

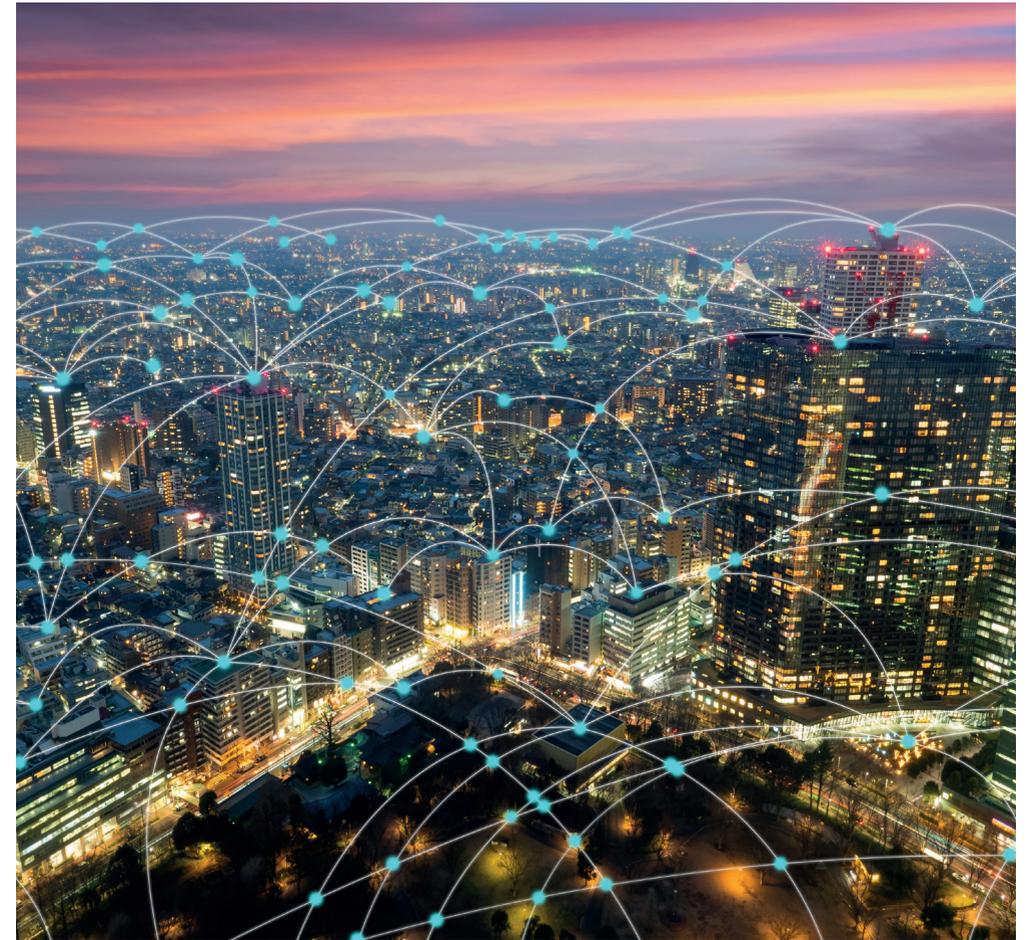
**A DIVERSE PORTFOLIO BY GEOGRAPHY AND SECTOR**



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# HALF-YEARLY FINANCIAL REPORT

FOR THE SIX MONTHS TO 31 DECEMBER 2020

## A DIVERSE PORTFOLIO BY GEOGRAPHY AND SECTOR

UIL Limited is focused on uncovering compelling investments and supporting its investees.

### SIX MONTHS TO 31 DECEMBER 2020

NET ASSET VALUE ("NAV")  
TOTAL RETURN\*

**22.0%** ↑

SHARE PRICE TOTAL  
RETURN\*

**10.4%** ↑

NAV DISCOUNT AS AT  
31 DECEMBER 2020

**45.7%** ↑

REVENUE EARNINGS PER  
ORDINARY SHARE

**4.63p** ↑

DIVIDENDS PER ORDINARY  
SHARE

**4.00p** ↑

GEARING\*

**55.5%** ↓

\*See Alternative Performance Measures on pages 45 to 47

UIL Limited ("UIL" or the "Company") is a Bermuda exempted closed-end investment company.

## WHY UIL LIMITED?



Vix Tech Pte Limited

### UIL OFFERS ORDINARY SHAREHOLDERS:

- A high conviction portfolio
- Diversified mix of investments
- Opportunity to currently buy UIL shares on the market at a significant discount to NAV
- Attractive quarterly dividends

### UIL OFFERS ZERO DIVIDEND PREFERENCE ("ZDP") SHAREHOLDERS:

- Attractive capital growth – driving increased ZDP cover
- Attractive asset, sector and geographical cover
- Structured as three ZDP classes – mitigating redemption risk

# CHAIRMAN'S STATEMENT



It is pleasing to report a strong six months to 31 December 2020 with UIL's NAV total return of 22.0% outperforming the FTSE All-Share Index total return over the same period, which was up by 9.3%. UIL's NAV as at 31 December 2020, of 352.55p, is near its all-time high.

The six months to 31 December 2020 has seen a seminal shift for UIL, as UIL's asset values recovered sharply with shareholders' funds up £50.6m, an increase of 20.1%. In addition, the 2020 ZDP shares were repaid in full helping to reduce the total ZDP liability by £55.8m, representing a 30.9% reduction to £124.7m from £180.5m. Three key significant corporate sale transactions were completed and one renegotiated. These together delivered a step change reduction in gearing over the six months to 55.5% from 93.4% as at 30 June 2020. Furthermore, costs reduced to £1.2m, down 20.0% and earnings per share ("EPS") increased 8.9% compared to the prior half-year. Given the market turmoil and fundamental uncertainties faced over the year with Covid-19, US elections, Brexit and US/China trade frictions, this is a commendable performance. The Board wishes to thank the Investment Managers for delivering a result above expectations and in challenging conditions.

Since inception in August 2003, UIL has distributed £77.8m in dividends, invested £32.5m in ordinary share buybacks and made net gains of some £248.0m for a total return of 630.5% (adjusted for the exercise of warrants and convertibles). This represents an average annual compound NAV total return since inception of 12.1%. This is significantly higher than the FTSE All-Share average annual compound total return for the same period of 7.1%.

It is worth drawing shareholders' attention again to the fact that as at 31 December 2020 the discounts to NAVs on our holdings in Somers Limited ("Somers"), Utilico Emerging Markets Trust plc ("UEM") and Zeta Resources Limited ("Zeta") continue to be significant. As at 31 December 2020 discounts to published NAVs amounted to 15.0% for Somers (some £29.8m), 13.5% for UEM (some £10.8m) and 24.9% for Zeta (some £9.7m). Together these discounts amount to some £50.2m. Adding these discounts back would see UIL's adjusted NAV per share increase by 16.6% to 411.23p and UIL's discount widen to 53.4%. Furthermore, UIL's gearing would fall below 50.0% at these asset values and UIL's total annual compound return since 2003 would be 13.1%.

UIL has an indirect holding in Resimac Group Limited ("Resimac"), a non-bank Australian financial institution which is listed on the Australian Securities Exchange ("ASX"). Resimac is Somers' largest holding and is capitalised at AUD 0.90bn. Resimac has increased its mortgage book, expanded its net interest margin and doubled its profitability. Resimac was awarded the Non-Bank of the Year at the 2020 Australian Mortgage Awards. The market has rightly rewarded Resimac and its share price has risen over 113.0% in the half-year. This is a fabulous achievement. This stellar result in turn has driven Somers' NAV per share from USD 17.61 as at 30 June 2020 to USD 28.61 as at 31 December 2020.

It should be noted that UIL moved to valuing Somers at a 15.0% discount to NAV in response to the widening gap between Somers' static listed share price and its rising NAV. Further, once Somers completes the sale of Bermuda Commercial Bank Limited ("BCB"), the expectation is that the discount to NAV used by UIL for the valuation of Somers of 15.0% will be reduced. Should it be reduced to nil it would add a further £29.8m to UIL's NAV based on 31 December 2020 valuations.

This has been a half-year of significant activity with realisations of two of our very long-standing

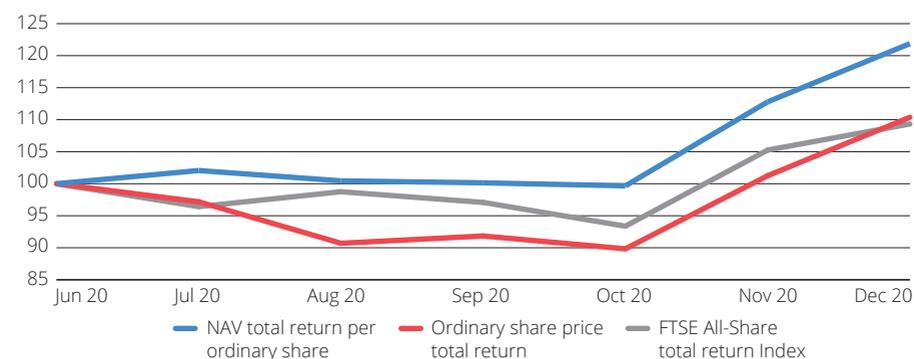
Bermuda investments in Ascendant Group Limited and most of our investment in One Communications Limited ("One Communications"), as well as the sale of our significant unlisted investment in Optal Limited ("Optal"). The two Bermuda transactions, together with other portfolio realisations enabled UIL to repay the 2020 ZDP shares in full and to reduce the bank debt at the half-year end.

