

A DIVERSE PORTFOLIO BY GEOGRAPHY AND SECTOR

# Closed-end investment company, traded on the London Stock Exchange

## OCTOBER 2019

### OBJECTIVE

UIL Limited ("UIL") seeks to maximise shareholder returns by identifying and making investments where the underlying value is not reflected in the market price.

### INVESTMENT APPROACH

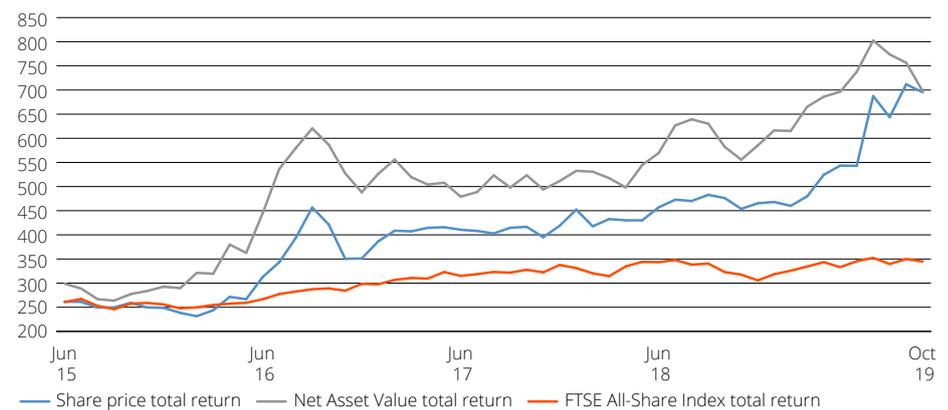
To seek to invest in undervalued investments. This perceived undervaluation may arise from any number of factors, including technological change, market motivation, prospective financial engineering opportunities, competition, management underperformance or shareholder apathy. UIL has the flexibility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

### KEY DATES

<b>Launch date*</b>	August 2003
<b>Year end</b>	30 June
<b>AGM date</b>	November
<b>Ex-dividend dates</b>	September, December, March & June
<b>Dividend paid dates</b>	September, December, March & June
<b>2020 ZDP shares expiry</b>	31 October 2020
<b>2022 ZDP shares expiry</b>	31 October 2022
<b>2024 ZDP shares expiry</b>	31 October 2024
<b>2026 ZDP Shares Expiry</b>	31 October 2026

\*Utilico Investment Trust plc – UIL's predecessor

## PERFORMANCE



Rebased to 100 as at 14 August 2003

### PERFORMANCE (Total return including dividends)

	1 month	3 months	1 year	3 years	Inception
Share Price	(2.3%)	1.1%	46.0%	64.9%	595.2%
Net Asset Value	(7.8%)	(13.1%)	19.7%	18.8%	597.2%
FTSE All-Share Index total return	(1.4%)	(2.1%)	6.8%	19.3%	244.8%

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

12 Months to	Oct 19	Oct 18	Oct 17	Oct 16	Oct 15
Share Price	46.0%	14.3%	(1.2%)	62.6%	6.7%
Net Asset Value	19.7%	11.3%	(10.8%)	111.6%	4.0%
FTSE All-Share Index total return	6.8%	(1.5%)	13.4%	12.2%	3.0%

## FUND DETAILS

### ORDINARY SHARES

Ticker: UTL.L

NAV at launch of UIT*	99.47p
NAV (cum income)	347.84p
Share Price	253.00p
Discount to NAV	(27.3%)
Annual average compound return (including dividends)	12.7%
Historic Dividend paid per share	7.50p
Historic Dividend Yield	3.0%
Ongoing charges figure excluding performance fees	2.1%
Shares in issue	86,927,319

\*Utilico Investment Trust plc – UIL's predecessor

### CAPITAL STRUCTURE

Gross Assets less Current Liabilities	£516.7m
Bank and other Debt	£38.3m
ZDP shares 2020	£56.6m
ZDP shares 2022	£60.8m
ZDP shares 2024	£32.1m
ZDP shares 2026*	£26.5m
Shareholders' Funds (Ordinary Shares)	£302.4m
	£516.7m
Gearing (based on AIC definition)	68.0%

\* includes 8.8m 2026 ZDP shares held by UIL

Gearing AIC – standardised gearing calculation as recommended by the AIC is based on net assets

### INVESTMENT MANAGERS

UIL 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)

### INVESTMENT MANAGEMENT FEE

0.5% of gross assets plus Company Secretarial Fee.

