

# UTILICO EMERGING MARKETS LIMITED

31 January 2010



**OBJECTIVE:** To provide long-term capital appreciation by investing predominantly in infrastructure, utility and related companies in emerging markets.

## KEY DATES

Launch Date	20 July 2005
Year End	31 March
AGM Date	23 September 2009
Ex-Dividend Dates	June & December
Dividend Paid Dates	June & December
Warrant Exercise Dates	31 January & 31 July
Warrant Expiry	July 2010
Winding up provision	To be proposed at the AGM in 2012

## GROSS ASSETS BREAKDOWN

Investments and options	£ 308.9m
Cash less current liabilities	(£ 1.0m)
Gross Assets less Current Liabilities	£ 307.9m
Investments as a percentage of gross assets less current liabilities	100.3%

## CAPITAL STRUCTURE

Gross Assets less Current Liabilities	£ 307.9m
Bank Debt	(£ 5.2m)
Contract For Differences net Debt	£ 0.0m
Shareholders' Funds	£ 302.6m
Effective gearing on Ordinary Shares	1.02x

## ORDINARY SHARES

NAV at launch	98.37p
NAV (undiluted, cum income)	142.67p
NAV (diluted, cum income)	135.92p
Share Price	124.25p
(Discount) / Premium to diluted NAV	(8.6%)
Annual average compound return (including dividends)	11.9%
Historic Dividend Yield	4.3%
Shares in issue	212,128,513
Ticker	UEM.L

## WARRANTS AND S SHARES

	S Shares	Warrants
Price	25.25p	24.75p
Warrants/S shares in issue	9,111,386	30,741,763
Ticker	UEMS.L	UEMW.L
Exercise Terms	1 ordinary share at a subscription price of 100p	

## MANAGEMENT & ADMINISTRATIVE FEES

Investment Adviser Fee	0.5%
Administration Fee	£210k
Performance Fee	15% of the outperformance over benchmark subject to "high water" mark

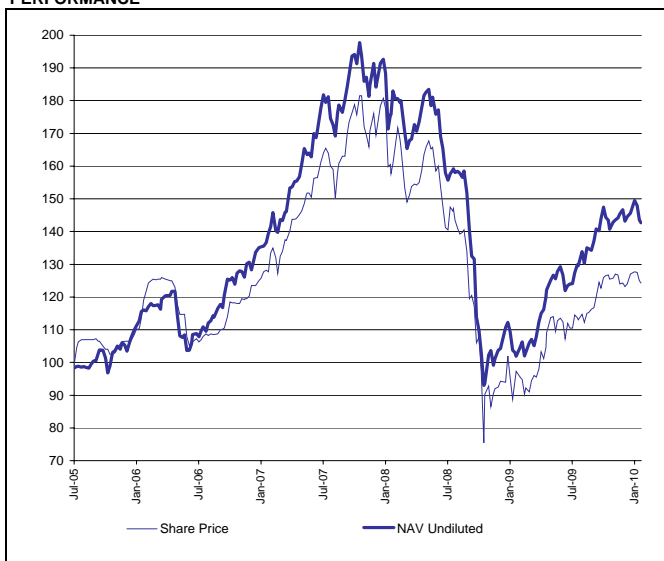
## TOP 10 HOLDINGS

1	Malaysia Airport	11.1%
2	Ocean Wilsons Holdings Limited	8.5%
3	Intl Container Terminals	4.7%
4	Puncak Niaga Holdings	4.6%
5	Eastern Water Resources PCL	4.3%
6	Cia Saneamento Minas Gerais (COPASA)	4.1%
7	AES Tiete SA	4.1%
8	Companhia de Concessoes Rodoviaras (CCR)	3.8%
9	Companhia de Gas de Sao Paulo	2.8%
10	Sichuan Expressway	2.6%
Total Top 10		50.8%

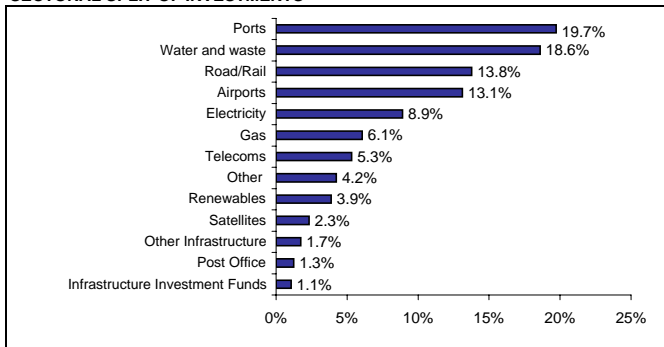
## FURTHER INFORMATION

Further information regarding Utilico Emerging Markets Limited (including copies of the company's admission document and weekly NAV releases) is available on the company's website at [www.uem.bm](http://www.uem.bm)

