

**12 August 2024**

**UTILICO EMERGING MARKETS TRUST PLC**  
**(LEI Number: 2138005TJMCWR2394039)**

### **Publication of monthly factsheet**

The latest monthly factsheet for Utilico Emerging Markets Trust plc ("UEM" or the "Company") will shortly be available through the Company's website at:

<https://www.uemtrust.co.uk/investor-relations/factsheet-archive>

### **Monthly commentary**

#### **PERFORMANCE**

UEM's NAV total return was down 1.2% in July, performing in line with the MSCI Emerging Markets total return Index which was also down 1.2% in Sterling terms in the month.

Global markets in July remained mixed, with pressure increasing on the US Federal Reserve to cut interest rates in September on the back of softer inflationary and labour market data. Headline inflation in the US fell to 3.0% YoY, the second consecutive month of being lower than expected and the US unemployment rate rose to 4.1% indicating a slowing labour market. The attempted assassination of Donald Trump, and the withdrawal of President Biden from the US presidential race, leading to the endorsement of his vice president Kamila Harris, added to the market volatility. In July the S&P Index was up by 1.1% whilst the Nasdaq Composite Index struggled being down by 0.75%, affected by concerns around whether big tech stocks can deliver on their heavy AI investments, and the US Dollar weakened depreciating 1.6% against Sterling.

Emerging markets fared better in July, helped by the weaker US Dollar and expected interest rate cuts. Within Asia, the Indian Sensex Index increased again in July by 3.4% as investors reacted positively to the new Modi coalition government continuing their focus on reformist policies as reiterated in the Indian Budget. The Philippines PSEi Index was also up 3.2% and the Indonesian JCI Index was up by 2.7%. China continues to be the drag, with the Chinese Shanghai Composite Index down by 1.0% and the Hong Kong Hang Seng Index down 2.1% as the third plenum failed to excite investment sentiment. Although there was no announcement of material stimulus to support Chinese growth, the Chinese government has implemented measures to support the financial systems such as cutting the reverse repo rate.

Within Latam, market performance was also mixed with the Brazilian Bovespa up by 3.0% helped by the prospect of US interest rates cuts. Combined with low local valuations which attracted foreign investors once again, this resulted in the first monthly inflow this year. The Mexican market was up by 1.2% whilst the Colombian market was down by 2.6%. Exchange rates for the Latam markets continues to be a struggle with the Brazilian Real depreciating 3.3% against Sterling and the Mexican Peso depreciating 3.4% over the month.

#### **PORTFOLIO**

There was only one change to the top thirty holdings during July. Pertamina Geothermal Energy replaced Vietnam Holdings on the back of share price performance. Pertamina is an Indonesian listed wholly renewable company in the geothermal space with 672MW of capacity looking to increase this to at least 1GW by 2026. UEM invested at IPO and has increased its position since.

There were mixed performances in the portfolio in July. Sabesp, the Sao Paulo based, Brazilian water and sanitation company witnessed the strongest performance for the month up by 17.8% on the back of

its successful privatisation. The Sao Paulo state government reduced its holding from 50.3% to 18.0%, with Equatorial Energia acquiring a 15.0% interest in Sabesp and becoming the operating partner. Orizon, the Brazilian waste management company was up by 10.8% over the month supported by the announcement of a new biomethane supply contract with Compass. Aguas Andinas, the Chilean listed water and waste company was also up by 7.4% recovering from June's sell off.

Citic Telecom, the Chinese telecom operator saw its share price in July fall by 21.0% after it issued a profit warning ahead of its 1H24 results expected to be released in August, whilst Kinx was down by 10.1% as it is awaiting completion of a new data centre which is now expected to be completed in August rather than the end of July. Umeme was down by 5.4% and Santos Brasil was down by 3.9%.

Portfolio purchases amounted to £5.0m and total realisations were £5.6m.

#### **DEBT**

UEM's debt remained at nil in July and discussions for a replacement bank facility are continuing.

#### **OTHER**

UEM's share price for the month was up 0.9% ending July at 223.00p. The discount to NAV narrowed to 16.9% from 18.6% in June. UEM bought back 0.4m shares at an average price of 222.96p in the month, taking the total shares bought back in the four months to 31 July 2024 to 2.2m, equivalent to 1.1% of the share capital as at 31 March 2024.

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