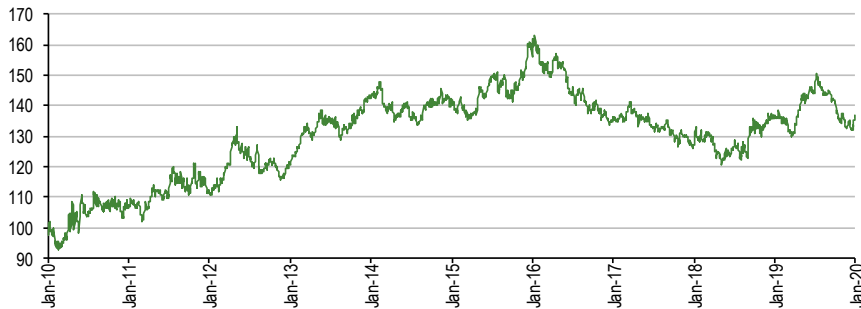


Utilico Emerging Markets Trust

Offering long-term value in emerging markets

Utilico Emerging Markets Trust (UEM) is managed by Charles Jillings at ICM Group. It is a specialist fund focusing on infrastructure and utility assets in emerging markets. The manager is encouraged by the prospects for UEM's investee companies, supported by urbanisation and significant growth in the regions' middle classes. He also suggests that it 'is a very interesting time in the world', with issues such as climate change and the shift to renewable energy high up on the global agenda, which should be beneficial for UEM's investments. While not used as a formal benchmark, as shown in the chart below, the trust's NAV has markedly outperformed the MSCI Emerging Markets Index over the last decade.

Long-term NAV outperformance vs the MSCI Emerging Markets Index



Source: Refinitiv, Edison Investment Research

The market opportunity

Emerging markets offer the prospect of higher growth than developed economies, supported by urbanisation and an expanding middle class, which is expected to double in the next 10 years. This is a powerful positive demand driver for the development of infrastructure and utility assets.

Why consider investing in Utilico Emerging Markets?

- Specialist emerging markets fund offering a 3.2% dividend yield.
- Diversified portfolio of high-quality infrastructure and utility investments.
- Since inception, UEM has generated an average NAV total return of 10.9% pa.
- Long-term outperformance versus the MSCI Emerging Markets Index.
- Highly experienced investment team that has strong, supportive relationships with investee companies.

Discount modestly wider than historical averages

UEM's current 12.5% discount to cum-income NAV compares with the 10.9% to 11.8% range of discounts over the last one, three and five years, and is meaningfully narrower than the 16.9% 10-year widest point in late October 2018. UEM has a progressive dividend policy; its annual distributions have been increased or maintained since the fund was launched in 2005, and it currently offers a 3.2% yield.

Investment trusts
EM infrastructure and utilities

10 February 2020

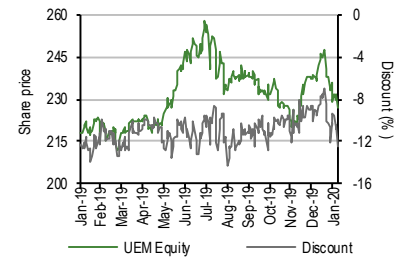
Price 227.0p
Market cap £518m
AUM £579m

NAV* 255.9p
Discount to NAV 11.3%
NAV** 259.4p
Discount to NAV 12.5%

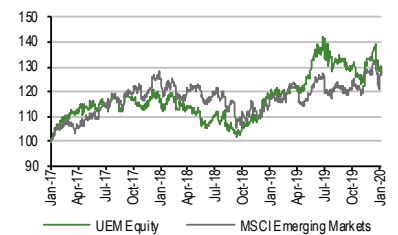
*Excluding income. **Including income. As at 6 February 2020.

Yield 3.2%
Ordinary shares in issue 228.0m
Code UEM
Primary exchange LSE
AIC sector Global Emerging Markets

Share price/discount performance



Three-year performance vs index



52-week high/low 258.0p 212.0p
NAV** high/low 285.5p 242.3p

**Including income.

Gearing

Gross* 8.4%
Net debt* 6.5%

*As at 31 December 2019.

Analysts

Mel Jenner +44 (0)20 3077 5720
Sarah Godfrey +44 (0)20 3681 2519

investmenttrusts@edisongroup.com

[Edison profile page](#)

Utilico Emerging Markets Trust is a research client of Edison Investment Research Limited

Exhibit 1: Trust at a glance

Investment objective and fund background

Utilico Emerging Markets Trust's investment objective is to provide long-term total returns by investing predominantly in infrastructure, utility and related equities, mainly in emerging markets.

