

**A DIVERSE PORTFOLIO BY GEOGRAPHY AND SECTOR**

# Delivering long-term return for shareholders

**OCTOBER 2020**

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

**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.

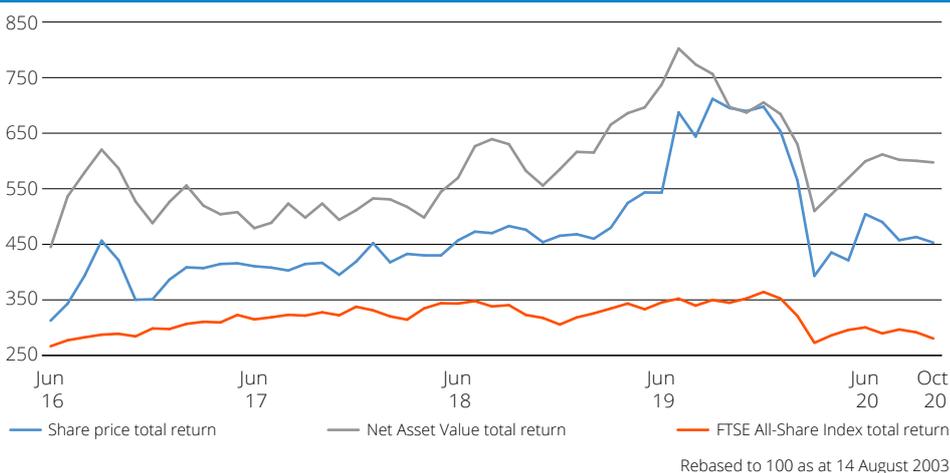
**INVESTMENT APPROACH**

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>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**

**PERFORMANCE (Total return including dividends)**

|                                   | 1 month | 3 months | 1 year  | 3 years | Inception |
|-----------------------------------|---------|----------|---------|---------|-----------|
| Share Price                       | (2.2%)  | (7.6%)   | (34.8%) | 8.8%    | 353.1%    |
| Net Asset Value                   | (0.5%)  | (2.3%)   | (14.3%) | 14.2%   | 497.4%    |
| FTSE All-Share Index total return | (3.8%)  | (3.2%)   | (18.6%) | (14.4%) | 180.5%    |

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

| 12 Months to                      | Oct 20  | Oct 19 | Oct 18 | Oct 17  | Oct 16 |
|-----------------------------------|---------|--------|--------|---------|--------|
| Share Price                       | (34.8%) | 46.0%  | 14.3%  | (1.2%)  | 62.6%  |
| Net Asset Value                   | (14.3%) | 19.7%  | 11.3%  | (10.8%) | 111.6% |
| FTSE All-Share Index total return | (18.6%) | 6.8%   | (1.5%) | 13.4%   | 12.2%  |

**FUND DETAILS**
**ORDINARY SHARES**

Ticker: UTL.L

|  |            |
|--|------------|
| NAV at launch of UIT*                                | 99.47p     |
| NAV (cum income)                                     | 290.09p    |
| Share Price  | 157.50p    |
| Discount to NAV                                      | (45.7%)    |
| Annual average compound return (including dividends) | 10.9%      |
| Historic Dividend paid per share                     | 7.88p      |
| Historic Dividend Yield                              | 5.0%       |
| Ongoing charges figure excluding performance fees    | 2.1%       |
| Shares in issue                                      | 85,939,314 |

\*Utilico Investment Trust plc – UIL's predecessor

**CAPITAL STRUCTURE**

|                                       |         |
|---------------------------------------|---------|
| Gross Assets less Current Liabilities | £430.3m |
| Bank and other Debt                   | £54.5m  |
| ZDP shares 2022                       | £64.7m  |
| ZDP shares 2024                       | £33.8m  |
| ZDP shares 2026*                      | £27.9m  |
| Shareholders' Funds (Ordinary Shares) | £249.4m |
|                                       | £430.3m |
| Gearing (based on AIC definition)     | 71.4%   |

\* includes 2.4m 2026 ZDP shares held by UIL

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

**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.

**INVESTMENT MANAGEMENT FEE**

0.5% of gross assets plus Company Secretarial Fee.

**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)

**ZDP SHARES**

|                             | 2022    | 2024    | 2026    |
|-----------------------------|---------|---------|---------|
| Accrued Capital Entitlement | 130.20p | 114.90p | 113.04p |
| Share Price                 | 131.00p | 107.00p | 94.25p  |
| Premium/(discount) to NAV   | 0.6%    | (6.9%)  | (16.6%) |
| ZDP Cover*                  | 3.34x   | 2.52x   | 2.06x   |
| Yield to Redemption*        | 5.9%    | 6.6%    | 8.2%    |
| ZDP Redemption Value        | 146.99p | 138.35p | 151.50p |
| Shares in issue             | 50.0m   | 30.0m   | 25.0m   |
| Ticker                      | UTL.F.L | UTL.G.L | UTL.H.L |

\*based on final redemption values



## PERFORMANCE

UIL's NAV total return declined 0.5% in October, outperforming the FTSE All Share Total Return Index which fell by 3.8% over the same period.

With new coronavirus

cases resuming exponential growth in many parts of the globe and reaching critical levels in several of Europe's largest economies, October marked another volatile month for global stock markets. Factoring in the US Presidential election and Brexit, this was a lot for the market to absorb.

The S&P 500 recorded a 2.8% decline as COVID-related hospitalisations surged and anticipated economic stimulus measures remained elusive in the run up to US elections. European markets were downbeat on the widespread reinstatement of lockdown restrictions, with France and Germany leading the charge, driving the Eurostoxx Index 7.4% lower over the month. Meanwhile, the FTSE 100 declined 4.9% as fresh lockdown restrictions loomed, and Brexit negotiators failed to make progress in critical talks with the EU.

