

ABOUT US: UEM is a Bermuda registered closed end investment company, listed on the London Stock Exchange.
Registration N° 36941

OBJECTIVE: To provide long-term total return by investing predominantly in infrastructure, utility and related sectors mainly in emerging markets.

INVESTMENT APPROACH: To seek to minimise risk by investing mainly in companies and sectors displaying the characteristics of essential services or monopolies such as utilities, transportation infrastructure, communications or companies with a unique product or market position.

December 2014

ORDINARY SHARES	
NAV at launch	98.37p
NAV (cum income)	201.79p
Share Price	182.75p
(Discount) / Premium to diluted NAV	(9.4%)
NAV Total Return since launch *	161.7%
Annual average compound return *	12.2%
Historic Dividend Yield	3.3%
Shares in issue	213,243,793
Ticker	UEM.L

* Including dividends and return on warrants converted in August 2010

CAPITAL STRUCTURE	
Gross Assets less Current Liabilities	£447.8m
Bank Debt	£(17.5)m
Shareholders' Funds	£430.3m
Gearing* (based on AIC definition)	3.7%

*GEARING AIC – standardised gearing calculation as recommended by the AIC is now based on net assets

BOARD		
Alexander Zagoreos	Garry Madeiros	Susan Hansen
Garth Milne	Anthony Muh	

INVESTMENT MANAGER
Utilico Emerging Markets Limited is managed by ICM Limited. ICM is a Bermuda company and has assets under management of over £1.5bn. www.icm.bm

TEAM		
Charles Jillings	Jacqueline Broers	Mark Lebbell
Duncan Saville	Jonathan Grocock	

MANAGEMENT & ADMINISTRATIVE FEES	
Investment Management Fee	0.65% of net assets plus Company Secretarial Fee
Administration Fee	£210k
Performance Fee	15% of the outperformance of the higher of (i) benchmark plus 2% and (ii) 8%, subject to "high water" mark, with a cap on the performance fee of 1.85% of average net assets for that financial year



PERFORMANCE (total return including dividends)					
	1 month	3 months	1 year	3 years	Inception
Share Price	(8.3%)	(2.5%)	(0.1%)	34.1%	127.0%
Net Asset Value	(3.8%)	1.2%	6.9%	37.4%	150.1%

ROLLING 12 MONTH PERFORMANCE (total return including dividends)					
12 months to	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10
Share Price	(0.1%)	18.7%	13.5%	(6.3%)	33.1%
Net Asset Value	6.9%	13.0%	14.4%	(8.7%)	33.5%

KEY DATES	
Launch Date	20 July 2005
Year End	31 March
AGM	September
Ex-Dividend Dates	August, November, February & May
Dividend Paid Dates	September, December, March & June
Winding up provision	To be proposed at the AGM in 2016



FURTHER INFORMATION regarding Utilico Emerging Markets Limited is available on the Company's website at www.uem.bm



PERFORMANCE

UEM's cum income NAV fell 4.5% during December, from 211.25p at the end of November to 201.79p at the end of December. Adjusted for the 1.525p dividend paid in December this performance was ahead of the MSCI Emerging Markets Total Return Index, which decreased 4.1% in Sterling terms over the month.

In China the Shanghai Composite shot up a remarkable 20.6% in the month, hitting five-year highs as retail investors opened the greatest number of brokerage accounts since 2007. Buoyant market sentiment has been driven by surprise cuts in the benchmark interest rates in November and official media hype. While there are concerns that the rally is a bubble unsupported by fundamentals, it is notable that China's services sector picked up further in December, with the HSBC Services PMI increasing to 53.4 from 53.0 at end-November. While the property market has softened and domestic demand has slowed, China GDP growth is expected to come out at 7.4% for 2014 as a whole, a robust performance.

With the exception of mainland China, most major emerging markets posted negative performances in December, in part reflecting concerns over the impact of US Dollar strength. Notable declines were seen with the BOVESPA (Brazil) collapsing by 8.6%, the SET (Thailand) falling 6.0%, and the Sensex (India) down 4.2%. Significant declines were also posted by the FTSE Bursa Malaysia and the IPSA (Chile), down 3.3% and 3.5% respectively. The Hang Seng (Hong Kong) decreased by 1.6% over the month.

Commodity prices continued to be volatile, with Crude Oil down 18.3% over the month; effectively halving over the last six months of 2014 to lows not seen since 2009. The ramifications for emerging market economies are significant. Countries with substantial oil production dominated by state-owned entities such as Russia, Mexico, Brazil and Malaysia are heavily reliant on the royalties and tax revenues from the oil industry to support their economic budgets. The impact was conspicuously evident in Russia where the central bank raised interest rates to 17% in December to try and stem the Rouble's collapse. By comparison significant net oil importers such as the Philippines, Chile and India benefit materially from the lower oil prices, and will likely boost these economies' growth in 2015.

Other commodities stabilised, with iron ore delivered to Qingdao bouncing off a five-year low to end up flat during the month, closing out 2014 with a 47.1% drop over the year. The gold price stabilised, firming by 1.5% in December, narrowing its total decline in 2014 to 1.8%.

