

EMERGING CITIES. EMERGING WEALTH. EMERGING OPPORTUNITIES.

Offering long-term value in emerging markets investments

FEBRUARY 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

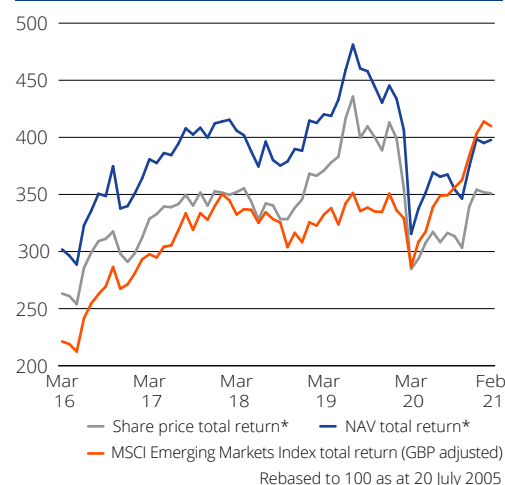
To seek to invest mainly in companies and sectors displaying the characteristics of essential services or monopolies such as utilities, transportation infrastructure, communications or companies with a unique product or market position.

KEY DATES

Launch Date⁺	20 July 05
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	(0.3%)	3.4%	(1.3%)	0.4%	250.9%
Net Asset Value ("NAV")	0.7%	6.2%	(2.1%)	(4.2%)	297.8%
MSCI Emerging Markets Index (GBP adjusted)	(1.0%)	6.8%	24.5%	18.9%	309.9%

ROLLING 12 MONTH PERFORMANCE (Total return*)

12 Months to	Feb 21	Feb 20	Feb 19	Feb 18	Feb 17
Share Price	(1.3%)	(3.0%)	4.8%	12.0%	23.2%
Net Asset Value	(2.1%)	(1.5%)	(0.7%)	14.1%	28.7%
MSCI Emerging Markets Index (GBP adjusted)	24.5%	2.0%	(6.4%)	17.6%	45.1%

*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 ⁺	98.36p
NAV (cum income)	223.25p
Share Price	193.00p
Discount to diluted NAV	(13.5%)
NAV Total return since launch*	297.8%
Annual average compound return*	9.2%
Historic Dividend paid per share (last 12 months)	7.70p
Historic Dividend Yield (last 12 months)	4.0%
Ongoing charges figure excluding performance fee	1.1%
Shares in issue	221,618,374

⁺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	£535.2m
Bank Debt	£(40.4)m
Shareholders' Funds	£494.8m
Gearing (based on AIC definition)	7.7%

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





PERFORMANCE

UEM's NAV total return increased 0.7% during February, ahead of the MSCI Emerging Markets Total Return Index which was down 1.0% in Sterling terms over the month.

Volatility in the markets increased

during February, particularly in the latter part of the month, as inflation concerns re-emerged, and benchmark 10-year US Treasury yields spiked to 1.6% having started the month at closer to 1.0%. These higher rates led to a resurgent US Dollar and capital flows out of EM. It is notable too that Sterling strengthened against US Dollar during the month, exacerbating the impact in GBP terms. Industrial commodities rallied, with Brent crude oil up 18.3% and copper up 15.1%, while gold prices lagged, falling 6.1%.

Amongst the worst hit was Brazil, where the Bovespa Index dropped 4.4% and the Brazilian Real fell 3.8% against Sterling. Poor market sentiment was worsened by the President's unilateral decision to oust Petrobras' CEO and interfere in diesel pricing. The issue of pricing originates from higher commodity prices and the significant depreciation of BRL over the past year, which has led to the IGP-M inflation Index hitting 23.1% for 2020. While most public sector costs are linked to the IPCA Index, which rose 4.5%, some contracts are still linked to IGP-M, leading to concerns of double-digit rises in utility bills at a time of rising unemployment and a resurgence in Covid-19 cases.

In China, the Shanghai Composite Index increased by 0.7% and the Hang Seng by 2.5% as the economy continued to post modestly positive data, with the manufacturing PMI at 50.6, showing slight expansion. The Chinese Renminbi depreciated by 1.8% against Sterling.

India was a relative bright spot, with the Sensex Index advancing 6.1% and hitting new all-time highs during the month. The country has so far avoided a second wave of coronavirus, and while the number of cases has exceeded 11.0m, deaths per capita have been remarkably low. The economy is bouncing back strongly with the services PMI rising to 55.3 in February. The Indian Rupee depreciated by 2.5% against Sterling.

Chilean markets benefitted from the higher copper prices and rapid vaccination rollout, with the IPSA up 6.6% in the month, and the CLP depreciating by 0.5% against GBP.