Recent developments

- 22 November 2019: Six-month results to 30 September 2019. NAV TR +9.0% versus MSCI Emerging Markets Index TR +1.8%. Share price TR +10.4%.
- 12 November 2019: Announcement of second quarterly interim dividend of 1.925p per share (+6.9% year-on-year).
- 27 August 2019: Announcement of first quarterly interim dividend of 1.80p per share (flat year-on-year).

Forthcoming

AGM	September 2020
Final results	June 2020
Year end	31 March
Dividend paid	September, December, March, June
Launch date	20 July 2005
Continuation vote	Five yearly, next 2021 AGM

Capital structure

Ongoing charges	1.1%
Net gearing	6.5%
Annual mgmt fee	0.65%
Performance fee	15% of outperformance (cap: 1.85% of average net assets)
Trust life	Indefinite (subject to vote)
Loan facilities	£50m

Fund details

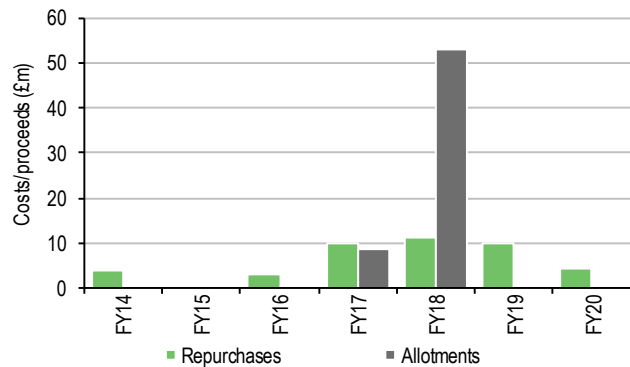
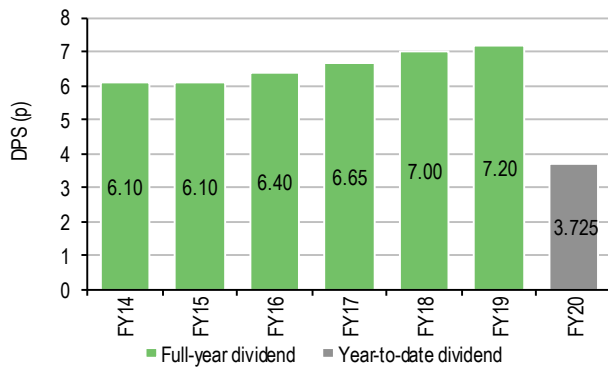
Group	ICM Group
Manager	Charles Jillings
Address	PO Box 208, Epsom, Surrey KT18 7YF
Phone	+44 (0)1372 271486
Website	www.uemtrust.co.uk

Dividend policy and history (financial years)

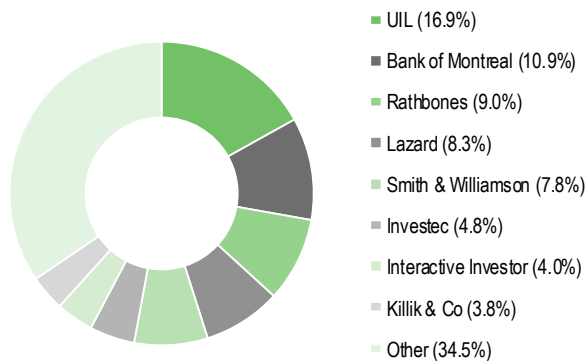
The trust is managed for total return, but the board broadly seeks flat or rising dividends.

Share buyback policy and history (financial years)

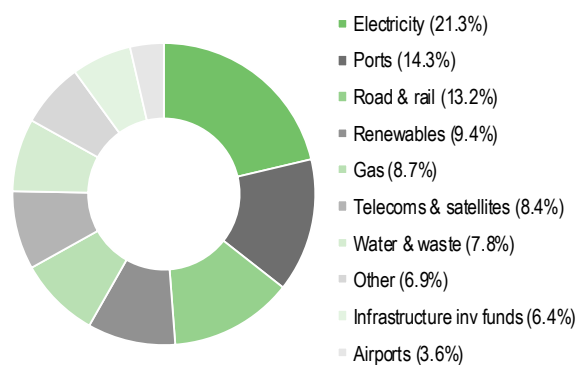
Subject to annual renewal, UEM has authority to repurchase up to 14.99% and allot shares up to 10% of the issued share capital. Allotments include exercise of subscription shares.