### PERFORMANCE FEE

15% of the outperformance over benchmark subject to minimum hurdle of 5% and high watermark, capped at 2.5% of adjusted equity funds.

### ZDP SHARES

	2020	2022	2024	2026
Accrued Capital Entitlement	144.43p	122.55p	109.69p	107.67p
Share Price	151.00p	132.50p	117.00p	108.50p
Premium / (discount) to NAV	4.5%	8.1%	6.7%	0.8%
ZDP Cover*	5.21x	2.99x	2.41x	2.04x
Yield to Redemption*	2.6%	3.5%	3.4%	4.9%
ZDP Redemption Value	154.90p	146.99p	138.35p	151.50p
Shares in issue	39.0m	50.0m	30.0m	25.0m
Ticker	UTLE.L	UTLF.L	UTLG.L	UTLH.L

\*based on final redemption values



## PERFORMANCE

UIL's cum income NAV total return fell by 7.8% during October, this trailed the FTSE All Share Total Return Index which was down 1.4% in the period.

Developed equity indices were mixed during the month,

with the S&P 500 and Eurostoxx up 2.0% and 1.0% respectively, while the FTSE 100 and ASX 200 fell 2.2% and 0.4% respectively. The global economic outlook has deteriorated and is in a synchronised slowdown, which has seen the IMF again cut growth forecasts for 2019 to 3%, the lowest since the financial crisis. In response, the Fed cut benchmark rates by 25bps, its third cut this year, whilst indicating that the easing policy could be nearing an end. This is at a time of unemployment near 50-year lows of just 3.5%. Germany very narrowly avoided a technical recession with GDP growth of just 0.1% in Q3.

Politics remained volatile in the period, with headlines on the US-China trade war being usurped by violent protest action in several countries, the Trump impeachment hearings, and Brexit. There have been some preliminary positive announcements that the US and China have made progress in agreeing phase one of a trade deal. This could see some tariffs on Chinese exports rolled back and indicate a possible de-escalation in the trade war.

However, in Hong Kong violence re-escalated following a face mask ban on protesters. With many businesses forced to close temporarily and a sharp decline in tourist arrivals, the jurisdiction has now entered a recession. The Hang Seng Index was relatively unaffected, up 3.1%, buoyed by developments in the trade war. There were also notable protests in Chile, usually one of the most stable countries in Latin America, where Chile's IPSA Index fell 6.2% in the month. In emerging markets, Brazil remained a bright spot, as the Senate passed the final amendments to the long-awaited pension reform bill which is expected to result in savings of BRL800bn over the next ten years. The Brazil Bovespa Index was up 2.4% in October.

Significant developments in UK politics were reflected in FX movements following Boris Johnson's re-negotiated Brexit deal and the announcement of a general election. This saw Sterling rally materially, appreciating against all major currencies, up 5.0% against US Dollar, 2.8% versus the Australian Dollar, 2.6% against Euro, and 1.2% versus the Brazilian Real.

Commodities were mixed, with gold recovering some of last month's losses, up 2.8% at USD1,512.94 per ounce, while Brent crude oil declined 0.9% during October. Having peaked at five-year highs in early September, nickel continued to retrace downwards, declining 2.4%.

