

EMERGING CITIES. EMERGING WEALTH. EMERGING OPPORTUNITIES.

# Offering long-term value in emerging markets investments

## NOVEMBER 2020

**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

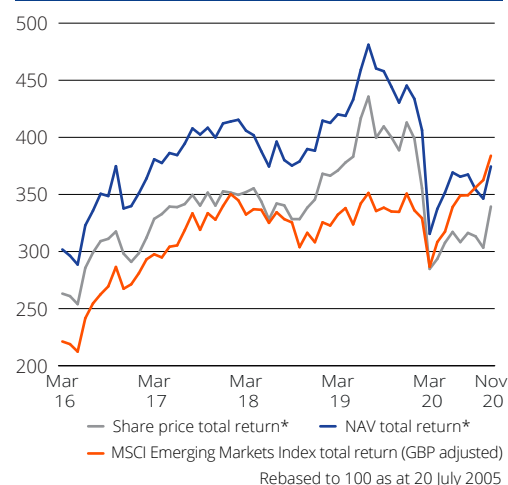
To seek to invest mainly in companies and sectors displaying the characteristics of essential services or monopolies such as utilities, transportation infrastructure, communications or companies with a unique product or market position.

## KEY DATES

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



PERFORMANCE (Total return*)	1 month	3 months	1 year	3 years	Inception
Share Price	11.9%	7.3%	(12.7%)	(0.2%)	239.4%
Net Asset Value ("NAV")	8.1%	1.9%	(13.0%)	(6.3%)	274.5%
MSCI Emerging Markets Index (GBP adjusted)	5.9%	9.9%	14.7%	17.1%	283.9%

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

12 Months to	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16
Share Price	(12.7%)	15.0%	(0.7%)	14.1%	22.4%
Net Asset Value	(13.0%)	10.3%	(2.4%)	18.4%	28.3%
MSCI Emerging Markets Index (GBP adjusted)	14.7%	5.8%	(3.5%)	22.6%	30.5%

\*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 <sup>+</sup>	98.36p
NAV (cum income)	212.02p
Share Price	188.50p
Discount to diluted NAV	(11.1%)
NAV Total return since launch*	274.5%
Annual average compound return*	9.0%
Historic Dividend paid per share (last 12 months)	7.70p
Historic Dividend Yield (last 12 months)	4.1%
Ongoing charges figure excluding performance fee	1.1%
Shares in issue	222,649,905

<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	£505.0m
Bank Debt	£(33.0)m
Shareholders' Funds	£472.0m
Gearing (based on AIC definition)	7.8%

Gearing AIC – standardised gearing calculation as recommended by the AIC is based on net assets

### 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.

### 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 increased by 8.1% in November, outperforming the MSCI Emerging Markets Total Return Index which increased by 5.9% in Sterling terms over the same period.

November saw markets rally globally on the back of the positive news that there are several effective vaccines for Covid-19. This vaccine breakthrough helped to ignite investors' confidence that a return to a "pre-Covid-19" environment is now on the horizon. The uncertainty around who will be the next US President reduced, as Joe Biden looks to have won the presidential election helping to raise hopes of more stable trade policies from the world's largest economy. Albeit there have been some concerns over the transition of power from the current president Donald Trump to the president-elect Joe Biden.

The positive market sentiment was clearly witnessed within the developed markets. In particular the European markets, given the Eurozone's high exposure to global trade and encouraging signs that Covid-19 infection rates are slowing, with the Spanish IBEX up 25.2% and the Italian Borsa Italiana up 22.9% for November. The emerging markets also performed well with Latin America on the whole outperforming the emerging Asian markets, as the Brazilian Bovespa Index was up by 15.9%, the Argentinian Merval Index up 20.5% and the Chilean IPSA Index up by 13.9%.

Within Asia, the Chinese Shanghai Composite was up 5.2% and the Hong Kong Hang Seng Index up 9.3% with relative monthly performance being dampened by the rotation of investors from growth stocks to value plays. The Philippines saw the PCOMP Index up 7.4% as the market continues to benefit from the easing of movement restrictions and further reopening of the economy whilst India saw the SENSEX Index up by 11.4%. Thailand was the outperformer within Asia as the Thai Set Index witnessed an increase of 17.9% for November, clearly the news of the Covid-19 vaccines was received positively given the country's economy being heavily reliant on tourism.