Shareholder base (as at 31 January 2020)



Portfolio exposure by sector (look through as at 31 December 2019)



Top 10 holdings (as at 31 December 2019)

Company	Country	Sector	Portfolio weight %	
			31 December 2019	31 December 2018*
International Container Terminal Services	Philippines	Ports operator	5.7	5.1
Alupar Investimento	Brazil	Electricity generation & transmission	4.7	3.5
Energisa	Brazil	Electricity distribution	4.1	3.6
Cia de Saneamento do Paraná (Sanepar)	Brazil	Water & waste management	4.0	N/A
Rumo	Brazil	Rail-based logistics operator	3.7	3.0
Cosan Logistica	Brazil	Rail-based logistics operator	3.2	N/A
Ocean Wilsons Holdings	Brazil	Ports operator & shipping services	3.1	4.4
Omega Geracao	Brazil	Renewable electricity generation	3.0	N/A
China Everbright Greentech	China	Biomass & hazardous waste treatment	2.9	N/A
Ecorodovias Infraestrutura e Logistica	Brazil	Toll roads operator	2.7	N/A
Top 10 (% of holdings)			37.1	34.1

Source: Utilico Emerging Markets Trust, Edison Investment Research, Bloomberg, Morningstar. Note: *N/A where not in end-December 2018 top 10.

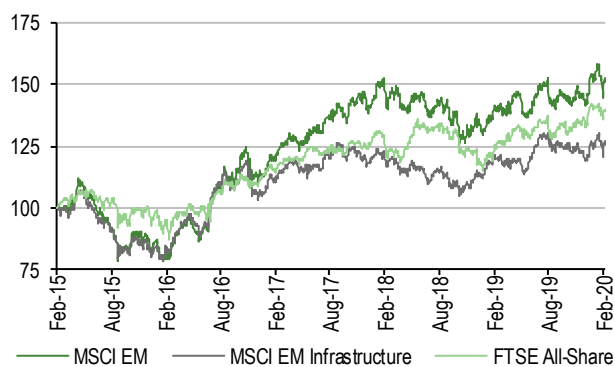
Market outlook: Higher growth and lower valuations

While emerging market infrastructure shares have lagged the performance of broader emerging markets and UK shares over the last five years (Exhibit 2, LHS), there are reasons for optimism. The prospects for economic growth in emerging versus developed countries are considerably higher, helped by a rapidly expanding middle class and urbanisation. This will fuel demand for infrastructure and utility assets, which lie at the heart of UEM's investment strategy.

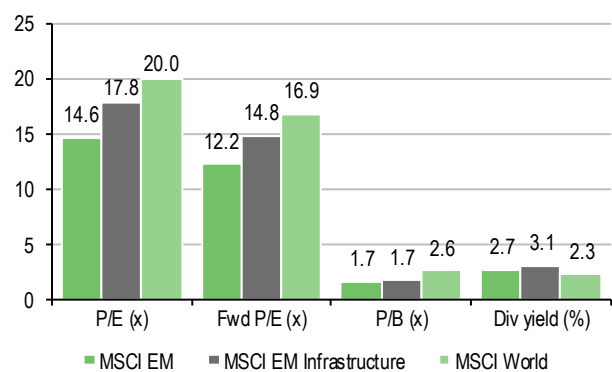
As shown the bar chart below, emerging market equities remain attractively valued compared with the world market in terms of lower P/E and price-to-book multiples, while offering a more attractive yield (particularly infrastructure shares).

Exhibit 2: Market performance and valuation

Indices' total return performance (£-adjusted, past five years)



Indices valuation metrics as at 31 January 2020



Source: Refinitiv, MSCI, Edison Investment Research

Fund profile: Emerging market infrastructure assets

UEM was launched in July 2005. It was historically a Bermudan investment company, but re-domiciled to the UK as an investment trust via a scheme of arrangement on 3 April 2018. It is listed on the Main Market of the London Stock Exchange. UEM is managed by the [ICM Group](#) (ICM and ICM Investment Management), a specialist fund manager based in Bermuda and the UK, with c \$20bn of assets under influence.

Manager Charles Jillings, a qualified chartered accountant with more than 30 years' experience in global financial markets, aims to generate attractive long-term total returns from a diversified portfolio of emerging market equities, primarily in the infrastructure, utility and related sectors. The fund has a wide spread of investments across a range of subsectors and geographies. At end-H120, there were 88 holdings in the portfolio, towards the high end of the 60–90 typical range.

