Utilico Emerging Markets Trust

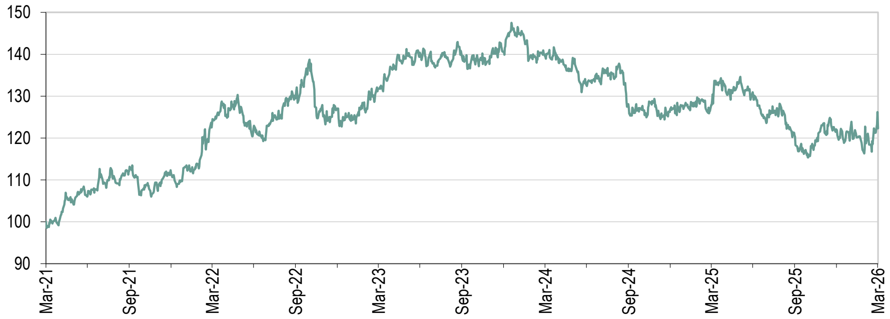
Robust returns are worthy of consideration

Investment companies
Emerging market equities

28 April 2026

Utilico Emerging Markets Trust's (UEM's) portfolio is relatively defensive, with a beta of c 0.8, given the nature of its investments in infrastructure and utility assets. Hence, its managers, Charles Jillings and Jacqueline Broers at ICM, are encouraged that the trust has broadly kept up with a very strong MSCI Emerging Markets Index over the last 12 months, with a lower volatility of returns. The managers continue to have a high level of conviction in the positive prospects for the trust's investee companies, which are selected via a diligent bottom-up investment process. UEM has also delivered very commendable results over the long term. Since launch in July 2005 until 31 March 2026, the trust generated a 9.6% annualised NAV total return. UEM has a progressive dividend policy, a fully covered annual distribution and an above-market dividend yield.

Exhibit 1: NAV versus MSCI Emerging Markets Index (last five years)



Source: LSEG Data & Analytics, Edison Investment Research

Why consider UEM?

Given the current very uncertain investment backdrop, UEM's differentiated, resilient portfolio of essential assets, held by companies with strong market positions, sustainable cash flows and well regarded management teams, should look increasingly appealing to global investors.

With over 10 years of consecutive dividend growth, UEM is the only fund in the AIC Global Emerging Markets sector that is designated as an AIC next-generation dividend hero. More than 80% of portfolio companies pay dividends.

Currently, UEM regularly discloses its top 30 positions. The board has decided to further increase transparency by including a full holdings list in the annual and half-yearly reports. There is also a commitment, except in exceptional circumstances, to only invest in listed companies. Unlisted businesses currently make up a modest c 1.5% of the trust's portfolio.

In August 2025, UEM's board announced a series of measures aiming to enhance the trust's performance and narrow the discount. These were: a new performance-based tender offer; regular share buybacks; a progressive dividend policy; and bringing forward the 2026 continuation vote, which was subsequently passed with a 97.6% vote in favour of the company's continuation. The next vote is in 2030, providing the managers with a good opportunity to build on their positive long-term performance record.

Price		**290.00p**
Market cap		**£506m**
Total assets		**£580m**
NAV		328.1p
[1]NAV at 24 April 2026.		
Discount to NAV		11.6%
Current yield		3.3%
Shares in issue		174.6m
Code/ISIN		UEM/GB00BD45S967
Primary exchange		LSE
AIC sector		Global Emerging Markets
Financial year end		31 March
52-week high/low	300.0p	215.0p
NAV high/low	334.4p	258.4p
Net gearing		1.4%
[1]Net gearing at 31 March 2026.		

Fund objective

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.

Bull points

- Specialist fund investing in high-quality emerging market companies.
- Progressive, covered dividend and attractive yield.
- Higher economic growth and lower valuations in emerging versus developed markets.

Bear points

- Discount is persistently wider than the board's desired level of less than 10%.
- The MSCI Emerging Markets Infrastructure and Utility indices have underperformed the MSCI Emerging Markets Index over the long term.
- Emerging market indices can be more volatile than those in developed markets.

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

UEM: Differentiated exposure to above-average economic growth

The trust was launched in July 2005 as a Bermudan investment company, which redomiciled to the UK as an investment trust on 3 April 2018. Since launch, UEM has outperformed the MSCI Emerging Markets Index by a considerable margin (more than 120pp over the 20 years to July 2025). Strong growth has earned the trust a place in the UK 250 Index.

UEM is managed by ICM Group (ICM and ICM Investment Management), a specialist fund manager based in Bermuda and the UK with c $1.4bn of assets under management at 31 December 2025. ICM Group has more than 80 employees, who operate from 10 offices around the globe.

The trust's portfolio contains Jillings' and Broers' c 70 most compelling investments (typical range of 60–90). They and the rest of the ICM specialists have worked together for many years; the managers believe that they have unrivalled sector knowledge, which is an advantage when holding investee companies to account.

Bottom-up approach and benchmark agnostic

Jillings has managed UEM since launch and Broers was appointed joint portfolio manager on 2 January 2025, having been involved in UEM since joining ICM in 2010. They employ a bottom-up stock selection process and are unconstrained by benchmark allocations, although the MSCI Emerging Markets Index is used as a benchmark. To mitigate risk, there is a series of internal investment guidelines in place (as a maximum percentage of gross assets at the time of investment): individual investment 10%; single country 35%; individual sector 30%; unquoted investments 10%; and top 10 holdings 60%. Gearing of up to 25% of gross assets is permitted. The trust's currency exposure is unhedged. Because of the nature of UEM's investments in companies providing essential services, 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.

