

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



Overall rating out of 2,898 Global Emerging Markets Equity funds as of 31 December 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").

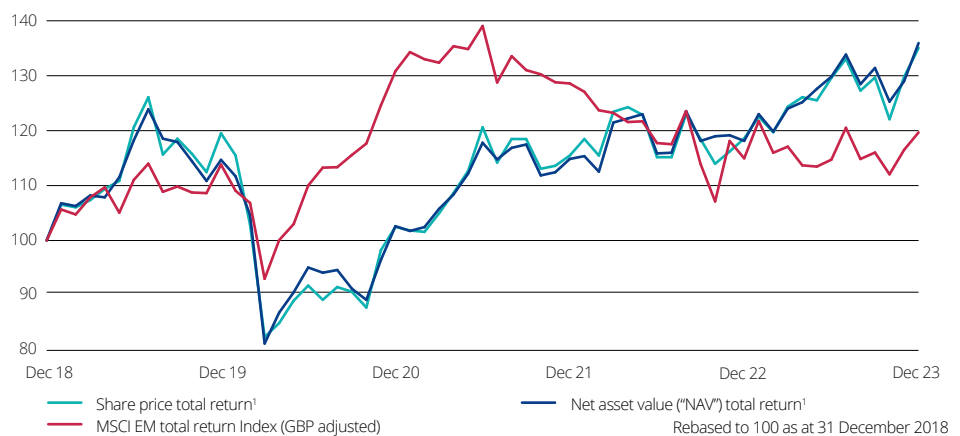
Investment approach

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 performance



Fund overview	
NAV per share at launch ²	98.36p
NAV per share (cum income)	268.40p
Share price	229.00p
Discount to NAV	(14.7%)
NAV per share total return since launch ¹	427.8%
Annual average compound return ¹	9.4%
Historic dividend paid per share (last 12 months)	8.60p
Historic dividend yield (last 12 months)	3.8%
Ongoing charges figure	1.4%
Shares in issue	194,400,700
Market capitalisation	£445.2m
Fund launch date	20 July 2005
Year end	31 March

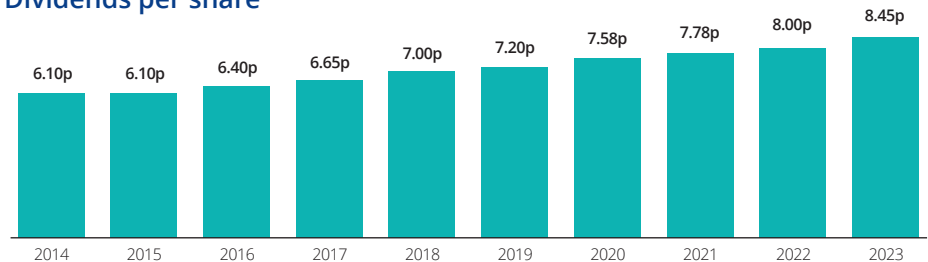
Capital structure	
Gross assets less current liabilities	£551.8m
Bank debt	£(30.0)m
Net assets	£521.8m
Gearing/(net cash)	5.5%

Performance (total return ¹)	1 month	3 months	1 year	3 years	5 years	Inception
Share price	4.1%	4.1%	13.9%	31.8%	35.1%	366.6%
NAV per share	5.4%	3.4%	15.1%	32.5%	35.9%	427.8%
MSCI EM Index (GBP adjusted)	2.7%	3.2%	4.1%	(8.5%)	19.7%	268.8%

Rolling 12 month performance (total return ¹)	Dec 23	Dec 22	Dec 21	Dec 20	Dec 19
Share price	13.9%	2.7%	12.7%	(14.2%)	19.5%
NAV per share	15.1%	2.9%	11.9%	(10.5%)	14.7%
MSCI EM Index (GBP adjusted)	4.1%	(10.6%)	(1.7%)	14.9%	13.8%

