

**ABOUT US:** Utilico Investments Limited is a Bermuda registered closed end investment company, listed on the London Stock Exchange. Registered No. 39480

**OBJECTIVE:** To maximise shareholder returns by identifying and investing in investments where the underlying value is not reflected in the market price.

**INVESTMENT APPROACH:** To seek to invest in undervalued investments. This perceived undervaluation may arise from any number of factors, including technological, market motivation, prospective financial engineering opportunities, competition or shareholder apathy. The Company has the flexibility to make investments in a wide range of sectors and markets.

## October 2014

ORDINARY SHARES	
NAV at launch of UIT	99.47p
NAV (cum income)	156.03p
Share Price	114.00p
(Discount)/Premium to Diluted NAV	(26.9%)
Annual average compound return (including dividends)*	7.3%
Historic Dividend Yield	6.6%
Shares in issue	99,157,214
Ticker	UTL.L

ZDP SHARES	2016	2018	2020
Accrued Capital Entitlement	167.60p	121.33p	101.78p
Share Price	179.13p	130.25p	106.00p
(Discount)/Premium to NAV	6.9%	7.4%	4.1%
ZDP Cover*	2.64x	1.69x	1.44x
Yield to Redemption*	3.7%	5.4%	6.5%
ZDP Redemption Value	192.78p	160.52p	154.90p
Shares in issue	47,500,000	49,842,413	25,000,000
Ticker	UTLC.L	UTLD.L	UTLE.L

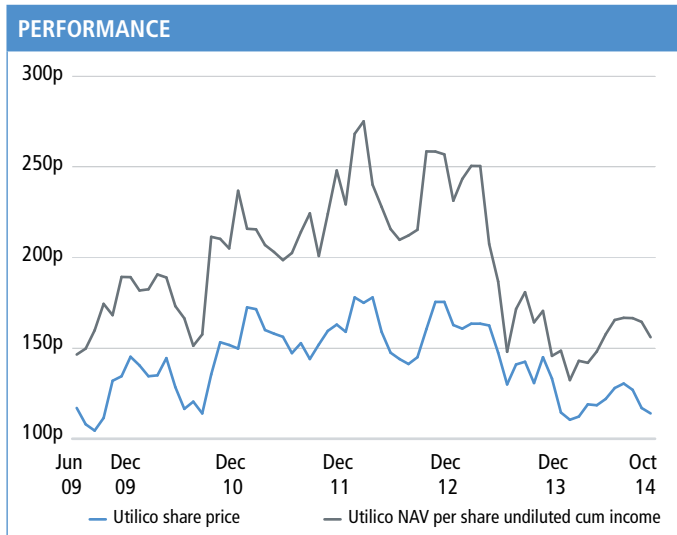
\*Based on final redemption values

CAPITAL STRUCTURE	
Gross Assets less Current Liabilities	<b>£373.9m</b>
Bank and other Debt	£54.7m
ZDP shares 2016	£79.8m
ZDP shares 2018	£59.9m
ZDP shares 2020	£24.9m
Shareholders' Funds (Ordinary Shares)	£154.7m
	<b>£374.0m</b>
Gearing* (based on AIC definition)	141.7%

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

KEY DATES	
Launch Date*	August 2003
Year End	30 June
AGM Date	November
Ex-Dividend Dates	September, November, February & May
Dividend Paid Dates	October, December, March & June
2014 ZDP Shares Repaid	31 October 14
2016 ZDP Shares Expiry	31 October 16
2018 ZDP Shares Expiry	31 October 18
2020 ZDP Shares Expiry	31 October 20

\* Utilico Investment Trust plc ("UIT") – Utilico Investments Limited's predecessor



PERFORMANCE (total return including dividends)					
	1 month	3 months	1 year	3 years	Inception
Share Price	(2.6%)	(11.2%)	(16.2%)	(13.2%)	90.8%
Net Asset Value	(5.1%)	(5.3%)	(4.1%)	(19.4%)	106.6%

ROLLING 12 MONTH PERFORMANCE (total return including dividends)					
12 months to	Oct 14	Oct 13	Oct 12	Oct 11	Oct 10
Share Price	(16.2%)	(11.7%)	14.4%	9.5%	25.2%
Net Asset Value	(4.1%)	(30.1%)	18.5%	10.5%	32.2%