The managers have a long-term approach, avoiding short-term stock market 'noise', seeking companies, predominantly in the infrastructure and utility sectors, that are trading at a discount to their estimated intrinsic value, and that they believe have the potential to generate total returns of at least 15% per year, at an investee company level, over a five-year horizon. Preferred emerging market countries have positive attributes such as political stability, strong economic development, an acceptable legal framework and an encouraging attitude to foreign investment. Direct relationships with companies and local brokers can highlight changes in business conditions. There is a lot of travel involved, meeting with company managements and their operating assets, along with other contacts across the emerging regions.

ICM is often the first phone call when an infrastructure or utility IPO is announced, and its investment specialists are used as sounding boards ahead of companies listing. UEM's investment team is supportive of its investee firms in terms of their capital requirements by participating in follow-on equity offerings at the right price and, given its speciality, the trust is often a well-regarded shareholder for many of its investee companies.

Stocks are selected on a bottom-up basis following thorough fundamental research (including the construction of a detailed financial model and valuation targets) from an investible universe of more than 1,000 companies. While UEM is not an ESG fund, its board believes it is in shareholders' best interests to consider environmental, social and governance factors when selecting and retaining investments. ICM is a signatory to the United Nations-supported Principles for Responsible Investment, a code of best practice for incorporating ESG issues.

Perspectives from UEM's manager (14 April 2026)

Jillings says that as a result of the war in Iran, there is widespread anxiety about the supply and costs of oil and energy. The stock market appears to be looking past the conflict, reflecting a near-term resolution, as both Iran and the US need an off-ramp. This scenario is borne out by oil and energy futures curves, which are not indicating elevated prices over the longer term. The manager says that countries will undoubtedly be increasing future spending on energy security, along with defence. Jillings considers that there will also be increased diversification of supply chains outside of energy, which should benefit UEM. He believes that commodities will be in high demand as customers stockpile inputs to guard against future supply disruptions. This should benefit Latin America, which is a major commodity exporter; UEM has a notable exposure to the region, which is highlighted in the Portfolio section.

Within Latin America, Jillings suggests that the Mexican industrial base will continue to benefit from its proximity to the US, and that trade issues with President Trump will be resolved. During a recent trip to Latin America, the manager saw more confidence within the Mexican business community about making investment decisions. This increases Jillings' belief in the outlook for improved economic growth in the country, which is a notable change from a year ago when activity in Mexico was very weak or on hold following President Trump's inauguration. Businesses are learning to trade through macroeconomic noise. Elsewhere, the manager says that Asia is an industrial powerhouse led by China, which will also benefit from diversification of supply chains.

Jillings describes UEM as investing in the backbone of emerging market economies, and reports that operationally, investee companies are performing very well. However, he cautions that with global stocks discounting a short-term resolution to the war in the Middle East, there is a risk if this conflict goes on for longer than expected, leading to higher costs and inflation becoming ingrained into the global economy. Monetary policy has already changed in both developed and emerging markets; where central banks were cutting rates, they are now on hold or are raising rates. An exception is Brazil, where the Selic was reduced by 25bp in March 2026 (the first cut in two years). The decision was driven by slowing economic activity and lower inflation levels, but tempered by a potential revival in inflation linked to the Middle East situation; Brazilian real interest rates are relatively high, so further interest rate cuts are anticipated in the future.

Considering why stock markets are holding up so well despite a very uncertain backdrop, Jillings suggests that during the 1970s oil shock, the US was a net importer of oil. Now, following the development of shale fields, the US is a net exporter of oil and gas, so higher energy prices will wash through the system. China now has more renewable energy, and is therefore better placed. Also, energy stockpiles have been built up due to geopolitical tensions. The manager says the fact that the two largest global economies are not on their knees bodes well for the world as a whole; hence, global stock markets are holding up better than would have been expected given the war in the Middle East.

Portfolio breakdown

At the end of March 2026, UEM's top 10 holdings made up 41.9% of the portfolio, which was a 4.3pp higher concentration year-on-year. There were eight names common to both periods. The trust's top 30 positions made up 76.4%, which was a higher percentage versus 73.7% at the end of March 2025.

Exhibit 2: UEM's top 10 holdings at 31 March 2026

Company	Country	Industry	Megatrend	Portfolio weight Mar-26	Portfolio weight Mar-25
Orizon Valorização de Resíduos	Brazil	Waste treatment	Social infra	8.3	4.0
Int'l Container Terminal Services	Philippines	Ports operator	Global trade	6.1	4.9
Alupar Investimento	Brazil	Electricity transmission & generation	Energy growth & transition	4.4	3.6
Sabesp*	Brazil	Water & waste treatment	Social infra	4.2	4.7
IndiGrid Infrastructure Trust	India	Electricity transmission	Energy growth & transition	4.2	3.7
Manilla Water Company	Philippines	Water & waste treatment	Social infra	3.9	3.8
Grupo Aeroportuario del Pacifico (GAP)	Mexico	Airport operator	Social infra	2.9	N/A
Colbun	Chile	Energy generation	Energy growth & transition	2.8	N/A
Korea Internet Neutral Exchange (KINX)	South Korea	Internet exchange	Digital infra	2.7	2.4
Aguas Andinas	Chile	Water & waste treatment	Social infra	2.4	2.5
Total				**41.9**	**37.6**

Source: UEM, Edison Investment Research. Note: *Companhia de Saneamento Básico do Estado de São Paulo. N/A where not in the March 2025 top 30 holdings.