As you would expect, all of the above has seen the shape of UIL's asset and liability profile shift significantly. Shareholders should note that Somers is now 37.2% of the total portfolio. UIL's prospectus which dates back to 2003, contains a limit on single investments, which was increased to 30.0% in 2008 to reflect Infratil's rising investment value. Since then, UIL has established a portfolio of platforms (investment companies) and aggregated similar investments into those sector platforms. Somers comprises over ten investments, with its largest holding being Resimac, in which Somers holds 62.4%. Given the platform nature of UIL's holdings, the 30.0% limit is outdated. Somers is delivering an outstanding performance for UIL and keeping its structure as a platform is considered a positive. As such it is proposed to amend the limit on any platform investment to 50.0%.

The above change requires the approval of the ordinary shareholders and each class of ZDP shareholder. Given the asset cover of the ZDP shares has increased significantly we are hopeful all shareholders will approve these changes. It is useful to note that, as at 31 December 2020, Resimac accounted for 22.1% of UIL's look-through portfolio. A circular is expected to be sent to ordinary and ZDP shareholders next month convening a special general meeting of UIL and separate class meetings for ZDP shareholders.

UIL is taking steps to create a 2028 ZDP share class with the view to offering the opportunity to 2022 ZDP shareholders to roll into the 2028 ZDP shares and enabling investors who were cashed out in full under the 2020 ZDP redemption last year the opportunity to reinvest. The proposals are expected to comprise a rollover offer and an issue for cash up to a maximum issue of £25.0m in aggregate. ZDP shares rolled from the 2022 class to the 2028 class will reduce the redemption amount in October 2022 and that will be a positive for all investors. The 2028 ZDP shares issued for cash will be used for investment purposes and is expected to increase debt only modestly. A prospectus containing full details of these proposals is expected to be published in due course.

## TOTAL RETURN COMPARATIVE PERFORMANCE\* (pence) from 30 June 2020 to 31 December 2020



\* Rebased to 100 as at 30 June 2020

Source: ICM

The Board remains disappointed to see the ordinary shares trade at near their widest ever discount of 45.7%, despite the strong NAV gains, the continued reduction in absolute debt, significantly lower gearing and attractive dividend payments. In 2019, the Board determined, in agreement with the Investment Managers and the major shareholder, to target a lower discount level of 20.0% in the medium term. It was understandable that discounts were high through much of last year's uncertainties. However, given the significantly improved profile for UIL as noted above, the expectation is that the discount will again narrow. As UIL was focused for much of the year on redeeming its 2020 ZDP shares there was limited liquidity for buybacks. Buybacks in 2021 have helped and it is good to see the discount at under 35.0% as of the date of this statement.

During the half-year to 31 December 2020 the Company bought back 233,000 ordinary shares (0.3% of opening shares in issue) at an average price of 187.72p, which represented a discount of 46.8% to the closing NAV. These buybacks were accretive to both UIL's NAV and EPS. UIL received significant cash inflows in late December from the sale of Optal and UIL has stepped up the pace of its buybacks in the new year as a result. In January and February UIL has bought back 1,089,831 ordinary shares (1.3% of opening shares in issue) at an average price of 219.88p, which represented a discount of 37.6% to the closing NAV.

It is pleasing to see our three issues of ZDP shares trading at much tighter gross redemption yields than those at 30 June 2020. As a result of UIL's investment performance and the redemption in 2020, the cover for the ZDP shares has again improved considerably over the last six months and as at the half-year end, the 2026 ZDP cover was 2.4 times, the highest cover ever. Furthermore, the Company's average funding costs, including bank debt, as at 31 December 2020 reduced further to 4.6%.

Revenue return for the half-year to 31 December 2020 was £4.0m, an increase of 7.0% from the

prior half-year's £3.7m. The revenue return EPS of 4.63p represents an increase of 8.9% over the prior half-year of 4.25p and is higher than the revenue return as a result of share buybacks.

The Board has declared an unchanged second quarter dividend of 2.00p per ordinary share which, in the absence of unforeseen circumstances, it intends to maintain for the remainder of the financial year. Dividends of 4.00p per ordinary share represent an uplift of 3.2% over the prior half-year and an annualised yield on the closing share price of 191.50p of 4.2%. The dividend was covered by earnings in the half-year and undistributed revenue reserves carried forward increased from £10.9m to £11.4m equal to 13.29p per share.

The capital gain for the half-year ended 31 December 2020 was £50.4m, reflecting strong portfolio performance.

#### GLOBAL EVENTS

In the full year to 30 June 2020 report and accounts I wrote extensively on the challenges we all face and I will not repeat them here.

However, what has changed? Brexit is history and pleasingly, as expected by our Investment Managers, had no significant impact on the portfolio. It appears to have had less impact for supply chains and UK businesses than some had feared. The US Presidential election took place and we now have a new President, Joe Biden, a politician more in step with most other world leaders. Central banks remain providers of capital and focused on keeping interest rates low. Support for the consumer and business sectors has been extended in most nations and government debts have, as expected, continued to rise. The digital economy has and continues to benefit from a surge in digital activity as business and consumers stay at home. As a result, technology businesses have jumped significantly in value, a trend we noticed before and one that we continue to see accelerating.

The two very positive surprises have been that the consumer is emerging stronger and vaccine delivery has started well. Consumer savings are rising and the retail investor has made a significant impact in the global markets. The speed of delivering approved vaccines and the start of their roll out in a number of nations is an impressive event.

There is an accelerating expectation that businesses address questions around their approach to Environmental, Social and Governance ("ESG") outcomes. A key focus has been the environment and the green economy.

The above factors have buoyed the markets as they have looked through the short-term challenges to opportunities in technology and green sectors. The result has been a growing optimism with equity values and commodity prices marching higher. With continued printing of money and low interest rates this looks set to continue.

The negative concern is that Covid-19 remains. It has evolved quicker and mutated more than most governments and scientists envisaged. The subsequent waves have been more challenging than the first in terms of infections and deaths. This has continued to inflict huge damage to the underlying economy and has again disrupted health services, education, business and social activities. Governments have continued to struggle to keep up with a rapidly changing situation.

As we noted in the full year report, the pandemic has exposed numerous social and political fault lines and we have seen unprecedented responses from governments and central banks to support their economies. Interest rates have been lowered to near nil or even negative. Borrowings have soared beyond what was considered normal and were already over leveraged. We have seen social tensions rise as communities hit hardest by Covid-19 are often among the poorest, and where these issues have combined with unresolved racial tensions dating back decades to result in significant demonstrations in the USA and Europe.

The biggest challenge is coming. Today we are focused on Covid restrictions on mobility and rolling out vaccines. The bigger challenge may be reintegrating the world which is on varying timelines and trajectories. One outcome we expect is for supply to lag demand as supply chains remain under pressure and disrupted, a scenario which could lead to a temporary spike in inflation.

#### OUTLOOK

The outlook for global economies is inextricably linked to Covid-19 and the central banks' quantitative easing monetary policies in response to the global economic damage caused by the pandemic. At the time of writing the world is starting to reverse the recent surge in infections driven in large part by virus mutations. The vaccination program is gaining ground numerically on cases too, while our understanding and treatment of Covid-19 is becoming increasingly effective. The challenge now is to reverse the lockdowns successfully, thereby enabling economies to recover. But the varying approaches, timelines and trajectories to Covid-19 will mean there remains a high risk of setbacks. To counter this, we anticipate that government and central bank policies will remain supportive.

We expect inflation to be benign for much of 2021, assets valuations to increase, technology to continue to gain market share and commodities to rise in value. Above all, we expect volatility to remain high as differentiated recoveries become clearer. Most of our portfolio companies are doing very well in this environment and we expect this to continue.

**Peter Burrows AO**  
Chairman  
19 February 2021

## GROUP PERFORMANCE SUMMARY

	Half-year 31 Dec 2020	Half-year 31 Dec 2019	Annual 30 Jun 2020	% change Jun-Dec 2020
NAV total return per ordinary share <sup>(1)</sup> (%)	22.0	(4.3)	(18.7)	n/a
Share price total return per ordinary share <sup>(1)</sup> (%)	10.4	28.5	(7.1)	n/a
Annual compound NAV total return (since inception <sup>(2)</sup> ) <sup>(1)</sup> (%)	12.1	12.7	11.2	n/a
NAV per ordinary share <sup>(1)</sup> (pence)	352.55	350.00	292.79	20.4
Ordinary share price (pence)	191.50	252.00	177.50	7.9
Discount <sup>(1)</sup> (%)	45.7	28.0	39.4	n/a
Returns and dividends (pence)				
Revenue return per ordinary share	4.63	4.25	9.77	8.9 <sup>(3)</sup>
Capital return per ordinary share	58.69	(22.59)	(81.30)	(359.8) <sup>(3)</sup>
Total return per ordinary share	63.32	(18.34)	(71.53)	(445.3) <sup>(3)</sup>
Dividend per ordinary share	4.000	3.875	7.875	3.2 <sup>(3)</sup>
FTSE All-Share total return Index	7,069	7,838	6,465	9.3
Equity holders' funds (£m)				
Gross assets <sup>(4)</sup>	470.7	527.0	483.3	(2.6)
Bank and other loans	43.8	50.9	51.2	(14.4)
ZDP shares	124.7	174.5	180.5	(30.9)
Equity holders' funds	302.2	301.6	251.6	20.1
Revenue account (£m)				
Income	5.7	5.9	12.7	(3.4) <sup>(3)</sup>
Costs (management and other expenses)	1.2	1.5	2.6	(20.0) <sup>(3)</sup>
Finance costs	0.5	0.7	1.6	(28.6) <sup>(3)</sup>
Financial ratios of the Group (%)				
Ongoing charges figure excluding performance fees <sup>(1)</sup>	2.0 <sup>(5)</sup>	1.7 <sup>(5)</sup>	2.1	n/a
Ongoing charges figure including performance fees <sup>(1)</sup>	2.9 <sup>(5)</sup>	1.8 <sup>(5)</sup>	2.1	n/a
Gearing <sup>(1)</sup>	55.5	75.1	93.4	n/a

(1) See Alternative Performance Measures on pages 45 to 47

(2) Since inception includes data relating to Utilico Investment Trust plc, UIL's predecessor, which started trading in August 2003

(3) Percentage change based on comparative six month period to 31 December 2019

(4) Gross assets less current liabilities excluding loans and ZDP shares

(5) For comparative purposes the figures have been annualised

## INVESTMENT MANAGERS' REPORT



Utilico Emerging Markets Trust plc



The half-year to 31 December 2020 delivered a stronger and broader market recovery from March's lows. A number of UIL investments thrived and delivered outstanding returns, contributing to UIL's NAV total return of

22.0%. It is pleasing to see UIL's revenue earnings and dividends rise over both the 2019 and 2020 financial years, and again over the half-year to 31 December 2020.

