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# Offering long-term value in emerging markets investments



## JULY 2022

**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.

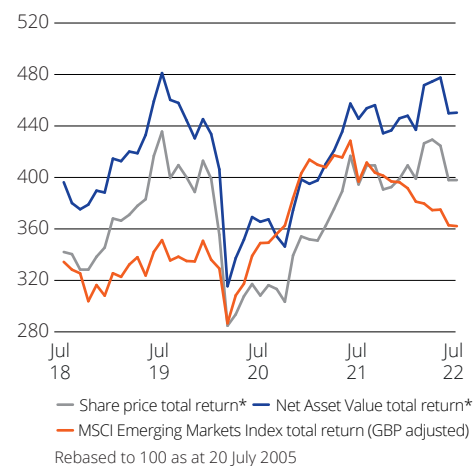
### INVESTMENT APPROACH

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 2022
<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 2026

## PERFORMANCE



## PERFORMANCE (Total return\*)

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

	1 month	3 months	1 year	3 years	5 years	Inception	Jul 22	Jul 21	Jul 20	Jul 19	Jul 18
Share Price	0.0%	(7.3%)	0.9%	(8.7%)	16.5%	297.9%	0.9%	28.0%	(29.2%)	27.4%	0.1%
Net Asset Value ("NAV") per share	0.1%	(5.1%)	1.2%	(6.4%)	14.1%	350.3%	1.2%	21.8%	(24.0%)	21.4%	0.4%
MSCI Emerging Markets Index (GBP adjusted) ("MSCI")	(0.2%)	(3.3%)	(8.7%)	3.1%	13.6%	262.2%	(8.7%)	13.7%	(0.7%)	5.1%	4.9%

## FUND DETAILS

### ORDINARY SHARES

NAV per share at launch +	98.36p
NAV per share (cum income)	240.69p
Share price	207.00p
Discount to diluted NAV	(14.0%)
NAV per share total return since launch *	350.3%
Annual average compound return *	9.2%
Historic dividend paid per share (last 12 months)	8.00p
Historic dividend yield (last 12 months)	3.9%
Ongoing charges figure	1.4%
Shares in issue	209,003,520
Ticker	UEM.L

### CAPITAL STRUCTURE

Gross Assets less Current Liabilities	£522.3m
Bank Debt	£(19.3)m
Shareholders' Funds	£503.0m
Gearing/(net cash)	3.2%

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 (PER ANNUM)

1.0% of NAV up to and including £500m;  
 0.9% of NAV exceeding £500m up to and including £750m;  
 0.85% of NAV exceeding £750m up to and including £1,000m; and,  
 0.75% of NAV exceeding £1,000m.

+ 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

## 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).





## PERFORMANCE

In July, UEM's NAV total return increased marginally by 0.1%, slightly outperforming the MSCI Emerging Markets total return Index which decreased by 0.2% in Sterling terms for the period.

During July, the majority of global equity markets rebounded as the US Federal Reserve indicated that the pace of policy tightening that has been witnessed recently may relent from here, implying that an interest rate cut could be on the horizon in 2023. This anticipated pivotal change in policy arose as the US reported a second quarter of negative GDP growth of 0.9% implying that the US is technically in recession, albeit the strong labour market means that it is unlikely to be formally declared. Nevertheless, strong inflationary pressures remain with the US in July reporting a consumer price index increase of 9.1%.

The change in direction of the Federal Reserve's interest rate policy supported growth assets, helping the S&P Index increase by 9.1% in July and the Brazilian Bovespa increase by 4.7%. India also benefitted resulting in the SENSEX Index increasing by 8.6% but was also boosted by lower energy prices over the month of July as well as Modi's government reversing the windfall tax on local crude oil sales and fuel exports. The Chilean IPSA Index was also up by 6.2% during the period.

China was one of the outliers in July with the Shanghai Composite down by 4.3% and the Hang Seng Index down by 7.8%. President Xi's zero tolerance Covid-19 policy continued to dampen the markets as the spread of the Omicron variant resulted in tight new covid lockdown measures being implemented across several cities. Concerns around the property sector also continued to increase, whilst economic data published in July was mixed with 2Q GDP expanding at its slowest rate since 2020 at 0.4% y-o-y, yet June's exports data reporting 17.9% growth y-o-y.

Sterling performance in July was mixed, appreciating by 2.7% against the Euro, 2.8% against the Thai Baht, 2.4% against the Romanian Leu and marginally up against the US Dollar by 0.2%. However, Sterling depreciated by 3.6% against the Chilean Peso, 1.3% against the Australian Dollar and 0.4% against the Brazilian Real.

## PORTFOLIO

There were two changes to the constituents of the top thirty holdings of the portfolio in July. KT Corp, the leading telecoms operator in South Korea replacing Corp Financiera Colombiana and Naver Corp, a fast growing Korean internet giant, being the market leader in search, advertising and e-commerce, also in South Korea replacing China Everbright Environment Group. Both stocks re-entering the top thirty on the back of a recovery of share price performance following sharp falls in June.

