

**ABOUT US:** UEM is a closed end investment company, traded on the London Stock Exchange, registered in Bermuda. Registered No 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 invest 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.

## NOVEMBER 2016

### ORDINARY SHARES

Ticker: UEM.L

|   |             |
|---|-------------|
| NAV at launch                                     | 98.37p      |
| NAV (diluted cum income)                          | 219.17p     |
| NAV (undiluted cum income)                        | 226.78p     |
| Share Price                                       | 198.13p     |
| (Discount) / Premium to diluted NAV               | (9.6%)      |
| NAV Total Return since launch*                    | 190.7%      |
| Annual average compound return*                   | 11.6%       |
| Historic Dividend paid per share (last 12 months) | 6.50p       |
| Historic Dividend Yield (last 12 months)          | 3.3%        |
| Ongoing charges figure excluding performance fee  | 1.0%        |
| Shares in issue                                   | 211,905,415 |

\*Including dividends and return on warrants converted in August 2010

### SUBSCRIPTION SHARES

Ticker: UEMS.L

|  |                           |
|--|---------------------------|
| Share Price                                | 18.50p                    |
| Shares in issue                            | 39,141,990                |
| Exercise Price                             | 183.00p                   |
| Exercise Dates (last business day of each) | Feb 17, Aug 17 and Feb 18 |

### CAPITAL STRUCTURE

|                                       |         |
|---------------------------------------|---------|
| Gross Assets less Current Liabilities | £511.9m |
| Bank Debt                             | £33.3m  |
| Shareholders' Funds                   | £478.6m |
| Gearing* (based on AIC definition)    | 6.6%    |

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

### MANAGEMENT & ADMINISTRATIVE FEES

|                           |   |
|---------------------------|---|
| Investment Management Fee | 0.65% of net assets plus Company Secretarial Fee  |
| Administration Fee        | £220k per annum   |
| Performance Fee           | 15% of the outperformance of the higher of (i) benchmark plus 2% and (ii) 8%, subject to high watermark, with a cap on the performance fee of 1.85% of average net assets for that financial year |

### INVESTMENT MANAGERS

Utilico Emerging Markets Limited is managed by ICM Limited and ICM Investment Management Limited, which is authorised and regulated by the Financial Conduct Authority.

[www.icm.limited](http://www.icm.limited) and [www.icmim.limited](http://www.icmim.limited)

### ORDINARY SHARES PERFORMANCE



### PERFORMANCE (Total return including dividends)

|                  | 1 month | 3 months | 1 year | 3 years | Inception |
|------------------|---------|----------|--------|---------|-----------|
| Share Price      | (6.1%)  | (4.6%)   | 21.4%  | 12.6%   | 153.5%    |
| Net Asset Value* | (7.7%)  | (4.2%)   | 23.2%  | 21.2%   | 179.0%    |

\*Diluted

### ROLLING 12 MONTH PERFORMANCE (Total return including dividends)

| 12 Months to     | Nov 16 | Nov 15  | Nov 14 | Nov 13 | Nov 12 |
|------------------|--------|---------|--------|--------|--------|
| Share Price      | 21.4%  | (13.1%) | 7.6%   | 21.2%  | 14.5%  |
| Net Asset Value* | 23.2%  | (10.4%) | 10.8%  | 16.2%  | 13.4%  |

\*Diluted

### KEY DATES

|                     |                                   |
|---------------------|-----------------------------------|
| Launch Date         | 20 July 2005                      |
| Year End            | 31 March                          |
| AGM                 | September                         |
| Ex-Dividend Dates   | Sep, Dec, Mar & Jun               |
| Dividend Paid Dates | Sep, Dec, Mar & Jun               |
| Continuation Vote   | To be proposed at the AGM in 2021 |

### BOARD

|               |              |                |
|---------------|--------------|----------------|
| John Rennocks | Susan Hansen | Garry Madeiros |
| Garth Milne   | Anthony Muh  |                |

### TEAM

|                  |                   |              |
|------------------|-------------------|--------------|
| Charles Jillings | Jacqueline Broers | Mark Lebbell |
| Duncan Saville   | Jonathan Grocock  |              |



## PERFORMANCE

UEM's cum income NAV (undiluted) fell by 9.9% during November, ending the month at 226.78p. This was below the MSCI Emerging Markets Total Return Index which fell by 6.8% in Sterling terms over the month. The NAV on a diluted basis fell by 7.7% to 219.17p.