As noted in the Chairman's Statement, several of UIL's platform investments trade at a discount. If Somers, UEM and Zeta were valued at their NAV, then UIL's NAV as at 31 December 2020 would

increase by 16.6% to 411.23p, and many of UIL's metrics would improve further as a result.

### GLOBAL OUTLOOK

A number of known unknowns have now occurred. We had a soft Brexit; a new US President who is in step with broad global challenges and objectives; central banks have and continue to display very economically supportive policies; and we have vaccines approved, in production and being rolled out at speed.

But Covid-19 has continued to fundamentally challenge us as it mutates and governments have remained for the most part behind in their responses to it. As such, much of the world is moving further into lockdown to try once again to gain control over health systems. The hope is vaccines can rescue nations. But the path to social freedom globally will not be easy since nations are at different points

in their war on Covid-19 and some are taking different approaches, which presents the global community with a fragmented response. This is a global pandemic, needing a global response.

While we are in various stages of lockdown, nation by nation there is a growing list of concerns and tensions from central bank intervention, populism, US/China trade frictions, Black Lives Matter, climate change and in the UK the state of the union is once again a central discussion. Sorting out the facts from the noise has continued to prove difficult. ICM has continued to be focused on its investments and the delivery of their individual opportunities, making sure they have both the right approach to risk while seeking opportunities that will continue to thrive in this Covid-19 environment.

ICM is strongly of the view that the shift of workers and businesses online due to the pandemic lockdowns globally has accelerated the digitalisation of governments, businesses and individuals. This should offer many exciting investment opportunities. Businesses without internet reach or capability will face a challenging outlook, while many businesses have been

agile and online and therefore have both an opportunity and a positive outlook.

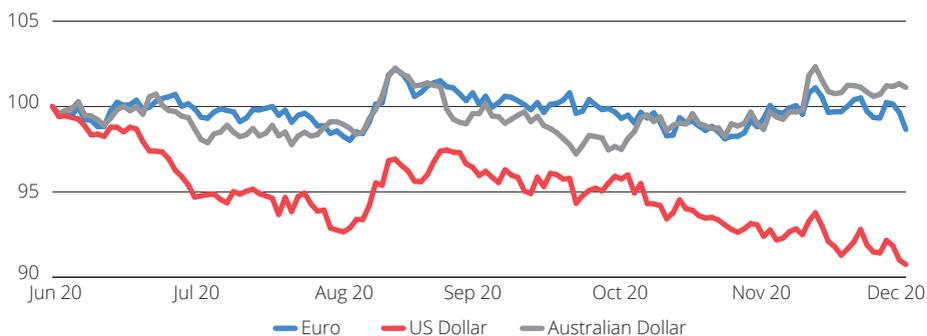
UIL continues to look for disruptive technology businesses that are capital light in nature but offer scalable growth. We emphasise to our investee companies that disruption is coming to everybody and they need to be taking advantage of it by adapting their business models.

The economic recovery from Covid-19 is going to be rapid, as we have already seen in Asia, and may well lead to over recovery as businesses rebuild inventories and catch up on orders delayed by Covid-19. This is likely to result in a demand boom as liquidity excess from central banks and government actions are spent, but a supply shortfall as production is hit by bouts of Covid-19 flare ups and under investment over the past ten months. Together, these may well lead to inflation in the coming years.

Given the above we expect gross domestic product ("GDP") to recover quickly and even move above trend lines in the short term. We expect commodities and asset prices to rise.

#### CURRENCY MOVEMENTS VS STERLING\*

from 30 June 2020 to 31 December 2020

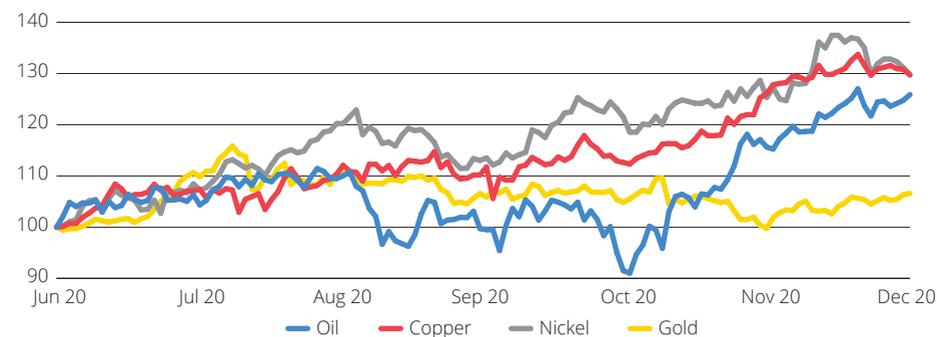


\*Rebased to 100 as at 30 June 2020

Source: Bloomberg

#### COMMODITY PRICE MOVEMENTS\*

from 30 June 2020 to 31 December 2020



\*Rebased to 100 as at 30 June 2020

Source: Bloomberg

The known unknowns for the next year include unemployment levels once government scheme supports are withdrawn, especially youth unemployment; asset prices and whether the markets have overstretched themselves; and whether the vaccines gain the upper hand on Covid-19. These are all things we continue to watch closely.

#### INVESTMENT APPROACH

UIL continues to develop its core platform investments, which offer the following benefits:

- Focused strategy. Each platform has a dedicated mandate and as such is driven by the objective of finding and making attractive investments within its mandate.
- Dedicated research analysts. The research analysts for each platform are focused on both understanding existing portfolio businesses and identifying compelling new investments.
- Financial support. Ability to draw on UIL's support and financial backing.
- Deep knowledge. Utilising the Investment Managers' knowledge across many

jurisdictions to optimise investment opportunities and undertake corporate finance led transactions.

A key driver in shaping the current portfolio is the Investment Managers' three medium-term core views. First, that the world's financial markets are over indebted; second, that technological change offers strong investment upside; and third, that emerging markets offer better GDP growth opportunities than developed markets.

UIL's Investment Managers' emphasis is on individual stock selection, remaining fully invested and focusing on finding investments at valuations that do not reflect their true long-term value, while at the same time being a supportive shareholder of investee companies. The Investment Managers are relentless bottom-up investors, drawing on in-depth knowledge and capability.

#### PORTFOLIO

The recovery in UIL's portfolio was broad based with eight out of the top ten holdings moving higher. Notably, Somers was up 62.1%, Zeta's share price was up 61.8%, Allectus Capital Limited ("Allectus") up 31.9%, Orbital Corporation

IN THE SIX MONTHS TO 31 DECEMBER 2020

AUSTRALIA AND NEW ZEALAND REMAINS UIL'S LARGEST EXPOSURE AT 37.2%

↑ 11.6%

GOLD IS UIL'S SECOND LARGEST EXPOSURE AT 11.7%

↓ 3.6%

UK IS UIL'S THIRD LARGEST COUNTRY EXPOSURE AT 11.2%

↑ 0.8%

ASIA IS UIL'S FOURTH LARGEST EXPOSURE AT 9.9%

↑ 1.2%

BERMUDA IS UIL'S FIFTH LARGEST COUNTRY EXPOSURE AT 8.2%

↓ 8.2%

AFRICA IS UIL'S SIXTH LARGEST EXPOSURE AT 6.8%

↓ 0.1%

Note: decreases/increases refer to the movement in the portfolio percentage

SECTOR SPLIT OF INVESTMENTS



Figures in brackets as at 30 June 2020

Source: ICM

Limited ("Orbital") up 61.1% and Starpharma Holdings Limited ("Starpharma") up 39.7%. These reflect strong operating performances combined with rising valuations. The breadth of the rise is pleasing to see and overall, the portfolio gained nearly £50.0m.

At the same time, we exited Ascendant and Optal and substantially reduced our holding in One Communications. On 6 August 2020, Somers announced it had terminated its agreement to sell BCB, originally announced in February 2019, following the receipt of multiple unsolicited offers which the Somers' board determined were superior to the first offer. It is pleasing to see agreement was reached in November 2020 on improved terms to exit BCB. The transaction is awaiting regulatory approval in Bermuda which is expected in the coming months.

Somers' valuation increase of 62.1% in the half-year to 31 December 2020 was largely driven by a very strong performance by Resimac. Resimac's business has accelerated over the past twelve months. Rightly the market has rewarded Resimac with a stronger share price, which was up 113.9% over the six months. The strength of the Australian Dollar has also contributed to Resimac's performance.

