

**A DIVERSE PORTFOLIO BY GEOGRAPHY AND SECTOR**

# Delivering long-term return for shareholders

**SEPTEMBER 2022**

**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.

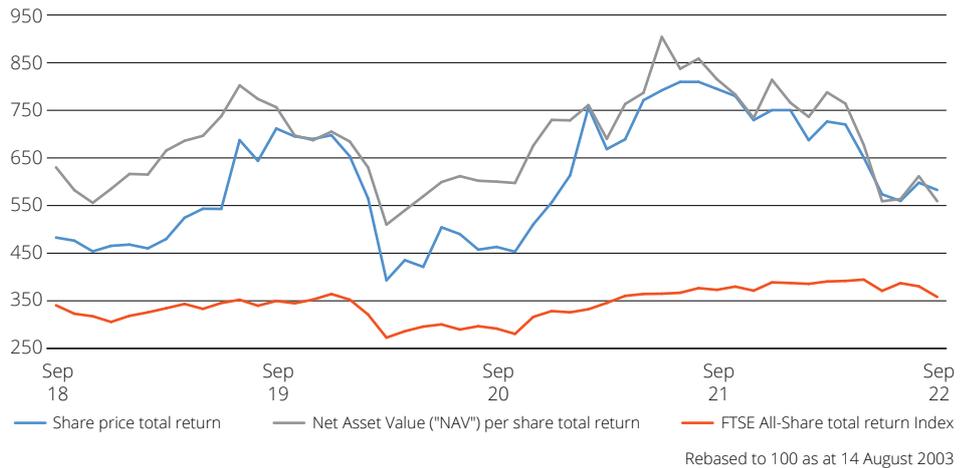
**INVESTMENT APPROACH**

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
<b>2028 ZDP Shares Expiry</b>	31 October 2028

\*Utilico Investment Trust plc - UIL's predecessor

**PERFORMANCE**

**PERFORMANCE (Total return including dividends)**

	1 month	3 months	1 year	3 years	5 years	Inception
Share Price	(2.6%)	1.6%	(26.7%)	(18.1%)	40.5%	482.7%
Net Asset Value per share	(8.6%)	0.0%	(31.4%)	(26.1%)	12.3%	459.3%
FTSE All-Share Index	(5.9%)	(3.4%)	(4.0%)	2.4%	11.3%	258.1%

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

12 Months to	Sep 22	Sep 21	Sep 20	Sep 19	Sep 18
Share Price	(26.7%)	71.6%	(34.9%)	47.4%	16.5%
Net Asset Value per share	(31.4%)	35.8%	(20.7%)	20.0%	26.5%
FTSE All-Share Index	(4.0%)	27.9%	(16.6%)	2.7%	5.9%

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

Ticker: UTL.L

NAV per share at launch of UIT*	99.47p
NAV per share (cum income)	258.73p
Share price	188.50p
Discount to NAV	(27.1%)
Annual average compound return (including dividends)	9.4%
Historic dividend paid per share	8.00p
Historic dividend yield	4.2%
Ongoing charges figure excluding performance fees	2.1%
Shares in issue	83,842,918

\*Utilico Investment Trust plc - UIL's predecessor

**CAPITAL STRUCTURE**

Gross Assets less Current Liabilities	£413.8m
Bank and other Debt	£50.6m
ZDP shares 2022	£52.0m
ZDP shares 2024	£37.3m
ZDP shares 2026*	£30.8m
ZDP shares 2028**	£26.2m
Shareholders' Funds (Ordinary Shares)	£216.9m
	£413.8m
Gearing (based on AIC definition)	89.5%

\* includes 2.3m 2026 ZDP shares held by UIL

\*\* includes 0.6m 2028 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	2028
Accrued Capital Entitlement	146.24p	125.60p	124.13p	108.39p
Share Price	144.50p	123.00p	110.50p	90.00p
Premium/(discount) to NAV	(1.2%)	(2.1%)	(11.0%)	(17.0%)
ZDP Cover*	4.02x	2.86x	2.27x	1.88x
Yield to Redemption*	22.3%	5.8%	8.0%	9.0%
ZDP Redemption Value	146.99p	138.35p	151.50p	152.29p
Shares in issue	35.6m	30.0m	25.0m	25.0m
Ticker	UTL.L	UTL.G.L	UTL.H.L	UTL.L.L

\*based on final redemption values



## PERFORMANCE

UIL's NAV total return was down 8.6% for the month, underperforming the FTSE All Share total return Index which declined by 5.9% over the same period.

### Global markets

in September were gloomy with the majority of markets witnessing losses. Fighting inflation became paramount on most central banks' agendas, irrespective of the implication for capital markets and was clearly demonstrated by the US Federal Reserve who raised interest rates for a third consecutive 75bps increase in September to 3.25%. The European Central Bank and the UK Central Bank also increased rates, with deposit rates now at 0.75% and 2.25% respectively, as both grapple with inflationary levels estimated at near 10.0%. The shutdown of Nord Stream 1 (natural gas pipeline from Russia to Germany) in September also failed to help calm inflationary nerves, raising concerns over energy supplies as Europe starts to head into the winter. Subsequently the S&P Index was down 9.3%, the Eurostoxx down 5.7% and UK FTSE 100 down 5.4%. The Australian ASX 200 was down 7.3%.

