

Utilico Emerging Markets Trust

Proposals aim to increase shareholder returns

Utilico Emerging Market Trust's (UEM's) board has announced a series of initiatives, aiming to make the company more attractive and to enhance value creation for new and existing shareholders. These measures are: a new performance-based tender offer; continuation of the share buyback programme; further annual dividend increases; and bringing forward the 2026 continuation vote. UEM celebrated its 20th anniversary as a public company on 20 July 2025; over two decades, it has generated an annual NAV total return of 9.1%. This equates to an aggregate total return of 470.6%, which is meaningfully higher than the MSCI Emerging Markets Index's 349.7% total return.

UEM offers a differentiated emerging markets portfolio with joint managers Charles Jillings and Jacqueline Broers at ICM employing an in-depth fundamental stock-selection strategy. They seek companies that are well-positioned to benefit from four growth megatrends: social infrastructure, energy growth and transition, digital infrastructure and global trade.

In the FY25 annual report, ending 31 March, UEM's board announced that it was reviewing the effectiveness of the company's discretionary tender offer and how the trust may be afforded a higher valuation. On 7 August 2025, the 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. There are four proposals:

- A new performance-based conditional tender offer, whereby UEM is benchmarked against the MSCI Emerging Markets Total Return Index. Performance will be measured over a five-year period. Up to 25% of the company's issued share capital may be tendered (equivalent to £126m based on the 31 July 2025 NAV) if the trust underperforms the index in the five years ending 31 March 2030. Currently, there is a potential tender facility for up to 12.5% of issued share capital.
- Continuation of the share repurchase programme, with the aim of UEM maintaining a single-digit discount, in normal market conditions. In the last three financial years, c 28.2m shares have been bought back at a cost of c £62.2m.
- Further dividend increases. UEM pays regular quarterly dividends, and the total annual distribution has increased each year since 2016. The FY25 payment of 9.125p per share was 6.1% higher than the FY24 dividend of 8.600p per share. The trust's board is targeting future annual dividend increases. UEM is the only fund in the AIC Global Emerging Markets sector with a 10-year record of consecutive higher annual dividends.
- Advancement of the 2026 continuation vote to on, or around, the 16 September 2025 AGM, and then held at subsequent five-year intervals, subject to shareholder approval.

Currently, UEM regularly reports on its top 30 holdings; it recently decided to further increase transparency by including the full list of portfolio holdings in the annual report. There is also a commitment, except in exceptional circumstances, to only invest in listed companies. At the end of FY25, unlisted businesses made up 2.7% of the trust's portfolio.

Investment companies
Emerging Markets equities

7 August 2025

Price 245.00p
Market cap £447m
Total assets £523m

NAV 278.0p

¹At 5 August 2025.

Discount to NAV 11.9%

Current yield 3.7%

Shares in issue 182.5m

Code/ISIN UEM/GB00BD45S967

Primary exchange LSE

AIC sector Global Emerging Markets

Financial year end 31 March

52-week high/low 245.0p 200.0p

NAV high/low 278.8p 245.9p

Net gearing 3.1%

¹At 30 June 2025.

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.

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