

EMERGING CITIES. EMERGING WEALTH. EMERGING OPPORTUNITIES.

Offering long-term value in emerging markets investments

SEPTEMBER 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

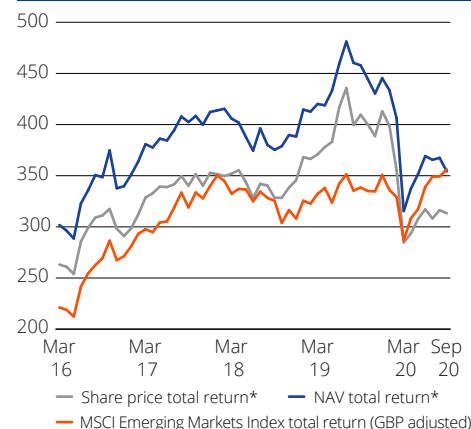
To seek to invest mainly in companies and sectors displaying the characteristics of essential services or monopolies such as utilities, transportation infrastructure, communications or companies with a unique product or market position.

KEY DATES

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

⁺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	(0.9%)	(1.2%)	(23.5%)	(7.9%)	213.3%
Net Asset Value	(3.6%)	(4.1%)	(22.6%)	(12.0%)	254.3%
MSCI Emerging Markets Index (GBP adjusted)	2.0%	5.0%	5.2%	11.6%	256.1%

ROLLING 12 MONTH PERFORMANCE (Total return*)

12 Months to	Sep 20	Sep 19	Sep 18	Sep 17	Sep 16
Share Price	(23.5%)	24.7%	(3.5%)	9.4%	36.4%
Net Asset Value	(22.6%)	22.0%	(6.8%)	15.4%	34.8%
MSCI Emerging Markets Index (GBP adjusted)	5.2%	4.0%	2.0%	18.4%	36.3%

*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)	200.56p
Share Price	174.00p
Discount to diluted NAV	(13.2%)
NAV Total return since launch*	254.3%
Annual average compound return*	8.7%
Historic Dividend paid per share (last 12 months)	7.70p
Historic Dividend Yield (last 12 months)	4.4%
Ongoing charges figure excluding performance fee	1.1%
Shares in issue	223,822,382

⁺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	£481.0m
Bank Debt	£(32.1)m
Shareholders' Funds	£448.9m
Gearing (based on AIC definition)	7.1%

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

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 3.6% during September, underperforming than the MSCI Emerging Markets Total Return Index which was up by 2.0% in Sterling

terms over the month.

This month has continued to present a challenging investment environment, with most EM markets declining in USD and local currency terms. Volatility has remained elevated as investors have contended with a resurgence of coronavirus cases in several countries, political uncertainty in the run-up to US elections, and extraordinary policy decisions to support economies during the crisis.

In China the Shanghai Composite Index fell 5.2% and the Hang Seng 6.8% as the banking sector was hit by allegations of money laundering from the leak of the FinCEN files, while US-China tensions remained elevated with Trump seeking to force the sale of Tik Tok's US operations from its Chinese parent. The Chinese Renminbi appreciated by 4.3% against Sterling.

The Brazil BOVESPA fell 4.8% in September as the country continued to post some of the highest number of new coronavirus cases globally, with over 5m infections and the second highest number of deaths after the US. With increasing concern over fiscal responsibility within the government, the Brazilian Real was the only major EM currency to depreciate versus Sterling in the month, down 0.2%.

In India, where coronavirus cases topped 7.0m, the SENSEX eased 1.5%, while the Philippine PCOMP and the Bucharest BET were broadly unchanged. The Indian Rupee appreciated 2.6% against Sterling, while the Philippine Peso and the Romanian Leu appreciated by 3.1% and 0.9% respectively.

PORTFOLIO

There was one change to the constituents of the top twenty holdings in the portfolio during September, with China Gas Holdings ("China Gas") replacing Torrent Power. China Gas is a gas distribution company that has previously featured in the top ten of UEM's holdings several years ago but was exited on valuation grounds. Shares are back at the same level as three years ago, a period over which China Gas has more than doubled EBITDA, profits, and dividends, and ICM saw

recent months as an opportune time to reinstate a substantial position.