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



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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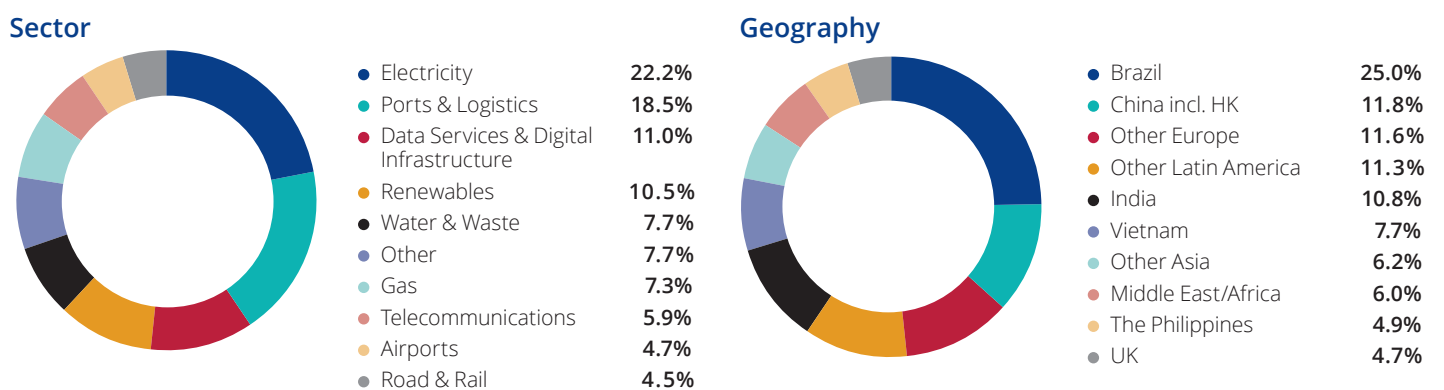
Megatrends providing structural tailwinds for long term sustainable growth

Energy transition Electrification, decarbonisation and the shift to renewables 38.2% 	Digital infra Transformational integration of digital technologies across society 21.1% 	Social infra Increasing demand for infrastructure assets driven by societal changes 20.6% 	Global trade Shift in global trade providing opportunities in transportation and logistics 20.1% 
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Total top 30 | 71.5%

		%			%			%
1	Alupar Investimento S.A.	 4.6	11	India Grid Trust	 2.5	21	Serena Energia S.A.	 1.8
2	International Container Terminal Services, Inc.	 4.5	12	InPost S.A.	 2.5	22	CGN Capital Partners Infra Fund 3	 1.7
3	Orizon Valorizacao de Residuos S.A.	 3.8	13	Rumo S.A.	 2.4	23	Cia de Saneamento Basico do Estado de Sao Paulo (Sabesp)	 1.6
4	Petalite Limited	 3.7	14	Santos Brasil Participacoes	 2.4	24	Ocean Wilsons Holdings	 1.6
5	Gujarat State Petronet	 3.5	15	VinaCapital Vietnam Opportunity Fund	 2.4	25	Grupo Traxion S.A.B. de C.V	 1.5
6	FPT Corporation	 3.1	16	Citic Telecom International Holdings	 2.3	26	Holding Bursatil Regional S.A	 1.4
7	Korean Internet Neutral Exchange (KINX)	 2.8	17	TTS (Transport Trade Services) S.A.	 2.0	27	China Gas Holdings	 1.4
8	Power Grid Corporation of India	 2.8	18	Umeme	 2.0	28	Powergrid Infrastructure Investment Trust	 1.3
9	Centrais Eletricas Brasileiras S.A. (Eletrobras)	 2.8	19	Aguas Andinas S.A.	 1.9	29	Engie Brasil Energia S.A.	 1.3
10	Engie Energia Chile S.A.	 2.7	20	KunLun Energy Company	 1.9	30	Vamos Locacao de Caminhoes Maquinas e Equipamentos	 1.3

Investment allocation as at 31 December 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 December 2023 is 0.84.

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

In December, UEM's NAV total return increased by 5.4% outperforming the MSCI Emerging Market total return Index which was up by 2.7% in Sterling terms during the month. For the year

to 31 December 2023, UEM's NAV total return increased by 15.1%, significantly outperforming the MSCI Emerging Markets total return Index which was up 4.1% in Sterling terms over the same period.

Global equity markets in December continued to be strong, as expectations that the US Federal Reserve will cut interest rates in 2024 were confirmed, with the Federal Open Market Committee indicating that there could be three rates cuts in 2024 and Colin Powell, Chairman of the Federal Reserve openly echoing this view. Subsequently, the S&P Index was up by 4.4%, and the DXY Dollar Index fell.

