

UK listed fund uniquely focused on global infrastructure and utilities megatrends in emerging markets



Overall rating out of 2,857 Global Emerging Markets Equity funds as of 31 October 2023.

Fund details

Investment 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 ("EM").

Investment approach

UEM is a UK closed ended investment trust investing primarily in operational infrastructure and utilities assets benefiting from long term infrastructure megatrends.

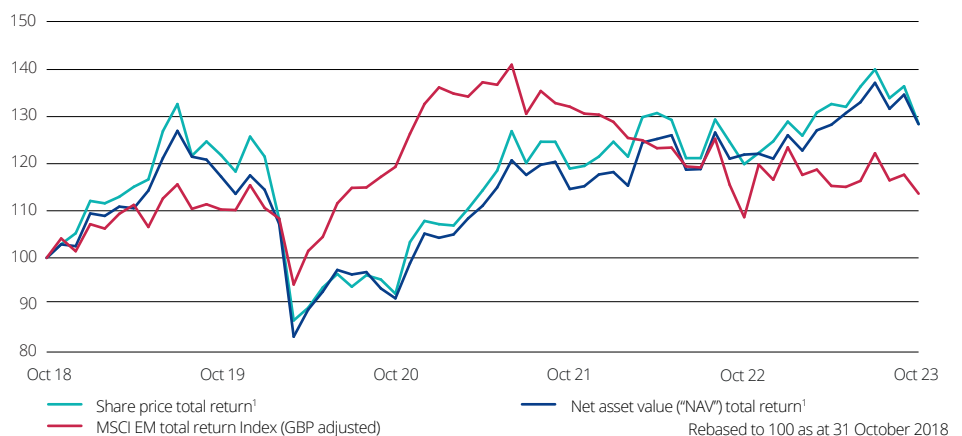
Fund Manager

Charles Jillings

| Fund overview | |
|--|--------------|
| NAV per share at launch ² | 98.36p |
| NAV per share (cum income) | 249.37p |
| Share price | 209.00p |
| Discount to NAV | (16.2%) |
| NAV per share total return since launch ¹ | 386.4% |
| Annual average compound return ¹ | 9.0% |
| Historic dividend paid per share (last 12 months) | 8.60p |
| Historic dividend yield (last 12 months) | 4.1% |
| Ongoing charges figure | 1.4% |
| Shares in issue | 196,740,857 |
| Market capitalisation | £411.2m |
| Fund launch date | 20 July 2005 |
| Year end | 31 March |

| Capital structure | |
|---------------------------------------|----------|
| Gross assets less current liabilities | £512.0m |
| Bank debt | £(21.4)m |
| Net assets | £490.6m |
| Gearing/(net cash) | 4.7% |

Fund performance



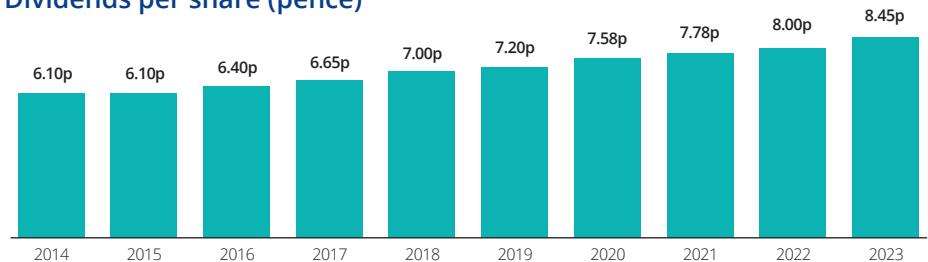
| Performance (total return ¹) | 1 month | 3 months | 1 year | 3 years | 5 years | Inception |
|--|---------|----------|--------|---------|---------|-----------|
| Share price | (5.9%) | (8.3%) | 7.1% | 39.0% | 28.4% | 321.8% |
| NAV per share | (4.7%) | (6.4%) | 5.3% | 40.5% | 28.4% | 386.4% |
| MSCI EM Index (GBP adjusted) | (3.4%) | (7.0%) | 4.6% | (4.8%) | 13.6% | 245.3% |