There are three relatively new additions to UEM's top 10 list:

- Grupo Aeroportuario del Pacifico (GAP) is the largest Mexico-listed airport operator, with 12 airports in Mexico, including five of the 10 most important, and two in Jamaica. GAP also operates Cross Border Xpress (CBX), which is a pedestrian bridge connecting a terminal in San Diego, US, directly to the Tijuana International Airport in Mexico, accounting for more than 30% of total Tijuana traffic. In November 2025, GAP proposed a business combination to integrate the CBX operations, which is expected to conclude in Q226.
- Colbun is the second-largest energy generator in Chile (14% market share) and the fifth largest in Peru (6% market share). The company has installed capacity of 5.0GW (57% renewables – 31% hydro and 26% wind/solar with 43% thermal), split between Chile (89% of capacity and 86% of revenue and EBITDA) and Peru (11% of capacity and 14% of revenue and EBITDA). Having sold its energy transmission business in 2021, Colbun is a pure-play power generation company, with a highly regarded successful management team; the company is trading on an undemanding valuation with an attractive dividend yield.
- Aguas Andinas is Chile's leading water and sanitation company with a 40.3% share of the customer base in Chile's sanitation sector. The company provides 100% water coverage, 98.9% sewage collection and 100% sewage treatment for its 2.3 million customers, mostly located in the Santiago metropolitan area. Its November 2024 tariff

increase was +5% in real terms for the 2025–30 cycle, which was the first real increase in the last three reviews. There are growth opportunities from investment required to sustain water resilience in Chile following droughts in recent years. Aguas Andinas is a defensive stock with a strong management team and an attractive dividend yield.

Exhibit 3: Portfolio geographic exposure (%)

	Portfolio end Mar 26	Portfolio end Mar 25	Change (pp)
Brazil	26.5	21.8	4.7
The Philippines	11.5	9.4	2.1
Other Europe	9.7	N/A	N/A
China incl. Hong Kong	9.4	12.6	(3.2)
India	7.9	6.2	1.7
Chile	6.5	4.2	2.3
Vietnam	5.5	9.9	(4.4)
Colombia	5.5	4.3	1.2
Africa	5.5	N/A	N/A
Other Latin America	4.6	2.4	2.2
Other Asia	3.3	N/A	N/A
South Korea	2.7	N/A	N/A
Middle East	1.4	N/A	N/A
	100.0	**100.0**	

Source: UEM, Edison Investment Research. Note: N/A – where there have been classification changes.

Exhibit 4: Portfolio sector exposure (%)

	Portfolio end Mar 2026	Portfolio end Mar 2025	Change (pp)
Electricity	26.2	17.3	8.9
Water & waste	21.5	15.6	5.9
Data serv & digital infra	12.9	15.0	(2.1)
Ports	9.5	10.6	(1.1)
Telecoms	5.5	5.8	(0.3)
Infrastructure inv funds	5.4	5.2	0.2
Airports	5.2	6.3	(1.1)
Logistics	4.1	6.4	(2.3)
Road & rail	3.6	4.0	(0.4)
Renewables	3.2	4.9	(1.7)
Gas	0.0	4.9	(4.9)
Other	2.9	4.0	(1.1)
	100.0	**100.0**	

Source: UEM, Edison Investment Research. Note: N/A – where there have been classification changes.

UEM's portfolio is very different to the MSCI Emerging Markets Index, illustrated by an active share of around 98%, which is a measure of how the fund differs from its benchmark index, with 0% representing full index replication and 100% no commonality. The high active share is not surprising given UEM's specialist mandate and fundamental stock selection. Notable differences between the trust's portfolio and the MSCI Emerging Markets Index include the trust's lack of financial stocks, which make up more than 20% of the index. UEM's largest country exposure, by a wide margin, is Brazil, which makes up more than a quarter of the portfolio but only around 5% of the index.

Looking at UEM's geographic and sector exposures in Exhibits 3 and 4, some year-on-year comparisons are not possible due to classification changes. However, there are some points to note: over the 12 months to the end of March 2026, there was a 4.7pp increase in the Brazil weighting and lower allocations to Vietnam (-4.4pp) and China including Hong Kong (-3.2pp). Direct Middle East exposure at the end of March 2026 was very modest at less than 1.5%. By sector, there are higher weightings in electricity (+8.9pp) and water & waste (+5.9p), primarily due to the strong performance of portfolio companies in these areas. UEM's gas exposure was sold (4.9% at end March 2025), as the attractiveness of the available opportunities decreased.

Global infrastructure megatrends

UEM's managers have identified four global infrastructure megatrends that they believe will support the growth of the trust's investee companies long into the future. At the end of March 2026, the portfolio was broken down as follows:

Social infrastructure (36.7%): there is increased need for social infrastructure such as sanitation, water supply and transportation networks. Demand is driven by a rising emerging market middle class, with higher levels of disposable income and the ongoing shift to urbanisation. **Sabesp** is a Brazil-listed major global water utility (ranking second globally by revenue and third by served population). The 2024 privatisation reduced the government's stake from just over half to 18%. Equatorial Energia acquired a 15% stake and is a well-regarded reference shareholder. Sabesp owns a 93.5k km water supply network serving 28.1m customers (98.6% coverage) and a 63.9k km sewage network serving 24.9m customers (94.8% coverage and 84.8% of sewage is treated versus a 51.8% national average) across 376 municipalities in São Paulo state. São Paulo is the richest Brazilian state, which reinforces Sabesp's earnings quality. The company is benefiting from a favourable regulatory environment with reduced regulatory discretion, and has planned capex over the next five years that will approximately double its asset base without affecting its debt ratios. Sabesp is well positioned in Brazil's sanitation sector and can potentially expand to other Brazilian states that have low sanitation indicators even before reaching universal coverage in São Paulo.