The UK market was further pressured by a questionable 'mini budget', announced by the newly elected UK Prime Minister Liz Truss, which failed to ease market concerns over the rapidly widening current account deficit. Subsequently the Bank of England had to step in temporarily buying long dated gilts, enabling Sterling to recover from an all-time low against the US Dollar.

The Euro was also sent to a 20 year low against the Dollar as the rising US interest rates continue to fuel its strength. Sterling did though manage to appreciate 2.3% against the Australian Dollar.

Commodities were not spared from the market tumble as the deteriorating economic outlook superseded supply concerns. Brent oil fell 8.8% in the month of September, with copper declining 3.0% and gold falling 2.9% succumbing to the pressure of a higher US Dollar and rising yields, ending the month at USD 1,660.61/oz.

## PORTFOLIO

There was one change to the top ten constituents of the UIL portfolio in September, with Carebook Technologies reclaiming its position from Starpharma.

Overall performance of the top ten, in line with the markets, was challenging. Somers was down 4.4% and UEM's share price was down 4.5%, although UEM's NAV decreased 4.4% outperforming the MSCI Emerging Market total return Index which was down 7.8% in Sterling terms for the period.

Resimac was down 22.9% as increasing interest rates continue to put pressure on future housing origination volumes as well as the existing loan book. UIL's resources investments were also pressured by the volatile commodity prices being witnessed with Zeta down 5.1%, Resolute down 26.3% and Panoramic Resources down 15.9%.

Purchases during the month for the portfolio totalled £5.5m and realisations amounted to £5.3m.

## DEBT

In September the Australian Dollar and Euro bank debt positions remained unchanged at AUD 24.8m and EUR 10.4m respectively whilst the US Dollar debt position was reduced to USD 13.1m from USD 26.3m and GBP 12.0m was drawn. The total bank debt liability in Sterling terms increased from £46.3m at the end of August to £47.2m as at 30 September 2022.

For September, the Euro foreign exchange hedge position was unchanged at EUR 9.0m, whilst the Australian Dollar position reduced by 12.9% to AUD 45.4m and the Canadian Dollar position reduced by 9.1% to CAD 25.0m. A new position during the month was taken in South African Rand amounting to ZAR 45.0m.

## ZDP SHARES

The share price of the 2022 ZDP shares increased marginally by 0.3% to 144.50p whilst the share prices of the 2024, 2026 and 2028 ZDP shares all reduced. The 2024 ZDP shares reduced to 123.00p, down 0.8%, the 2026 ZDP shares to 110.50p down 3.1% and the 2028 ZDP shares to 90.00p down 6.3%.

UIL is finalising arrangements for the redemption of the 2022 ZDP shares on 31 October 2022. On the redemption date, the capital repayment amount of 146.99p per share will be paid to holders whose names appear on the register as at the close of business on 27 October 2022.

## OTHER

UIL's ordinary share price decreased by 3.6% to 188.50p in September whilst the discount to NAV narrowed to 27.1%.

UIL's fourth quarterly interim dividend of 2.00p per ordinary share in respect of the year ended 30 June 2022, was paid on 30 September 2022 to shareholders on the register on 2 September 2022.

## Charles Jillings

ICM Investment Management Limited and ICM Limited

## PORTFOLIO SUMMARY

TOP TEN HOLDINGS		% of Group investments
1	Somers Limited	31.1%
2	Zeta Resources Limited	16.2%
3	Utilico Emerging Markets Trust plc	12.7%
4	ICM Mobility Group Limited	12.5%
5	Allectus Capital Limited	6.8%
6	Resimac Group Limited	4.9%
7	The Market Herald Limited	3.5%
8	Resolute Mining Limited	2.2%
9	Panoramic Resources Limited	1.6%
10	Carebook Technologies Inc	1.2%
<b>Total Top Ten</b>		<b>92.7%</b>

## SECTOR SPLIT OF INVESTMENTS

Financial Services	40.9%
Technology	26.0%
Resources	15.7%
Gold Mining	4.2%
Ports	2.7%
Electricity	2.5%
Other	1.9%
Renewables	1.6%
Telecommunications	1.2%
Oil and Gas	1.0%
Water	0.9%
Airports	0.8%
Infrastructure Investments	0.6%

## GEOGRAPHICAL SPLIT OF INVESTMENTS

Australia	33.4%
UK	16.5%
Asia	8.6%
Europe (excluding UK)	7.7%
Middle East/Africa	6.8%
Bermuda	5.6%
USA	5.6%
Canada	5.5%
Other - Gold mining	4.2%
Latin America	4.0%
New Zealand	2.1%

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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).

