

**A DIVERSE PORTFOLIO BY GEOGRAPHY AND SECTOR**

# Delivering long-term return for shareholders

**FEBRUARY 2021**

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.

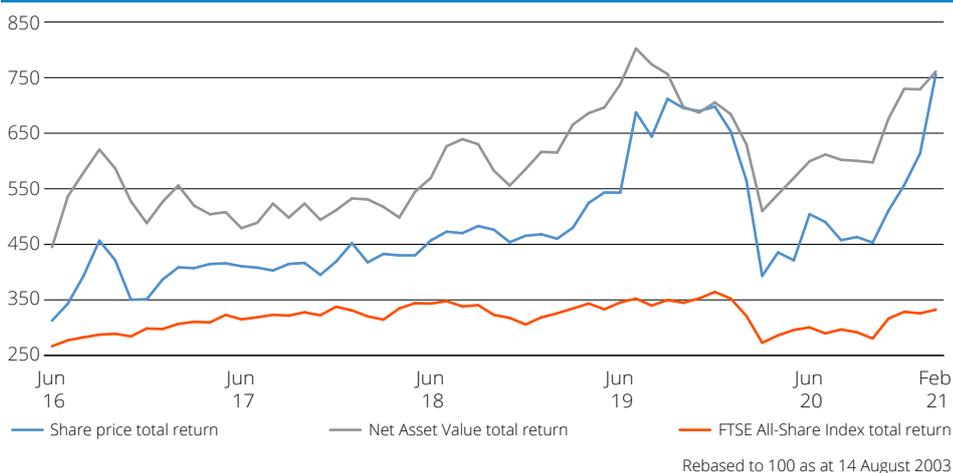
**INVESTMENT APPROACH**

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	23.2%	48.0%	33.8%	81.0%	655.7%
Net Asset Value	4.4%	12.6%	20.8%	43.3%	660.9%
FTSE All-Share Index total return	2.0%	5.1%	3.5%	3.8%	232.3%

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

12 Months to	Feb 21	Feb 20	Feb 19	Feb 18	Feb 17
Share Price	33.8%	22.8%	10.2%	2.2%	76.6%
Net Asset Value	20.8%	2.4%	15.9%	(4.5%)	73.0%
FTSE All-Share Index total return	3.5%	(1.4%)	1.7%	4.4%	22.8%

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

Ticker: UTL.L

NAV at launch of UIT*	99.47p
NAV (cum income)	367.23p
Share Price	260.00p
Discount to NAV	(29.2%)
Annual average compound return (including dividends)	12.3%
Historic Dividend paid per share	8.00p
Historic Dividend Yield	3.1%
Ongoing charges figure excluding performance fees	2.1%
Shares in issue	84,533,483

\*Utilico Investment Trust plc – UIL's predecessor

**CAPITAL STRUCTURE**

Gross Assets less Current Liabilities	£488.6m
Bank and other Debt	£49.3m
ZDP shares 2022	£66.1m
ZDP shares 2024	£34.4m
ZDP shares 2026*	£28.4m
Shareholders' Funds (Ordinary Shares)	£310.4m
	£488.6m
Gearing (based on AIC definition)	56.2%

\* includes 3.1m 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	132.80p	116.65p	114.86p
Share Price	135.50p	115.50p	112.00p
Premium/(discount) to NAV	2.0%	(1.0%)	(2.5%)
ZDP Cover*	3.94x	2.94x	2.39x
Yield to Redemption*	5.0%	5.0%	5.5%
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 increased by 4.4% during February, ahead of the FTSE All Share Total Return Index which was up 2.0% in the month.

Developed markets indices were broadly

positive, with the S&P 500 hitting an all-time high during the month on an acceleration in the US vaccination program and expectations for a USD 1.9 trillion stimulus bill to be passed by government. However, the latter half of February saw volatility in the markets increase as inflation concerns re-emerged and benchmark 10-year US Treasury yields spiked to 1.6% having started the month at closer to 1.0%. These higher rates led to capital flows back into a resurgent US Dollar.

Sterling strengthened by 1.8% against USD during the month following the rapid progress in the UK's Covid-19 vaccination program, with over 17.0m adults vaccinated by the end of February 2021, more than a third of the adult population. The FTSE 100 rose 1.2%, though there was better performances from the more domestic-focused mid- and small-cap Indices. European markets were also robust, with the Eurostoxx 50 up 4.5%, notwithstanding a vaccination program that is lagging the US and UK due to strategic errors by European leaders.

