

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

FEBRUARY 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

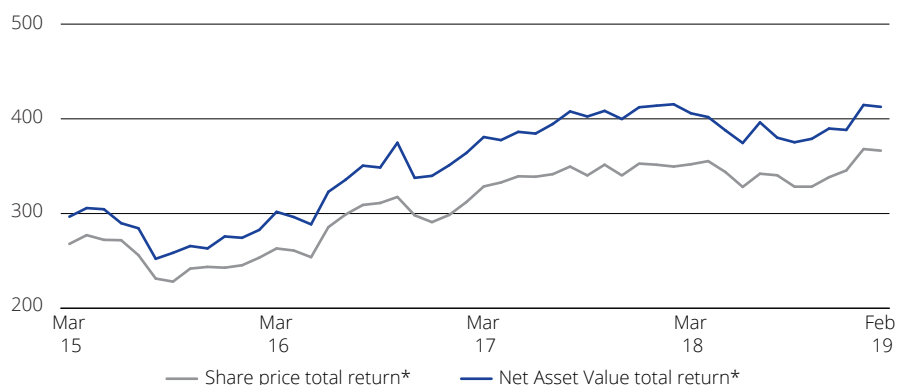
To seek to invest mainly in companies and sectors displaying the characteristics of essential services or monopolies such as utilities, transportation infrastructure, communications or companies with a unique product or market position.

### KEY DATES

<b>Launch Date*</b>	20 July 2005
<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

\*Utilico Emerging Markets Limited - UEM's predecessor

### PERFORMANCE



Rebased to 100 as at 20 July 2005

### PERFORMANCE (Total return\*)

	1 month	3 months	1 year	3 years	Inception
Share Price	(0.5%)	8.4%	4.8%	44.6%	266.4%
Net Asset Value	(0.5%)	5.7%	(0.7%)	45.9%	312.6%

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

12 Months to	Feb 19	Feb 18	Feb 17	Feb 16	Feb 15
Share Price	4.8%	12.0%	23.2%	(3.4%)	8.7%
Net Asset Value	(0.7%)	14.1%	28.7%	(1.5%)	10.2%

\*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)	247.17p
Share Price	217.00p
Discount to diluted NAV	(12.2%)
NAV Total return since launch*	312.6%
Annual average compound return*	11.0%
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	229,812,473

\*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	£568.0m
Bank Debt	£0.0m
Shareholders' Funds	£568.0m
Gearing (based on AIC definition)	(2.9%)

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 February UEM's NAV total return decreased by 0.5%, marginally ahead of the MSCI Emerging Markets Total Return Index which was down 0.9% in Sterling Terms.

Emerging markets ("EM") in February were mixed, with the Chinese Shanghai Composite Index up 13.8% on the back of rising optimism that a US-China trade agreement will be signed as well as the realisation by the domestic Chinese investors that the Chinese government has stopped deleveraging and has become more supportive of the economy. MSCI also announced at the end of the month that it will increase MSCI China A large-cap and midcap securities to 20% from 5% of their respective free float-adjusted market capitalizations thereby tripling the Chinese weighting in the EM Index from 0.71% to 2.82% by August 2019. The Chinese market enthusiasm partly flowed through to the Hong Kong market as the Hang Seng Index was up by 2.5% during February with Sterling appreciating 1.2% against the Hong Kong Dollar.

The Romanian BET Index was up 10.4% during the month, recovering from the past two month's weakness as the government indicated that it may reconsider the controversial "greed tax" in relation to banks announced in December 2018.

However, the Argentinian Merval Index was down 5.1% after witnessing a strong rally in January due to another negative surprise. CPI inflation for January was announced at a 2.9% increase, higher than the market consensus of 2.5%, interrupting a trend of three consecutive months of slowing down. As a result, Sterling appreciated against the Argentinian Peso by 6.1%.

Despite the announcement of a better than expected pension reform proposals in Brazil, the Brazilian Bovespa Index was down by 1.9% with Sterling appreciating against the Brazilian Real by 4.1%. The pension reforms are expected to save 2.5% of GDP by 2027, 20% higher than the former President Temer's original proposal and 80% higher than the bill currently in Congress.

