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# Offering long-term value in emerging markets investments

## JANUARY 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

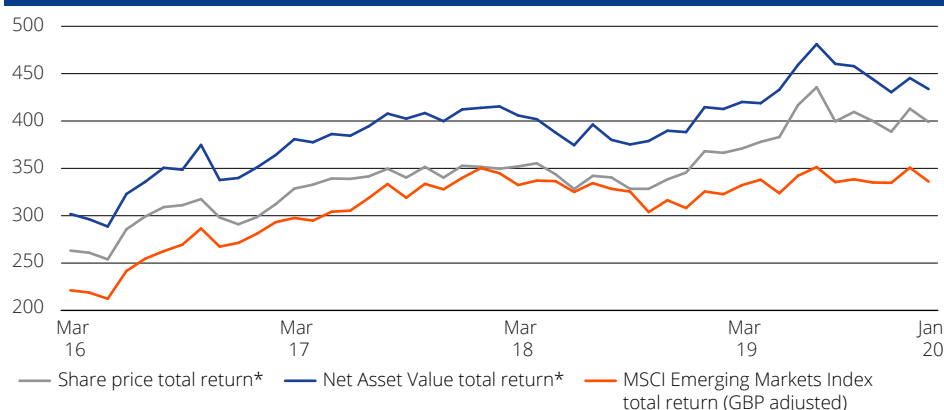
To seek to invest mainly in companies and sectors displaying the characteristics of essential services or monopolies such as utilities, transportation infrastructure, communications or companies with a unique product or market position.

### KEY DATES

<b>Launch Date<sup>+</sup></b>	20 July 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

<sup>+</sup>Utilico Emerging Markets Limited – UEM's predecessor

## PERFORMANCE



### PERFORMANCE (Total return\*)

	1 month	3 months	1 year	3 years	Inception
Share Price	(3.4%)	(0.3%)	8.4%	33.7%	299.0%
Net Asset Value	(2.6%)	(2.4%)	4.6%	23.6%	333.7%
MSCI Emerging Markets Index (GBP adjusted)	(4.2%)	0.3%	3.2%	19.6%	236.1%

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

12 Months to	Jan 20	Jan 19	Jan 18	Jan 17	Jan 16
Share Price	8.4%	4.7%	17.8%	21.7%	(10.4%)
Net Asset Value	4.6%	0.2%	17.9%	27.9%	(7.5%)
MSCI Emerging Markets Index (GBP adjusted)	3.2%	(7.1%)	24.6%	41.9%	(16.5%)

\*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)	252.64p
Share Price	229.00p
Discount to diluted NAV	(9.4%)
NAV Total return since launch*	333.7%
Annual average compound return*	10.6%
Historic Dividend paid per share (last 12 months)	7.33p
Historic Dividend Yield (last 12 months)	3.2%
Ongoing charges figure excluding performance fee	1.1%
Shares in issue	228,019,543

<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	£626.1m
Bank Debt	£(50.0)m
Shareholders' Funds	£576.1m
Gearing (based on AIC definition)	7.3%

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)

### 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.





## PERFORMANCE

UEM's NAV total return declined by 2.6% in January, finishing ahead of the MSCI Emerging Markets Total Return Index which fell by

4.2% in Sterling terms over the same period.

Global markets were rocked by the outbreak of a novel coronavirus (2019-nCoV) in the central Chinese city of Wuhan, with the alarming rate of transmission prompting the WHO to declare a global health emergency at the month. The news overshadowed China's reasonably upbeat December GDP figures, though annual growth of 6.1% for 2019 was the lowest recorded rate in twenty-nine years.

The majority of emerging market indices ended the month in the red, led by the Philippines' PSEi which was down 7.9%, and Hong Kong's Hang Seng, was down 6.7%. While stocks in Hong Kong were some of the worst affected by news of the coronavirus outbreak, Filipino corporates traded down on heightened regulatory risk as President Duterte continued to probe government contracts. The Mexican Bolsa and Romanian BET were the only two emerging market indices to record gains over the month, rising 1.3% and 0.5%, respectively.

Currency movements were mixed. While key Latin American currencies recorded significant declines against Sterling, the Brazilian Real and Chilean Peso were down 5.4% and 5.6%, respectively. Most Asian currencies held up well, with the Hong Kong Dollar, Philippine Peso and Malaysian Ringgit posting respective gains of 0.8%, 0.1% and 0.3%.

## PORTFOLIO

There was only one change to the constituents of UEM's top twenty in January, with Romanian investment fund Fondul Proprietatea replacing Chinese toll road Yuexiu Transport in twentieth position. The former saw its share price rise 10.8% over the month owing to positive NAV revisions while UEM has been reducing its stake in the latter.

Other strong performers over the month included Gujarat State Petronet and Torrent Power, both up 15.4% and 9.0%, respectively, benefitting from falling Liquified Natural Gas prices and new electricity sector reforms. Weak performers included China Everbright Greentech, down 12.4%, and Rumo, down 11.1%, falling mainly on China concerns.

Purchases for the portfolio amounted to £16.2m during the month, while realisations totalled £13.9m.

## DEBT

UEM increased its bank debt from £49.8m to £50.1m, all drawn in US Dollars.

## OTHER

UEM's share price ended January at 229.00p, down 3.4% from December 2019. The discount to NAV widened from 8.6% to 9.4%.

UEM announced that on 30 January 2020 the Company purchased for cancellation 37,865 ordinary shares at a price of 230.00p per share.

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

## PORTFOLIO SUMMARY

TOP TWENTY HOLDINGS		% of total investments
1	International Container Terminal Services Inc.	5.9%
2	Alupar Investimento S.A.	4.9%
3	Energisa S.A.	4.1%
4	Companhia de Saneamento do Paraná (Sanepar)	3.8%
5	Ocean Wilsons Holdings Limited	3.2%
6	Rumo S.A.	3.2%
7	Omega Geracao S.A.	2.9%
8	Ecorodovias Infraestrutura e Logistica S.A.	2.9%
9	China Everbright Greentech Limited	2.8%
10	Cosan Logistica S.A.	2.8%
11	China Resources Gas Group Ltd	2.6%
12	Engie Energia Chile S.A.	2.5%
13	Gujarat State Petronet Limited	2.3%
14	Huaneng Renewables	2.1%
15	Transgaz S.A.	2.1%
16	India Grid Trust	2.1%
17	Centrais Eletricas Brasileiras S.A. (Eletrobras)	1.9%
18	Torrent Power Limited	1.9%
19	APT Satellite Holdings Limited	1.7%
20	Fondul Proprietatea S.A.	1.7%
<b>Total Top Twenty</b>		<b>57.4%</b>

## SECTOR SPLIT OF INVESTMENTS

Electricity	21.5%
Ports	14.8%
Road and Rail	12.2%
Renewables	9.3%
Gas	9.2%
Telecoms and Satellites	8.7%
Other	7.4%
Infrastructure Investment Funds	6.8%
Water and Waste	6.5%
Airports	3.6%

## GEOGRAPHICAL SPLIT OF INVESTMENTS

Brazil	32.8%
China including Hong Kong	18.3%
India	11.0%
Philippines)	7.0%
Other Asia	6.7%
Romania	6.1%
Middle East/Africa	5.5%
Mexico	3.8%
Colombia	3.5%
Other Europe	2.8%
Chile	2.5%

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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).