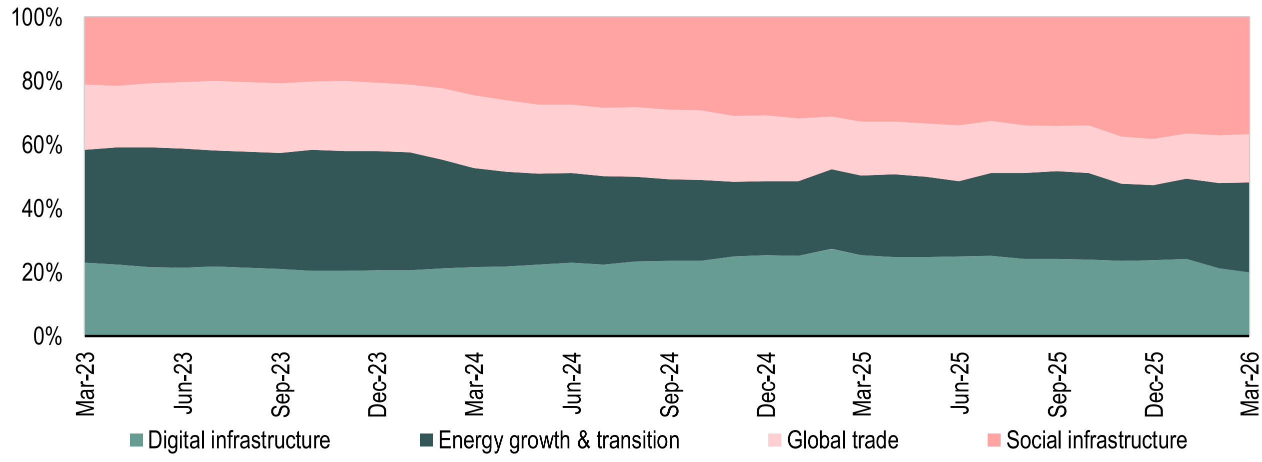
Energy growth & transition (28.2%): investment in renewable energy areas, such as wind, solar and hydroelectric, as well as supporting grid infrastructure, is required to support economic growth and increase energy security. **Axia Energia** is the largest Latin American utility company, with power generation and transmission assets in Brazil. Its installed capacity of 44GW (17% share in Brazil) is 100% from renewable sources. Axia operates 74,769km of transmission lines (37% share in Brazil). The company privatised in 2022, with no shareholder holding more than 10% of the voting power despite the government retaining a 43% stake. Since privatisation, Axia has focused on simplifying its administrative structure, enhancing asset management, internal restructuring and boosting capacity investment. It is currently well positioned as it has the benefit of holding a significant amount of uncontracted energy in an environment of rising electricity prices.

Digital infrastructure (20.0%): digital connectivity investment is occurring very rapidly, driving strong demand for data centres. **GDS Group** builds and operates data centres in mainland China, mostly in prime locations around Beijing, Shanghai, the Greater Bay Area and the Chengdu-Chongqing area. At the end of 2025, the company had 98 installed data centres with 1,735MW of capacity including 220MW under construction. GDS has secured an additional 3,700MW power quota (with land allocations) mainly in Western China, which could be deployed over the next three years. The company primarily builds and leases out whole build-to-suit data centres for hyper-scalers, such as Alibaba, Bytedance and Tencent, on 10–15 year contracts (80% of data centre revenues). AI-related demand is strong; GDS won 281MW of new orders in 2025. The company's modular build-at-scale approach allows it to deliver data centres to clients in months rather than years, at a competitive price. GDS also has a stake in DayOne, which is an international data centre operator headquartered in Singapore with assets principally in Jahor, Malaysia. GDS values its DayOne stake at $2.2bn based on a January 2026 Series C funding round, and the company may list during 2026.

Global trade (15.1%): global trading activity is expected to continue regardless of Trump's trade policies, with emerging markets making up an increasing share of global activity. **International Container Terminal Services** (ICT) is a very long-term portfolio holding. It is a Philippine-listed global developer, manager and operator of port terminals with a focus primarily on emerging market origin and destination ports, where volumes are less volatile than for transshipment ports. Having started operating in 1988, ICT now owns 33 container terminal concessions across 19 countries and remains c 62% owned by the Razon family. Geographically, operations are split: Asia (c 53% volumes, including c 25% at the flagship Manilla asset, and c 41% revenue); Americas (c 29% volumes and c 40% revenue); and EMEA (c 18% volumes and revenue). The company has long-term concession agreements for port assets that are well-positioned to capture economic growth from growing emerging markets. ICT is benefiting from margin expansion led by operational efficiencies, tariff increases and operating leverage. It has a strong management team with a history of successful execution. In December 2025, ICT signed a 25-year partnership contract to manage Durban's container terminal, which is an asset requiring operational improvement, but will benefit if ships are rerouted around the Cape of Good Hope due to the war in the Middle East.

Exhibit 5 shows how UEM's megatrend exposure has evolved over time. Since Q123, the social infrastructure weighting has increased by c 16pp, while the other three segments have declined. This is likely due to the ongoing need and demand for social infrastructure assets, as well as favourable regulatory environments within emerging markets to encourage investment. The reduction in trade exposure is due to the realisation of some portfolio assets within this segment.

