



FUND LAUNCHED

**2005**

FUNDS UNDER  
MANAGEMENT

**£526.1**  
MILLION

NET ASSET VALUE  
PER SHARE

**362.0%**  
SINCE INCEPTION\*



# Urbanisation

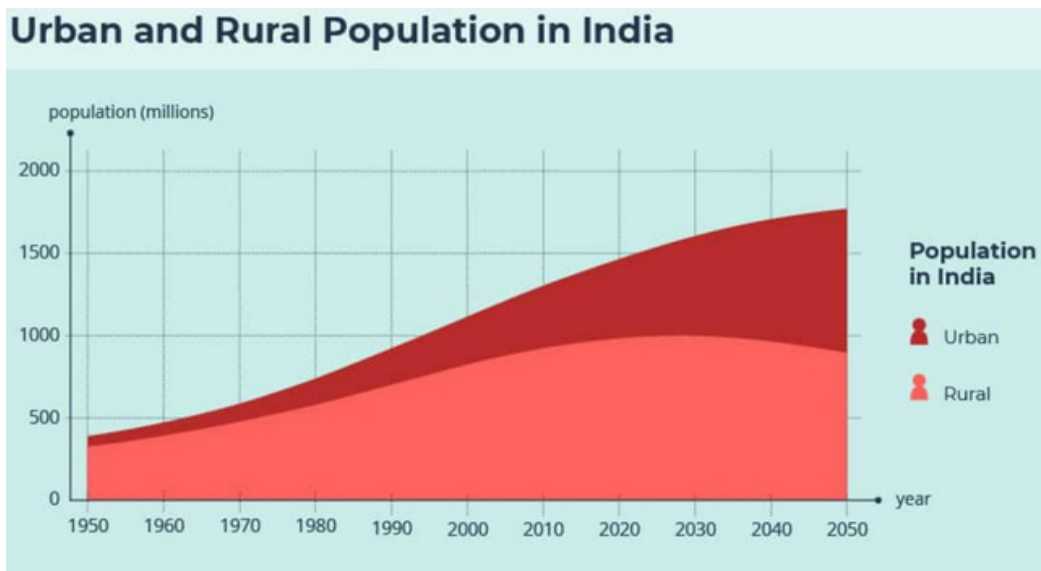
November 2022

## An urbanising world

As of 2020, 4.4 billion people – or approximately 56% of the world's population – live in urban areas. This trend is only set to continue, with seven out of 10 people forecast to live in cities by 2050<sup>(1)</sup>.

Within emerging markets we have seen higher rates of urbanisation, particularly in Asia: China (although Covid-19 has disrupted this process), India, the Philippines, and Indonesia are all urbanising rapidly. In each case, populations are driven to urban areas by the prospect of a better quality of life, higher wages and greater opportunities as consumers.

In pre-Covid China, for example, the share of the urban population increased from 19.4% in 1980 to 63.9% in 2021<sup>(2)</sup>. Meanwhile, India's urban population is steadily expanding, and is forecast to continue to grow as a proportion of the population over the coming decades. By 2030, the rural population is expected to decline for the first time.



Source: UN DESA, Urban and Rural Population India 2018

In fact, 75% of India's national income is expected to be derived from cities by 2030. Looking further ahead, 70-80% of the urban infrastructure that will be required to accommodate the increases in India's urban population that have been forecast by 2050 has not yet been built<sup>(3)</sup>, which provides a huge opportunity for investment.

## Infrastructure development

Emerging markets continue to provide an interesting backdrop for potential investment, as a strong global increase in urbanisation is being driven primarily by the emerging markets of certain Asian countries. This move towards urbanisation requires the need for robust infrastructure systems, in order to cope with the rises and changes in demand a larger population creates. Often, investment in infrastructure can lag behind the pace at which populations rise.

Waste treatment facilities, sewage systems and clean water networks are as critical as electricity connections and transport links to the growth of urban populations. Addressing these issues requires a concerted effort by governments, often in partnership with private companies. In India, for example, Prime Minister Modi made headlines in 2017 by promising to connect every village in the country to the electricity grid by the end of 2018 – a goal which was successfully achieved. Attention in 2019 turned to the provision of clean drinking water, with Modi launching a \$45 billion scheme to connect every household to a functional tap by 2024.

While these kinds of programs grab headlines, the longer-term challenge facing India – and other urbanising emerging markets – is to balance the economic growth that urbanisation demands with infrastructure robust enough to cope with this demand. As the forces of urbanisation continue to shape markets and societies around the world, it is the investment in infrastructure that will separate regions that are able to channel strong growth into enhanced living standards from those unable to keep up.

## Jacqueline Broers

29 November, 2022

Source Data: ICM Limited.

1 <https://www.worldbank.org/en/topic/urbandevelopment/overview>

2 <https://www.statista.com/statistics/270162/urbanization-in-china/>

3 <https://www.urbanet.info/urbanisation-in-india-infographics>

\*Total return is calculated based on undiluted Net Asset Value, plus dividends reinvested and adjusted for the exercise of warrants and subscription shares

## Risk Warning

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 Utilico Emerging Markets Trust plc ("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. UEM is managed by ICM Limited and ICM Investment Management Limited. 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). The information in the title banner is as at 30 October, 2022 and approved by ICM Limited.

## Utilico Emerging Markets Trust plc | Registered Office

The Cottage, Ridge Court, The Ridge, Epsom Surrey, KT18 7EP, United Kingdom

Company registration number: 11102129

[www.uemtrust.co.uk](http://www.uemtrust.co.uk)

**[Subscribe to our newsletter on uemtrust.co.uk.limited](http://www.uemtrust.co.uk.limited)**

