

**ABOUT US:** UEM is a UK closed-end investment trust, traded on the London Stock Exchange.  
Registration No 11102129

**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.

## OCTOBER 2018

### ORDINARY SHARES

Ticker: UEM.L

NAV at launch	98.36p
NAV (cum income)	229.02p
Share Price	196.00p
Discount to diluted NAV	(14.4%)
NAV Total Return since launch *	278.9%
Annual average compound return *	10.5%
Historic Dividend paid per share (last 12 months)	7.10p
Historic Dividend Yield (last 12 months)	3.6%
Ongoing charges figure excluding performance fee	1.0%
Shares in issue	232,508,762

### CAPITAL STRUCTURE

Gross Assets less Current Liabilities	£532.5m
Bank Debt	£0.0m
Shareholders' Funds	£532.5m
Gearing (based on AIC definition)	(1.8%)

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

### BOARD

John Rennocks	Susan Hansen	Garry Madeiros
Garth Milne	Anthony Muh	

### MANAGEMENT & PERFORMANCE FEES

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

Utilico Emerging Markets Trust plc 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)

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

### ORDINARY SHARES PERFORMANCE



### PERFORMANCE (Total return\*)

	1 month	3 months	1 year	3 years	Inception
Share Price	0.0%	(4.0%)	(6.6%)	35.8%	228.4%
Net Asset Value	1.0%	(4.4%)	(7.2%)	42.6%	278.9%

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

12 Months to	Oct 18	Oct 17	Oct 16	Oct 15	Oct 14
Share Price	(6.6%)	10.7%	31.3%	(10.1%)	5.6%
Net Asset Value	(7.2%)	9.0%	41.0%	(7.5%)	6.7%

### 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

### TEAM

Charles Jillings	Jacqueline Broers	Mark Lebbell
Duncan Saville	Jonathan Grocock	



## PERFORMANCE

UEM's NAV total return increased 1.0% during October, this was substantially ahead of the MSCI Emerging Markets Total Return Index which fell by 6.6% in Sterling terms over the month.

Emerging markets posted their worst monthly performance since August 2015 as a risk-off environment reflected continued uncertainty over the US-China trade war and Federal Reserve tightening attracted investment flows into USD assets. Consumer spending growth eased to 8.6% in China, with car sales falling 6.4% year-on-year. In comparison, industrial production remained healthy, up 5.9% in October, though this potentially reflects "front-end loading" of export orders to avoid the impact of higher US tariffs due at the start of 2019. The Shanghai Composite Index and Hong Kong's Hang Seng Index were down 7.7% and 10.1% respectively during the month, while the Chinese Renminbi increased slightly, up 0.4% versus Sterling.

One of the most significant events in emerging markets in October was the election of Jair Bolsonaro in the Presidential elections in Brazil. Bolsonaro is an outspoken former army captain with far-right views who is set to take office on 1 January 2019. The initial market response to his election, and the subsequent naming of Cabinet members with strong private-market and anti-corruption credentials, was overwhelmingly positive, with the Brazil Bovespa Index up 10.2% and the Real appreciating by 9.7% against Sterling in October.

Markets elsewhere were weaker, with notably poor performance in Mexico as the Bolsa Index fell 11.2% and the Peso weakened 5.8% against Sterling as President-elect Obrador scrapped a USD13.0bn airport project on the basis of a referendum in which only 1.1m people (less than 1% of the population) voted. He also signalled that more such populist measures of "citizen's decisions" may be forthcoming.

In Argentina the Merval Index fell 11.9% in October but the Peso reversed its decline, appreciating by 17.4%. This shows that a change in Central Bank policy away from inflation targeting to a Quantitative Tightening process through the issue of 7-day Lelic notes seems to be working.

## PORTFOLIO

There was one change to the constituents of the top twenty holdings in the portfolio during October, with Cia de Saneamento do Parana ("Sanepar") replacing TGS due to partial divestment of the latter and relative performance. Sanepar is a state-owned company which is the operator for water and sewage services in Parana state in Brazil. UEM has been invested in Sanepar since mid-2017 and the recent election of a market-friendly governor helped shares appreciate 24.6% in October.