Zeta's share price rise of 61.8% during the period reflected the strength in the wider resources sector. As economies in Asia have returned to near normal, their economic growth has accelerated and in turn driven prices for commodities higher. In particular, Copper has risen 29.7%. Copper Mountain, Zeta's largest investment, has seen its share price accelerate as copper pricing has recovered strongly and has continued to rise.

Resolute's share price fell by 29.8% reflecting concerns over its operating performance despite rising gold prices. The CEO has stepped down and Resolute's board is focused on optimising the assets it holds while reducing its debts.

Allectus' value was up 31.9% and largely continues to comprise a collection of compelling early stage investments. It is worth noting that Allectus has made a number of investments over recent months as it builds its investment portfolio.

Orbital entered the top ten as a result of strong business performance and a share price rise which has continued, increasing 61.1% in the six months to 31 December 2020.

It should be noted that Sterling was generally stronger over the half-year and held back valuation gains on translation.

These investments are all reviewed in the ten largest holdings section starting on page 20.

PORTFOLIO ACTIVITY

During the half-year to 31 December 2020, UIL invested £52.8m and realised £122.6m, including net loans of £4.2m to Zeta, and net loan repayments of £11.5m from Somers. UIL's realisations included sales of £25.5m from exiting Ascendant, £14.0m from reducing One Communications, £12.8m from exiting Optal and £4.1m from reducing Resolute.

PLATFORM INVESTMENTS

UIL currently has four platform investments, Somers, Zeta, UEM and Allectus in its top ten holdings. These investments account for 77.4% of the total portfolio as at 31 December 2020 (30 June 2020: 59.8%). During the half-year to 31 December 2020, net withdrawals from these platforms was £8.7m, (30 June 2020: net investments of £28.8m). These are reviewed under the ten largest holdings section starting on page 20.

DIRECT INVESTMENTS

UIL has six direct investments in its top ten holdings, Resolute, VixTech, Orbital, Starpharma, One Communications and AssetCo. Starpharma and AssetCo are new to the top ten holdings and replace Ascendant and Optal, both exited in full.

### GEOGRAPHIC REVIEW

The geographical split of the portfolio, on a look-through basis, shows Australia and New Zealand increasing to 37.2% of UIL's total investments (30 June 2020: 25.6%); Bermuda halved from 16.4% as at 30 June 2020 to 8.2% as at 31 December 2020; Europe also halved from 8.1% to 3.9% of total investments, while most others reflect more modest movements. The increase in Australia reflects the rise in value of Resimac within Somers. Exposure to Bermuda reduced following the exit from Ascendant and significant reduction in One Communications. Europe halved following the exit from Optal.

### SECTOR REVIEWS

#### Financial Services – 37.2% (30 June 2020: 26.9%)

Somers is UIL's largest investment, both in the financial services sector and in UIL's portfolio and accounted for 37.2% of UIL's total investments as at 31 December 2020 (30 June 2020: 26.8%). As noted the increase in Resimac's valuation has driven Somers' NAV gains.

#### Technology – 16.7% (30 June 2020: 18.0%)

UIL holds a number of investments in the technology sector, both directly and through Allectus (its fifth largest investment), VixTech (sixth largest holding) and Starpharma (UIL's eighth largest investment). However, UIL's technology exposure reduced in absolute amount during the year following shares sold in Optal which offset the Allectus portfolio gains made in the six months.

#### Resources (excl. gold mining) – 15.9% (30 June 2020: 11.9%)

UIL's largest investment in resources is through Zeta, which accounted for 18.7% of the total portfolio as at 31 December 2020 (30 June 2020: 14.5%). Zeta has seen a strong run in its copper investment – Copper Mountain which is benefiting from both improved operating performance and rising copper prices.

#### Infrastructure Investments – 13.6% (30 June 2020: 23.0%)

Last year UIL amalgamated the infrastructure

and utility sectors into one and this consists of Telecommunications, Infrastructure, Electricity, Ports, Road & Rail, Oil & Gas, Renewables, Water & Waste and Airports. This sector reduced as a result of the exit from Ascendant and significant realisation of the One Communications position. Today the infrastructure exposure is largely to UEM.

#### Gold Mining – 11.7% (30 June 2020: 15.3%)

UIL's largest investment in gold mining is in Resolute, which is held both directly by UIL (9.1% of the total portfolio) and indirectly through Zeta. In addition, Zeta holds 68.8% of Horizon Gold Limited, an Australian gold mining company.

### LEVEL 3 INVESTMENTS

UIL's investments in level 3 companies nearly doubled in the half-year to 31 December 2020 from 36.3% as at 30 June 2020 to 63.1%, mainly as a result of Somers being reclassified as level 3. UIL values Somers on a discount to NAV of 15.0% and while Somers remains listed on the Bermuda Stock Exchange, in view of the low level of transactional volume in Somers shares UIL moved this asset from level 2 to level 3. See notes 6 and 11 to the accounts for further information.

### COVID-19

The Board has suspended all travel and physical meetings and moved to holding Board meetings by video conference.

Today ICM has a work from home policy in place across its offices and a "ban" on corporate travel. While it is hoped this will change in the future, ICM is prepared for ongoing restrictions if needed. ICM offices are therefore largely closed. ICM has benefited from having offices in the key time zones of Asia, Europe and the Americas, and from its existing cloud-based infrastructure platform. ICM has developed a process and approach to ensure information is gathered and acted upon in an efficient and timely manner.

### BREXIT

A soft Brexit has now happened and the impact, to date, has been minimal on UIL and its investee companies.

### INDICES MOVEMENTS\*

from 30 June 2020 to 31 December 2020



\*Rebased to 100 as at 30 June 2020

Source: Bloomberg

### DERIVATIVES

UIL has remained inactive in stock market derivatives during the half-year, with the gains on derivative financial instruments of £3.7m reflecting gains on currency hedges UIL had in place. UIL positioned its currency hedges to benefit from a soft Brexit agreement, which was achieved and GBP duly firmed against most currencies.

During the half-year to 31 December 2020 there continued to be significant currency hedges in place in the portfolio. As at 31 December 2020, these hedges included AUD 97.1m, USD 55.0m and CAD 31.2m.

### GEARING

As a result of the strong portfolio performance and the redemption of the 2020 ZDP shares, gearing reduced significantly to 55.5% from 93.4% as at 30 June 2020. UIL's target remains for gearing to be under 100.0%. At an absolute level UIL's debt reduced to £168.6m from £235.2m as at 30 June 2020.

The continuing reduction of financing costs, with the blended rate of debt reducing from 6.3% in

June 2013 to 5.2% as at 30 June 2020, is pleasing. As at 31 December 2020, the blended rate of debt was 4.6%. In the six months to 31 December 2020 the finance costs were £5.4m, down 6.8% on the prior half year's £5.8m. This should continue this year owing to lower average interest costs and lower debt levels.

### ZDP SHARES

On a consolidated basis the ZDP shares decreased from £180.5m to £124.7m, mainly as a result of the redemption in full of the 2020 ZDP shares in October 2020 for £60.4m. UIL held 2.4m 2026 ZDP shares at market value as at 30 June 2020 and this increased to 2.6m as at 31 December 2020.

### DEBT

Bank debt of £54.2m as at 30 June 2020 reduced to £43.8m as at 31 December 2020 funded from portfolio realisations. This was drawn in Australian Dollars, Euros and Sterling. Scotiabank's £50.0m committed senior secured multi-currency revolving matures on 30 September 2022.

### REVENUE RETURNS

Compared to 31 December 2019, revenue total income was down by 4.3% to £5.7m as at 31 December 2020, reflecting reduced dividends as a result of holdings in Optal and One Communications being sold.

Management and administration fees and other expenses were down by 20.0% at £1.2m (31 December 2019: £1.5m). Financing costs reduced significantly to £0.5m down 28.6% (31 December 2019: £0.7m) as the 2020 ZDP shares were redeemed and bank debt reduced. Taxes were again nil.

Revenue profit was up by 7.0% to £4.0m (31 December 2019: £3.7m) and EPS increased 8.9% to 4.63p (31 December 2019: 4.25p) driven mainly by revenue return increases but also lower average weighted number of ordinary shares following the share buybacks.

### CAPITAL RETURNS

Capital total income was positive at £55.3m (31 December 2019: loss of £14.7m).

There was no UIL performance fee accrued in the half-year to 31 December 2020.

Finance costs reduced by 3.5% to £4.9m (31 December 2019: £5.0m) reflecting the lower number of ZDP shares in issue and lower average borrowing costs.

The resultant gain for the year to 31 December 2020 on the capital return was £50.4m (31 December 2019: loss of £19.8m) and EPS gain was 58.69p (31 December 2019: loss 22.59p).

### EXPENSE RATIO

The ongoing charges figure, excluding performance fees, was 2.0% as at 31 December 2020 and the ongoing charges figure, including performance fees in Somers, was 2.9%.

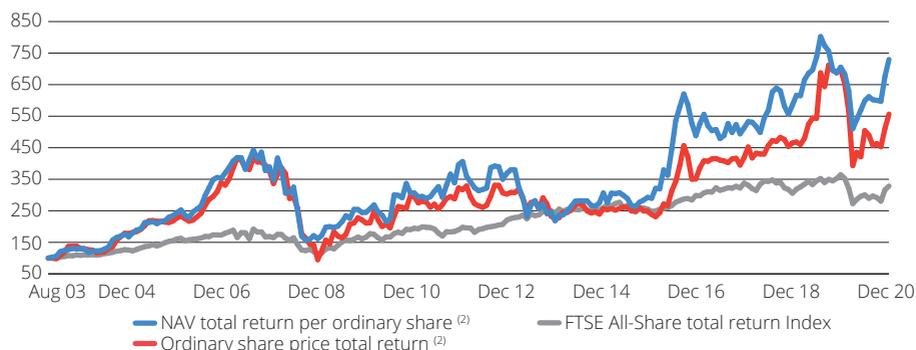
All expenses are borne by the ordinary shareholders.