Stocks are selected on a bottom-up basis, and the manager is unconstrained by benchmark allocations, although the MSCI Emerging Markets Index is used as a reference. Since launch, UEM's NAV total return has compounded at 10.9% pa. The performance fee benchmark is the UK Gilt five- to 10-year index post-tax yield, plus RPIX inflation, plus 2%, subject to an 8% minimum hurdle and the fee is capped at 1.85% of average NAV.

To mitigate risk, there are a series of internal investment limits (as a percentage of gross assets at the time of investment): individual investment (10%); single country (35%); individual sector (25%); unquoted investments (5%); and top 10 holdings (60%). Gearing of up to 25% of gross assets is permitted; at end-December 2019, UEM had net gearing of 6.5%.

The fund manager: Charles Jillings

The manager's view: Constructive long-term outlook

Jillings contends that the recently agreed US-China trade deal is a big event, as the truce enables both countries to move forward. While he thinks there will be ongoing friction, he believes it will be at a reduced level and China should benefit from this. The Chinese authorities were aiming for GDP growth in excess of 6% in 2020 (prior to the effects of the coronavirus), and the manager says that the trade deal will allow them to focus on delivering this desired outcome, while continuing the shift from a capital investment to a consumption-led, technology-based economy. Jillings thinks that this should benefit UEM's assets in the country, including ports and toll roads.

Moving on to focus on Brazil, the manager says that President Bolsonaro has delivered on his promises for pension reform, which is a positive for the economy. There are also other important policy changes underway, including privatisation of state assets. Jillings says that airport, port and toll road operators in the country will benefit, either directly or indirectly, as the regulatory framework is strengthened (Brazil is by far UEM's largest geographic exposure – Exhibit 3). He expects GDP growth in Brazil to come in above consensus expectations, noting that the economy 'appears to have turned the corner', and there is now increased business and consumer confidence. Brazilian interest rates are significantly lower than 12 months ago (the benchmark Selic rate has come down from 6.50% to a record low of 4.25%) and could be reduced further as inflation is under control; Jillings says this could lead to a greater investor appetite for Brazilian equities. He also notes that Brazilian companies have historically paid above average dividends compared with other emerging market regions.

In aggregate, the manager believes that if the Chinese and Brazilian economies are robust, it should be positive for emerging market equities as a whole, although the outbreak of the coronavirus puts the near-term growth outlook for China in question. He anticipates that emerging markets will outperform developed markets in 2020, in part helped by the recent signing of the US-China trade deal. On a less positive note, Jillings comments on the heightened level of populism, which is a global phenomenon, in countries as diverse as Chile, France and Hong Kong, driven by growing anger at wealthy ruling structures. There is a focus on rebalancing political priorities and resources, which will likely lead to policy changes in the future. However, a very powerful opposing force is central bank monetary policy, which remains very accommodative. Of particular importance is the US, where the Federal Reserve moved from a tightening to a loosening bias in early 2019, which has proved to be very supportive for global equity prices.

Jillings and other members of the ICM investment team spend a lot of time travelling in the emerging market regions, meeting with portfolio and potential investee companies, along with relevant government officials and market participants. He highlights a recent extended trip to Asia, where he visited China, Hong Kong, Japan, South Korea, Malaysia and Vietnam. The manager observes that within the region there is significant investment in technology infrastructure, which he suggests is ahead of the rest of the world. He also notes very high adoption rates, such as the level of 5G mobile phone use in South Korea, and extensive e-commerce activity in the region, which should be beneficial for the rate of Asia's economic growth compared with developed markets.

Asset allocation

Investment process: Bottom-up stock selection

Stocks are selected on a bottom-up basis following thorough fundamental analysis (including the construction of a detailed financial model and valuation targets) from an investible universe of c 900 companies. To be considered for inclusion in the portfolio, they must be trading at a discount to their

perceived intrinsic value and have the potential to generate total returns of at least 15% pa over a five-year horizon. In order to minimise risk, UEM primarily invests in companies providing essential services such as utilities, transportation infrastructure or communications, or in firms with a unique market position or product. Most of the names in the portfolio have long-duration assets, generate strong cash flows and offer good dividend yields. Jillings seeks companies with strong management teams that are risk aware and are pursuing attractive growth strategies. Favoured countries for investment are politically stable with a robust legal framework, a resilient economy and a positive attitude towards foreign investment.

Meeting company management teams and undertaking site visits are a very important element of the investment process. The manager and his team are supportive of UEM's investee firms in terms of their capital requirements and engaging in constructive discussions about their business strategies. The trust is often among their largest international shareholders. ICM also has a keen focus on companies' environmental, social and governance (ESG) credentials. As an example, UEM's portfolio has very low exposure to coal-fired power production.