Sixteen of UEM's top twenty investments declined, with the worst performances from our Brazilian positions notably Rumo (-19.8%), Eletrobras (-16.9%) and Ecorodovias (-11.6%). Rumo signalled to the market that they are unlikely to make guidance this year, while Eletrobras fell on concerns over delays to the privatisation agenda. Ocean Wilsons continues to disappoint, declining 6.9% even though listed subsidiary Wilson Sons was flat. Alupar was relatively resilient, easing 2.3%.

In India, Powergrid fell 10.9% notwithstanding plans to spin off some of its transmission assets into an InvIT. These have proven to be attractive investment vehicles for UEM, evidenced by Indgrid which continues to pay out a 12.0% dividend yield and whose share price was up 4.9% in September. UEM's digital infrastructure assets were mixed, with KINX up 1.2% but MyEG down 11.6% as it gave up the gains seen in August. ICT performed well, with its share price up 3.8% in the month.

While share price performances in the infrastructure and utilities space have been poor, we are encouraged by the latest data which shows power consumption in key markets such as China, India and Brazil growing year-on-year at high single digits again and toll road traffic normalising. Many investee companies are trading at very attractive valuations and UEM's long-term focus should enable us to capitalise on these opportunities.

Purchases during the month for the portfolio amounted to £33.0m and realisations totalled £23.9m.

DEBT

UEM increased its bank debt in September from £20.6m to £32.1m, drawn in US Dollars.

OTHER

UEM's share price ended September at 174.00p, down 2.0% over the month. The discount narrowed to 13.2%.

UEM's first quarterly interim dividend of 1.925p per ordinary share in respect of the year ending 31 March 2021, was paid on 18 September 2020 to shareholders on the register on 4 September 2020.

Charles Jillings
ICM Investment Management Limited
and ICM Limited

PORTFOLIO SUMMARY

TOP TWENTY HOLDINGS	% of total investments
1 International Container Terminal Services Inc.	6.7%
2 Alupar Investimento S.A.	3.4%
3 Rumo S.A.	3.2%
4 Engie Energia Chile S.A.	3.0%
5 India Grid Trust	3.0%
6 China Everbright Greentech Limited	3.0%
7 Gujarat State Petronet Limited	2.9%
8 KINX Inc	2.8%
9 Ocean Wilsons Holdings Limited	2.5%
10 Corporacion Financiera Colombiana S.A.	2.3%
11 CITIC Telecom International Holdings Limited	2.2%
12 Centrais Elétricas Brasileiras S.A. (Eletrobras)	2.1%
13 Bolsa de Valores de Colombia	2.1%
14 Conpet S.A.	2.0%
15 My E.G. Services Bhd	2.0%
16 Power Grid Corporation of India Limited	1.9%
17 Ecorodovias Infraestrutura e Logística S.A.	1.9%
18 China Gas Holdings Limited	1.8%
19 Société Nationale des Télécommunications du Senegal (Sonatel)	1.8%
20 Calcutta Electric Supply Corporation (CESC)	1.7%
Total Top Twenty	52.3%

SECTOR SPLIT OF INVESTMENTS

Electricity	20.8%
Ports and Logistics	14.1%
Data Services and Infrastructure	11.6%
Gas	10.7%
Telecoms and Satellites	9.5%
Road and Rail	8.5%
Other	7.9%
Renewables	7.1%
Infrastructure Investment Funds	4.3%
Airports	2.9%
Water and Waste	2.6%

GEOGRAPHICAL SPLIT OF INVESTMENTS

Brazil	19.7%
China including Hong Kong	18.8%
India	12.9%
South Korea	7.3%
Other Asia	7.0%
Middle East/Africa	7.0%
The Philippines	6.7%
Colombia	5.3%
Other Europe	5.2%
Romania	3.9%
Chile	3.0%
Malaysia	2.5%
Mexico	0.7%

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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).