### Charles Jillings

ICM Investment Management Limited  
and ICM Limited  
19 February 2021

### HISTORIC TOTAL RETURN NAV AND SHARE PRICE PERFORMANCE<sup>(1)</sup> (pence)

Since inception to 31 December 2020



<sup>(1)</sup> Rebased to 100 as at 14 August 2003

<sup>(2)</sup> Adjusted for the exercise of warrants and convertibles

Source: ICM and Bloomberg

### PERFORMANCE SINCE INCEPTION \*

ANNUAL COMPOUND NAV TOTAL RETURN <sup>+</sup>	NAV TOTAL RETURN PER ORDINARY SHARE <sup>+</sup>	ANNUAL COMPOUND ORDINARY SHARE PRICE TOTAL RETURN <sup>+</sup>
12.1%	630.5%	10.4%
SHARE PRICE TOTAL RETURN ORDINARY SHARE <sup>+</sup>	REVENUE EARNINGS PER ORDINARY SHARE	REVENUE RESERVES PER ORDINARY SHARE CARRIED FORWARD <sup>+</sup>
456.6%	110.76p	13.29p
DIVIDENDS PER ORDINARY SHARE	DIVIDENDS PAID OUT	VALUE OF ORDINARY SHARES BOUGHT BACK
86.83p	£77.8m	£32.5m

\* All performance data relating to periods prior to 20 June 2007 are in respect of Utilico Investment Trust plc, UIL's predecessor, which started trading on 14 August 2003

<sup>+</sup> See Alternative Performance Measures on pages 45 to 47

The Investment Managers are relentless bottom-up investors, drawing on in-depth knowledge and capability.

# ZDP SHARES

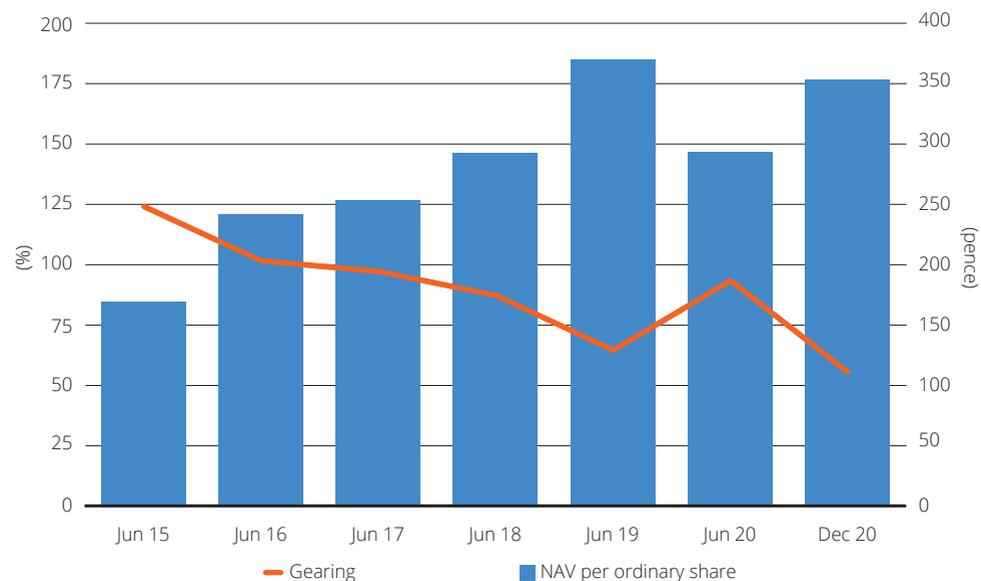
## ZDP SHARES<sup>(1)</sup> – CAPITAL ENTITLEMENT AND SHARE PRICE (PENNY)

	Half-year 31 Dec 2020	Half-year 31 Dec 2019	Annual 30 Jun 2020	% change Jun-Dec 2020
<b>2020 ZDP shares</b>				
Capital entitlement per ZDP share	n/a	146.12	151.23	n/a
ZDP share price	n/a	151.50	152.00	n/a
<b>2022 ZDP shares</b>				
Capital entitlement per ZDP share	131.55	123.79	127.59	3.1
ZDP share price	135.00	132.00	126.50	6.7
<b>2024 ZDP shares</b>				
Capital entitlement per ZDP share	115.81	110.54	113.13	2.4
ZDP share price	116.00	113.50	105.50	10.0
<b>2026 ZDP shares</b>				
Capital entitlement per ZDP share	113.98	108.55	111.21	2.5
ZDP share price	105.00	108.50	92.25	13.8

(1) Issued by UIL Finance Limited, a wholly owned subsidiary of UIL

## GEARING/NAV

from 30 June 2015 to 31 December 2020



Source: ICM

## TOTAL BORROWINGS

	Jun 2015 £'000s	Jun 2016 £'000s	Jun 2017 £'000s	Jun 2018 £'000s	Jun 2019 £'000s	Jun 2020 £'000s	Dec 2020 £'000s
2016 ZDP	83,493	61,327					
2018 ZDP	62,816	67,548	72,622	50,858			
2020 ZDP	26,132	28,134	48,704	51,940	55,387	59,087	
2022 ZDP		40,352	52,452	55,873	59,499	63,407	65,462
2024 ZDP				29,408	31,582	33,250	34,119
2026 ZDP				11,275	13,474	24,791	25,159
<b>Total</b>	<b>172,441</b>	<b>197,361</b>	<b>173,778</b>	<b>199,354</b>	<b>159,942</b>	<b>180,535</b>	<b>124,740</b>
Bank and other debt	34,362	24,987	47,846	28,495	50,971	54,660	43,817
<b>Total debt</b>	<b>206,803</b>	<b>222,348</b>	<b>221,624</b>	<b>227,849</b>	<b>210,913</b>	<b>235,195</b>	<b>168,557</b>

## ZDP SHARES – TIMES COVERED BY UIL'S GROSS ASSETS\*

	Jun 2015	Jun 2016	Jun 2017	Jun 2018	Jun 2019	Jun 2020	Dec 2020
2016	2.95	5.13					
2018	1.80	2.68	3.51	6.50			
2020	1.52	2.18	2.38	3.71	4.92	4.23	
2022		1.60	1.72	2.44	2.97	2.58	4.02
2024				1.84	2.42	2.11	2.97
2026				1.63	2.08	1.81	2.40

\*Gross assets divided by the aggregate redemption liabilities of the ZDP shares and any bank debt or other borrowings ranking in priority to the ZDP shares.