## PORTFOLIO

There was one change to the constituent There were no changes to the constituents of the top ten investments in UIL in October. Following

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## Important Notes

The information presented on this document is solely for information purposes and is not intended to be, and should not be construed as, an offer or recommendation to deal in UIL. Investments in UIL are subject to investment risks and the value of investments and the income derived from them may fall as well as rise and investors may not get back the principal amount invested. Past performance is not indicative of future performance. Investors should read the prospectus along with the supplement(s) and seek relevant professional advice before making any investment decision. 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. The Investment Managers reserve the right to make any amendments to the information at any time, without notice. Issued by ICM Investment Management Limited (registered in England: 08421482), which is authorised and regulated by the Financial Conduct Authority (FRN: 630094).

a strong September, Afterpay's share price decreased by 19.6% in October. This was a consequence of potential regulatory headwinds as the Reserve Bank of Australia announced plans to investigate the Buy Now, Pay Later industry, exacerbated by the initiation of coverage by a broker with a very negative view on the stock.

Resolute Mining's share price also declined during the period, falling 14.8%, notwithstanding the higher gold price. While Resolute posted robust production in Q3, it discovered a crack in the main external shell of the roaster in the sulphide processing circuit at its flagship Syama mine in Mali. This requires the roaster to be taken offline for approximately eight weeks, with restart expected in early to mid-December. Resolute did not change its guidance for 400,000oz production in 2019.

Of the other top ten positions, Optal's share price was down 9.3%, UEM down by 3.4% and the remainder were broadly unchanged over the month. Zeta Resources remained suspended though it is worth noting that net tangible assets per share were also unchanged during the period.

Purchases during the month for the portfolio amounted to £7.4m and realisations totalled £8.0m.

## DEBT

Bank debt reduced to £38.3m at the end of October, with the underlying positions drawn in AUD50.0m and CAD19.8m. Foreign exchange hedge positions to Sterling were also reduced by approximately 20% across all positions, which at month-end were at AUD116.3m, USD65.8m, NZD5.9m and EUR20.0m.

## OTHER

UIL's ordinary share price ended the month at 253.00p, a 2.3% decline over the period. The discount to NAV narrowed to 27.3%. Share prices of the 2020, 2022 and 2026 ZDP shares were unchanged at 151.00p, 132.50p and 108.50p respectively. Meanwhile the 2024 ZDP share price advanced 0.9% to 117.00p.

During the month, UIL bought back 806,070 ordinary shares at an average price of 254.35p. UIL also sold in the market 0.9m 2026 ZDP shares issued by its subsidiary, UIL Finance. Following this sale, UIL has 8.8m 2026 ZDP shares remaining.

At the Special General Meeting held on 9 October 2019, shareholders approved the resolution to transfer UIL's ordinary shares to trading on the Specialist Fund Segment of the London Stock Exchange main market with effect from 7 November 2019.

On 15 November 2019, UIL declared a first quarterly interim dividend of 1.875p per ordinary share in respect of the year ending 30 June 2020, which will be paid on 20 December 2019 to shareholders on the register on 6 December 2019.

**Charles Jillings**  
**ICM Investment Management Limited and ICM Limited**

## PORTFOLIO SUMMARY

TOP TEN HOLDINGS		% of Group investments
1	Somers Limited	24.0%
2	Utilico Emerging Markets Trust plc	16.7%
3	Zeta Resources Limited	12.8%
4	Resolute Mining Limited	11.9%
5	Optal Limited	7.5%
6	Ascendant Group Limited	4.9%
7	One Communications Limited	4.5%
8	Allectus Capital Limited	4.0%
9	Afterpay Touch Group Limited	2.5%
10	Vix Tech Pte Ltd	2.0%
<b>Total Top Ten</b>		<b>90.8%</b>

## SECTOR SPLIT OF INVESTMENTS

Financial Services	24.3%
Technology	19.0%
Gold Mining	13.0%
Resources	11.1%
Telecoms	6.6%
Infrastructure Investments	5.9%
Other	5.2%
Electricity	4.1%
Oil and Gas	2.6%
Ports	2.3%
Road and Rail	2.0%
Water	1.7%
Renewables	1.6%
Airports	0.6%

## GEOGRAPHICAL SPLIT OF INVESTMENTS

Australia	22.6%
Bermuda	16.6%
Other – Gold Mining	13.0%
UK	12.8%
Europe (excluding UK)	10.4%
Asia	7.6%
Latin America	6.7%
Middle East / Africa	5.0%
North America	4.2%
New Zealand	1.1%