Jillings invests in a diversified range of companies that are generally under-represented in the MSCI Emerging Markets Index. UEM has an active share approaching 100%; this is a measure of how a fund differs from an index, with 0% representing full replication and 100% no commonality. The manager has a long-term investment horizon, and avoids short-term stock market 'noise'. Due to the nature of UEM's investments, the trust has tended to underperform the MSCI Emerging Markets Index during a cyclical upturn led by sectors such as technology and consumer discretionary, while outperforming in a falling market.

Current portfolio positioning

At end-December 2019, UEM's top 10 positions made up 37.1% of the portfolio, a higher concentration versus 34.1% a year before; five positions were common to both periods. As shown in Exhibit 3, in terms of geographic exposure, the largest changes in 2019 were higher weightings to Brazil (+5.5pp) and India (+4.6pp) and the complete disposal of the Argentinian holdings (-5.3pp). The manager says that the risk/reward differential in the country is far too high. He reduced exposure prior to the primary presidential election in August 2019 (which had a surprising negative outcome for markets) and has since exited the country due to the introduction of exchange controls under the new socialist government. Looking at sector weightings, the largest increases were in infrastructure investment funds and renewables (both +3.9pp) and road & rail (+3.0pp), while the largest decreases were in gas (-7.4pp) and airports (-5.1pp).

Exhibit 3: Portfolio geographic and industry exposure (% unless stated)

Geography	Portfolio end-Dec 2019	Portfolio end-Dec 2018	Change (pp)	Industry	Portfolio end-Dec 2019	Portfolio end-Dec 2018	Change (pp)
Brazil	33.3	27.8	5.5	Electricity	21.3	22.4	(1.1)
China incl. Hong Kong	17.9	18.9	(1.0)	Ports	14.3	14.4	(0.1)
India	10.3	5.7	4.6	Road & rail	13.2	10.2	3.0
Philippines	7.8	6.8	1.0	Renewables	9.4	5.5	3.9
Other Latin America	6.9	5.1	1.8	Gas	8.7	16.1	(7.4)
Romania	6.1	8.5	(2.4)	Telecoms & satellites	8.4	7.9	0.5
Middle East/Africa	5.4	5.8	(0.4)	Water & waste	7.8	5.8	2.0
Other Asia	5.3	3.8	1.5	Other	6.9	6.5	0.4
Other Europe	3.0	5.0	(2.0)	Infrastructure inv funds	6.4	2.5	3.9
Chile	2.7	3.5	(0.8)	Airports	3.6	8.7	(5.1)
Malaysia	1.3	3.3	(2.0)				
Argentina	0.0	5.3	(5.3)				
Thailand	0.0	0.5	(0.5)				
	100.0	100.0			100.0	100.0	

Source: Utilico Emerging Markets Trust, Edison Investment Research

Jillings highlights an increase in deal activity in 2019. In June, one of UEM's largest positions, Companhia de Gas de Sao Paulo (Comgas), underwent a tender offer by its majority shareholder

Cosan, while in September Huaneng Renewables received a takeover bid from its parent company at a c 46% premium to its pre-bid share price. The manager also notes a series of companies raising capital to invest in their own businesses; he argues that these offerings have often been on favourable terms for existing shareholders. Below, Jillings focuses on some of the newer top 20 holdings in the fund:

- **India Grid Trust (IndiGrid)** – an infrastructure investment trust that is focused on power transmission assets with over 30-year concession lives. A major fund-raising in May 2019 enabled the company to acquire two new projects, the 830km NRSS and 711km OGPTL lines. IndiGrid offers a substantial c 13% dividend yield, and the manager believes that the company’s quarterly distributions are sustainable. He argues that the trust will benefit from higher energy demand due to India’s growing economy.
- **Omega Geracao** – one of the largest private renewables companies in Brazil. UEM has been a shareholder since the company first listed in July 2017. The manager notes that since that time, Omega has more than quadrupled its installed capacity, including recent acquisitions of the Assurua wind and Pirapora solar projects. He says the company achieves above average performance from its portfolio of assets, partly due to investing in the latest technology, and he views Omega as a ‘fabulous growth story’. It pays only a modest dividend as the firm is focusing on investing for its future growth.
- **Torrent Power** – one of the largest private power companies in India, with operations across the whole chain of power generation, transmission and distribution. Improved performance from a previously stranded gas asset is adding to the company’s returns. Torrent Power aims to pay out a dividend equivalent to around 30% of its annual profits and currently yields 1.6%.