## GEARING METRICS

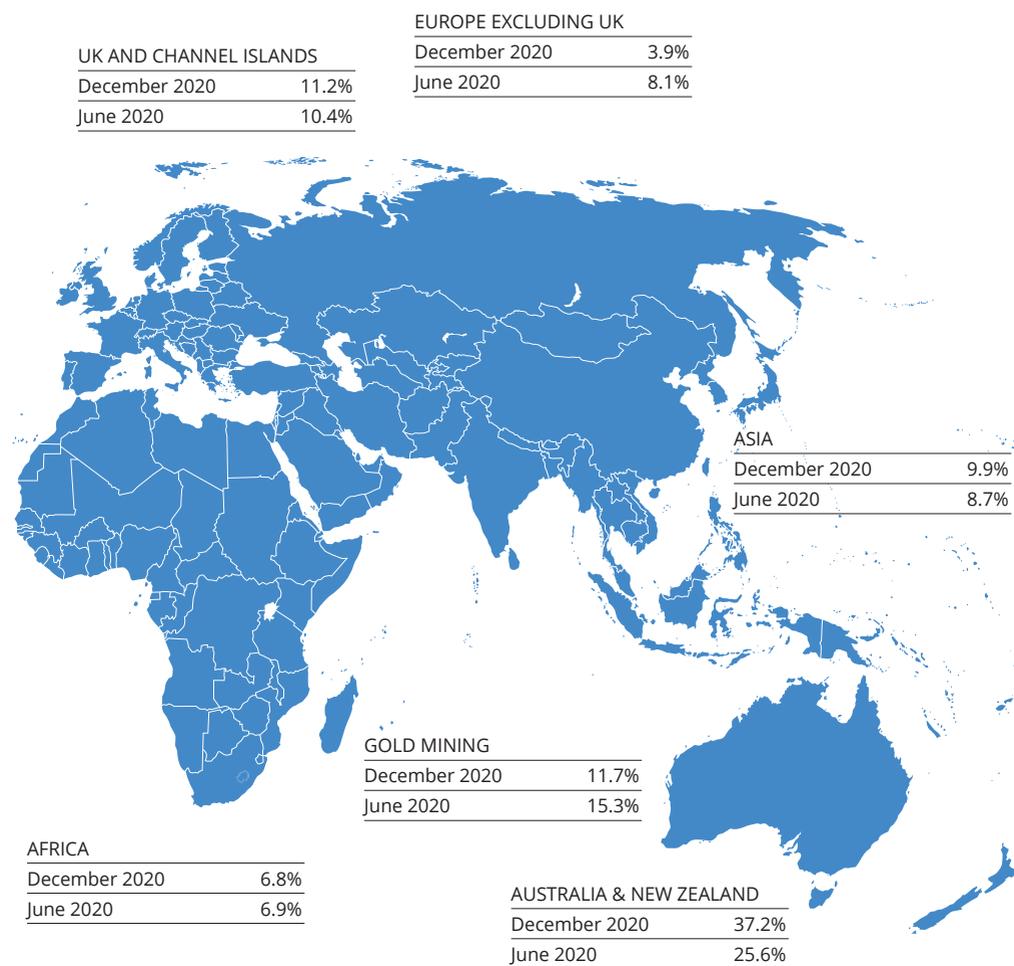
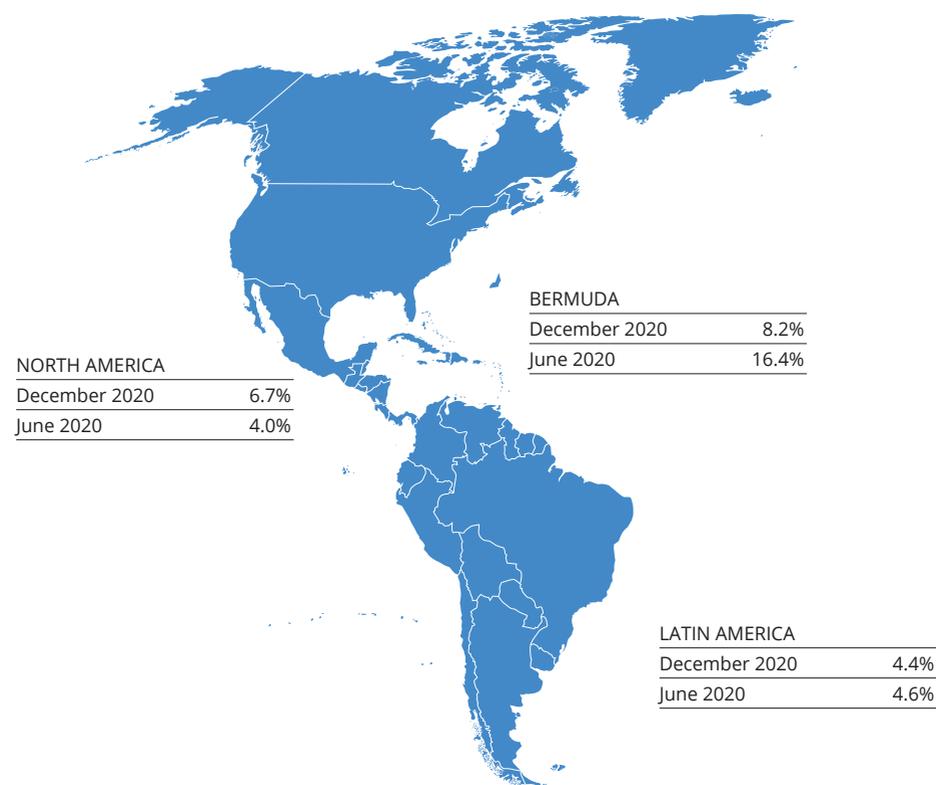
TOTAL ZDP AND BANK DEBT AS AT 31 DECEMBER 2020	GEARING AS AT 31 DECEMBER 2020	TOTAL DEBT DECREASE DURING THE HALF-YEAR	AVERAGE COST OF DEBT FUNDING
<b>£168.6m</b>	<b>55.5%</b>	<b>£66.6m</b>	<b>4.6%</b>

Source: ICM

# GEOGRAPHICAL SPLIT OF INVESTMENTS

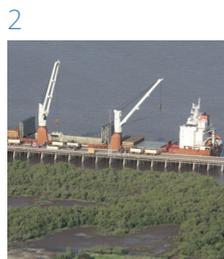
(% OF TOTAL INVESTMENTS)

We remain bottom up investors looking for compelling long-term value from our investee portfolio companies.



# TEN LARGEST HOLDINGS

31 Dec 2020	30 Jun 2020	Company	Fair value £'000s	% of total investment
1	(1)	<b>Somers Limited</b> Financial services investment company	174,280	37.2
2	(2)	<b>Zeta Resources Limited</b> Resources investment company	87,518	18.7
3	(3)	<b>Utilico Emerging Markets Trust plc</b> Emerging markets investment company	69,357	14.8
4	(4)	<b>Resolute Mining Limited</b> Gold mining company	42,892	9.1
5	(6)	<b>Allectus Capital Limited</b> Fintech investment company	31,378	6.7
6	(8)	<b>Vix Tech Pte Limited</b> Automated fare collection systems	18,077	3.9
7	(10)	<b>Orbital Corporation Limited</b> Manufacturer of integral propulsion systems	15,472	3.3
8	(-)	<b>Starpharma Holdings Limited</b> Biotechnology company	10,921	2.3
9	(9)	<b>One Communications Limited</b> Telecommunications holding company	4,586	1.0
10	(-)	<b>AssetCo plc</b> Support services	2,644	0.5
<b>Ten largest holdings</b>			<b>457,125</b>	<b>97.5</b>
<b>Other investments</b>			<b>11,760</b>	<b>2.5</b>
<b>Total investments</b>			<b>468,885</b>	<b>100.0</b>



<p><b>37.2%</b></p> <p>Somers Limited</p> <p><b>Financial Services</b></p> <p>A financial services investment platform, which primarily invests in the banking, wealth management and asset financing sectors.</p>	<p><b>18.7%</b></p> <p>Zeta Resources Limited</p> <p><b>Resources</b></p> <p>A resources-focused investment holding company, which invests in a range of resource entities and base metals exploration and production companies.</p>	<p><b>14.8%</b></p> <p>Utilico Emerging Markets Trust plc</p> <p><b>Investment Fund</b></p> <p>A UK closed-end investment trust dedicated to investments in infrastructure, utility and related sectors including technology infrastructure in the emerging markets.</p>	<p><b>9.1%</b></p> <p>Resolute Mining Limited</p> <p><b>Gold Mining</b></p> <p>A gold mining and exploration company with operating mines in Africa. In addition, the company owns the gold mining project in Ghana.</p>	<p><b>6.7%</b></p> <p>Allectus Capital Limited</p> <p><b>Technology</b></p> <p>A technology investment company with a value-focused portfolio of listed and unlisted technology companies.</p>
<p><b>3.9%</b></p> <p>Vix Tech Pte Limited</p> <p><b>Technology</b></p> <p>Designs, supplies and operates automated fare collection systems, intelligent transportation systems and passenger information display systems for the public transit industry.</p>	<p><b>3.3%</b></p> <p>Orbital Corporation Limited</p> <p><b>Technology</b></p> <p>A manufacturer of integral propulsion systems for tactical unmanned aerial vehicles for military application.</p>	<p><b>2.3%</b></p> <p>Starpharma Holdings Limited</p> <p><b>Biotechnology</b></p> <p>A biotechnology company involved in the research, development, and commercialisation of dendrimer-based products for pharmaceutical, life sciences, and other applications.</p>	<p><b>1.0%</b></p> <p>One Communications Limited</p> <p><b>Telecommunications</b></p> <p>A telecommunication holding company with operations in Bermuda and the Cayman Islands.</p>	<p><b>0.5%</b></p> <p>AssetCo plc</p> <p><b>Other</b></p> <p>A UK listed company intending to develop an asset and wealth management business.</p>

Note: % of total investments

## TEN LARGEST HOLDINGS (continued)

### SOMERS LIMITED

VALUATION  $\uparrow$  DIVIDEND  $\uparrow$   
**62.1%**  $\uparrow$  **13.3%**  $\uparrow$

**Somers Limited ("Somers")** is a financial services investment holding company listed on the Bermuda Stock Exchange. Somers' NAV per share was up 62.5% over the six months to 31 December 2020.

Somers' largest investment, Resimac, reported assets under management of almost AUD 15.0bn, and announced that it anticipates profit after tax for the first half of the year of between AUD 48.0m and AUD 53.0m (AUD 26.9m a year ago). PCF Group plc, Somers' 64.6% owned UK specialist bank, reported underlying profit before tax of £3.9m (after Covid-19 loan provisions of £7.8m), an increase in their loan book of 28.0% to £434.0m and a net interest margin of 6.9% for the year ended 30 September 2020. Somers has entered into a merger agreement for the sale of Bermuda Commercial Bank Limited and is hopeful it will complete in the early part of 2021.

Somers reported net profit for the year ended 30 September 2020 of USD 69.0m due primarily to valuation increases at Resimac, but there were also more modest gains at other entities including The Market Herald, Dealnet and AssetCo. Partially offsetting this was a valuation decrease at BCB and PCF's share price also reduced over the year. Somers recorded FX gains of USD 14.6m for the year due to FX increases in Australian Dollars and Sterling. Somers' diluted NAV per share was USD 19.78 as at 30 September 2020 up from USD 17.10 a year earlier. Subsequent to Somers' year end, its performance has improved further, and Somers reported a NAV per share of USD 28.61 as at 31 December 2020 driven by further growth in Resimac's share price. Somers paid dividends of USD 0.55 during the year and total borrowings increased to USD 76.0m from USD 67.9m to fund investment acquisitions.

### ZETA RESOURCES

SHARE PRICE  $\uparrow$  COPPER  $\uparrow$   
**61.8%**  $\uparrow$  **29.7%**  $\uparrow$

**Zeta Resources Limited ("Zeta")** is a resource-focused investment company which is listed on the Australian Securities Exchange ("ASX"). During the six-month period, commodity prices rose strongly. The Brent crude oil price rose 25.9% to USD 51.80 per barrel, the gold price was up 6.6% to USD 1,898/oz, the nickel price was up 29.8% and the copper price was up 29.7%.

