>AGM</b>	21 September 2021
<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



PERFORMANCE (Total return*)	1 month	3 months	1 year	3 years	Inception
Share Price	3.8%	5.2%	29.4%	20.3%	309.3%
Net Asset Value	1.8%	4.2%	23.5%	19.4%	353.8%
MSCI Emerging Markets Index (GBP adjusted)	3.7%	(1.0%)	17.8%	25.3%	311.5%

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

12 Months to	Aug 21	Aug 20	Aug 19	Aug 18	Aug 17
Share Price	29.4%	(20.9%)	17.4%	(2.7%)	13.1%
Net Asset Value	23.5%	(20.2%)	21.1%	(6.8%)	16.4%
MSCI Emerging Markets Index (GBP adjusted)	17.8%	4.1%	2.2%	(1.5%)	27.0%

\*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

Net Asset Value (NAV) at launch <sup>+</sup>	98.36p
NAV (cum income)	250.32p
Share Price	221.00p
Discount to diluted NAV	(11.7%)
NAV Total return since launch*	353.8%
Annual average compound return*	9.8%
Historic Dividend paid per share (last 12 months)	7.78p
Historic Dividend Yield (last 12 months)	3.5%
Ongoing charges figure	1.4%
Shares in issue	219,635,102
Ticker	UEM.L

<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	£567.0m
Bank Debt	£(17.2)m
Shareholders' Funds	£549.8m
Gearing (based on AIC definition)	2.1%

GEARING AIC - standardised gearing calculation as recommended by the AIC is based on net assets

### 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

### 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)





## PERFORMANCE

UEM's NAV total return in the month of August increased by 1.8%, behind the MSCI Emerging Markets Total Return Index which recovered 3.7% in Sterling terms over the month.

Most markets firmed in August on the back of positive sentiment towards global economic expansion reflecting a re-opening of services. However, significant bottlenecks in supply chains due to the lagged effects of the pandemic are becoming very evident, impacting global trade and inflation. This is most apparent in the shipping market, where the costs of shipping a container from China to Europe has increased over 500% in the past twelve months. While the Chinese Shanghai Composite was up 4.3%, the Hong Kong Hang Seng Index eased 0.3% in August as concerns over Central Party interference in the technology sector lingered. Other Asian markets posted stronger performances, notably the Philippines PCOMP Index up 9.3%, and the Indian SENSEX up 9.4% hitting all-time highs.

In Latam there was a more mixed performance, with the Brazil BOVESPA declining 2.5% as concerns over fiscal discipline and the impact of the worst drought in almost 100 years saw CPI inflation higher than expected at 9.7%. To counter this, the Brazilian central bank has been raising interest rates rapidly, which has led to the Real strengthening 1.6% versus Sterling in the month. The Chilean IPSA was up 5.6% and the Mexico MEXBOL up 4.8%.

## PORTFOLIO

There were two changes to the constituents of the top thirty holdings in the portfolio in August, with Kaspi.kz and China Everbright Environment ("CEE") replacing Hidrovias and Santos due to relative performance. Kaspi.kz is the largest payments processor, marketplace platform and fintech ecosystem in Kazakhstan. They are in the process of rapidly expanding into neighbouring markets and have a market cap of over USD 20bn. CEE (then China Everbright International) previously featured in UEM's top ten holdings several years ago, with UEM re-establishing a position in 2018. CEE's share price was up 27.9% in August after posting strong H1 results with EBITDA up 30.4%. CEE is the parent company of China Everbright Greentech, whose shares were flat over the month.

ICT was a strong performer in August, with its share price increasing 18.5% following excellent Q2 results with EBITDA up 31%, net income up 98% and declaration of a special dividend. Kunlun Energy's share price was up 22.5% on good results, with EBITDA in H1 up 35.1%. MyEG and Telelink were also up 12.7% and 9.0% respectively, while KINX lagged with its share price falling 18.4% in August. Notwithstanding encouraging operational and financial progress weaker performances were seen in UEM's Brazilian investments reflecting broader market sentiment. Simpar's share price fell 14.8% in August, while Rumo and Ecorodovias' share price declined 9.4% and 9.7% respectively. Alupar was a relative outperformer, with its share price up 3.6% after posting Q2 EBITDA growth of 49.0% from new projects being commissioned.

Purchases during the month for the portfolio amounted to £8.7m and realisations totalled £14.1m.

## DEBT

UEM's bank debt reduced in August to £17.2m from £35.0m in July, all drawn in Euros.

## OTHER

UEM's share price ended August at 221.00p, up 3.8% during the month. The discount narrowed from 13.4% to 11.7%. During the month UEM bought back 525,000 shares at an average price of 216.06p.

On 23 August 2021, UEM declared a first quarterly interim dividend of 2.00p per ordinary share in respect of the year ending 31 March 2022, which will be paid on 24 September 2021 to shareholders on the register on 3 September 2021.

## Charles Jillings

ICM Investment Management Limited and ICM Limited

### SECTOR SPLIT OF INVESTMENTS

Ports and Logistics	19.2%
Data Services and Digital Infrastructure	15.4%
Electricity	13.9%
Gas	11.0%
Telecoms and Satellites	9.4%
Other	6.5%
Infrastructure Investment Funds	6.3%
Road and Rail	6.2%
Renewables	5.3%
Airports	4.2%
Water and Waste	2.6%

## PORTFOLIO SUMMARY

TOP THIRTY HOLDINGS		% of total investments
1	International Container Terminal Services Inc.	5.0%
2	Gujarat State Petronet Limited	4.1%
3	Simpar SA	3.3%
4	Alupar Investimento S.A.	3.1%
5	Ocean Wilsons Holdings Limited	3.0%
6	India Grid Trust	3.0%
7	My E.G. Services Bhd	2.5%
8	Rumo S.A.	2.2%
9	Power Grid Corporation of India Limited	2.2%
10	Corporacion Financiera Colombiana S.A.	2.2%
11	China Everbright Greentech Limited	2.1%
12	Naver Corporation Limited	2.1%
13	KunLun Energy Company Limited	2.0%
14	Telelink Business Services	2.0%
15	FPT Corporation	1.9%
16	Ecorodovias Infraestrutura e Logistica SA	1.9%
17	Citic Telecom International Holdings Limited	1.9%
18	Société Nationale des Télécommunications du Senegal (Sonatel)	1.8%
19	VinaCapital Vietnam	1.7%
20	China Gas Holdings Limited	1.7%
21	CGN Capital Partners Infra Fund 3	1.7%
22	Engie Energia Chile S.A.	1.5%
23	Telecom Egypt	1.5%
24	China Tian Lun Gas Holdings Limited	1.4%
25	KT Corporation	1.4%
26	Bolsa de Valores de Colombia	1.4%
27	Link Net	1.4%
28	KINX Inc	1.4%
29	Kaspi.kz Joint Stock Company	1.3%
30	China Everbright Environment Group Limited	1.3%
<b>Total Top Thirty</b>		<b>64.0%</b>

### GEOGRAPHICAL SPLIT OF INVESTMENTS

Brazil	18.4%
China including Hong Kong	17.2%
India	12.8%
Other Asia	11.3%
Other Europe	8.2%
Middle East/Africa	6.1%
South Korea	6.0%
The Philippines	5.0%
Colombia	4.0%
Romania	3.3%
Mexico	2.8%
Malaysia	2.5%
Chile	2.4%

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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 by the Financial Conduct Authority (FRN: 630094).

