

**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.

## May 2014

ORDINARY SHARES	
NAV at launch	98.37p
NAV (cum income)	193.49p
Share Price	183.50p
(Discount) / Premium to diluted NAV	(5.2%)
NAV Total Return since launch *	150.2%
Annual average compound return *	12.4%
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	£434.4m
Bank Debt	£(21.8)m
Shareholders' Funds	£412.6m
Gearing* (based on AIC definition)	4.0%

\*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. <a href="http://www.icm.bm">www.icm.bm</a>

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 – with effect 1 April 2014
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	0.0%	4.5%	(1.0%)	22.4%	124.7%
Net Asset Value	1.9%	1.9%	(3.1%)	15.4%	138.6%

ROLLING 12 MONTH PERFORMANCE (total return including dividends)						
12 months to	May 14	May 13	May 12	May 11	May 10	
Share Price	(1.0%)	22.5%	1.4%	27.5%	22.4%	
Net Asset Value	(3.1%)	19.1%	0.3%	23.9%	27.2%	

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
Continuation Vote	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](http://www.uem.bm)



### PERFORMANCE

UEM's cum income NAV was up 1.1% during May, from 191.35p at the end of April to 193.49p at the end of May. This performance was behind the MSCI Emerging Markets Total Return Index, which increased by 4.2% in Sterling terms in May.

The month has seen some remarkable events in the Emerging Markets, most notable of which was the landslide victory of Narendra Modi of the BJP party in the Indian elections. With majority representation and a mandate for sweeping economic reform, there are great expectations that Modi can kick-start the Indian economy after several years of stagnation. This was reflected in markets, with the Sensex increasing by 8.0% over the month. Modi's agenda has a strong emphasis on infrastructure development, which could present attractive investment opportunities for UEM.

In China the manufacturing PMI rebounded from 48.1 in April to 49.7 in May, with broad-based improvement in new orders and the easing of deflationary pressures with output prices increasing for the first time since November 2013. The Chinese government also signed a landmark natural gas agreement with Russia which will see an additional 38bcm of gas supplies to China from 2018. This deal has taken over 10 years to come to fruition, and is encouraging for the long-term prospects of our gas investments in China.

By comparison there has been continued troubles in Thailand, with the Thai Army seizing power in the 13th coup d'etat since the end of absolute monarchy in 1932. Political uncertainty in Thailand weighed heavily on markets during 2013, and it is unclear when this situation will normalise. In Brazil there has been continued clashes with protestors in the run-up to the World Cup, and an increasing likelihood of power rationing due to the prolonged drought conditions the southeast region is experiencing. It is concerning that the government has chosen to defer the resolution of this problem and implementation of tariff increases until after elections in October.

In May there was a mixed performance across the major EM markets, with modest weakness in the Bovespa index (Brazil) down 0.8% and the PSEi (Philippines) off 0.9%. By comparison markets were strong in Hong Kong, with the Hang Seng up 4.3%. The IPSA (Chile), KLCI (Malaysia) and the SET (Thailand) were broadly flat.

Sterling weakened against most major currencies with the notable exception of the Euro, against which it strengthened by 0.9%. By comparison USD strengthened by 0.7% against Sterling, the Malaysian Ringgit 2.3%, the Philippine Peso 2.5%, the Chilean Peso 3.0%, and the Indian Rupee 2.5% against Sterling. The Brazilian Real was broadly flat, while the Thai Baht depreciated by 0.8% against Sterling.

Commodity prices were mixed, with gold falling 3.2% in USD terms but Brent Crude Oil firming up by 1.2% and copper by 3.1% over the month.

### PORTFOLIO

There was no change to the constituents of the top ten. Seven of the holdings saw share price decreases while three increased. Gasco shares were the worst performer, falling 11.3% in May, underperforming the wider Chilean market. The incoming government has proposed widespread energy reforms which include possible measures to regulate the gas distribution market. This has the potential to impact the profitability of Gasco's main subsidiary, Metrogas, although no firm plans have been announced. Shares are also being affected by technical selling as the company became too large to be included in the Chilean smallcap index (IGPA).