Exhibit 5: Evolution of UEM's megatrend exposure



Source: UEM, Edison Investment Research

Emerging markets: Above-average growth at below-average valuation

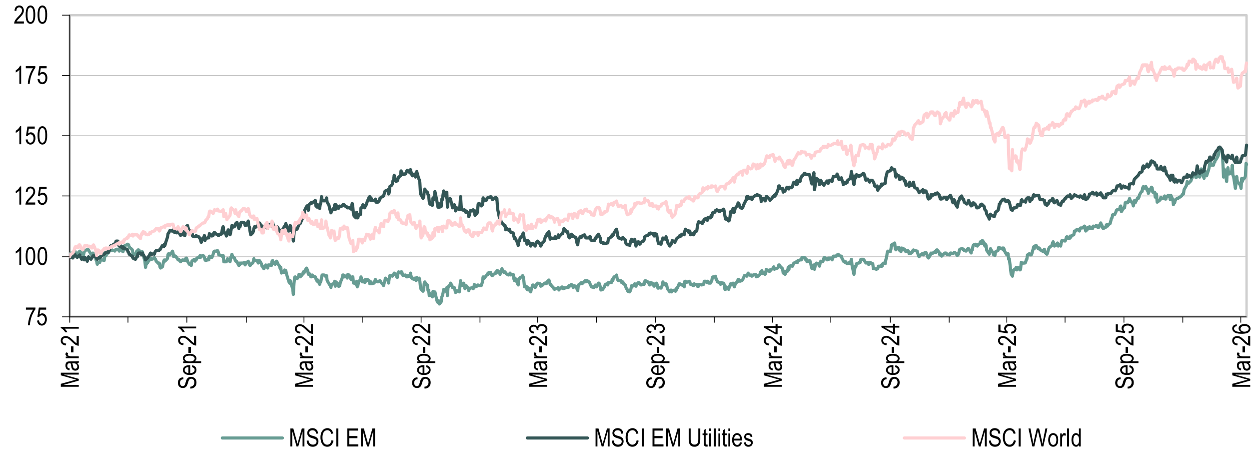
Amid the war in the Middle East, the International Monetary Fund recently released its April 2026 World Economic Outlook. Growth projections for world output were revised down by 0.2pp to 3.1% for 2026 and there was no change to the 3.2% 2027 number. For emerging and developing economies, the 2026 projection was reduced by 0.3pp to 3.9%, but the 2027 projection was raised by 0.1% to 4.2%. Growth expectations remain lower in advanced economies with projections of 1.8% for 2026 and 1.7% for 2027.

Factors for above-average growth in emerging markets include favourable demographic trends as young and growing populations become more educated, a rising middle class with increasing levels of disposable income available for spending on both goods and services, and ongoing urbanisation, which is leading to increased demand for infrastructure assets. Emerging markets are increasing technology usage, sometimes by-passing older technologies, such as witnessed in Latin America, which is a leading player in mobile banking.

Although emerging markets have not kept up with the world market over the last five years (Exhibit 6), they performed relatively better in 2025 helped by a weaker US dollar, which reduced their external debt burdens, while sentiment improved as many emerging market central banks reduced interest rates in a more benign inflationary environment. Countries seen as beneficiaries of the growth in AI such as Taiwan and Korea performed well. Emerging markets also benefited from positive flows as global investors diversified away from expensive US large-cap technology stocks.

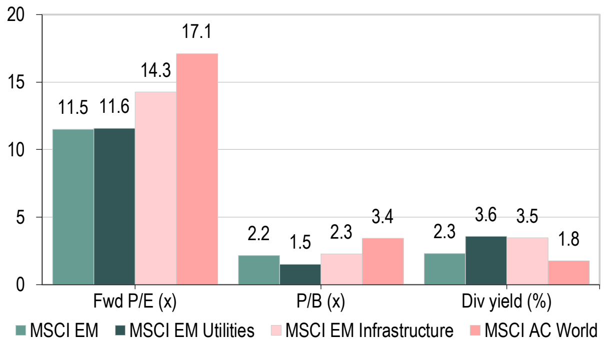
Having outperformed the global market in 2025, emerging markets continued to lead in Q126, while remaining relatively attractively valued. At 31 March 2026, they were trading at a c 33% discount on a forward P/E multiple basis, while offering a more attractive dividend yield.

Exhibit 6: Indices total return (£) over the last five years (rebased)



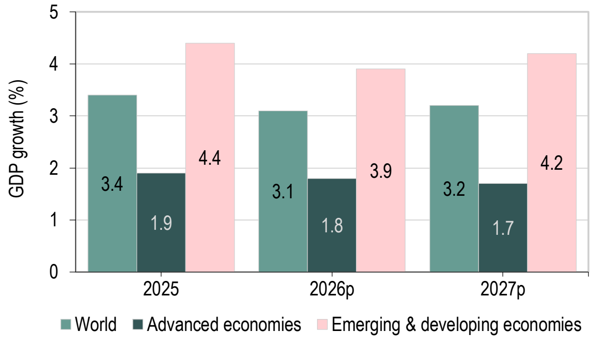
Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 7: Valuation of MSCI indices at 31 March 2026



Source: MSCI, Edison Investment Research

Exhibit 8: GDP growth



Source: International Monetary Fund, World Economic Outlook (April 2026), Edison Investment Research. Note: p - projections.

Performance: Annual NAV total return of c 10% since launch

There are 10 companies in the AIC Global Emerging Markets sector (Exhibit 9), covering a range of mandates. While UEM is one of the more specialist funds, a broad comparison including the more generalist vehicles does provide some perspective.

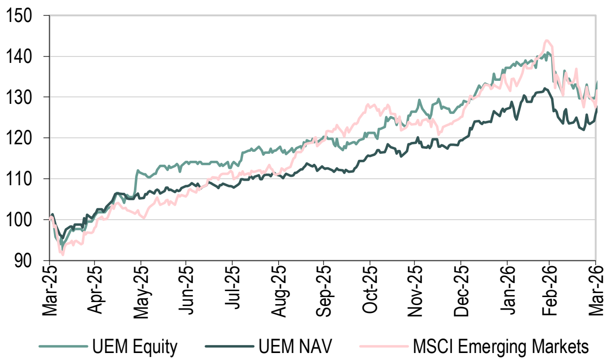
UEM's NAV total returns are above average over the last five years, ranking second out of nine funds. Morningstar's performance data on the trust does not add back the dilutive effect of its historical subscription shares before February 2018, which will affect the 10-year numbers. UEM currently has the second-widest discount in the sector, an average ongoing charge and a modest level of gearing. The trust's dividend yield is 1.2pp above the sector mean, ranking second.