Complete disposals in the fund include Enel Americas (geopolitical risk from its wide exposure in Latin America, as well as corporate governance concerns) and Shanghai International Airport (on valuation grounds, as the manager saw better opportunities elsewhere).

Performance: Long-term record of outperformance

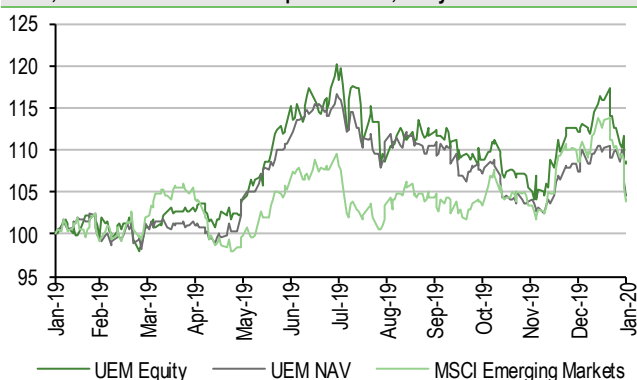
Exhibit 4: Five-year discrete performance data

12 months ending	Share price (%)	NAV (%)	MSCI Emerging Markets (%)	MSCI EM Infrastructure Capped (%)	Performance fee benchmark (%)
31/01/16	(10.5)	(8.1)	(15.9)	(15.3)	8.0
31/01/17	21.3	24.0	41.9	30.6	8.0
31/01/18	16.9	16.8	25.2	9.1	8.0
31/01/19	1.2	(0.3)	(6.9)	(1.1)	8.0
31/01/20	8.5	4.7	4.0	1.3	8.0

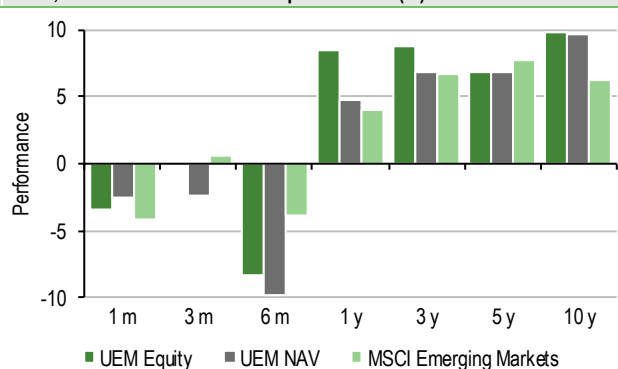
Source: Refinitiv. Note: All % on a total return basis in pounds sterling. Performance fee benchmark subject to an 8% minimum from April 2014. MSCI indices are shown for illustrative purposes.

Exhibit 5: Investment trust performance to 31 January 2020

Price, NAV and index total return performance, one-year rebased



Price, NAV and index total return performance (%)



Source: Refinitiv, Edison Investment Research. Note: Three-, five- and 10-year performance figures annualised.

During the year to 31 December 2019, UEM's NAV and share price total returns of +14.8% and +19.6% respectively were ahead of the MSCI Emerging Market Index +14.3% total return. They surpassed the annual returns achieved over the last three, five and 10 years. However, rolling forward the performance numbers to the end of January 2020 tells a different story (Exhibit 5, RHS), UEM's annual returns over the last decade are higher than those over the last one, three and five years. Markets weakened in January 2020 on growth concerns following the outbreak of the coronavirus, while equities rallied strongly in January 2019 following a period of weakness in Q418.

UEM's relative returns are shown in Exhibit 6. Its NAV and share price total returns have significantly outpaced the MSCI Emerging Markets Index over the last decade, and have also outperformed over the last one and three years. However, of more relevance is a comparison with the MSCI Emerging Markets Infrastructure Index. UEM has outperformed this measure over the last one, three, five and 10 years in both NAV and share price terms. The manager says that the trust's performance has been negatively affected by around 1pp over the last six months by its Argentinian exposure, which has now been completely divested.

