

EMERGING CITIES. EMERGING WEALTH. EMERGING OPPORTUNITIES.

# Offering long-term value in emerging markets investments

## MAY 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

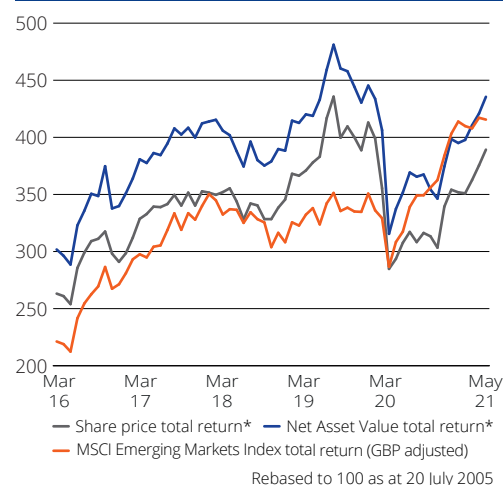
To seek to invest mainly in companies and sectors displaying the characteristics of essential services or monopolies such as utilities, transportation infrastructure, communications or companies with a unique product or market position.

## KEY DATES

<b>Launch Date<sup>+</sup></b>	20 July 05
<b>Year End</b>	31 March
<b>AGM</b>	21 September 2021
<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	3.7%	10.9%	26.5%	13.2%	289.2%
Net Asset Value	3.5%	9.5%	23.8%	12.3%	335.5%
MSCI Emerging Markets Index (GBP adjusted)	(0.4%)	1.4%	30.9%	23.5%	315.5%

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

12 Months to	May 21	May 20	May 19	May 18	May 17
Share Price	26.5%	(19.7%)	11.4%	1.3%	33.6%
Net Asset Value	23.8%	(18.8%)	11.7%	0.4%	33.8%
MSCI Emerging Markets Index (GBP adjusted)	30.9%	(2.0%)	(3.8%)	10.6%	43.3%

\*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

NAV at launch <sup>+</sup>	98.36p
NAV (cum income)	242.40p
Share Price	212.00p
Discount to diluted NAV	(12.5%)
NAV Total return since launch*	335.5%
Annual average compound return*	9.7%
Historic Dividend paid per share (last 12 months)	7.70p
Historic Dividend Yield (last 12 months)	3.6%
Ongoing charges figure excluding performance fee	1.1%
Shares in issue	220,773,519
Ticker	UEM.L

<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	£584.1m
Bank Debt	£(49.0)m
Shareholders' Funds	£535.1m
Gearing (based on AIC definition)	6.9%

GEARING AIC - standardised gearing calculation as recommended by the AIC is based on net assets

### INVESTMENT MANAGEMENT FEE

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

### 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)





## PERFORMANCE

UEM's NAV total return increased 3.5% during May, ahead of the MSCI Emerging Markets Total Return Index which was down 0.4% in Sterling terms over the

month.

Global markets were broadly firmer in May as Covid-19 vaccination programs in developed economies hit new highs, with the majority of the adult populations of the US and UK now vaccinated. However, as major economies start to re-open, several emerging markets have seen a resurgence of cases and renewed lockdowns, leading to significant divergence in economic momentum.

India was hit hard by a second wave of Covid-19 in May, resulting in several local and state-wide lockdowns. Despite this, the SENSEX Index was remarkably strong, up 6.5% and approaching all-time record highs. The Indian Rupee was similarly resilient, depreciating by just 0.2% against Sterling.

Brazil's economy has bounced back to pre-pandemic levels and markets were boosted by positive sentiment on progress with reforms, fiscal discipline and the benefit of higher commodity prices. The BOVESPA Index was up 6.2% and the Brazilian Real was one of the strongest performers, strengthening 1.5% versus Sterling.

A notable underperformer was Chile, where the election saw a highly fragmented Constituent Assembly with a notable swing to the left, and Congress approval of a bill allowing citizens to withdraw private pensions savings resulted in significant outflows. The IPSA fell 2.6% during May, with the CLP depreciating by 3.8% against GBP.