Sterling performance was mixed against emerging markets currencies in December, strengthening by 2.9% versus the Malaysian Ringgit and by 2.7% against the Brazilian Real. It also appreciated more modestly against the Indonesian Rupiah and the Indian Rupee, by 1.0% and 1.1% respectively. By comparison it fell by 0.8% against the Philippine Peso, 0.7% versus the Chilean Peso, and 0.4% against the US Dollar.

PORTFOLIO

During the period there was no change to the constituents of the top ten. Eight of these saw share price declines while two positions posted a positive performance.

The largest declines were experienced by APT Satellite and China Gas Holdings, down by 15.6% and 15.5% respectively during December. These moves reflect a combination of weak sentiment in the gas sector and month-to-month stock-specific volatility reversing gains in November. Other Hong-Kong listed top ten positions were also generally soft, with China Everbright down by 3.0% and Asiasat down by 0.4%. In the period Carlyle announced that it has agreed to buy GE's 37.5% stake in Asiasat at HK\$26.00 per share, a slight discount to the market price. Post the completion of the deal, Asiasat plan to pay a special dividend of HK\$11.89.

Malaysia Airports shares decreased by 2.3% in December, a month which saw another tragic airline crash in the region with the loss of AirAsia 8501. Ocean Wilsons shares were also weak, falling 5.2% in the month on the back of weaker than expected container terminal volumes for November, which were down -9.0% YoY due to slowing economic activity within the Brazilian market and falling export demand. Movements in ICT, MyEG and Eastwater were relatively subdued in December, with ICT and MyEG falling by 1.3% and 0.7% respectively, and Eastwater up by 0.9%. Gasco continued to perform strongly, with shares increasing by 3.0% in the period. Purchases during the month amounted to £6.7m and realisations totalled £7.4m.

DEBT & CASH

Bank debt reduced over the month to £17.5m, drawn as €22.5m.

OTHER

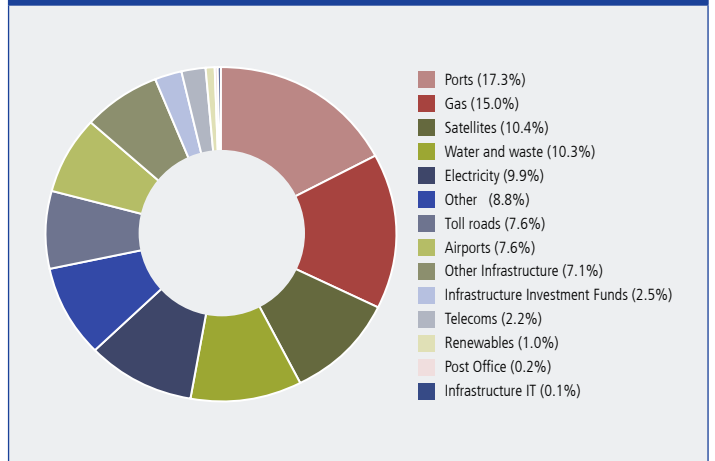
UEM's ordinary share price decreased 9.1% during December, to 182.75p. The discount widened to 9.4%.

UEM declared a quarterly dividend of 1.525p in November and paid this on 17 December 2014.

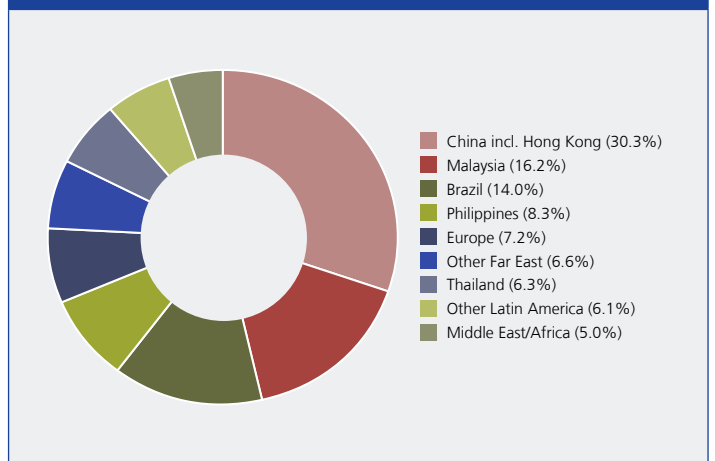
TOP TEN HOLDINGS

	% of gross assets
1 International Container Terminal Services Inc.	7.2%
2 Malaysia Airport Holdings Berhad	7.1%
3 MyEG Services Berhad	7.1%
4 China Gas Holdings Ltd	6.1%
5 Ocean Wilsons Holdings Limited	5.5%
6 Eastern Water Resources Development and Management PCL	5.3%
7 APT Satellite Holdings Limited	4.7%
8 China Everbright International Limited	3.7%
9 Asia Satellite Telecommunications Holdings Limited	3.7%
10 Gasco SA	3.3%
Total Top 10	53.7%

SECTOR SPLIT OF INVESTMENTS



GEOGRAPHICAL SPLIT OF INVESTMENTS



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