This more aggressive policy pivot by the Federal Reserve fuelled a more positive outlook for emerging markets. Within Latam, the Brazilian Bovespa Index was up by 5.4% for the month of December, the Mexican Bolsa Index was up by 6.2% and the Chilean IPSA Index was up by 6.5%, despite the second constitutional proposal being rejected again in a national plebiscite, leaving the current constitution in place. Argentina was the outperformer in the region for the month of December, with the Merval Index up by 14.3%, as the new President, Javier Milei, implemented a massive deregulation package to enhance the competitiveness of Argentina which so far has witnessed fewer protests than expected.

Asia followed suit with India's Sensex Index up by 7.8%, hitting an all-time high during the month of December, with the reported S&P Purchasing Managers' Index ("PMI") data being expansionary for a twenty ninth month in a row at 56.0 in November, albeit at a slightly slower pace compared to the prior month. The Vietnam Ho Chi Minh Index was up by 3.3%, the Philippines PSEi Index was up by 3.6% and the Thai Set Index was up by 2.6%. The outliers for the month were Hong Kong's Hang Seng Index which was flat and the Chinese Shanghai Composite Index was down 1.8%. PMI data reported from China was mixed with manufacturing PMI data being in contractionary territory whilst services being expansionary. Beijing, however, continues to announce further industrial policies in an attempt to boost domestic demand.

In the currency markets, Sterling's performance in December was mixed, up 0.7% against the US Dollar, but down 0.5% against the Euro. It was also up 1.3% against the Chilean Peso and up 126.3% against the Argentine Peso as the new government devalued the currency as part of its shock therapy aiming to fix the economy.

PORTFOLIO

There were two changes to the top thirty holdings, with Grupo Traxion ("Traxion"), the Mexican transportation and logistics operator, re-entering the top thirty, replacing CTP and Vamos Locacao de Caminhoes Maquinas e Equipamentos ("Vamos") also re-entering the top thirty, replacing Telelink Business Services. Both companies re-entered the top thirty based on strong share price performance, up by 16.0% and 8.8% respectively.

Once again, December saw many companies in the portfolio witnessing strong share price performances, with twenty-seven companies in the top thirty seeing a positive increase, benefitting from the strong tailwinds of the broader markets. Kinx, the Korean data centre provider witnessed a 19.6% increase whilst Inpost's share price was up by 15.5% boosted by the news that PPF Group acquired a 5% stake from Advent International ("Advent"), taking its holding to just under 22% and has an option with Advent to acquire a further 10%. Power Grid Corporation of India was up by 13.2% helped by the strong Indian market but also helped by winning some transmission line and substation assets under the tariff-based competitive bidding process.

Petalite's valuation was reduced by 20.2% reflecting continued declines in listed EV peer share prices and the challenging market environment for capital raises of early-stage companies.

At the end of December, UEM's unlisted Hong Kong subsidiary received a capital distribution from CGN Capital Partners Infra Fund 3, representing partial payment of the exit proceeds. In early January this was converted to USD 6.3m and has been paid to UEM from UEM (HK) reducing UEM's unlisted exposure by 0.9%. As at 31 December 2023, the unlisted holdings adjusted for this return equated to 6.2% of UEM's portfolio.

Portfolio purchases amounted to £8.9m and realisations totalled £11.8m in the month under review.

DEBT

UEM's debt increased from £25.6m to £30.0m during the month, drawn as EUR 26.0m and GBP 7.5m.

OTHER

UEM's share price ended December at 229.00p, up 4.1% over the month. The discount to NAV widened to 14.7% from 13.6%. UEM bought back 1.2m shares at an average price of 222.80p in the month. This takes the total shares bought back in the nine months to 31 December 2023 to 7.8m, equivalent to 3.9% of the share capital as at 31 March 2023.

The second quarterly interim dividend of 2.15p per ordinary share in respect of the year ending 31 March 2024, was paid on 15 December 2023 to shareholders on the register on 1 December 2023.

Charles Jillings
ICM Investment Management Limited
and ICM Limited



Important Notes

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