INVESTMENT MANAGER	
Utilico Investments Limited is managed by ICM Limited. ICM is a Bermuda company and has assets under management of £1.5bn. Further information regarding ICM Limited is available on the Company's website at <a href="http://www.icm.bm">www.icm.bm</a>	

TEAM	BOARD
Charles Jillings	Roger Urwin
Duncan Saville	Peter Burrows
Jacqueline Broers	Graham Cole
Jonathan Grocock	Warren McLeland
Mark Lebbell	Eric Stobart

MANAGEMENT & ADMINISTRATIVE FEES	
Investment Adviser Fee	0.25%
Administration Fee	£295k
Performance Fee	15% of the outperformance over benchmark subject to "high water" mark



**FURTHER INFORMATION** regarding Utilico Investments Limited is available on the Company's website at: [www.utilico.bm](http://www.utilico.bm)

## PERFORMANCE

Utilico's cum income NAV was down 5.1% during October, declining from 164.48p to 156.03p. This was weaker than the 0.7% drop in the FTSE All-Share Total Return in Sterling terms.

Global economic growth continues to be subdued, with increasingly divergent performances between the major economies. The US economic recovery and improvement in the labour market stands in marked contrast with the current situation in Europe and Japan. It is particularly notable that current economic policies adopted by these economies are taking entirely opposite directions, with quantitative easing and Abenomics in the EU and Japan accelerating just as the FOMC ends bond repurchases in the US and focus shifts to the timing of interest rate rises. This is leading to material shifts in global money flows with a knock-on impact on foreign exchange rates, in particular US Dollar strengthening.

In tandem with US Dollar strengthening there has been a collapse in commodity prices, with gold down 2.9% and Brent Crude Oil down 9.3% in US Dollar terms in October. At period end these commodities were trading at four-year lows, the latter in part affected by the weak global demand exacerbated by increasing output from shale oil in the US. With Saudi Arabia, OPEC's largest producer, indicating that it will accept lower oil prices, the potential global ramifications should not be understated. Each \$10 per barrel fall in oil price transfers 0.5% of global GDP from oil exporters to oil importers, benefitting the likes of the US, China and India with lower import costs, lower inflation, and a boost to consumer finances. Meanwhile net exporters with budget deficits will struggle – especially the likes of Russia which is labouring under the additional burden of sanctions.

An early indication of the impact of lower oil prices was seen in India, with PM Narendra Modi announcing the end of diesel subsidies, the first major tangible step in economic reform. In Brazil markets were volatile during a tight election which eventually saw incumbent president Dilma Rousseff re-elected.

In October major market performances were mixed, with the S&P 500 and Nikkei up by 2.3% and 1.5% respectively. In contrast the Eurostoxx 50 was particularly weak, falling by 3.5% during the month. In the Emerging Markets there were strong performances at the Hang Seng (Hong Kong) and Shanghai Composite indices, up 4.6% and 2.4% respectively, ahead of the launch of the Hong Kong-Shanghai Stock Connect trading link. The Sensex (India) was also very robust, up 4.6% over the month. Other markets posted more modest returns, with the Bovespa index (Brazil) up 0.9% during the month.

Sterling weakened against most developed markets currencies during October, falling by 1.3% against US Dollar, 1.1% against New Zealand Dollar, and 1.8% against Australian Dollar. The main exception was Japanese Yen, against which Sterling strengthened by 1.1%.

## PORTFOLIO

There were no changes to the top ten holdings in Utilico in October.

Utilico Emerging Markets' share price increased by 1.9% over the period, with a 2.6% increase in NAV partly offset by a widening of the discount to 6.6%.

Weakness in the commodity markets have heavily impacted the share prices of Resolute Mining and Zeta Resources, which fell by 27.3% and 37.9% respectively during October. Resolute Mining reported gold production down 18% in the quarter ended September as output was impacted by heavy seasonal rainfall at Syama and lower-grade ore mined at Ravenswood. Nonetheless it reiterated previous guidance on the expected commissioning of the new oxide circuits in early 2015, and also reported further high-grade drill results at Syama.

The poor performance at Resolute Mining impacted Zeta Resources, which was also impacted by an 11.8% and 8.4% decline in the share prices of Cue Energy and Panoramic Resources respectively. Overall Zeta Resources saw a 13.0% decline in NTA, with the poor share price performance resulting in the discount widening materially to 40.6%.