## PORTFOLIO

There were three changes to the constituents of the top thirty holdings in the portfolio during May, with Hidrovias do Brasil, CESC and China Tian Lun Gas replacing Santos, Telcel and WebCash, predominantly due to relative performance. Hidrovias is an integrated logistics provider focused on waterway transportation in Brazil with long term take-or-pay contracts. CESC is an integrated Indian utility company with

electricity generation and distribution assets, primarily serving Kolkata. China Tian Lun Gas is a city gas distribution operator.

Notably strong share price performances were evident in the transportation sector, in part reflecting appetite for stocks exposed to the re-opening of global trade. ICT shares appreciated 12.4% following strong 1Q21 results. Ocean Wilsons' share price was up 17.6%, helped by the announcement of its subsidiary Wilson Sons to be listed on the Novo Mercado segment of the Brazilian Stock Exchange. Simpar's share price was up 14.9% during May. There were also good performances from Eletrobras, up 16.1%, FPT, up 16.9% and KT Corp was up 19.2%.

In contrast, Engie Energia Chile's share price plummeted 22.6%, impacted by the poor sentiment in the Chilean market.

Purchases during the month for the portfolio amounted to £13.1m and realisations totalled £19.1m.

## DEBT

UEM's bank debt fell modestly in May to £49.0m from £50.2m, drawn in US Dollar.

## OTHER

UEM's share price ended May at 212.00p, up 3.7% over the month. The discount narrowed to 12.5%. During the month UEM bought back 0.5m shares at an average price of 210.11p. UEM declared a fourth quarterly dividend of 2.00p, which will be paid on 23 June 2021 to shareholders on the register on 4 June 2021.

## Charles Jillings ICM Investment Management Limited and ICM Limited

SECTOR SPLIT OF INVESTMENTS	
Electricity	18.4%
Ports and Logistics	18.2%
Data Services and Infrastructure	13.2%
Gas	11.0%
Telecoms and Satellites	8.4%
Other	8.3%
Road and Rail	6.1%
Infrastructure Investment Funds	5.8%
Renewables	5.1%
Airports	3.7%
Water and Waste	1.8%

## PORTFOLIO SUMMARY

TOP THIRTY HOLDINGS	% of total investments
1 International Container Terminal Services Inc.	6.1%
2 Ocean Wilsons Holdings Limited	4.0%
3 Alupar Investimento S.A.	3.3%
4 India Grid Trust	3.3%
5 Gujarat State Petronet Limited	3.1%
6 Rumo S.A.	2.7%
7 Simpar SA	2.6%
8 My E.G. Services Bhd	2.5%
9 China Everbright Greentech Limited	2.3%
10 KunLun Energy Company Limited	2.1%
11 Corporacion Financiera Colombiana S.A.	2.1%
12 Power Grid Corporation of India Limited	2.0%
13 China Gas Holdings Limited	1.9%
14 Citic Telecom International Holdings Limited	1.8%
15 Société Nationale des Télécommunications du Senegal (Sonatel)	1.8%
16 Hidrovias do Brasil S.A.	1.7%
17 VinaCapital Vietnam	1.7%
18 Naver Corporation Limited	1.7%
19 Centrais Elétricas Brasileiras S.A. (Eletrobras)	1.6%
20 Ecorodovias Infraestrutura e Logistica SA	1.6%
21 FPT Corporation	1.6%
22 KINX Inc	1.6%
23 Bolsa de Valores de Colombia	1.6%
24 CGN Capital Partners Infra Fund 3	1.6%
25 Engie Energia Chile S.A.	1.6%
26 Conpet SA	1.5%
27 CESC Limited	1.5%
28 Starpharma Holdings Limited	1.5%
29 KT Corporation	1.4%
30 China Tian Lun Gas Holdings Limited	1.4%
<b>Total Top Thirty</b>	<b>65.2%</b>

GEOGRAPHICAL SPLIT OF INVESTMENTS	
Brazil	20.2%
China including Hong Kong	16.5%
India	14.1%
Other Asia	10.1%
Other Europe	6.5%
The Philippines	6.1%
South Korea	6.1%
Middle East/Africa	5.7%
Colombia	4.1%
Malaysia	2.8%
Romania	2.8%
Mexico	2.6%
Chile	2.4%

**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).

