

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.

October 2014

ORDINARY SHARES	
NAV at launch	98.37p
NAV (cum income)	206.10p
Share Price	192.50p
(Discount) / Premium to diluted NAV	(6.6%)
NAV Total Return since launch*	164.6%
Annual average compound return*	12.6%
Historic Dividend Yield	3.2%
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	£453.7m
Bank Debt	£(14.2)m
Shareholders' Funds	£439.5m
Gearing* (based on AIC definition)	2.9%

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

BOARD		
Alexander Zagoreos	Garry Madeiros	Susan Hansen
Kevin O'Connor	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	1.9%	4.7%	5.4%	41.4%	135.2%
Net Asset Value	2.6%	3.9%	6.5%	36.5%	152.9%

ROLLING 12 MONTH PERFORMANCE (total return including dividends)					
12 months to	Oct 14	Oct 13	Oct 12	Oct 11	Oct 10
Share Price	5.4%	19.0%	13.9%	(4.7%)	33.1%
Net Asset Value	6.5%	16.0%	11.4%	(4.5%)	36.3%

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 increased 2.6% during October, from 200.88p at the end of September to 206.10p at the end of October. This performance was broadly in line with the MSCI Emerging Markets Total Return Index, which was up 2.5% in Sterling terms over the month.

In Brazil markets were volatile during a tight election which eventually saw incumbent president Dilma Rousseff re-elected in a run-off with 51.6% of the vote. After twelve years in power, this extends the left-wing Workers' Party rule for another four years. With the economy stagnant and inflation on the rise, the potential for economic reforms spurred by a change in government have diminished. While the immediate market response was negative, with the BOVESPA falling 2.8% the day after the elections, over the month the index increased by 0.9%.

In China the HSBC Manufacturing PMI rose marginally to 50.4 in October, indicating continued stabilisation of economic activity. The launch of the Hong Kong-Shanghai Stock Connect has been delayed, but is set to begin on 17 November 2014. The trading link enables investors access to the mainland market without requiring Qualified Foreign Institutional Investor (QFII) approval, as well as mainland investors having access to the Hong Kong market. This is a positive step in the long-term process of the opening up of China's financial markets, and was reflected in strong market performance with the Hang Seng and Shanghai Composite indices up 4.6% and 2.4% respectively during the month.

In India PM Narendra Modi's BJP party strengthened its position with significant wins in state elections in Maharashtra and Haryana. The wins were auspiciously timed with the collapse in the global oil price such that he was able to announce the end of diesel subsidies, the first major tangible step in economic reform. The Sensex index increased 4.6% during October.

Performance in other emerging markets was more mixed, with the PSEi (Philippines) and IPSA (Chile) indices down 0.9% and 2.3% respectively, the FTSE Bursa Malaysia up 0.5% and the SET (Thailand) broadly flat over the period.

Sterling weakened against emerging markets currencies, falling just over 1.0% versus each of the Malaysian Ringgit, the Philippine Peso and the Brazilian Real. More significant movements were seen against the Indian Rupee and Chilean Peso, against which Sterling fell 1.7% and 4.5% respectively. The US Dollar also strengthened by 1.3% against Sterling in the month.

Commodity prices continued to collapse with gold down 2.9% and Brent Crude Oil down 9.3% in US Dollar terms. At period end these commodities were trading at four-year lows.

PORTFOLIO

During the period there was no change to the constituents of the top ten, eight of which saw increased share prices.

The strongest performer was China Gas Holdings, up by 7.5% in October, as shares recovered from previous falls initiated by the hike in city-gate gas prices. Management confirmed in early October that 70% of the affected projects had passed through this hike, with the remainder set to complete discussions by end-October. There was also a strong performance from our other Hong Kong listed companies, including China Everbright International up by 5.3%, as well as Asiasat and APT Satellite up by 2.7% and 1.5% respectively.