Exhibit 9: AIC Global Emerging Markets sector at 27 April 2026*

% unless stated	Market cap (£m)	NAV TR 1Y	NAV TR 3Y	NAV TR 5Y	NAV TR 10Y	Discount	Ongoing charge	Performance fee	Net gearing	Dividend yield
Utilico Emerging Markets	506.3	30.2	43.4	63.9	122.0	(11.0)	1.5	No	101	3.3
Ashoka WhiteOak Emerging Markets	69.5	48.7				(0.1)	1.9	No	100	0.0
Barings Emerging EMEA Opportunities	98.5	26.6	61.0	26.1	100.8	(9.7)	1.6	No	100	2.3
BlackRock Frontiers	313.4	24.3	45.4	83.7	161.8	2.3	1.4	Yes	105	3.9
Fidelity Emerging Markets	559.6	94.8	128.1	61.3	196.9	(8.7)	0.8	No	157	1.4
JPMorgan Emerg Europe, ME & Africa	95.4	19.1	66.8	(90.6)	(79.0)	246.0	3.3	No	100	0.3
JPMorgan Emerging Markets Dividend Inc	498.4	48.4	65.6	57.6	200.9	(7.6)	1.0	No	106	3.1
JPMorgan Emerging Markets Growth & Inc	1,472.2	53.4	56.6	33.4	199.5	(7.6)	0.8	No	100	3.2
Mobius Investment Trust	101.2	41.3	46.2	54.8		(15.0)	1.4	No	100	1.1
Templeton Emerging Markets Inv Trust	2,706.1	72.4	101.8	57.1	267.8	(7.4)	1.0	No	101	1.8
Simple average	**642.1**	**45.9**	**68.3**	**38.6**	**146.3**	**18.1**	**1.5**		**107**	**2.1**
UEM rank out of 10 funds	**4**	**7**	**9**	**2**	**6**	**9**	**4**		**4**	**2**

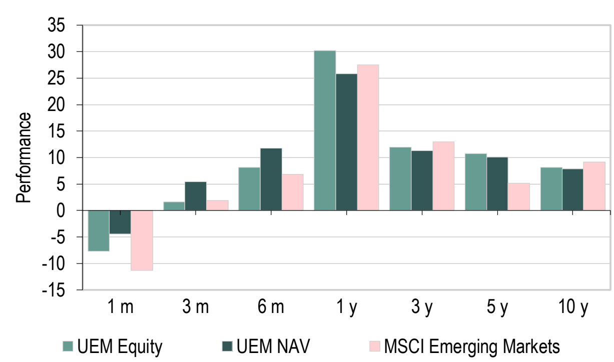
Source: Morningstar, Edison Investment Research. Note: * Performance at 24 April 2026. TR, total return.

Exhibit 10: Rebased one-year share price, NAV and total return performance to 31 March 2026



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 11: Share price and NAV total return performance, relative to indices (%)



Source: LSEG Data & Analytics, Edison Investment Research. Note: Three-, five- and 10-year figures annualised.

Exhibit 12 shows UEM's relative performance. In the first three months of 2026, the trust's NAV was solidly ahead of the MSCI Emerging Markets Index. This is primarily due to UEM's heavy exposure to Brazil, which made up more than a quarter of the portfolio at the end of March 2026. So far this year, both Brazilian stocks and its currency have rallied helped by higher commodity prices and expectations for interest rate reductions.

UEM is significantly ahead of the benchmark index over the last five years in both NAV and share price terms. Over the last 12 months, the trust's NAV is modestly lower than the benchmark (although its share price has outperformed); but UEM's returns have been less volatile. Portfolio companies that have performed particularly well include water treatment businesses Orizon Valorização de Resíduos and Manila Water Company, and electricity companies Alupar Investimento and Axia Energia.

Exhibit 12: Share price and NAV total return performance, relative to indices (%)

	1 month	3 months	6 months	1 year	3 years	5 years	10 years
Price relative to MSCI Emerging Markets	4.1	(0.3)	1.2	2.0	(2.6)	29.7	(8.9)
NAV relative to MSCI Emerging Markets	7.8	3.5	4.6	(1.3)	(4.3)	26.2	(11.5)
Price relative to MSCI EM Utilities	(4.6)	(4.7)	(0.7)	13.7	6.4	18.5	32.9
NAV relative to MSCI EM Utilities	(1.3)	(1.1)	2.6	10.0	4.6	15.3	29.1
Price relative to CBOE UK All Companies	(1.2)	(0.7)	(0.5)	6.9	(3.7)	(2.9)	(5.3)
NAV relative to CBOE UK All Companies	2.2	3.1	2.8	3.4	(5.4)	(5.6)	(8.0)

Source: LSEG Data & Analytics, Edison Investment Research. Note: Data to end March 2026. Geometric calculation.