Emerging markets were generally weak in November, with all major currencies depreciating against Sterling, some by very material amounts. Of note, against Sterling the Brazilian Real fell by 8.5%, the Malaysian Ringgit fell by 8.2%, the Indonesian Rupiah fell by 5.9%, the Romanian Leu fell by 5.3%, the Chilean Peso fell by 5.1%, the Philippine Peso fell by 4.9% and the Indian Rupee fell by 4.8%. At the same time the Philippine PSEi fell by 8.4%, the Brazilian Bovespa fell by 4.6%, the Indian SENSEX dropped 4.6% and the FTSE Bursa Malaysia weakened by 3.2%. By comparison the Hang Seng in Hong Kong was relatively resilient, down by 0.6%, with the Hong Kong Dollar softening by 2.3% versus Sterling.

The shock election of Donald Trump to the US presidency has roiled emerging markets ("EM"), with his "America First" protectionist policies increasing the likelihood of inflation and rate hikes by the Federal Reserve Bank. His plans include abandoning the Trans-Pacific Partnership (TPP) trade agreement and to make significant changes to the North American Free Trade Agreement (NAFTA). This has led to a rapid reversal of liquidity, with a record US\$6.6bn outflow from EM debt and US\$1.4bn withdrawals from EM Exchange Traded Funds in the week after the election result. Mexico has borne the brunt of this, with the Mexican Peso down by 10.2% against Sterling and the Mexican Bolsa IPC Index falling by 5.6% in November.

While the election result has greatly increased uncertainty over the future direction of US trade and geopolitical strategy, underlying economic metrics in Asia remain positive. Of note, economic momentum in China's manufacturing sector continued to accelerate in November, with the manufacturing PMI rising to 51.7 in November from 51.2 in October. Fitch Ratings recently raised its GDP growth forecasts to 6.7% for 2016 and 6.4% for 2017.

India saw GDP growth hit 7.3% in Q3, though this is expected to soften in Q4 following Modi's controversial move to ban overnight all old INR500 and INR1000 notes. Accounting for 86% of currency in circulation, the program was part of an anti-corruption and tax evasion drive, but has led to a significant liquidity squeeze on consumption. Meanwhile a major laggard from an economic standpoint has been Brazil, which is heading for two consecutive years of economic contraction, its first time since 1930.

## PORTFOLIO

There were two changes to the top 20 holdings in the portfolio during November. OMA and Asiasat both exited the top 20 due to relative performance, to be replaced by Power Grid Corporation of India ("Powergrid India") and the re-entry of China Everbright International. UEM has been invested in PowerGrid India for three years, building the position through the start of 2016. Powergrid India is the dominant electricity transmission line operator in India, operating over 130,000km of power lines which account for c.90% of India's inter-regional networks. It is rapidly expanding this network under an attractive tariff regime which allows a post-tax return on equity of 15.5% and in the eight months since 31 March 2016 shares have appreciated by 37.3%.

Sixteen of the top 20 stocks fell during November. APT Satellite fell by 17.9% on fund outflows over concerns of overcapacity in the Asian satellite space, while Metro Pacific shares were similarly impacted, declining by 13.3%, notwithstanding robust results and the potential resolution of tariff disputes with the new Philippine government. China Gas Holdings share price fell by 13.4% on announcements of price hikes by PetroChina in Northern China, while Alupar (down by 11.1%) and Rumo (down by 10.9%) were also impacted by fund flows. Again it is notable that many of these declines are not reflective of the underlying businesses, with the likes of Alupar reporting good results and recently winning new transmission concessions at very attractive real rates of return. Aside from the two new entrants mentioned above, Ocean Wilsons was the only other top 20 position to post a positive share price return in the month, up by 3.7%; Conpet remained unchanged.

Purchases during the month for the portfolio amounted to £20.6m and realisations totalled £1.7m, as the Investment Managers sought to increase positions predominantly in existing investments to take advantage of the price volatility.