Malaysia Airports' share price fell 3.9% during the month after confirming it was exercising its right of first refusal for the acquisition of the outstanding 40% stake in Sabiha Gokcen Airport in Turkey. This is an excellent asset that the investment managers visited and met with local management in September. However the market remains concerned over the ability of MAHB to fund the transaction.

MyEG shares extended what has been a very strong run this year, up 6.1% during the month following the announcement of a 2-for-1 bonus stock issue. ICT shares increased by 5.3% with the company approving investment in a new yard facility at Manila terminal and an inland container depot.

In Brazil Alupar shares increased by 2.8% following successful test operation of the first unit of its Ferreira Gomes hydro plant. Ocean Wilsons shares fell by 5.4% as container volumes in Tecon Rio Grande continue to shift towards lower-value transshipment. Eastwater shares edged up by 0.9% during the month.

Purchases during the month amounted to £8.7m and realisations totalled £6.4m.

DEBT & CASH

Bank debt was unchanged during the month at £14.2m, drawn as €15.0m and £2.5m.

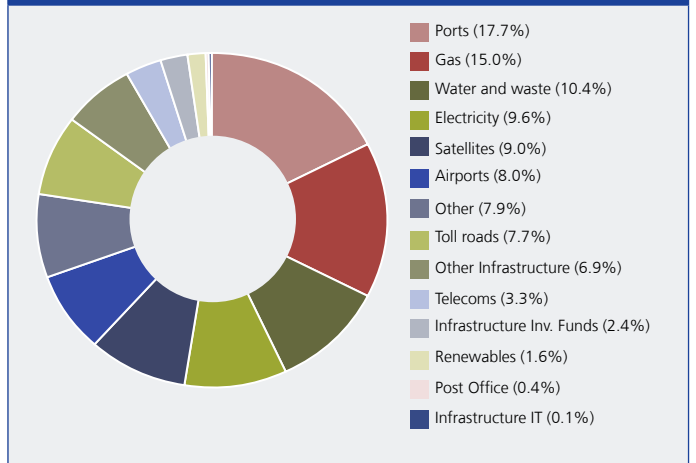
OTHER

UEM's ordinary share price increased 1.9% during October, to 192.50p. The discount widened slightly to 6.6%.

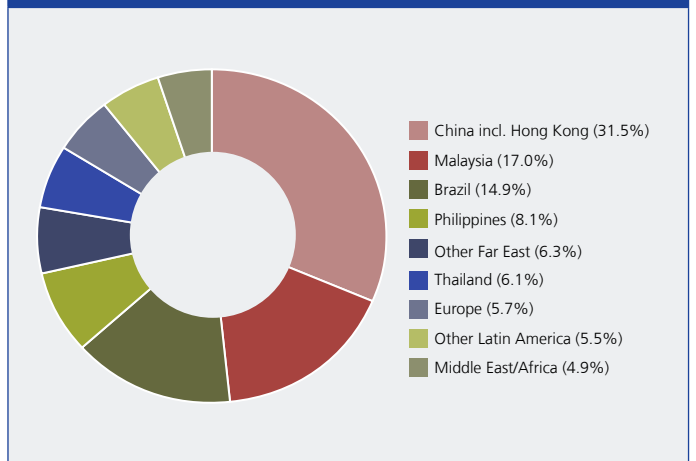
TOP TEN HOLDINGS

	% of gross assets
1 Malaysia Airport Holdings Berhad	7.8%
2 International Container Terminal Services Inc.	7.0%
3 MyEG Services Berhad	6.8%
4 China Gas Holdings Ltd	6.6%
5 Ocean Wilsons Holdings Limited	5.7%
6 Eastern Water Resources Development and Management PCL	5.2%
7 APT Satellite Holdings Limited	4.6%
8 Asia Satellite Telecommunications Holdings Limited	3.5%
9 China Everbright International Limited	3.4%
10 Alupar Investimento SA	3.0%
Total Top 10	53.6%

SECTOR SPLIT OF INVESTMENTS



GEOGRAPHICAL SPLIT OF INVESTMENTS



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