Emerging markets were mixed, with India and Chile relative bright spots, the Sensex Index also hitting all-time highs and advancing 6.1%, while the IPSA up 6.6% benefitted from higher copper prices and a rapid vaccination rollout. Brazil was notably weak, with the Bovespa Index falling 4.4% and the Brazilian Real down 3.8% against Sterling. Sentiment was hit by the President's unilateral decision to oust Petrobras' CEO and interfere in diesel pricing, prints of double-digit inflation stemming from higher commodity prices and the significant depreciation of BRL over the past year, and a resurgence in Covid-19 cases.

Whilst the rebound in economic activity is varying depending on Covid outbreaks and government responses, it is evident that there is a rapid pick-up in demand of many goods at a time that supply and inventories are still constrained. This has led to a boom in commodity prices, with Brent crude oil up 18.3% and copper up 15.1%, bolstering commodity-driven economies and prices of resources stocks. By comparison, precious metals have lagged, with the gold price falling 6.1%.

## PORTFOLIO

There was one change to the top ten investments in UIL's portfolio in February, with Sindoh replacing Assetco due to additional investment in the former. Sindoh is a c.\$260m market cap listed company in Korea and is a leading manufacturer of multifunction and 3D printers with over 90% of revenue from original

design manufacturing sales. Sindoh's share price increased by 11.0% in February.

Starpharma was the strongest performer in UIL's top ten, with its share price soaring 40.5% during February. Starpharma has recently developed an antiviral nasal spray for Covid-19 called VIRALEZE which is complementary to vaccines and other preventative measures. This was successfully registered for sale in Europe and the UK during the month. There was also a good performance from Somers, whose carrying value increased by 8.9% following the release of December results which saw NAV per share increase by 43.3% over the quarter, mainly due to a significant increase in value of Resimac, Somers' largest investment.

In the commodities space, Zeta Resources' share price increased 3.4%, though this lagged a 13.3% increase in total diluted net tangible asset ("NTA"). The strong performance in NTA was predominantly driven by a robust performance by Zeta's largest investment, Copper Mountain Mining, whose share price rose 45.8% over the month. By comparison, Resolute Mining's share price was weak, declining 9.5% as the deterioration in gold prices weighed on the sector.

Orbital's share price fell 28.0% during the month on lower guidance for its year ending June 2021. Orbital said that revenue expectations for the year to June 2021 had been revised downwards to AUD 30-40m from AUD 40-50m following indications of lower than expected demand from customers. One Communications was delisted from the Bermuda Stock Exchange during the month and UIL has entered into discussions to sell its remaining shares back to the company. The carrying values of Allectus and Vix Tech were unchanged over the period.

Purchases during the month for the portfolio amounted to £7.4m and realisations totalled £0.2m.

## DEBT

Bank debt was increased during February to £47.9m versus £43.6m a month ago. This was drawn as USD 28.7m, AUD 32.9m and EUR 10.6m. Foreign exchange hedge positions to Sterling at month-end were AUD 138.1m and USD 95.5m.

## OTHER

UIL's ordinary share price ended February at 260.00p, up 23.2% on end-January. The discount to NAV narrowed to 29.2%, with UIL buying back 0.3m shares during the month at an average price of 239.10p. The 2022 ZDP share price fell 0.4% to 135.50p, while the 2024 and 2026 ZDP share prices were unchanged at 115.50p and 112.00p respectively. From 1 March 2021, UIL moved to daily reporting of NAV.

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

## PORTFOLIO SUMMARY

TOP TEN HOLDINGS		% of Group investments
1	Somers Limited	39.5%
2	Zeta Resources Limited	19.3%
3	Utilico Emerging Markets Trust plc	14.3%
4	Resolute Mining Limited	6.9%
5	Allectus Capital Limited	6.6%
6	Vix Tech Pte Ltd	3.7%
7	Starpharma Holdings Limited	2.9%
8	Orbital Corporation Limited	2.2%
9	One Communications Limited	0.9%
10	Sindoh Co. Ltd	0.8%
<b>Total Top Ten</b>		<b>97.1%</b>

## SECTOR SPLIT OF INVESTMENTS

Financial Services	39.5%
Resources	17.3%
Technology	15.4%
Gold Mining	8.7%
Other	6.3%
Ports	3.3%
Electricity	2.8%
Telecoms	2.6%
Oil and Gas	1.8%
Infrastructure Investments	0.7%
Renewables	0.7%
Airports	0.5%
Water	0.4%

## GEOGRAPHICAL SPLIT OF INVESTMENTS

Australia	38.6%
UK	11.0%
Asia	10.3%
North America	9.4%
Other – Gold Mining	8.7%
Bermuda	6.6%
Middle East/Africa	5.8%
Latin America	4.1%
Europe (excluding UK)	3.6%
New Zealand	1.9%

**Registered Office:** Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda

**UK Contact:** Telephone: 01372 271 486

### 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).