Exhibit 6: Share price and NAV total return performance, relative to indices (%)

	One month	Three months	Six months	One year	Three years	Five years	10 years
Price relative to MSCI Emerging Markets	0.8	(0.7)	(4.7)	4.3	6.0	(3.5)	39.9
NAV relative to MSCI Emerging Markets	1.7	(2.9)	(6.2)	0.7	0.6	(4.0)	37.0
Price relative to MSCI EM Infrastructure	(0.8)	1.7	(1.9)	7.1	17.6	15.5	50.9
NAV relative to MSCI EM Infrastructure	(0.0)	(0.4)	(3.5)	3.4	11.6	14.9	47.7
Price relative to FTSE All-Share	(0.1)	(2.4)	(8.4)	(2.0)	8.4	2.8	16.5
NAV relative to FTSE All-Share	0.7	(4.5)	(9.9)	(5.4)	2.9	2.3	14.1
Price relative to performance fee benchmark*	(4.0)	(2.2)	(11.9)	0.5	1.9	(5.1)	19.7
NAV relative to performance fee benchmark*	(3.2)	(4.2)	(13.3)	(3.1)	(3.3)	(5.5)	17.1

Source: Refinitiv, Edison Investment Research. Note: Data to end-January 2020. Geometric calculation. *Benchmark for performance fee is UK Gilt five- to 10-year post-tax yield, plus RPIX, plus 2%, subject to an 8% minimum from 1 April 2014.

Exhibit 7: NAV total return performance relative to MSCI EM Index over three years



Source: Refinitiv, Edison Investment Research

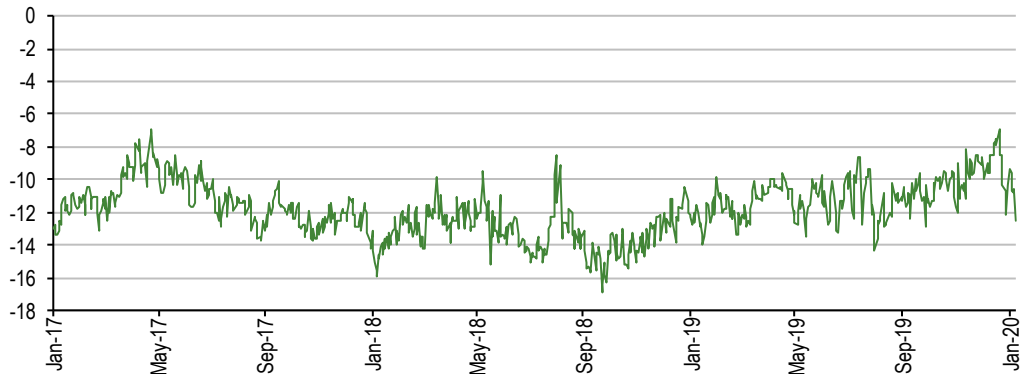
Discount: Significant narrowing since late 2018

UEM's discount has narrowed meaningfully in recent quarters from a 10-year high point of 16.9% on 22 October 2018. Its shares are currently trading at a 12.5% discount to cum-income NAV, which is towards the higher end of the 7.0% to 14.3% range over the last 12 months. The manager attributes UEM's narrower discount to increased investor confidence about the prospects for emerging market equities, rather than to the trust's change in domicile. Over the last one, three, five and 10 years, the trust has traded at average discounts of 10.9%, 11.8%, 11.1% and 9.5%, respectively.

The board believes that the best way to manage the discount over the long term is to generate good performance and increase awareness of the trust's philosophy and process. Historically, shares have been repurchased when the discount has widened to more than 10%. During FY19,

4.7m shares (c 2.0% of the share base) were repurchased and in H120, 1.8m shares (c 0.8%) were bought back. There is also the potential for periodic discretionary tender offers, although so far, none has been undertaken.

Exhibit 8: Share price discount to NAV (including income) over three years (%)



Source: Refinitiv, Edison Investment Research

Capital structure and fees

Following the final exercise of UEM's subscription shares in February 2018, the trust has a single class of share; there are currently 228.0m ordinary shares in issue. It has a three-year unsecured £50m revolving credit facility with Scotiabank Europe, which expires on 3 April 2021. At end-December 2019, net gearing was 6.5%; the level of gearing has increased in recent months as the manager has been finding additional attractive investment opportunities. He has preferred to take on debt rather than reduce the trust's large Brazilian exposure.

ICM is paid an annual management fee of 0.65% of NAV. Subject to an 8% minimum hurdle, a 15% performance fee on returns above the UK Gilt five- to 10-year index post-tax yield plus RPIX inflation plus 2% is payable. The NAV must exceed the high watermark NAV from when the performance fee was last paid, adjusted for capital events and dividends. The performance fee is capped at 1.85% of average net assets and is paid 50% in shares and 50% in cash.

In FY19, ongoing charges were 1.0%, which was in line with the prior financial year; no performance fee was payable. In H120, ongoing charges were modestly higher at 1.1% (1.3% including performance fees).

UEM has a five-yearly continuation vote, next due at the September 2021 AGM.

Dividend policy and record

UEM has a progressive dividend policy – annual dividends have been increased or maintained each year since the fund was launched. There are quarterly payments in September, December, March and June, which can be made from income or capital.