Sterling's performance against most Asian emerging market currencies was strong, with Sterling appreciating 3.2% against the Hong Kong Dollar, 2.6% against the Philippine Peso, and 1.1% against the Chinese Renminbi. However performance against the Latin American currencies was more mixed with

Sterling depreciating 3.5% and 2.2% against the Brazilian Real and the Mexican Peso respectively.

#### PORTFOLIO

There was only one change to the constituent of the top twenty holdings over the month, with Ecorodovias, the Brazilian toll road operator re-entering the top twenty replacing Webcash Corporation, the e-banking payments services provider in Korea.

Performance of the portfolio over the month was strong, with all stocks bar one witnessing an increase. The top performer for November was Ocean Wilsons Holdings, witnessing a 24.2% increase in share price, partly driven by positive market sentiment, partly being a value play given the stock has traded with a large discount to NAV of over 40% and partly due to the announcement from management that most of the withdrawn 2019 dividend will now be paid.

The PRC's 2060 Carbon Neutral plans and stronger markets for value investments saw China Longyuan Power Group and China Gas Holdings both increase by 23.5% and 20.2% respectively in November. Ecorodovias performed strongly, up by 20.2%, alongside MyEG which increased 19.9% both due to strong results. KINX was the outlier for the month with its share price down 11.2% due to 3Q20 results showing slower revenue growth than previous quarters.

Purchases and sales during the month were £6.6m and £6.9m, respectively.

#### DEBT

UEM's bank debt increased marginally in November, increasing to £33.0m from £32.1m and drawn in US Dollars.

#### OTHER

UEM's share price increased 11.9% over the month, resulting in the discount narrowing to 11.1% from 14.1%. During the month UEM bought back 1.2m shares at an average price of 181.02p.

On 23 November 2020, UEM declared a second quarterly interim dividend of 1.925p per ordinary share in respect of the year ending 31 March 2021, which will be paid on 18 December 2020 to shareholders on the register on 4 December 2020.

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

## PORTFOLIO SUMMARY

TOP TWENTY HOLDINGS		% of total investments
1	International Container Terminal Services Inc.	6.7%
2	Alupar Investimento S.A.	3.4%
3	Ocean Wilsons Holdings Limited	3.2%
4	Rumo S.A.	3.0%
5	India Grid Trust	2.9%
6	Gujarat State Petronet Limited	2.9%
7	China Everbright Greentech Limited	2.8%
8	Engie Energia Chile S.A.	2.6%
9	My E.G. Services Bhd	2.6%
10	Corporacion Financiera Colombiana S.A.	2.5%
11	KINX Inc	2.3%
12	China Gas Holdings Limited	2.2%
13	Bolsa de Valores de Colombia	2.1%
14	Centrais Elétricas Brasileiras S.A. (Eletrobras)	2.1%
15	China Longyuan Power Group Limited	2.1%
16	Citic Telecom International Holdings Limited	2.1%
17	Power Grid Corporation of India Limited	2.0%
18	Ecorodovias Infraestrutura e Logistica S.A.	1.8%
19	Conpet S.A.	1.8%
20	Société Nationale des Télécommunications du Senegal (Sonatel)	1.7%
<b>Total Top Twenty</b>		<b>52.8%</b>

## SECTOR SPLIT OF INVESTMENTS

Electricity	20.2%
Ports and Logistics	14.8%
Data Services and Infrastructure	12.2%
Gas	11.3%
Telecoms and Satellites	9.1%
Road and Rail	7.9%
Other	7.6%
Renewables	7.2%
Infrastructure Investment Funds	5.1%
Airports	3.1%
Water and Waste	1.5%

## GEOGRAPHICAL SPLIT OF INVESTMENTS

Brazil	19.4%
China including Hong Kong	19.4%
India	12.4%
Other Asia	8.1%
South Korea	6.7%
The Philippines	6.7%
Middle East/Africa	6.3%
Colombia	5.4%
Other Europe	5.1%
Romania	3.3%
Chile	3.3%
Malaysia	3.1%
Mexico	0.8%

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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).