The Philippines PSEi Index was also down by 3.8% along with the Indian Sensex Index, down by 1.1%, partly due to geopolitical tensions increasing with Pakistan and partly due to the fact that India starts to focus on elections starting in April, with uncertainty about the electoral outcome rising.

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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).

## PORTFOLIO

There was one new entry into the top twenty in February, Youtap Limited replacing Transelectrica, which has seen share price weakness on the back of the Romanian government's "greed tax". Youtap, which is unlisted, is a provider of electronic payment solutions in Africa and Asia, with UEM currently holding the redeemable preference shares. During February, the portfolio performed well with eleven stocks' share prices increasing over the period. Shanghai Airport's share price was up by 16.5% on the back of positive market sentiment in China as well as good FY18 preliminary results announced illustrating rising non-aeronautical revenues helping drive 17.0% top line growth. China Resources Gas' share price was also up by 10.9%, partly due to market sentiment as well as one province announcing connection fee caps better than the market feared. International Container Terminals' share price was up 7.1% on back of positive market sentiment, whilst Alupar was also up by 6.6% in February due to a series of announcements for granted installation licenses for transmission lines.

Eight of the top twenty share prices in the portfolio were down in February. Enel Americas was down 14.9% due to the announcement of a USD 3.5bn rights issue, partly required to fund up to USD 2.0bn minority buyouts in Latin America. Cosan Logistics was down 6.5%, mainly due to profit taking. Engergisa's share price was down over the period by 3.6%, with Metro Pacific down by 3.3% and Power Grid Corp of India down by 3.1%.

Purchases during the month for the portfolio amounted to £8.5m and realisations totalled £10.6m.

## DEBT

UEM remained ungeared, having fully repaid its bank debt of £5.0m in October 2018.

## OTHER

UEM's share price ended February at 217.00p, down 0.5% on previous month-end, with the discount to NAV remaining the same at 12.2%. On 18 February 2019, UEM declared a third quarterly dividend of 1.80p per ordinary share in respect of the period ending 31 March 2019, which will be paid on 29 March 2019.

During the month UEM bought back 579,442 ordinary shares for cancellation at an average price of 221.55p.

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

## PORTFOLIO SUMMARY

TOP TWENTY HOLDINGS		% of total investments
1	International Container Terminal Services Inc.	5.7%
2	Companhia de Gas de Sao Paulo (Comgas)	4.5%
3	Ocean Wilsons Holdings Limited	4.5%
4	Alupar Investimento S.A.	4.2%
5	Energisa S.A.	3.7%
6	China Resources Gas Group Ltd	3.5%
7	Rumo S.A.	3.4%
8	Companhia de Saneamento do Paraná (Sanepar)	2.8%
9	Yuexiu Transport Infrastructure Limited	2.7%
10	Cosan Logistica S.A.	2.5%
11	Engie Energia Chile S.A.	2.5%
12	APT Satellite Holdings Limited	2.4%
13	Shanghai International Airport Co Ltd	2.2%
14	China Everbright Greentech Limited	2.2%
15	Enel Américas S.A	2.1%
16	Transgaz S.A.	2.0%
17	Metro Pacific Investments Corporation	1.9%
18	Conpet S.A.	1.9%
19	Power Grid Corporation of India Limited	1.7%
20	Youtap Limited	1.4%
<b>Total Top Twenty</b>		<b>57.8%</b>

## SECTOR SPLIT OF INVESTMENTS

Electricity	20.9%
Gas	15.8%
Ports	14.8%
Road and Rail	10.6%
Telecoms and Satellites	9.0%
Airports	7.1%
Water and Waste	6.8%
Other	6.2%
Renewables	5.8%
Infrastructure Investment Funds	3.0%

## GEOGRAPHICAL SPLIT OF INVESTMENTS

Brazil	30.4%
China Incl. HK	19.3%
Philippines	7.6%
Romania	7.2%
Middle East / Africa	5.9%
Other Latin America	5.6%
India	5.2%
Other Europe	4.8%
Other Asia	4.4%
Argentina	4.0%
Chile	2.9%
Malaysia	2.0%
Thailand	0.7%