| Rolling 12 month performance (total return ¹) | Oct 23 | Oct 22 | Oct 21 | Oct 20 | Oct 19 |
|---|--------|---------|--------|---------|--------|
| Share price | 7.1% | 0.8% | 28.8% | (24.2%) | 21.8% |
| NAV per share | 5.3% | 6.4% | 25.4% | (22.1%) | 17.3% |
| MSCI EM Index (GBP adjusted) | 4.6% | (17.8%) | 10.7% | 8.2% | 10.3% |

Investment management

| | |
|---------------------------|---|
| Investment managers | ICM Limited and ICM Investment Management Limited |
| Investment management fee | 1.0% of NAV ≤ £500m; 0.9% of NAV > £500m ≤ £750m; 0.85% of NAV > £750m ≤ £1,000m; and, 0.75% of NAV > £1,000m |

Dividends per share (pence)



Dividends payable March, June, September and December

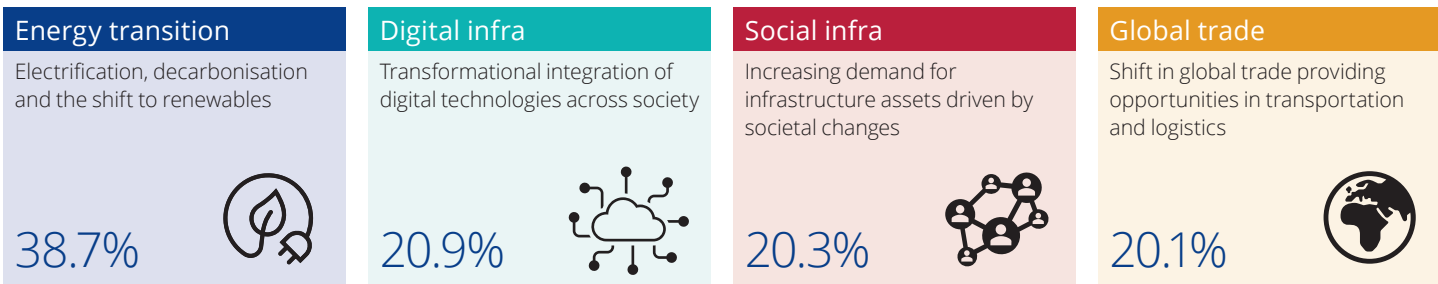
Past performance is not a guide to future returns and future returns are not guaranteed.

¹ Total return is calculated based on undiluted NAV plus dividends reinvested and adjusted for the exercise of warrants and subscription shares.































² Utilico Emerging Markets Limited – UEM's predecessor.

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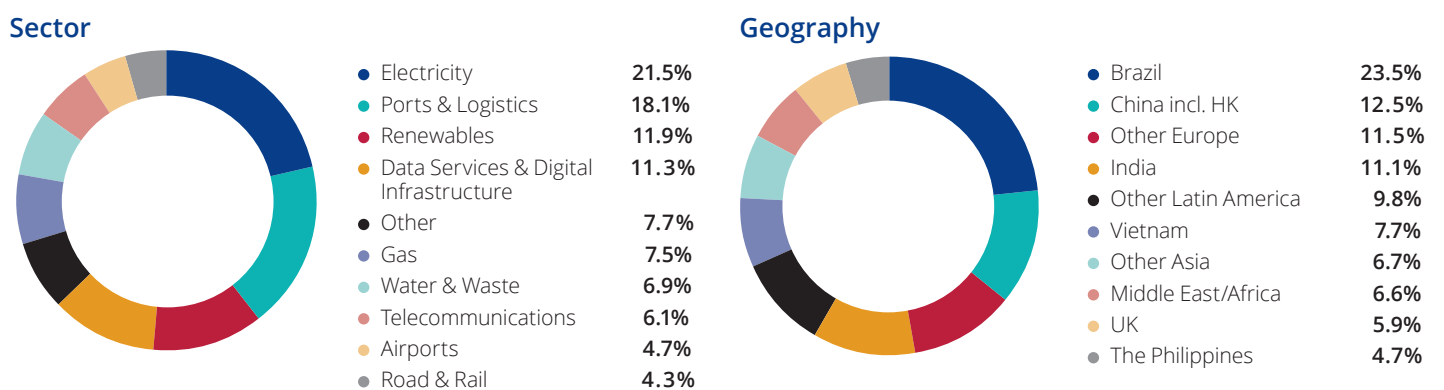
Megatrends providing structural tailwinds for long term sustainable growth