Exhibit 13: Five-year discrete performance data

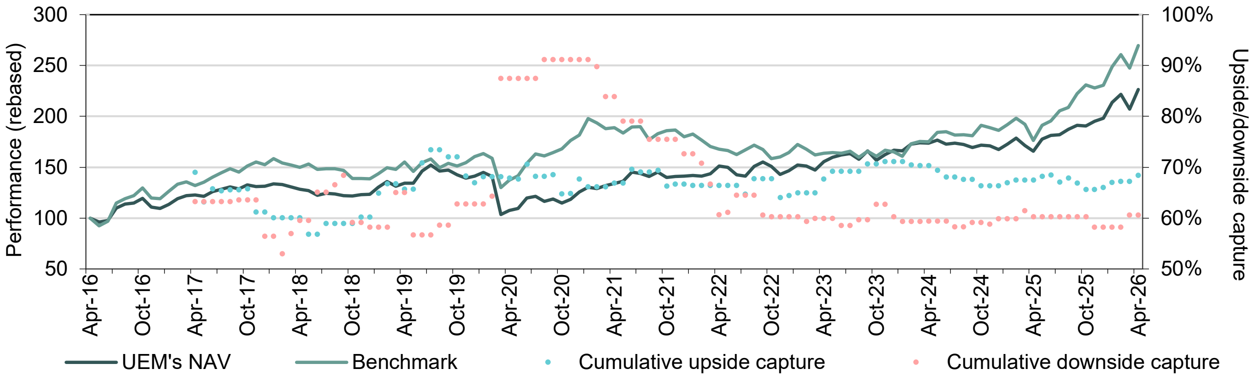
12 months ending	Total share price return (%)	Total NAV return (%)	MSCI Emerging Markets (%)	MSCI EM Utilities (%)	CBOE UK All Companies (%)
31/03/22	17.7	15.0	(6.8)	16.2	13.2
31/03/23	0.7	2.0	(4.5)	(8.5)	3.8
31/03/24	5.9	12.9	6.3	16.3	8.4
31/03/25	1.9	(2.9)	6.3	(0.9)	10.5
31/03/26	30.1	25.9	27.5	14.5	21.8

Source: LSEG Data & Analytics, Edison Investment Research. Note: All % on a total return basis in pounds sterling.

UEM's upside/downside analysis

UEM offers a specialised, yet defensive, exposure to emerging markets. In Exhibit 14, we show the trust's upside/ downside capture over the last decade. In months when emerging markets stocks rose, on average, UEM captured 70% of the upside, whereas in months when emerging markets declined, the trust captured just 57% of the downside.

Exhibit 14: UEM's upside/downside capture

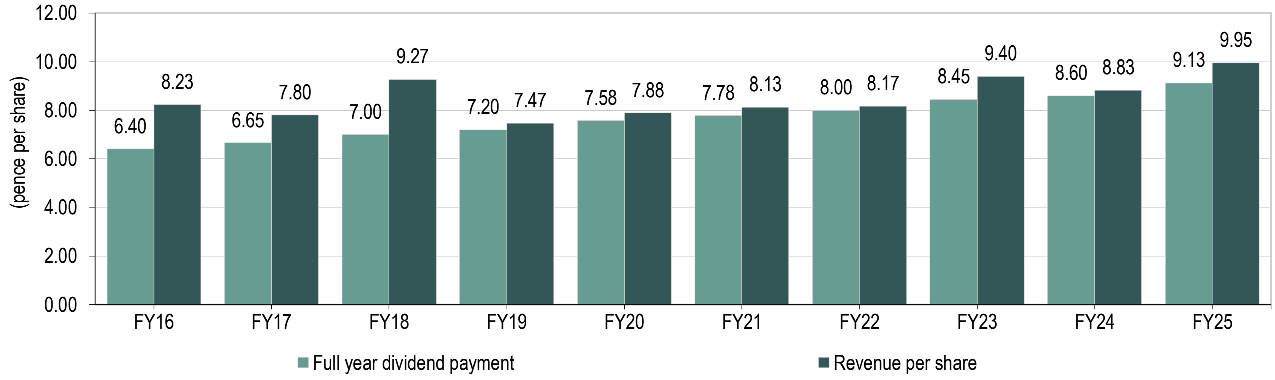


Source: LSEG Data & Analytics, Edison Investment Research
Note: Cumulative upside/downside capture calculated as the geometric average NAV total return (TR) of the fund during months with positive/negative reference index TRs, divided by the geometric average reference index TR during these months. A 100% upside/ downside indicates that the fund's TR was in line with the reference index's during months with positive/negative returns. Data points for the initial 12 months have been omitted in the chart due to the limited number of observations used to calculate the cumulative upside/ downside capture ratios.

Dividends: Next-generation dividend hero

UEM pays regular quarterly dividends and the total annual distribution has increased each year since 2016. The trust is the only fund in the AIC Global Emerging Markets sector with a 10-year record of consecutive higher annual dividends, making it an AIC next-generation dividend hero. UEM's board is targeting future annual dividend increases.

Exhibit 15: UEM's 10-year dividend and revenue history



Source: UEM, Edison Investment Research

The FY25 payment of 9.125p per share was 6.1% higher year-on-year and c 1.1x covered by revenue. So far, three FY26 dividends have been paid totalling 7.165p per share. If the pattern of dividend payments continues in line with FY25, the total FY26 dividend will be 9.585p per share, which would be a 5.0% increase year-on-year, and higher than the five- and 10-year compound annual dividend growth rates of 4.3% and 4.1% respectively.

