

# UTILICO EMERGING MARKETS LIMITED

31 May 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	£ 339.7m
Cash less current liabilities	£ 9.6m
Gross Assets less Current Liabilities	£ 349.3m
Investments as a percentage of gross assets less current liabilities	97.3%

## CAPITAL STRUCTURE

Gross Assets less Current Liabilities	£ 349.3m
Bank Debt	(£ 19.9m)
Contract For Differences net Debt	£ 0.0m
Shareholders' Funds	£ 329.4m
Effective gearing on Ordinary Shares	1.06x

## ORDINARY SHARES

NAV at launch	98.37p
NAV (undiluted, cum income)	162.01p
NAV (diluted, cum income)	152.31p
Share Price	133.50p
(Discount) / Premium to diluted NAV	(12.3%)
Annual average compound return (including dividends)	13.8%
Historic Dividend Yield	4.0%
Shares in issue	203,312,819
Ticker	UEM.L

## WARRANTS AND S SHARES

	S Shares	Warrants
Price	34.00p	34.00p
Warrants/S shares in issue	8,606,709	29,087,134
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

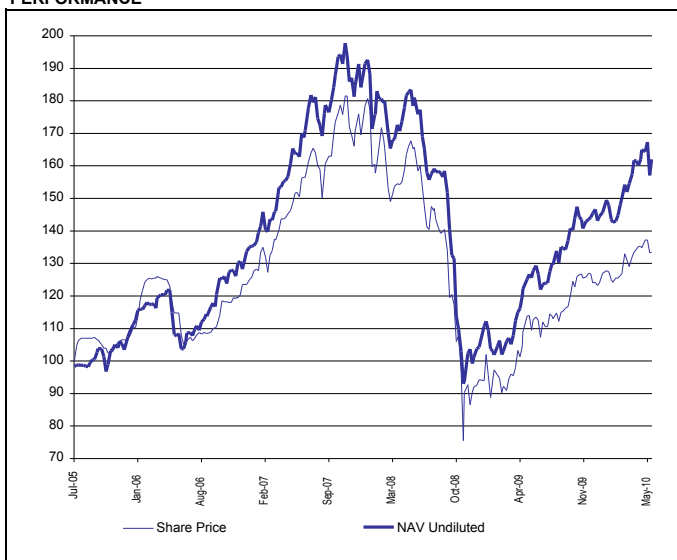
## TOP 10 HOLDINGS

1	Malaysia Airport	11.9%
2	Ocean Wilsons Holdings Limited	7.5%
3	Intl Container Terminals	6.2%
4	Eastern Water Resources PCL	4.6%
5	AES Tiete SA	4.1%
6	Puncak Niaga Holdings	4.1%
7	Cia Saneamento Minas Gerais (COPASA)	3.9%
8	Companhia de Concessoes Rodoviaras (CCR)	3.4%
9	Sichuan Expressway	2.4%
10	My Eg Services	2.2%
Total Top 10		50.3%

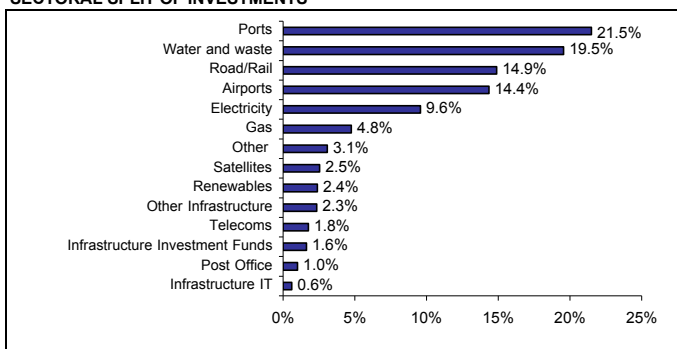
## FURTHER INFORMATION

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)