Malaysia Airports shares fell 6.5% during the month notwithstanding the successful start of operations at KLIA2, its new low-cost carrier terminal. This drop reflects concerns over the financial situation at Malaysia Airlines and the potential impact of its restructuring of operations. Ocean Wilsons shares fell 3.7% after going ex-dividend, with profit-taking after a strong performance thus far in 2014. MyEG shares were also weak, falling 2.6% in the month, though it is notable that they reported an excellent set of results at the end of the month. Eastwater shares declined 1.8% in May.

The strongest performance was delivered by APT Satellite, up 7.3%. Shares have been volatile over the past few months, with the strength in May reversing most of the decline seen in the previous two months. China Everbright International and Asiasat shares increased by 1.9% and 1.6% respectively in May, also consolidating their position after previous weakness.

ICT and China Gas Holdings shares were broadly flat over the month.

Purchases during the month amounted to £7.8m and realisations totalled £15.6m.

### DEBT & CASH

Bank debt decreased to £21.8m and was drawn as £10.0m, \$7.5m and €9.0m.

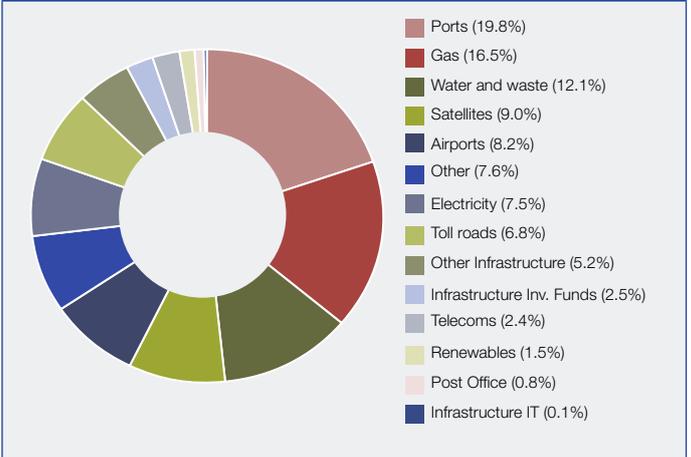
### OTHER

UEM's ordinary share price fell 0.8% during May, to 183.50p. The discount widened to 5.2%.

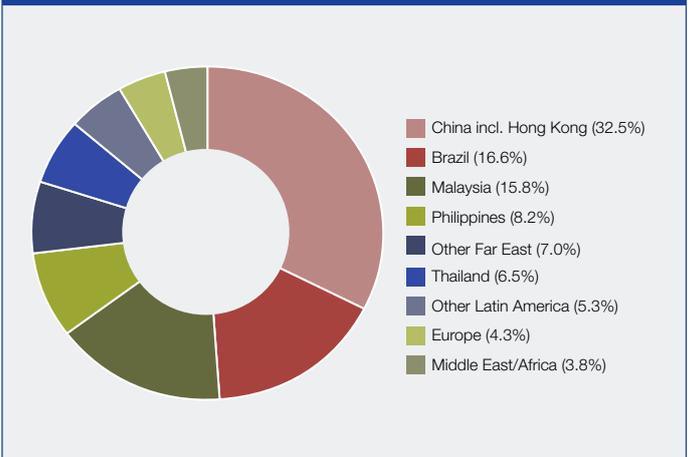
### TOP TEN HOLDINGS

	% of gross assets
1 Malaysia Airport Holdings Berhad	8.1%
2 International Container Terminal Services Inc.	7.0%
3 China Gas Holdings Ltd	6.7%
4 Ocean Wilsons Holdings Limited	6.7%
5 Eastern Water Resources Development and Management PCL	5.9%
6 MyEG Services Berhad	5.1%
7 Asia Satellite Telecommunications Holdings Limited	4.1%
8 APT Satellite Holdings Limited	4.0%
9 China Everbright International Limited	3.0%
10 Gasco SA	2.8%
<b>Total Top 10</b>	<b>53.4%</b>

### SECTOR SPLIT OF INVESTMENTS



### GEOGRAPHICAL SPLIT OF INVESTMENTS



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