

EMERGING CITIES. EMERGING WEALTH. EMERGING OPPORTUNITIES.

Offering long-term value in emerging markets investments

AUGUST 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.

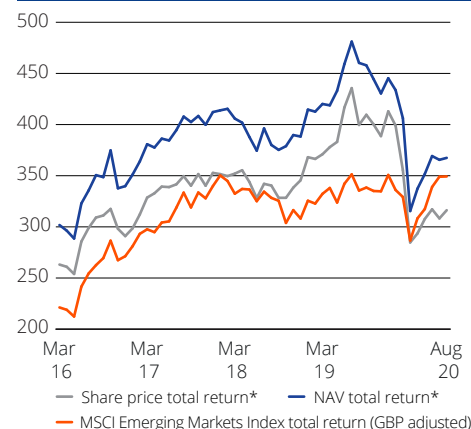
INVESTMENT APPROACH

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	2.6%	2.8%	(20.9%)	(9.6%)	216.3%
Net Asset Value	0.5%	4.5%	(20.2%)	(9.9%)	267.4%
MSCI Emerging Markets Index (GBP adjusted)	0.1%	10.0%	4.1%	4.7%	249.3%

ROLLING 12 MONTH PERFORMANCE (Total return*)

12 Months to	Aug 20	Aug 19	Aug 18	Aug 17	Aug 16
Share Price	(20.9%)	17.4%	(2.7%)	13.1%	33.6%
Net Asset Value	(20.2%)	21.1%	(6.8%)	16.4%	39.0%
MSCI Emerging Markets Index (GBP adjusted)	4.1%	2.2%	(1.5%)	27.0%	30.6%

*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)	209.91p
Share Price	177.50p
Discount to diluted NAV	(15.4%)
NAV Total return since launch*	267.4%
Annual average compound return*	9.0%
Historic Dividend paid per share (last 12 months)	7.58p
Historic Dividend Yield (last 12 months)	4.3%
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	£490.4m
Bank Debt	£(20.6)m
Shareholders' Funds	£469.8m
Gearing (based on AIC definition)	4.1%

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 advanced by 0.5% during August, marginally outperforming the MSCI Emerging Markets Total Return Index which advanced by 0.1% in Sterling terms over the month.

Performance in the major emerging market equity indices were mixed in August, with most markets continuing to be driven by a few big technology participants. China's economic recovery continued to gather pace, as did friction with the US, which we expect to continue in the run up to the US Presidential Election in November. The Shanghai Composite Index advanced 2.6% during the month and the Hang Seng Index increased by 2.4%, both benefiting from the technology constituents.

In Brazil, despite continuing to be severely impacted by the coronavirus outbreak, market activity in terms of new listings and placings was very buoyant. The Bovespa Index did however decline by 3.4% in August and generally Latin American markets were weaker, reflecting concerns over the coronavirus. India's SENSEX Index advanced by 2.7% despite a continuing rise in coronavirus cases. Markets in The Philippines, Malaysia and Thailand were all weaker for the month.

Most emerging market currencies weakened against Sterling, with the Brazilian Real falling by 6.0%, the Hong Kong Dollar by 1.5% and the Romanian Leu by 1.1%. The Indian Rupee strengthened by 0.4% against Sterling and the Malaysian Ringgit was 0.2% stronger during the month.

PORTFOLIO

UEM has added a new category to its sector disclosure this month, Data Services and Infrastructure, following increased investment and stock price outperformance in recent months. This sector represented 9.3% of the total portfolio at the end of August and consists of companies providing digital services such as e-government service provider MyEG (previously categorised as other) and data infrastructure owners such as data centre operator KINX, a new entrant to the top twenty this month (previously in the telecoms sector). Companies primarily providing connectivity, via mobile, fibre, cable or satellite remain within the Telecoms and Satellites sector, which made up 9.6% of the total portfolio at the end of August.

UEM has been building its exposure to the Data Services and Infrastructure sector over recent years. KINX (Korea Internet Neutral Exchange) is the only carrier-neutral internet exchange in South Korea, that specialises in internet infrastructure. It has been a constituent of UEM's portfolio since 2018 and entered the top

twenty as a result of a 34.6% rise in its share price in August.