In September 2020 Zeta issued new options to all shareholders on a 1 for 1 basis. The new options are listed on the ASX, have an exercise price of AUD 0.25 and an expiry date of 15 June 2021.

During the period, Zeta's net assets grew 186.0% from AUD 48.6m to AUD 138.8m. The net assets per share (diluted for the issued options) rose 43.6% to AUD 0.37. At the end of December 2020 Zeta's top five commodity exposures were bauxite, copper, gold, nickel, and graphite.

### UTILICO Emerging Markets Trust plc

SHARE PRICE  $\uparrow$  DIVIDEND  $\uparrow$   
**8.7%**  $\uparrow$  **3.4%**  $\uparrow$

**Utilico Emerging Markets Trust Plc ("UEM")** invests predominantly in infrastructure and utility assets in emerging markets and is listed in the UK and traded on the LSE. Emerging markets have continued to rebound off the lows seen in the depths of Covid-19 in March, and in the six months to 31 December 2020, the MSCI Emerging Markets Total Return Index (GBP adjusted) was up 18.9%. Given broad-based

Sterling appreciation during the period, underlying EM performance was even stronger.

The Covid-19 pandemic has been a key driver for EM share market performance over the past six months, as government responses and success in limiting the infection rate vary greatly. China's strict measures and success with track-and-trace was evident in one of the lowest case rates in the world, enabling it to post 2.3% GDP growth for 2020 as a whole, one of the only major economies to post positive growth. In comparison, Brazil's tepid response has seen it post the second-highest number of Covid-19 related deaths in the world, with GDP expected to have declined 4.5% in 2020.

EM indices have appreciated strongly over the six months to December, with the Brazil Bovespa up 25.2% and the Indian Sensex up 36.8%. In comparison, the Hong Kong Hang Seng was up 11.5%, the weaker performance reflecting the impact of US-China tensions including the ban on companies linked to the Chinese Military, the forced sale of TikTok, and money laundering allegations in the leaked FinCEN files. The Chilean IPSA was also a notable underperformer, up just 5.5%, following uncertainty on the planned re-writing of its constitution. Within these country performances, there was substantial sectoral divergence in returns, with technology-oriented stocks greatly outperforming the more traditional value-oriented utility-style investments in which UEM is predominantly invested.

In the six months to 31 December 2020, UEM saw its NAV rise by 7.9% on a total return basis, reflecting the underlying performance from the portfolio constituents. UIL sold 0.8m shares in UEM over the period, reducing its holding by 2.1% and realising £1.3m.

### Resolute

SHARE PRICE  $\downarrow$  GOLD  $\uparrow$   
**29.8%**  $\downarrow$  **6.6%**  $\uparrow$

**Resolute Mining Limited's ("Resolute")** gold production in the six months to 31 December 2020 was 177,191oz, down 15.0% on the same period in the prior year. This was due primarily to interruptions in production at Syama in Mali, and the sale of the Ravenswood mine in early 2020. Sulphide production in Syama was impacted by industrial action, while oxide operations were lower than the previous year following the completion of open pit mining at Tabakoroni in the first half of 2020.

For the year to 31 December 2021, Resolute has forecast production of 350,000oz to 375,000oz at an all-in sustaining cost of between USD 1,200/oz and USD 1,275/oz. In USD terms, gold rose significantly in the first half of calendar year 2020, then remained relatively flat during the period under review. As at 31 December 2020, cash and bullion on hand was USD 106.0m. In December, Resolute announced the sale of the Bibiani gold mine in Ghana for USD 105.0m.

### ALLECTUSCAPITAL

VALUATION  $\uparrow$   
**31.9%**  $\uparrow$

**Allectus Capital Limited ("Allectus")** invests in potentially disruptive technologies. Allectus focuses on early stage and growth companies in fintech, AI, digital health, deep tech and other high conviction business models. In the half-year to 31 December 2020, Allectus made a number of investments to capitalise on expansion

## TEN LARGEST HOLDINGS (continued)

opportunities including Hoolah (Singapore based buy now, pay later provider), Pandia Health (e-pharmacy solution for women in the US) and AP Ventures (an investment vehicle created and associated with the Afterpay group to monetise Afterpay-related opportunities). New investments were made including Claimspace (claims management SaaS for insurers) and MyPass (digital passport for worker qualifications). Allectus successfully realised one investment, Waddle, an invoice financing fintech platform which was sold to leading software company Xero for total consideration of c. AUD 80m (assuming all earnout hurdles reached). They also listed another investment, Cluey (e-learning platform in Australia) at a market capitalisation of c. AUD 133m as at 31 December 2020.



**Vix Tech Pte Ltd (“VixTech”)** is an unlisted, industry leader in transport ticketing, implementing and managing automated fare collection, payments, access and passenger information systems. With a global footprint, it has developed solutions for over 200 cities and regions, enabling transport authorities ease passenger movement and provide the most efficient transit systems.

With over 30 years of industry experience, VixTech’s products are a cornerstone of the world’s largest smartcard payment and billing systems and include previous flagship projects such as the Hong Kong Octopus Card, Singapore EZ-Link, Beijing ACC, and Melbourne Metcard. VixTech has undertaken substantial restructuring

over the last three years, with the business now beginning to see the benefits from new product roll outs. In June 2020, VixTech’s balance sheet was recapitalised, resulting in VixTech now having a stronger equity position, which should enhance its ability to win projects in the future. Furthermore, in July 2020, Kuba Pte Limited (“Kuba”) was demerged from VixTech as the Kuba business will perform better on a standalone basis given its different business focus and with more direct management attention. UIL is a 39.8% shareholder in both VixTech and Kuba.

For the year ended 30 June 2020, VixTech’s revenues were USD 109.2m with EBITDA of USD 4.4m and as of 31 December 2020, UIL had USD 3.8m outstanding loans with VixTech.



**Orbital Corporation Limited (“Orbital”)** is a Perth, Australia based manufacturer of propulsion systems for unmanned aerial vehicles (UAV). Orbital’s engines contain unique fuel injection systems for heavy fuels (e.g. diesel). This gives them a strong advantage over competitive technologies which require more specialist fuels, more regular servicing and which typically have lower performance.

Orbital sells its products to defence contractors, such as Insitu, a subsidiary of Boeing and Northrup Grumman. In recent years, Orbital has disappointingly suffered from project delays with its end customers’ product line delaying orders for its engines. However, Orbital’s revenues for the year to June 2020 came in at the top end of guidance at AUD 33.8m and 121.5% up on the

prior year. Orbital reported revenues of AUD 19.0m in the six months to 31 December 2020 and expects revenues of AUD 30m to AUD 40m for the full year to 30 June 2021, which is AUD 10m lower than earlier expectations, due to an anticipated slowing of UAV production by Insitu.

Orbital reported a modest net profit of AUD 1.86m for the year to 30 June 2020, following a loss in the prior year. Orbital believes that it can achieve ongoing profitability as volumes continue to ramp up in future periods.



**Starpharma Holdings Limited (“Starpharma”)** is a global biopharmaceutical company, specialising in the research, development and commercialisation of dendrimer products for pharmaceutical applications worldwide. Starpharma has two main focuses: its antiviral compound SPL7013, which is used in Vivagel, a treatment of bacterial vaginosis and Viraleze, a nasal spray which has demonstrated significant antiviral activity against Covid-19; and its portfolio of Dendrimer Drug Delivery (“DEP”) therapies, a dendrimer drug delivery technology which reduces toxicities and enhances drug performance. DEP drugs are being developed both internally and through partnered programs, with an emphasis on anti-cancer therapies.

During the interim period, Starpharma raised AUD 48.9m of capital. Development was continued on the SPL7013 Covid-19 nasal spray, including antiviral testing at Scripps Research Institute. Internally developed DEP therapies are

now in clinical trials as follows; DEP Docetaxel in Phase 2, DEP Cabazitaxel in Phase 1 and DEP Irinotecan in phase 1/2. Partnered drugs include AZD0466 with AstraZeneca and several DEP nanoparticle anti-infective formulations with Chase Sun.

UIL participated in Starpharma’s placing adding 1.3m shares to its holding. Over the six months to 31 December 2020, UIL’s shareholding increased by 11.2%.



**One Communications Limited (“One Communications”)** is an integrated telecommunication holding company with operations in Bermuda and the Cayman Islands. One Communications provides mobile telephone, fibre-based broadband, Pay TV, voice and I.T. services and is majority owned by NASDAQ listed ATN International. One Communications intends to delist its shares from the Bermuda Stock Exchange in March 2021.

One Communications worked hard in 2020 to deliver dependable and fast data services to its customers, benefiting from heavy investment in upgrading systems in prior years. It also offered community support in response to the pandemic. One Communications pulled back on expansion initiatives, sales and marketing expenses and migrated customer service to online platforms rather than face-to-face options. Whilst there was a small decline in revenue in the first half of the year, One Communications was able to drive efficiencies across its cost base, resulting in an increase in

## TEN LARGEST HOLDINGS (continued)

net profit of 15.6% for the six months to 30 June 2020, although the economic outlook remains uncertain, especially given the size of the tourism industry to Bermuda and the Cayman Islands' economies.

UIL received and accepted an offer for 74% of its holding in October 2020 generating USD 18.1m in cash.



SHARE PRICE  
**17.5%** ↑

**AssetCo plc ("AssetCo")** is a UK listed company which was previously involved in the provision of management and resources to the fire and emergency services in the Middle East. AssetCo was paid approximately £28.6m from the monies Grant Thornton previously paid into Court and were able to recover from Grant Thornton the balance of its costs from a long running court case. After receipt of these monies, AssetCo had cash balances of approximately £55m and, after settling costs and liabilities, net assets in the region of £52m. Following the settlement of the Grant Thornton court case AssetCo completed a tender offer and UIL tendered 0.7m shares at £4.11 per share.