The strong market performance in Brazil was mirrored in UEM's positions, with Cosan Logistica up 26.1%, Energisa up 12.4%, Alupar up 11.1%, Rumo up 11.0% and Comgas up 9.2%. Enel Americas, which is Chilean-listed but has a significant proportion of its assets in Brazil, was also up 6.9%.

Partly offsetting this strong performance in Brazil, UEM's positions in Asia were broadly weak, especially in China and Hong Kong. Shanghai Airports dropped 16.8%, China Everbright Greentech fell 16.1%, and APT Satellite declined 11.0% in October. Indeed, Yuexiu was the sole HK-listed investment to post a positive return, up 1.0% over the month. UEM's Romanian investments posted modest declines, with Transelectrica down 5.2%, Conpet down 1.2%, and Transgaz broadly flat in October.

Purchases during the month for the portfolio amounted to £5.8m and realisations totalled £13.2m.

## DEBT

UEM fully repaid its bank debt during October, having previously been drawn £5.0m denominated in Euros.

## OTHER

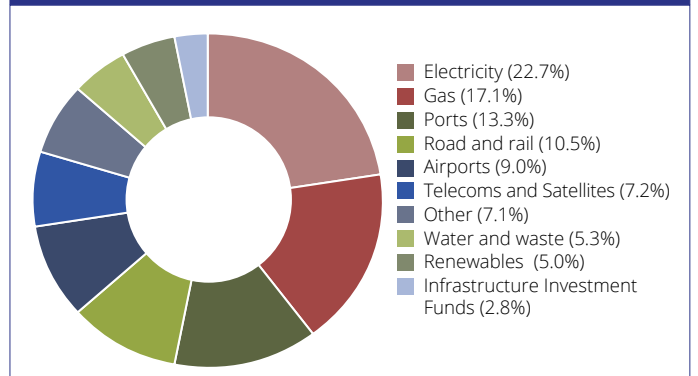
UEM's share price ended October at 196.00p, unchanged on end-September. The discount to NAV widened to 14.4%, notwithstanding buybacks totalling £2.2m during the month at an average share price of 193.50p.

*Charles Jillings*  
ICM Investment Management Limited and ICM Limited

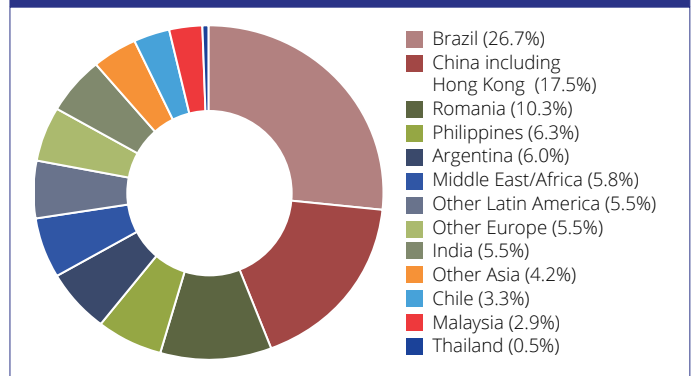
## TOP TWENTY HOLDINGS

	% of gross assets
1. International Container Terminal Services Inc.	4.6%
2. Ocean Wilsons Holdings Limited	3.9%
3. Alupar Investimento S.A.	3.5%
4. Energisa S.A.	3.3%
5. China Resources Gas Group Ltd	3.3%
6. Transgaz S.A.	3.2%
7. Companhia de Gas de Sao Paulo (Comgas)	3.1%
8. Rumo S.A.	3.1%
9. Yuexiu Transport Infrastructure Limited	3.0%
10. Transelectrica SA	2.5%
11. Cosan Logistica S.A.	2.4%
12. Malaysia Airport Holdings Berhad	2.3%
13. Conpet S.A.	2.2%
14. Companhia de Saneamento do Paraná (Sanepar)	2.0%
15. Engie Energia Chile S.A.	2.0%
16. Shanghai International Airport Co Ltd	2.0%
17. APT Satellite Holdings Limited	1.9%
18. Enel Americas S.A.	1.8%
19. Power Grid Corporation of India	1.8%
20. China Everbright Greentech Limited	1.6%
<b>Total Top 20</b>	<b>53.5%</b>

## SECTOR SPLIT OF INVESTMENTS



## GEOGRAPHICAL SPLIT OF INVESTMENTS



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