Valuation: Initiatives to lower the discount

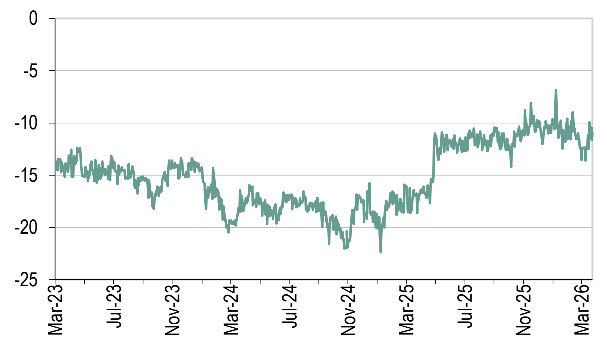
On 7 August 2025, UEM's board provided an update on proposals to increase demand for the trust's shares, which, over time, should lead to a narrowing of its discount:

- A new performance-based conditional tender offer, with UEM benchmarked against the MSCI Emerging Markets Total Return Index. Performance is measured over a five-year period. Up to 25% of the company's issued share capital may be tendered if the trust underperforms the index in the five years ending 31 March 2030.
- Continuation of the share repurchase programme, with the aim of UEM achieving and then maintaining a single-digit discount, in normal market conditions.
- Further dividend increases.
- Advancement of the 2026 continuation vote to follow the 16 September 2025 AGM, and then to be held at subsequent five-year intervals, subject to shareholder approval. The continuation vote was duly undertaken on 16 September 2025 and UEM received a very high level of shareholder support, with 97.63% voting in favour of the resolution; hence, the next continuation vote will be in 2030.

As shown in Exhibit 16, in recent months UEM's discount has narrowed meaningfully. While this is a positive move, given the trust's more than respectable performance record and the style of its investments, it is surprising that UEM's discount is wider than most of its peers'.

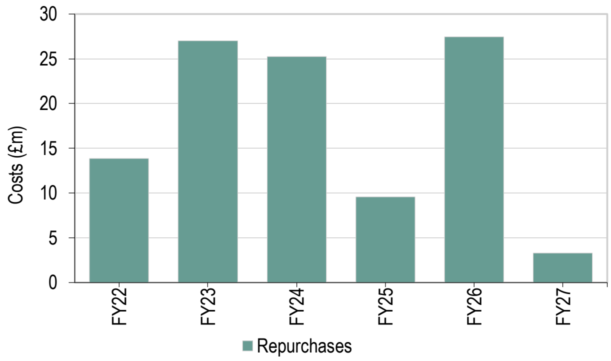
The current 11.6% discount is at the narrower end of the three-year range of discounts (6.9–22.4%) and lower than its historical averages of 12.2% over the last 12 months, 15.2% over three years, 14.3% over five years and 13.2% over the last decade. The board aspires to a sub-10% discount, and typically repurchases shares when the discount is above 10% in normal market conditions. In FY26, c 10.8m shares were bought back, which was equivalent to c 5.8% of the share base.

Exhibit 16: Discount over the last three years (%)



Source: LSEG Data & Analytics, Edison Investment Research

Exhibit 17: Share repurchases since FY22



Source: Morningstar, Edison Investment Research

Gearing

On 30 August 2024, UEM entered into a £50.0m multicurrency revolving credit secured bank facility agreement with Barclays Bank. The initial term was one year and UEM has an option each quarter to request an extension to the expiry date of the facility; the current expiry date is 28 February 2027. At the end of March 2026, net gearing was 1.4%.

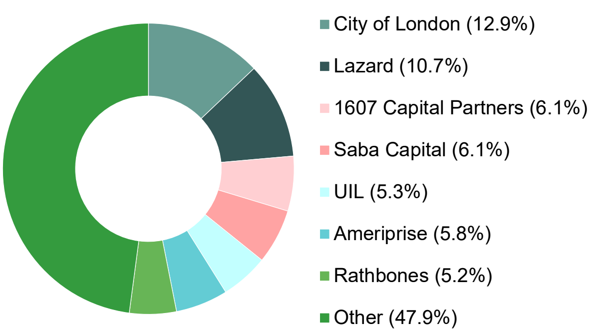
Fees and charges

ICM is paid a management fee of 1.00% of UEM's NAV up to £500m; 0.90% above £500m up to £750m; 0.85% above £750m up to £1bn; and 0.75% above £1bn. A tiered fee structure allows shareholders to benefit from the increasing economies of scale that a larger portfolio provides. In H126, UEM's ongoing charge ratio was 1.5%, which was in line with FY25. The board remains focused on regularly assessing the trust's service providers and fees.

Capital structure

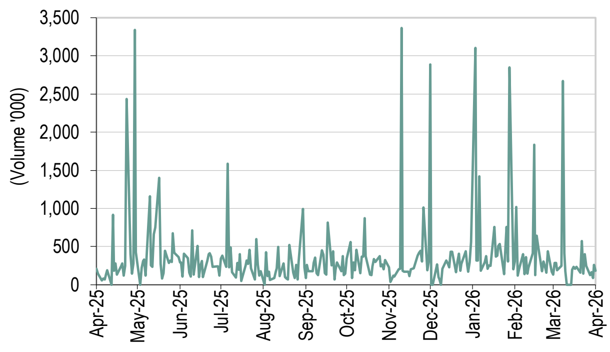
UEM has 174.6m ordinary shares in issue and its average daily trading volume over the last 12 months was c 385k shares.

Exhibit 18: UEM's major shareholders at 28 April 2026



Source: UEM, Edison Investment Research

Exhibit 19: Daily volume, last 12 months



Source: LSEG Data & Analytics, Edison Investment Research

The board

UEM's board has four independent, non-executive directors. Their fees (net of taxes) are used to acquire UEM shares, ensuring all shareholders' interests are aligned.

Exhibit 20: UEM's board

Board member	Date of appointment	Annual fees (£)	Shareholding at 28 April 2025
Mark Bridgeman (chair since 1 January 2025)	September 2021	55,400	53,379
Eric Stobart	October 2019	51,800	98,250
Isabel Liu	November 2021	43,050	56,472
Nadya Wells	September 2024	41,050	22,820

Source: UEM

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