## DEBT

Borrowings at the month end totalled £33.3m, drawn in HK\$209.9m and €13.7m. This increase was due to the significant net investment by UEM.

## OTHER

UEM's share price ended November at 198.13p, declining 6.1% over the month. The discount narrowed to 9.6% to the diluted NAV. The price of the subscription shares fell by 26.7% to 18.50p.

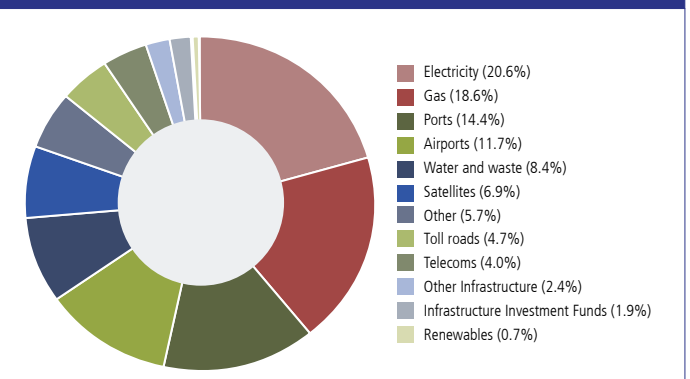
UEM declared a second quarterly interim dividend of 1.625p per ordinary share in respect of the year ending 31 March 2017, which will be paid on 16 December 2016 to shareholders on the register on 2 December 2016. The ex-dividend date was 1 December 2016.

On 16 November 2016, UEM published its results for the six months to 30 September 2016.

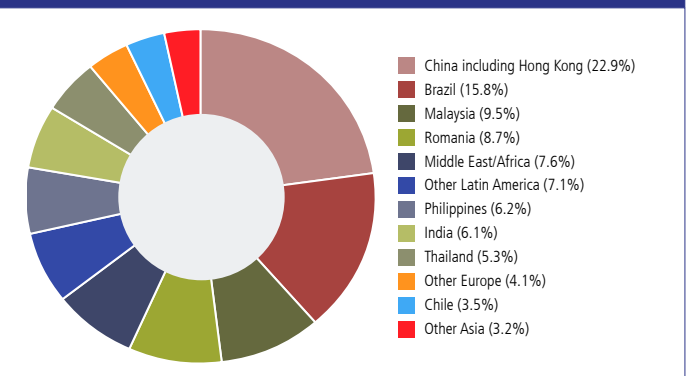
## TOP 20 HOLDINGS

|   | % of gross assets |
|---|-------------------|
| 1. Malaysia Airport Holdings Berhad                       | 6.9%              |
| 2. China Gas Holdings Ltd                                 | 5.3%              |
| 3. Ocean Wilsons Holdings Limited                         | 4.7%              |
| 4. International Container Terminal Services Inc.         | 4.5%              |
| 5. Eastern Water Resources Development and Management PCL | 4.2%              |
| 6. Alupar Investimento S.A.                               | 3.3%              |
| 7. APT Satellite Holdings Limited                         | 3.2%              |
| 8. Traselectrica SA                                       | 3.1%              |
| 9. Transgaz S.A.  | 2.7%              |
| 10. Yuexiu Transport Infrastructure Limited               | 2.6%              |
| 11. China Resources Gas Group Ltd                         | 2.5%              |
| 12. MyEG Services Berhad                                  | 2.4%              |
| 13. SJVN Limited  | 2.4%              |
| 14. Rumo Logistica Operadora Multimodal S.A.              | 2.3%              |
| 15. Shanghai International Airport Co Ltd                 | 2.2%              |
| 16. Engie Energia Chile S.A.                              | 2.1%              |
| 17. Conpet S.A.   | 2.1%              |
| 18. Metro Pacific Investments Corporation                 | 1.7%              |
| 19. Power Grid Corporation of India Limited               | 1.6%              |
| 20. China Everbright International Limited                | 1.6%              |
| <b>Total Top 20</b>                                       | <b>61.4%</b>      |

## SECTOR SPLIT OF INVESTMENTS (on a look-through basis)



## GEOGRAPHICAL SPLIT OF INVESTMENTS (on a look-through basis)



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