Asia-Pacific equities were more upbeat, with the Shanghai Composite Index edging up 0.2% and the Hang Seng rising 2.8% as Chinese economic data pointed to a recovery in consumer confidence. Meanwhile, the ASX 200 climbed 1.9% as Melbourne emerged from lockdown with local authorities reporting no new cases, and the New Zealand Exchange rose 2.9% as Jacinda Ardern's Labour Party secured a landslide victory in the country's general election.

In the currency markets, Sterling performance was mixed over October, appreciating 0.7% against the Euro and 2.1% against the Australian Dollar, remaining flat against the US Dollar and depreciating 1.2% against the Chinese Renminbi. Key commodities were weaker over the period, with Brent crude oil down 8.5% and gold down 0.4%.

## PORTFOLIO

There were two changes to the constituents of the top ten holdings in UIL in October, with Starpharma Holdings ("Starpharma") replacing Ascendant in ninth position and Assetco Plc ("Assetco") replacing One Communications in tenth position. Starpharma is an Australia-listed company engaged in the development of dendrimer products, principally aimed at the pharmaceutical sector. It entered the fund's top ten following the sale of Ascendant. Similarly, Assetco entered the top ten following the fund's sale of the majority of its holding in One Communications. Assetco is a UK-listed company

providing outsourced fire and rescue services which today is largely a cash shell.

Turning to performance, the fund's top holding, Somers, moved to a manual valuation in response to persistent inactivity in the share price. The new share price was calculated with reference to Somers' NAV and led to an upward revaluation of 9.2% driven by good performance by Resimac. In contrast, the remaining top-ten holdings saw valuations either decline or remain unchanged. Amongst the larger holdings, Zeta fell 12.2%, due entirely to a widening of the discount, UEM declined 3.2%, due largely to a decline in underlying NAV, and Resolute Mining fell 15.4% in response to threatened strikes in Mali and John Welborn stepping down as CEO of Resolute.

Including the aforementioned transactions, purchases during the month totalled £32.1m and sales totalled £87.9m.

## ZDP SHARES

UIL redeemed its 2020 ZDP shares at the end of the month in full, reducing the ZDP share liabilities by £60.4m. This was mainly funded by the realisations of Ascendant and One Communications. The ZDP shares cover improved materially and the ZDP shares discounts narrowed. The 2026 ZDP share cover rose from 1.82x last month to 2.06x this month and its discount narrowed from 19.4% to 16.6%. Pleasingly this continues to narrow in November.

## DEBT

Bank debt was slightly lower on the previous month, at £49.6m, drawn as AUD 23.9m, GBP 10.2m, EUR 10.6m and USD 21.8m. Foreign exchange hedge positions to Sterling at month-end were AUD 97.1m, USD 69.0m, EUR 27.5m and CAD 31.2m. The USD hedge was reduced from USD 87.0m to USD 69.0m reflecting the realisation of USD-denominated assets.

## IMPACT OF ZDP SHARE REDEMPTION

Realising Ascendant and the majority of the One Communications holding, and redeeming the 2020 ZDP shares for cash saw the following changes: gearing reduced from 94.1% to 71.4%; ZDP shares in issue reduced by 32.3% to £126.4m; ZDP share cover improved; and UIL's Bermuda investments reduced from 15.6% to 7.9% of the portfolio.

## OTHER

UIL's ordinary share price declined 2.2% in October, ending the month at 157.50p and leaving the discount to NAV disappointingly wider at 45.7%.

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

## PORTFOLIO SUMMARY

| TOP TEN HOLDINGS     |                                    | % of Group investments |
|----------------------|------------------------------------|------------------------|
| 1                    | Somers Limited                     | 30.4%                  |
| 2                    | Zeta Resources Limited             | 18.0%                  |
| 3                    | Utilico Emerging Markets Trust plc | 14.1%                  |
| 4                    | Resolute Mining Limited            | 9.6%                   |
| 5                    | Allectus Capital Limited           | 6.4%                   |
| 6                    | Optal Limited                      | 5.6%                   |
| 7                    | Vix Tech Pte Ltd                   | 5.3%                   |
| 8                    | Orbital Corporation Limited        | 3.3%                   |
| 9                    | Starpharma Holdings Limited        | 2.2%                   |
| 10                   | AssetCo plc                        | 1.2%                   |
| <b>Total Top Ten</b> |                                    | <b>96.1%</b>           |

## SECTOR SPLIT OF INVESTMENTS

|                            |       |
|----------------------------|-------|
| Financial Services         | 30.5% |
| Technology                 | 23.2% |
| Resources                  | 15.0% |
| Gold Mining                | 12.5% |
| Other                      | 5.5%  |
| Ports                      | 3.1%  |
| Telecoms                   | 3.0%  |
| Electricity                | 2.8%  |
| Oil and Gas                | 1.8%  |
| Renewables                 | 1.0%  |
| Infrastructure Investments | 0.7%  |
| Water                      | 0.5%  |
| Airports                   | 0.4%  |

## GEOGRAPHICAL SPLIT OF INVESTMENTS

|                       |       |
|-----------------------|-------|
| Australia             | 29.1% |
| Other – Gold Mining   | 12.5% |
| UK                    | 11.5% |
| Asia                  | 9.9%  |
| Europe (excluding UK) | 9.7%  |
| Middle East/Africa    | 8.3%  |
| Bermuda               | 7.9%  |
| North America         | 5.2%  |
| Latin America         | 3.7%  |
| New Zealand           | 2.2%  |

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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).