PORTFOLIO

There were two changes to the constituents of the top twenty holdings in the portfolio during February, with Starpharma and Naver replacing Eletrobras and Ecorodovias due to relative performance. Starpharma is engaged in the development of new pharmaceutical and medical products based on proprietary polymers called dendrimers. Starpharma's share price was up 40.5% during February and they recently developed an antiviral nasal spray for Covid-19 called VIRALEZE

which is complementary to vaccines and other preventative measures. Naver is a leading Korean internet company specialising in search advertising and a rapidly expanding e-commerce marketplace and payments platform; Naver's share price was up 9.5% in the month. UEM has been invested in both companies for over a year.

Thirteen of UEM's top twenty investments improved during February, with strong performances in India and China. India Grid's share price eased 4.0% on rising yield curves, Gujarat State Petronet ("GSPL") and Power Grid's share prices soared 26.9% and 16.0% respectively. GSPL reported superb growth for the December quarter, with city gas volumes up 17.7% and EPS growing by almost 50% as economic activity bounced back. Power Grid benefitted from the launch of its infrastructure investment trust, which will see some of its transmission assets spun out into a yield company, and it also reported robust EPS growth of 29.4% for the December quarter.

In China, UEM's gas investments performed well, with China Gas Holdings up 14.1% and KunLun Energy up 7.5% as natural gas demand remained firm, posting double-digit year-on-year growth in volumes since the start of 2021. China Everbright Greentech's share price was flat over the month.

Weaker performances were evident in our Brazilian positions notably Rumo (-10.6%) and Alupar (-7.6%), as well as Ecorodovias (-11.6%) which fell out of the top twenty. With the Brazilian yield curve steepening materially, bond proxy stocks such as Alupar were negatively impacted. Rumo's decline was amplified by reporting a worse than expected deterioration in yields due to competitive pressures in the December quarter. Ocean Wilsons was flat over the month, while Simpar was a relative outperformer, up 7.3% following a reasonably-priced acquisition by one of its subsidiaries, bolstering its growth.

UEM's digital infrastructure assets were mixed, with KINX falling 13.1% after the release of headline results, while MyEG rose by 11.0% as it announced the launch of at-home Covid-19 testing services in Malaysia from 1 March 2021. Citic Telecom's share price rose 2.4% during the period.

ICT's share price firmed slightly, up 1.2% over the month, while ECL declined 1.4%. In Colombia BVC's share price fell 4.4% and Corficolombiana was up 0.9%.

Purchases during the month for the portfolio amounted to £11.1m and realisations totalled £2.6m.

DEBT

UEM reduced its bank debt in February from £45.9m to £40.4m, drawn in US Dollar.

OTHER

UEM's share price ended February at 193.00p, down 0.3% over the month and the discount widened to 13.5%. During February UEM bought back 0.6m shares at an average price of 202.50p.

Charles Jillings

ICM Investment Management Limited and ICM Limited

PORTFOLIO SUMMARY

TOP TWENTY HOLDINGS		% of total investments
1	International Container Terminal Services Inc.	6.2%
2	Ocean Wilsons Holdings Limited	3.3%
3	India Grid Trust	3.1%
4	My E.G. Services Bhd	3.1%
5	Gujarat State Petronet Limited	3.0%
6	Alupar Investimento S.A.	3.0%
7	China Everbright Greentech Limited	2.7%
8	Engie Energia Chile S.A.	2.5%
9	Rumo S.A.	2.5%
10	Corporacion Financiera Colombiana S.A.	2.5%
11	China Gas Holdings Limited	2.2%
12	Power Grid Corporation of India Limited	2.1%
13	KINX Inc	2.1%
14	Simpar S.A.	2.0%
15	Bolsa de Valores de Colombia	1.9%
16	Starpharma Holdings Limited	1.9%
17	Naver Corporation Limited	1.9%
18	Conpet S.A.	1.9%
19	Citic Telecom International Holdings Limited	1.8%
20	KunLun Energy Company Limited	1.8%
Total Top Twenty		51.5%

SECTOR SPLIT OF INVESTMENTS

Electricity	19.3%
Ports and Logistics	15.5%
Data Services and Infrastructure	13.8%
Gas	11.4%
Telecoms and Satellites	8.8%
Other	8.5%
Road and Rail	7.1%
Infrastructure Investment Funds	5.2%
Renewables	5.1%
Airports	3.3%
Water and Waste	2.0%

GEOGRAPHICAL SPLIT OF INVESTMENTS

Brazil	18.6%
China including Hong Kong	17.1%
India	13.3%
Other Asia	9.7%
South Korea	6.6%
The Philippines	6.2%
Middle East/Africa	6.1%
Other Europe	5.7%
Colombia	5.1%
Malaysia	3.6%
Chile	3.4%
Romania	3.1%
Mexico	1.5%

Registered Office: The Cottage, Ridge Court, The Ridge, Epsom, Surrey KT18 7EP

UK Contact: Telephone: 01372 271 486

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).