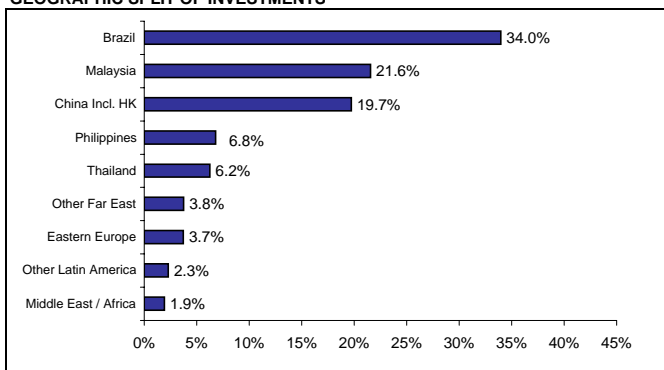
## PERFORMANCE



## SECTORAL SPLIT OF INVESTMENTS



## GEOGRAPHIC SPLIT OF INVESTMENTS



## MONTHLY COMMENT

## INVESTMENT TEAM

### PERFORMANCE

January saw a nervous start to 2010, particularly in the second half of the month when there were widespread falls in most markets. Investors grappled with several major issues including changes to US bank regulation, the credit worthiness of Southern European economies, continued global economic imbalances, and government indebtedness. The US economy recorded a strong growth in GDP in the fourth quarter of 2009, although this was largely as a result of the re-building of inventory levels, and US GBP for 2009 as a whole fell by 2.4%.

In China, GDP rose by a greater than expected 10.7% in the fourth quarter and Chinese GDP increased by 8.7% for 2009 as a whole. There are however concerns over consumer and asset price inflation in the country.

UEM's NAV fell by 2.0% in January to 142.67p. This compares favourably to the MSCI Emerging Markets index (GBP adjusted) which fell by 4.9%.

### PORTFOLIO

The majority of holdings lost value during the month, however, our two largest holdings ended January ahead of their values at the end of December. Malaysia Airports was particularly strong, up 15.9%, and Ocean Wilsons posted a respectable 2.6% gain.

These gains were almost offset by a steep decline in the share price of COPASA, which fell by 23.3%, following a disappointing tariff proposal from their regulator.

Overall, Brazil's weighting in the portfolio fell from 37.8% to 34.0% as a result of weaker equity prices, a 6.1% fall in the value of the Brazilian Real against Sterling and net divestments.

Investment activity was broadly neutral overall, with investments of £13.6m and divestments of £14.6m. We increased our exposure to Chinese toll roads, taking the weighting of toll roads from 10.7% to 13.8%. The largest Chinese toll road holding, Sichuan Expressway, replaced Xinao Gas in the top ten.

### DEBT & CASH

UEM repaid £1.5m of its bank loan. £5.2m drawn in US Dollars remained outstanding at the end of January. Cash balances were £3.3m.

### OTHER

UEM's Ordinary Share price fell in line with the NAV to 124.25p during December, to end of the month at an 8.6% discount to the fully diluted cum income NAV of 135.92p. The price of UEM's Warrants and S Shares rose to 24.75p and 25.25p respectively. This represents an increase of 2.1% and 3.1% respectively on the previous month. A combination of UEM's traded instruments ended January with a 9.6% discount to their underlying asset value.

The investment manager Ingot Capital Management Pty Limited ("ICM") is primarily responsible for running the investment portfolio in conjunction with the advice received from the Executive Director.

### ICM represented by Mr Duncan Saville

Mr Saville aged 52, is a director of Utilico's investment manager, ICM. He is a chartered accountant with experience in corporate finance and corporate investment. His companies have invested in the utility sector for over twenty years. He was formerly a non-executive director of The Special Utilities Investment Trusts PLC, East Surrey Holdings plc, Dee Valley Group plc, Glasgow Prestwick International Airport Limited and Wellington International Airport and is currently a non-executive director of Infratil Ltd & Vix-ERG Ltd.

### MR CHARLES JILLINGS (Executive Director)

Mr Jillings, aged 53, is the executive Director of the Company. He is responsible for the running of the Company and the investment portfolio in conjunction with the Investment Manager. Mr Jillings qualified as a chartered accountant and previously worked in corporate finance at Hill Samuel for 10 years. He set up The Analysis & Research Company Limited in 1995 and has been a director of a number of listed companies.

Assisting them are:

### MR JAMES SMITH

James Smith, aged 37, has been involved in the running of Utilico Emerging Markets Limited and Utilico Limited since their inception and before that with Utilico Investment Trust plc and The Special Utilities Investment Trust PLC since 1999. Mr Smith is a barrister and a member of the Institute of Chartered Accountants in England and Wales.

### MR MARK LEBBELL

Mark Lebbell, aged 37, has been involved in the running of Utilico Emerging Markets Limited and Utilico Limited since their inception and before that with Utilico Investment Trust plc and The Special Utilities Investment Trust PLC since 2000. Mr Lebbell is an associate member of the Institute of Electrical Engineers.

### MR ITTAN ALI

Ittan Ali, aged 37, has been employed by The Analysis & Research Company Ltd since March 2008 and was previously employed at TRW Investment Management as a Pan European fund manager. Prior to that he was employed for six years as a fund manager with Majedie Investments plc. Mr Ali is an associate of the UK Society of Investment Professionals

The information presented on this factsheet is solely for information purposes and is not intended to be, and should not be construed as, an offer or recommendation to buy and sell investments. If you are in any doubt as to the appropriate course of action, we would recommend that you consult your own independent financial adviser, stockbroker, solicitor, accountant or other professional adviser.

Past performance is no guide to the future. The value of investments and the income from them may go down as well as up and investors may not get back the full amount they originally invested. The information presented has been obtained from sources believed to be reliable but no representation or warranty is given or may be implied that they are accurate or complete.

Further information (including copies of the company's admission document and weekly NAV releases) is available from the company's website at [www.uem.bm](http://www.uem.bm)

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