In FY19, UEM's revenue income declined by 13.6%, reflecting fewer special dividends received and a weaker Brazilian currency in H119. The fully covered annual distribution of 7.20p per share was 2.9% higher year-on-year.

So far in respect of FY20, two dividends have been paid. The first interim dividend of 1.800p per share was flat year-on-year, while the second payment of 1.925p per share was +6.9% year on year. If the third and fourth FY20 interim dividends are maintained at this level, it would equate to a

total distribution of 7.575p per share (+5.2% year-on-year). In H120, revenue income increased by 7.1% due to increased payments from portfolio companies, partially offset by stronger sterling.

At end-H120, UEM had revenue reserves of £11.3m, equivalent to c 0.7x the last annual dividend payment. Based on its current share price, UEM offers a 3.2% dividend yield.

Jillings notes that companies in Brazil and Latin America offer higher dividend yields than in Asia, but in general, investee companies are increasing their distributions. UEM is receiving fewer special dividends in FY20 compared with FY19, indicating that its underlying earnings growth is stronger, which is translating into sustainably higher dividends for UEM's shareholders.

Peer group comparison

In Exhibit 9, we highlight the largest eight funds in the AIC Global Emerging Markets sector, with market caps greater than £250m. While UEM has a unique strategy within the group, a comparison with its peers provides some perspective. Its NAV total return is below average over one, three and five years. However, over the last decade, it ranks first out of five funds, a significant 40.5pp above the mean. (These numbers do not take the dilutive effect of UEM's historic subscription shares up until February 2018 into account.) The trust's discount is wider than average, and its ongoing charge is below the mean, although it is one of two funds eligible for a performance fee. UEM's level of gearing is above average, and its dividend yield is the third highest in the selected peer group, 1.1pp above the mean.

Exhibit 9: Selected peer group as at 7 February 2020*

% unless stated	Market cap (£m)	NAV TR 1 year	NAV TR 3 year	NAV TR 5 year	NAV TR 10 year	Discount (cum-fair)	Ongoing charge	Perf. fee	Net gearing	Dividend yield (%)
Utilico Emerging Markets	517.6	6.2	21.9	43.1	159.7	(12.5)	1.1	Yes	107	3.2
Aberdeen Emerging Markets	278.5	11.0	20.7	51.0	81.0	(13.0)	1.0	No	104	0.0
BlackRock Frontiers	290.2	(3.5)	1.1	31.2		(2.9)	1.4	Yes	107	4.8
Fundsmith Emerging Equities Trust	299.7	5.0	21.0	26.5		(12.8)	1.5	No	100	0.2
Genesis Emerging Markets Fund	960.8	13.4	24.7	50.8	101.7	(11.1)	1.1	No	100	1.9
JPMorgan Emerging Markets	1,260.0	15.9	43.2	76.1	146.8	(8.2)	1.0	No	100	1.3
JPMorgan Global EM Income	394.6	10.6	26.1	46.4		(6.1)	1.3	No	106	3.8
Templeton Emerging Markets IT	2,058.3	15.1	36.9	62.4	106.6	(10.4)	1.0	No	100	1.9
Average	757.5	9.2	24.5	48.4	119.2	(9.6)	1.2		103	2.1
UEM rank (out of eight funds)	4	6	5	6	1	6	4		2	3

Source: Morningstar, Edison Investment Research. Note: *Performance data as at 6 February 2020 based on ex-par NAV. TR = total return. Net gearing is total assets less cash and equivalents as a percentage of net assets.

The board

UEM's board has five non-executive directors, four of whom are independent of the manager. John Rennocks is the chairman; he joined the board in November 2015 and assumed his current role in September 2016. Anthony Muh was appointed as a director in October 2010; Susan Hansen in September 2013 (she is considered non-independent as she is also on the board of a company associated with ICM); and Garth Milne in November 2014.

The newest independent director is Eric Stobart, who joined the board on 1 October 2019 and is chairman of the audit committee. He is a chartered accountant and has many years' experience in financial services, primarily in merchant and commercial banking including roles at Lloyds Banking Group. Currently, Stobart chairs a Lloyd's insurance business and is a chairman or a member of the trustee board of four pension schemes.

Charles Jillings, UEM's manager, stood down from the board in March 2012 to increase its independence and improve corporate governance. The directors' fees are paid in UEM shares, which ensures all shareholders' interests are aligned.

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Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
1,185 Avenue of the Americas
3rd Floor, New York, NY 10036
United States of America

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia