

**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.

## DECEMBER 2016

### ORDINARY SHARES

Ticker: UEM.L

NAV at launch	98.37p
NAV (diluted cum income)	218.48p
NAV (undiluted cum income)	226.53p
Share Price	191.75p
(Discount) / Premium to diluted NAV	(12.2%)
NAV Total Return since launch *	191.6%
Annual average compound return *	11.5%
Historic Dividend paid per share (last 12 months)	6.50p
Historic Dividend Yield (last 12 months)	3.4%
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	16.38p
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	£523.9m
Bank Debt	£47.1m
Shareholders' Funds	£476.8m
Gearing* (based on AIC definition)	9.2%

\*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	(2.4%)	(6.5%)	19.2%	11.4%	148.7%
Net Asset Value*	0.4%	(2.7%)	19.0%	22.0%	180.0%

\*Diluted

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

12 Months to	Dec 16	Dec 15	Dec 14	Dec 13	Dec 12
Share Price	19.2%	(5.6%)	(0.1%)	18.7%	13.5%
Net Asset Value*	19.0%	(3.3%)	6.9%	13.0%	14.4%

\*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 undiluted NAV (adjusted for the 1.625p quarterly dividend) was up by 0.6%, ending the month at 226.53p, below the MSCI Emerging Markets Total Return Index which was up for the period in Sterling terms by 1.4%. On a diluted basis, the NAV was also up by 0.4% to 218.48p.

During December, emerging markets were mixed with the majority of currencies appreciating against Sterling. The biggest movers for the period were the Brazilian Real which increased by 4.8% and the Indonesian Rupiah which increased by 2.2%. The Philippine Peso also increased by 1.1%. In conjunction with this, the BET Index in Romania was up by 3.7%, the SET Index in Thailand was up by 2.2% and the Bursa Malaysia Index was up by 1.4% in December. By comparison, the Shanghai Composite Index in China and the Hang Seng Index in Hong Kong fell by 4.5% and 3.5% respectively for the period. The Brazilian Bovespa Index was also down by 2.7%.

The expected US Federal rate increase finally arrived, with the federal-fund target rate increasing by 0.25% to 0.75%, with the decision from the Federal Open Market Committee to increase rates being unanimous.

Within Asia, China saw its PMI index in December positive for the third consecutive month, the first time since February 2012. Part of this bounce reflects the pickup in infrastructure spending as a result of the launch of the new 13th Five-Year Plan as well as the recovery in the property market. In India, the market continues to digest Modi's demonetisation which the RBI now expects to disrupt GDP growth for a couple of quarters, whilst in Thailand, the market has witnessed a remarkably smooth royal succession following the death of King Bhumibol Adulyadej on 13 October. He was formally replaced by Crown Prince Maha Vajiralongkorn, who officially succeeded to the throne on 1 December. The country is still in an official period of mourning until October 2017.

In Latam, Brazil continues to be the laggard as the rebound in Brazilian GDP growth is taking longer than expected to materialise, whilst Mexico remains nervous, awaiting to see what policies Donald Trump, the newly elected president of the US will adopt.

## PORTFOLIO

There was only one change to the top 20 holdings in the portfolio in December. China Everbright was replaced by Transmissora Alianca de Energia Eletrica (TAESA), which saw an increase in its share price of 11.6%. The increase was partly driven on the news of Interconexion Electrica SA acquiring a 14.9% position in the company, sparking merger and acquisition rumours. TAESA is a Brazilian listed pure play transmission company, operating 29 concessions with 9.9k km of transmission lines.

Within the top 20, thirteen stocks fell during December, with APT Satellite seeing a decrease in its share price of 11.5% due to general sector weakness. China Resources Gas was down by 5.4% as the market continued to have concerns that regulation might become less favourable. SJVN was down by 4.6% as investors took some profits on the previous month's gain and Malaysia Airports was down by 4.3%. Including the new entrant, the portfolio saw seven stocks increase in price, with Metro Pacific up by 7.1% on news of additional investment into the toll road sector and Eastern Water and Ocean Wilsons were both up by 4.5% and 3.6% respectively on the back of positive fund flows. MyEG shares were split, one for two, in December and adjusting for this, the share price increased by 1.6%.

Purchases during the month amounted to £21.4m and realisations totalled £11.7m, as the Investment Managers continued to increase positions in existing investments to take advantage of the price volatility.

## DEBT

Borrowings at the month end totalled £47.1m, drawn in HK\$209.9m and €29.5m.

## OTHER

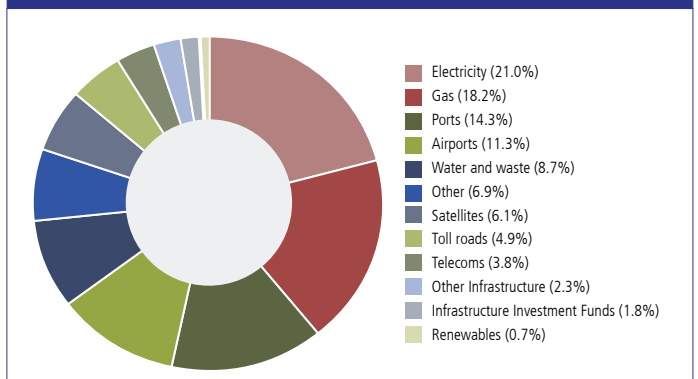
UEM's share price ended December down by 3.2% at 191.75, with the discount widening to 15.4% to the undiluted NAV. The price of the subscription shares fell by 11.5% to 16.38p

UEM paid a second quarterly interim dividend of 1.625p per ordinary share in respect of the year ending 31 March 2017, on 16 December 2016 to shareholders on the register on 2 December 2016.

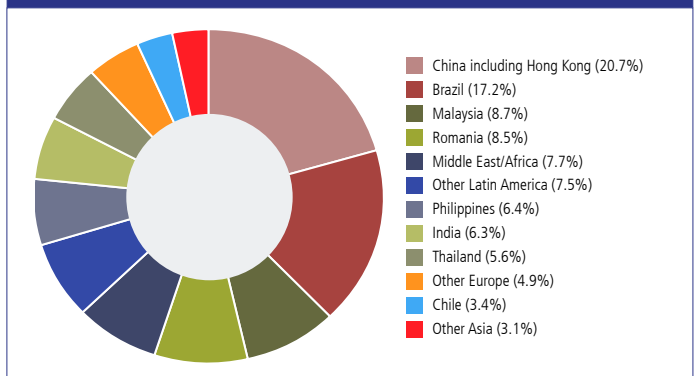
## TOP 20 HOLDINGS

	% of gross assets
1. Malaysia Airport Holdings Berhad	6.2%
2. Ocean Wilsons Holdings Limited	4.7%
3. China Gas Holdings Ltd	4.4%
4. International Container Terminal Services Inc.	4.4%
5. Eastern Water Resources Development and Management PCL	4.2%
6. Alupar Investimento S.A.	3.5%
7. Traselectrica SA	3.0%
8. APT Satellite Holdings Limited	2.8%
9. Transgaz S.A.	2.6%
10. China Resources Gas Group Ltd	2.3%
11. Yuexiu Transport Infrastructure Limited	2.3%
12. Rumo Logistica Operadora Multimodal S.A.	2.3%
13. SJVN Limited	2.3%
14. MyEG Services Berhad	2.3%
15. Shanghai International Airport Co Ltd	2.1%
16. Engie Energia Chile S.A.	2.0%
17. Conpet S.A.	2.0%
18. Metro Pacific Investments Corporation	2.0%
19. Power Grid Corporation of India Limited	1.7%
20. Transmissora Alianca de Energia Eletrica S.A.	1.6%
<b>Total Top 20</b>	<b>58.7%</b>

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



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



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