Performance across the portfolio was mixed. There were a few strong performers in July with Simpar up by 11.2% and Rumo was up 9.8%. Both regaining some of the loss witnessed in June, reflective of growth stocks in Brazil benefiting from

the changing expectation that interest rates could start to fall in 2023. KINX and Naver Corp were also up by 9.4% and 7.9%, respectively, benefiting from share price recovery.

There were some weak performers in July in the portfolio, China Datang Corp Renewable Power was down by 20.0%. The majority of Chinese wind power operators underperformed due to market concerns around weaker demand growth and higher wind power curtailment in 2Q22. There was also some market speculation regarding potential future restrictions on offshore wind projects in eastern China reportedly linked to the recent geopolitical tensions. China Everbright Greentech was down by 17.3% due to management issuing a profit warning that 1H22 could expect to see a 40% YoY decline in earnings due to significant increases in raw material costs and weak demand for waste as a result of regional Covid-19 controls in China. MyEG was down by 12.0% as continued concerns that covid related revenues could reduce as Malaysia drops quarantine and testing requirements for entry.

Pleasingly a number of UEM investments reported results for the second quarter well ahead of expectations. ICT reported volumes and revenues for the second quarter at record levels and profit before tax up 54.0%. On UEM's website under the news feeds there is a number of links to recent portfolio news - <https://www.uemtrust.co.uk/news/media>

## DEBT

UEM's bank debt increased from £15.5m to £19.3m, all drawn in Euros which was up from EUR 18.0m as at the end of June to EUR 23.0m as at the end of July. During July, purchases totalled £8.9m and realisations totalled £7.1m.

## OTHER

UEM's share price ended July at 207.00p, same as June. The discount to NAV widened slightly to 14.0% from 13.9% with UEM continuing to take advantage of the discount in July and bought back 0.9m shares at an average price of 208.52p.

On 28 July 2022, the ICM investment team presented to a number of private investors on the Investor Meet Company platform, you can watch the presentation via this link - <https://www.uemtrust.co.uk/investor-relations/analyst-research>

## Charles Jillings ICM Investment Management Limited and ICM Limited

### SECTOR SPLIT OF INVESTMENTS

Electricity	18.3%
Ports and Logistics	17.9%
Data Services and Digital Infrastructure	14.8%
Renewables	10.3%
Gas	7.7%
Telecommunications	7.3%
Airports	5.7%
Other	5.5%
Infrastructure Investment Funds	4.9%
Water and Waste	4.7%
Road and Rail	2.9%

TOP THIRTY HOLDINGS		% of total investments
1	International Container Terminal Services, Inc.	4.4%
2	Alupar Investimento S.A.	4.0%
3	Petalite Limited	3.5%
4	India Grid Trust	3.3%
5	Gujarat State Petronet Limited	3.0%
6	Centrais Eletricas Brasileiras S.A. (Eletrobras)	2.7%
7	CGN Capital Partners Infra Fund 3	2.6%
8	FPT Corporation	2.6%
9	Ocean Wilsons Holdings Limited	2.6%
10	VinaCapital Vietnam Opportunity Fund Ltd	2.5%
11	Power Grid Corporation of India Limited	2.4%
12	My E.G. Services Bhd	2.1%
13	China Gas Holdings Limited	1.9%
14	Rumo S.A.	1.9%
15	Simpar SA	1.9%
16	Telelink Business Services	1.8%
17	Grupo Aeroportuario del Pacifico, S.A.B. de C.V. (GAP)	1.8%
18	Citic Telecom International Holdings Limited	1.8%
19	Orizon Valorizacao de Resiuos S.A.	1.8%
20	Powergrid Infrastructure Investment Trust	1.8%
21	KunLun Energy Company Limited	1.7%
22	Santos Brasil Participacoes S.A.	1.6%
23	Korean Internet Neutral Exchange Inc. (KINX)	1.5%
24	China Datang Corporation Renewable Power Co., Limited	1.5%
25	Conversant Solutions Pte Limited	1.5%
26	KT Corporation	1.4%
27	China Everbright Greentech Limited	1.4%
28	Grupo Aeroportuario del Centro Norte, S.A.B. de C.V. (OMA)	1.4%
29	PT Link Net Tbk.	1.3%
30	Naver Corporation Limited	1.3%
<b>Total Top Thirty</b>		<b>65.0%</b>

### GEOGRAPHICAL SPLIT OF INVESTMENTS

Brazil	19.9%
China incl. HK	15.9%
India	12.9%
Other Europe	10.9%
Vietnam	8.1%
Middle East/Africa	5.1%
South Korea	4.9%
Other Asia	4.6%
The Philippines	4.4%
Mexico	4.1%
Colombia	3.0%
Malaysia	2.1%
Chile	2.1%
Romania	2.0%