Infratil shares increased by 1.1% during the period, while Augean and REG declined by 1.0% and 0.7% respectively. There was no change in the share prices of Somers and Bermuda First Investment Company.

Purchases during the month amounted to £6.4m and realisations totalled £9.1m.

## DEBT & CASH

Following the redemption of the 2014 ZDP shares Utilico's bank debt increased to £49.8m (plus £5.0m overdraft) as at end-October, drawn as £34.3m, NZ\$10.6m and €6.5m. At month end, the Company had hedges against NZ\$107.5m, A\$20.0m and €11.9m.

## OTHER

On 31 October the 2014 ZDP shares were redeemed in full at 167.60p per share for a total of £63.9m. As previously announced, Utilico Finance Limited, a wholly owned subsidiary of Utilico Investments Limited, issued 25m new 2020 ZDP shares in July 2014 at 100p. Shareholders representing 9.4m 2014 ZDP shares took part in a rollover offer into the 2020 ZDP shares. The remaining redemption amount was funded through the bank facility and other cash and realisable assets.

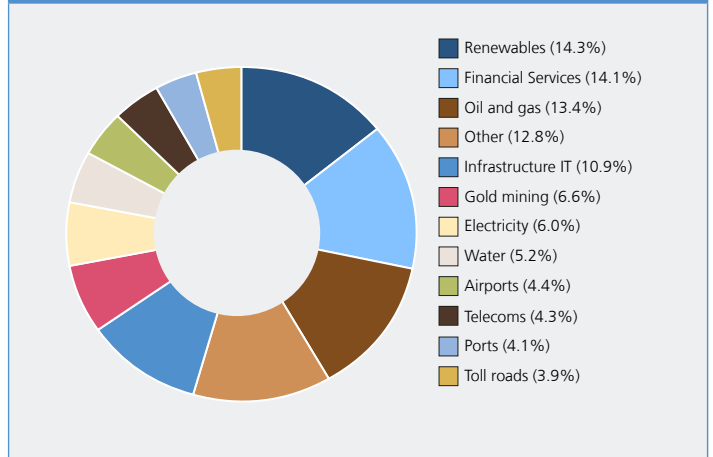
Utilico's ordinary share price fell 2.6% during October, to 114.00p. The discount to NAV narrowed slightly to 26.9%.

There were gains of 1.0% in the share price of the 2020 ZDP shares during October. Both the 2016 and 2018 ZDP shares were broadly flat on end-September.

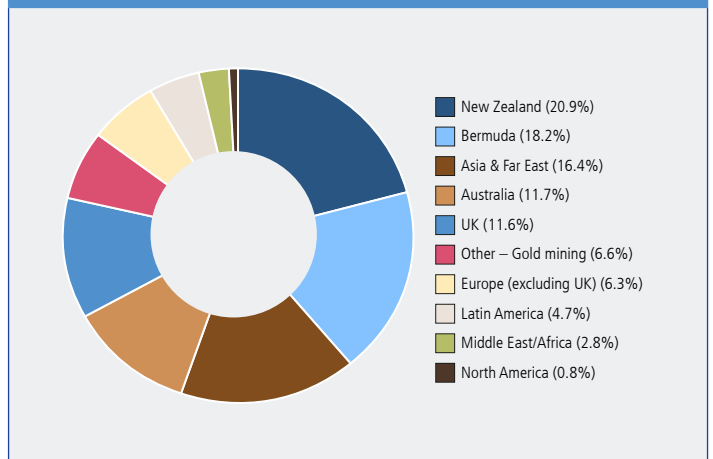
## TOP TEN HOLDINGS

	% of gross assets
1 Utilico Emerging Markets Limited	23.2%
2 Infratil Limited	18.7%
3 Somers Limited	13.2%
4 Zeta Resources Limited	10.0%
5 Resolute Mining Limited	5.8%
6 Vix Technology (unlisted)	5.4%
7 Bermuda First Investment Company Limited	4.6%
8 Vix Limited (unlisted)	4.0%
9 Augean plc	2.6%
10 Renewable Energy Generation Limited	2.5%
<b>Total Top 10</b>	<b>90.0%</b>

## SECTOR SPLIT OF INVESTMENTS



## GEOGRAPHICAL SPLIT OF INVESTMENTS



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