UEM has been building its exposure to South Korea over the past year through a small number of investments in telecoms and data services companies and the country represented 6.8% of the portfolio at the end of the month.

The other two new entrants to the top twenty were West African telecoms company Sonatel (Société Nationale des Télécommunications du Senegal), and Indian power company, CESC (Calcutta Electric Supply Corporation). Cosan Logistica, Transgaz and Sanepar fell outside the top twenty at the end of August, as a result of positions being reduced.

Share prices of UEM's top twenty investments were mixed with twelve up and eight down in the month. The most notable positive performers were KINX up by 34.6%, CESC which gained 13.6% as power demand in India showed signs of a recovery and CITIC Telecom International rose by 10.3% after good results. MyEG's share price was up by 9.7% and International Container Services' share price rose by 8.8% after stronger than expected results with ICT aggressively cutting costs and growing EBITDA in Q2 2020 by 1.2% despite a fall in volumes of more than 10%.

The most significant declines were in Ecorodovias, which fell by 7.8% and India Grid Trust, which declined by 7.6% in August due to a placing of a 14.7% stake in India Grid Trust by Sterlite Power. It is good to see KKR and GIC as significant shareholders in India Grid Trust. India Grid Trust has been reallocated to the Electricity (from Investment Funds) reflecting its underlying investment portfolio.

Purchases during the month for the portfolio amounted to £18.5m and realisations totalled £11.5m.

DEBT

UEM's bank debt was unchanged on the month at USD 27.4m but in Sterling terms, the liability reduced by £0.4m to £20.6m. Cash balances reduced as investments rose.

OTHER

UEM's share price ended August at 177.50p, up by 2.6%. The discount to NAV narrowed to 15.4% from 17.2%. During the month UEM bought back 500,000 shares at a price of 174.00p.

On 24 August 2020, UEM declared a first quarterly interim dividend of 1.925p per ordinary share in respect of the year ending 31 March 2021, which will be paid on 18 September 2020 to shareholders on the register on 4 September 2020.

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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).

PORTFOLIO SUMMARY

TOP TWENTY HOLDINGS		% of total investments
1	International Container Terminal Services Inc.	6.2%
2	Rumo S.A.	3.5%
3	Alupar Investimento S.A.	3.5%
4	China Everbright Greentech Limited	3.3%
5	Engie Energia Chile S.A.	3.1%
6	Gujarat State Petronet Limited	2.8%
7	India Grid Trust	2.8%
8	Ocean Wilsons Holdings Limited	2.7%
9	KINX Inc	2.6%
10	Centrais Elétricas Brasileiras SA (Eletrobras)	2.5%
11	Corporacion Financiera Colombiana S.A.	2.3%
12	CITIC Telecom International Holdings Limited	2.3%
13	My E.G. Services Bhd	2.1%
14	Ecorodovias Infraestrutura e Logistica S.A.	2.1%
15	Power Grid Corporation of India Limited	2.0%
16	Bolsa de Valores de Colombia	2.0%
17	Conpet S.A.	2.0%
18	Société Nationale des Télécommunications du Senegal (Sonatel)	1.9%
19	Torrent Power Limited	1.8%
20	Calcutta Electric Supply Corporation (CESC)	1.7%
Total Top Twenty		53.2%

SECTOR SPLIT OF INVESTMENTS

Electricity	23.0%
Ports and Logistics	13.4%
Telecoms and Satellites	9.6%
Road and Rail	9.6%
Data Services and Infrastructure	9.3%
Gas	9.3%
Other	8.1%
Renewables	6.8%
Infrastructure Investment Funds	4.3%
Water and Waste	4.2%
Airports	2.4%

GEOGRAPHICAL SPLIT OF INVESTMENTS

Brazil	23.4%
China including Hong Kong	16.9%
India	13.1%
Middle East/Africa	7.4%
South Korea	6.8%
Other Asia	6.4%
The Philippines	6.2%
Colombia	5.1%
Other Europe	4.3%
Romania	4.0%
Chile	3.1%
Malaysia	2.6%
Mexico	0.7%