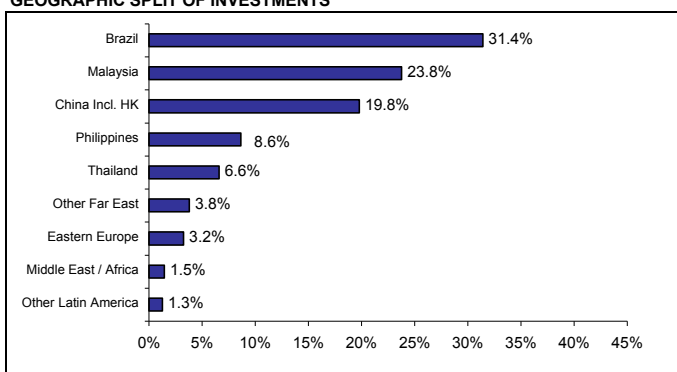
## PERFORMANCE



## SECTORAL SPLIT OF INVESTMENTS



## GEOGRAPHIC SPLIT OF INVESTMENTS



**MONTHLY COMMENT****PERFORMANCE**

Following a strong performance last month, the volatile markets led to a fall in May for UEM with the NAV (cum-income undiluted) falling by 1.8% to 162.01p. This however compared favourably to the MSCI Emerging Markets Index (GBP adjusted) which fell by 4.3% over the month.

The strength of UEM's performance was highlighted against the developed markets with the FTSE All Share, FTSE Utilities and Dow Jones World Utilities (GBP adjusted) indices falling by 6.6%, 6.8% and 3.7% respectively during the month.

Of UEM's key currencies, the Malaysian Ringgit, Thai Baht and Reminibi all strengthened against Sterling during the month, increasing by 2.6%, 4.7% and 4.9% against sterling respectively.

During May, markets were mainly concerned with the continued uncertainties regarding European sovereign debt. The European Union has announced a Euro 750bn package which is intended to provide stability in the debt markets by enabling the European Central Bank to purchase bonds. In addition, the package includes the creation of a Special Purpose Vehicle which itself will issue bonds. The funds raised will be used to provide financial support to European countries experiencing difficulties. At the same time Governments have begun to announce details of austerity programs in an effort to bring budgets into balance. Three main issues have come to the fore. Firstly that any "bail-out" package simply defer the problem of debt repayment and swaps the potential liability from investors to taxpayers. Secondly, the size of the package is insufficient. Thirdly, uncertainty over the potential effect that reductions in Government spending will have on output, employment and corporate earnings.

While Europe has been wrestling with a lack of growth, much of the rest of the world is experiencing the opposite. Interest rate rises have occurred in Brazil, Australia, New Zealand, and Malaysia to try and control inflationary pressures. China continues to experience strong growth and price pressures, with property prices and wages all moving upwards.

**PORTFOLIO**

During April investments of £4.4m were made into the portfolio, comfortably in excess of sales of £18.4m.

Of the top ten stocks in UEM, My Eg was the strongest performer, up 23.3% over the month as it announced the launch of two new software services which should enhance its growth significantly.

Whilst other stocks were hit by the market turmoil, most showed pleasing operating performances in the first quarter which should position them well for the year ahead.

**DEBT & CASH**

Bank debt was reduced to £19.9m from £24.6m in April whilst cash increased from GBP5.6m to GBP14.5m.

**OTHER**

UEM's Ordinary share price decreased by 0.9% during May and at the end of May stood at a discount of 12.3% to the diluted NAV. The S Shares and Warrants decreased by 3.5% and 2.2% during the month respectively.

**INVESTMENT TEAM**

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 53, is a director of UEM's investment manager, ICM. He is a chartered accountant. He is a non-executive director of Infratil Limited and Vix-ERG Limited and was formerly a non-executive director of Utilico Investment Trust plc, The Special Utilities Investment Trust PLC, East Surrey Holdings plc, Dee Valley Group plc, Glasgow Prestwick International Airport Limited and Wellington International Airport Limited.

**MR CHARLES JILLINGS (Executive Director)**

Mr Jillings, aged 54, is a Director of the Company. He is responsible for the day-to-day running of the Company and the investment portfolio in conjunction with the Investment Manager. Mr Jillings is 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. He is a director of Equest Balkan Properties plc (former Chairman) and Global Equity Risk Protection Limited. He was also until recently a director of Newtel Limited.

Assisting them are:

**MR JAMES SMITH**

Mr Smith, aged 37, has been involved in the running of UEM 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 Lebell, aged 38, has been involved in the running of UEM and Utilico Limited since their inception and before that with Utilico Investment Trust plc and The Special Utilities Investment Trust PLC since 2000. Mr Lebell is an associate member of the Institute of Electrical Engineering and Technology.

**MR ITTAN ALI**

Ittan Ali, aged 38, 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.

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Utilico Emerging Markets Limited

Registered Office: Canon's Court, 22 Victoria St, Hamilton HM12, Bermuda

Contact Office: PO Box 208, Epsom, Surrey KT18 7YF Telephone: 01372 271486 Fax: 01372 271495

[www.uem.bm](http://www.uem.bm)