Total top 30 | 71.3%

| | | % | | | % | | | % |
|----|---|---|----|--|---|----|--|---|
| 1 | Petalite Limited |  4.8 | 11 | Rumo S.A. |  2.6 | 21 | CGN Capital Partners Infra Fund 3 |  1.9 |
| 2 | International Container Terminal Services, Inc. |  4.7 | 12 | VinaCapital Vietnam Opportunity Fund |  2.5 | 22 | Powergrid Infrastructure Investment Trust |  1.5 |
| 3 | Alupar Investimento S.A. |  4.4 | 13 | Umeme |  2.4 | 23 | China Datang Corporation Renewable Power Co. |  1.4 |
| 4 | Orizon Valorizacao de Residuos S.A. |  3.7 | 14 | Citic Telecom International Holdings |  2.3 | 24 | China Gas Holdings |  1.4 |
| 5 | Gujarat State Petronet |  3.4 | 15 | Santos Brasil Participacoes |  2.1 | 25 | Omega Energia S.A. |  1.4 |
| 6 | Power Grid Corporation of India |  3.0 | 16 | Centrais Eletricas Brasileiras S.A. (Eletrobras) |  2.0 | 26 | Pertamina Geothermal Energy |  1.4 |
| 7 | FPT Corporation |  3.0 | 17 | KunLun Energy Company |  2.0 | 27 | Telelink Business Services |  1.4 |
| 8 | India Grid Trust |  2.9 | 18 | InPost S.A. |  2.0 | 28 | CTP N.V. |  1.4 |
| 9 | Korean Internet Neutral Exchange (KINX) |  2.7 | 19 | TTS (Transport Trade Services) S.A. |  1.9 | 29 | Cia de Saneamento Basico do Estado de Sao Paulo (Sabesp) |  1.3 |
| 10 | Engie Energia Chile S.A. |  2.6 | 20 | Aguas Andinas S.A. |  1.9 | 30 | Ocean Wilsons Holdings |  1.3 |

Investment allocation as at 31 October 2023



Lower volatility to EM with consistently low beta¹ and an active share of over 98%²

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UEM News 

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Note: % of total investments.

¹ Five-year adjusted beta for UEM shares versus the MSCI EM Index (GBP) as at 31 October 2023 is 0.83.

² Active share is a measure of the difference between UEM's holdings and the MSCI EM Index – the higher the percentage, the lower the overlap in composite companies.

Market and portfolio performance



PERFORMANCE

UEM's NAV total return decreased by 4.7% in October, behind the MSCI EM total return Index ("MSCI") which was down by 3.4% in Sterling terms in the month. UEM's NAV total return has

increased by 6.0% in the ten months to 31 October 2023, significantly outperforming the MSCI which was down by 2.5% in Sterling terms over the same period.

The majority of markets struggled in October as the market continued to be concerned about the US Federal Reserve's "higher for longer" stance given the continued plethora of strong inflationary data being reported and continued robustness of the US economy. US GDP growth in 3Q23 was 4.9%, higher than the expected 4.3% GDP growth and more than double the real GDP growth of 2.1% reported in 2Q23. Inflationary pressures continued with September's Consumer Price Index reported at 3.7%, no change from the previous month and October's Purchasing Managers Index remaining elevated above 50 (reflecting expansionary territory) at 51.0. This resulted in 10-year US Treasury bonds reaching their highest level since July 2007, a 16 year high, rising over 5.0%. The S&P 500 Index fell by 2.2% in the month.

The knock-on effect from the Federal Reserve indicating that there is a possibility of another rate increase, resulted in a weakening of the EM. The sudden renewed conflict in the Middle East further fuelled the downward pressure on EM as risk premiums increased. In China, the Hong Kong Hang Seng Index and Chinese Shanghai Composite Index were both down by 3.9% and 2.9%, respectively, despite the more positive data reported. China's 3Q23 GDP growth of 4.9% versus consensus expectation of 4.5% was a surprise, indicating that stimulus policies changes such as rate cuts are gradually coming into effect. However, the real estate sector still remains vulnerable and further noise around the US cutting off China from AI chips continues to dampen market sentiment.

Other EM were also weak. In Asia, the Vietnamese Ho Chi Minh Index was down by 10.9%, hampered by shaken retail sentiment, whilst the Thai Set Index and Philippines PSEI Index were down by 6.1% and 5.5% respectively. Latin American markets in October were also bruised, with the Chilean IPSA Index down by 7.3% (also partly affected by the smaller than

expected interest rate cut), and the Mexican Bolsa down by 3.6%. The Brazilian Bovespa was also down by 2.9% despite yet another Selic rate cut of 50 basis points taking the key interest rate to 12.25%.

During October, the US Dollar continued to remain strong against most currencies with the DXY Dollar Index remaining flat over the month. Sterling was mixed, down 0.6% against the US Dollar and 0.4% against the Euro whilst strengthened against the Brazilian Real by 0.2%, Mexican Peso by 3.3% and 2.2% against the Indonesian Rupee.

PORTFOLIO

There was one change to the top thirty holdings, with CTP NV ("CTP") replacing Vamos Locacao de Caminhos Macquinas e Equipamentos S.A. due to relative performance. CTP is a Central and Eastern Europe (CEE) owner and developer of logistics properties with exposure to the Czech Republic, Romania, Hungary, Slovakia, Serbia, Bulgaria, Poland, Austria, the Netherlands and Germany. CTP, listed on the Euronext Amsterdam, currently has 11.0m sqm of gross leasable area and the ability to mobilise its 20.7m sqm landbank. CTP is capitalising on the mega trend of global trade, as businesses continue to look at nearshoring to de-risk and shorten their supply chains to ensure they are resilient. CEE countries are highly ranked as likely destinations. Further, CTP is benefiting from the digital infra mega trend within the region, as strong e-commerce growth, which comes from a lower base in CEE versus Western Europe, is being witnessed.

During the month, there were five companies' share prices within the top thirty holdings that rose. KINX, the Korean based data centre was up by 9.1% continuing to capitalise on the digital infra megatrend, whilst CTP was up by 1.6%. The remaining 75% of the top thirty declined over the month, with Omega Energia, a play on the energy transition megatrend, down by 23.0%, a clear casualty of the "higher for longer" narrative coming from the US as Omega is highly leverage and concerns arose of potential curtailment issues following a grid outage. Inpost was down by 15.3%, as management provided weaker than expected trading expectations ahead of 3Q23 results, whilst Santos Brasil, a long term beneficiary from the shift in global trade, was down by 14.6% as it reported weaker than expected September handling volumes due to one-off events.

Portfolio purchases amounted to £13.4m and realisations totalled £7.5m in the month.



DEBT

UEM's debt increased to £21.4m from £11.8m during the month, drawn as GBP 7.5m and EUR 16.0m.

OTHER

UEM's share price ended October at 209.00p, down 5.9% over the month. The discount to NAV disappointingly widened to 16.2% from 15.1% as at 30 September 2023. UEM bought back 1.0m shares at an average price of 211.41p in the month. This takes the total shares bought back in the seven months to 31 October 2023 to 5.5m, equivalent to 2.7% of the share capital as at 31 March 2023.

Charles Jillings
ICM Investment Management Limited
and ICM Limited

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).