In January 2021, AssetCo announced that Martin Gilbert, Peter McKellar, various associates, and funds managed by Toscafund Asset Management, a multi asset fund manager, have, in aggregate, acquired a minority stake of 29.8% of AssetCo. It is expected that Martin Gilbert and Peter McKellar will join the board as non-executive directors of AssetCo. AssetCo will pursue investment opportunities, particularly in the financial services sector.

## HALF-YEARLY FINANCIAL REPORT AND RESPONSIBILITY STATEMENT

The Chairman's Statement on pages 2 to 5 and the Investment Managers' Report starting on page 7 give details of the important events which have occurred during the period and their impact on the financial statements.

### PRINCIPAL RISKS AND UNCERTAINTIES

Most of UIL's principal risks and uncertainties are market related and are similar to those of other investment companies investing mainly in listed equities in developed countries.

The principal risks and uncertainties were described in more detail under the heading "Principal Risks and Risk Mitigation" within the Strategic Report section of the Annual Report and Accounts for the year ended 30 June 2020 and have not changed materially since the date of that report.

The principal risks faced by UIL include not achieving long-term total returns for its shareholders, adverse market conditions leading to a fall in NAV, loss of key management, its shares trading at a discount to NAV, losses due to inadequate controls of third-party service providers, gearing risk and regulatory risk. In addition, the emergence and spread of Covid-19 continues to be an ongoing risk facing UIL and its portfolio.

The Annual Report and Accounts is available on the Company's website, [www.uil.limited](http://www.uil.limited)

### RELATED PARTY TRANSACTIONS

Details of related party transactions in the six months to 31 December 2020 are set out in note 10 to the accounts.

### DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with Chapter 4 of the Disclosure Guidance and Transparency Rules, the Directors confirm that to the best of their knowledge:

- The condensed set of financial statements contained within the report for the six months to 31 December 2020 has been prepared in accordance with International

Accounting Standard 34 "Interim Financial Reporting" and gives a true and fair view of the assets, liabilities, financial position and return of the Group;

- The half-yearly financial report, together with the Chairman's Statement and Investment Managers' Report, includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the financial statements as required by DTR 4.2.7R;
- The Directors' statement of principal risks and uncertainties above is a fair review of the principal risks and uncertainties for the remainder of the year as required by DTR 4.2.7R; and
- The half-yearly report includes a fair review of the related party transactions that have taken place in the first six months of the financial year as required by DTR 4.2.8R.

On behalf of the Board  
**Peter Burrows**  
Chairman  
19 February 2021

# CONDENSED GROUP INCOME STATEMENT (UNAUDITED)

Notes	Six months to 31 December 2020		
	Revenue return £'000s	Capital return £'000s	Total return £'000s
	-	49,675	49,675
	-	3,746	3,746
	-	1,880	1,880
	5,681	-	5,681
	<b>5,681</b>	<b>55,301</b>	<b>60,982</b>
2	(565)	-	(565)
	(605)	(2)	(607)
	4,511	55,299	59,810
	(534)	(4,866)	(5,400)
	<b>3,977</b>	<b>50,433</b>	<b>54,410</b>
3	(1)	-	(1)
	<b>3,976</b>	<b>50,433</b>	<b>54,409</b>
4	<b>4.63</b>	<b>58.69</b>	<b>63.32</b>

Six months to 31 December 2019			Year to 30 June 2020		
Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s
-	(21,490)	(21,490)	-	(60,006)	(60,006)
-	6,403	6,403	-	3,286	3,286
-	379	379	-	(3,469)	(3,469)
5,935	-	5,935	12,684	-	12,684
5,935	(14,708)	(8,773)	12,684	(60,189)	(47,505)
(747)	-	(747)	(1,426)	-	(1,426)
(725)	(4)	(729)	(1,184)	(10)	(1,194)
4,463	(14,712)	(10,249)	10,074	(60,199)	(50,125)
(747)	(5,045)	(5,792)	(1,602)	(10,312)	(11,914)
3,716	(19,757)	(16,041)	8,472	(70,511)	(62,039)
-	-	-	(1)	-	(1)
3,716	(19,757)	(16,041)	8,471	(70,511)	(62,040)
4.25	(22.59)	(18.34)	9.77	(81.30)	(71.53)

The Group does not have any income or expense that is not included in the profit for the period and therefore the profit for the period is also the total comprehensive income for the period, as defined in International Accounting Standard 1 (revised).

All items in the above statement derive from continuing operations.

All income is attributable to the equity holders of the Company. There are no minority interests.

# CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

Notes

	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s
<b>for the six months to 31 December 2020</b>			
Balance as at 30 June 2020	8,594	10,445	233,866
Profit for the period	-	-	-
5 Ordinary dividends paid	-	-	-
Shares purchased by the Company	(23)	(415)	-
<b>Balance as at 31 December 2020</b>	<b>8,571</b>	<b>10,030</b>	<b>233,866</b>

	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s
<b>for the six months to 31 December 2019</b>			
Balance as at 30 June 2019	8,828	16,103	233,866
(Losses)/profit for the period	-	-	-
5 Ordinary dividends paid	-	-	-
Shares purchased by the Company	(210)	(5,115)	-
Balance as at 31 December 2019	8,618	10,988	233,866

	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s
<b>for the year to 30 June 2020</b>			
Balance as at 30 June 2019	8,828	16,103	233,866
(Losses)/profit for the year	-	-	-
5 Ordinary dividends paid	-	-	-
Shares purchased by the Company	(234)	(5,658)	-
Balance as at 30 June 2020	8,594	10,445	233,866

	Non- distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	32,069	(44,199)	10,850	251,625
	-	50,433	3,976	54,409
	-	-	(3,438)	(3,438)
	-	-	-	(438)
	<b>32,069</b>	<b>6,234</b>	<b>11,388</b>	<b>302,158</b>

	Non- distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	32,069	26,312	9,090	326,268
	-	(19,757)	3,716	(16,041)
	-	-	(3,271)	(3,271)
	-	-	-	(5,325)
	<b>32,069</b>	<b>6,555</b>	<b>9,535</b>	<b>301,631</b>

	Non- distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	32,069	26,312	9,090	326,268
	-	(70,511)	8,471	(62,040)
	-	-	(6,711)	(6,711)
	-	-	-	(5,892)
	<b>32,069</b>	<b>(44,199)</b>	<b>10,850</b>	<b>251,625</b>

## CONDENSED GROUP STATEMENT OF FINANCIAL POSITION (UNAUDITED)

Notes	31 Dec 2020 £'000s	31 Dec 2019 £'000s	30 Jun 2020 £'000s
<b>Non-current assets</b>			
6 Investments	468,885	523,791	488,997
<b>Current assets</b>			
Other receivables	1,631	1,740	3,579
6 Derivative financial instruments	1,184	4,038	111
Cash and cash equivalents	971	2,057	258
	<b>3,786</b>	<b>7,835</b>	<b>3,948</b>
<b>Current liabilities</b>			
Loans	(43,817)	(50,874)	(51,146)
Other payables	(691)	(3,988)	(4,248)
6 Derivative financial instruments	(1,265)	(614)	(5,391)
Zero dividend preference shares	-	(57,239)	(59,087)
	<b>(45,773)</b>	<b>(112,715)</b>	<b>(119,872)</b>
<b>Net current liabilities</b>	<b>(41,987)</b>	<b>(104,880)</b>	<b>(115,924)</b>
<b>Total assets less current liabilities</b>	<b>426,898</b>	<b>418,911</b>	<b>373,073</b>
<b>Non-current liabilities</b>			
Zero dividend preference shares	(124,740)	(117,280)	(121,448)
<b>Net assets</b>	<b>302,158</b>	<b>301,631</b>	<b>251,625</b>
<b>Equity attributable to equity holders</b>			
7 Ordinary share capital	8,571	8,618	8,594
Share premium account	10,030	10,988	10,445
Special reserve	233,866	233,866	233,866
Non-distributable reserve	32,069	32,069	32,069
Capital reserves	6,234	6,555	(44,199)
Revenue reserve	11,388	9,535	10,850
<b>Total attributable to equity holders</b>	<b>302,158</b>	<b>301,631</b>	<b>251,625</b>
<b>Net asset value per ordinary share</b>			
8 Basic – pence	352.55	350.00	292.79

## CONDENSED GROUP STATEMENT OF CASH FLOWS (UNAUDITED)

Notes	Six months to 31 Dec 2020 £'000s	Six months to 31 Dec 2019 £'000s	Year to 30 Jun 2020 £'000s
<b>Operating activities:</b>			
Profit/(loss) before taxation	54,410	(16,041)	(62,039)
Adjust for non-cash flow items:			
(Gains)/losses on investments	(49,675)	21,490	60,006
Gains on derivative financial instruments	(3,746)	(6,403)	(3,286)
Foreign exchange (gains)/losses	(1,880)	(379)	3,469
Non-cash flows on income	(3,673)	(1,528)	(6,323)
Decrease/(increase) in accrued income	190	355	(709)
Decrease/(increase) in other debtors	2,083	(1,347)	(2,122)
Decrease in creditors	(43)	(8,762)	(8,757)
ZDP shares finance costs	4,866	5,045	10,312
Tax on overseas income	(1)	-	(1)
<b>Cash flows from operating activities</b>	<b>2,531</b>	<b>(7,570)</b>	<b>(9,450)</b>
<b>Investing activities:</b>			
Purchases of investments	(17,581)	(52,910)	(81,698)
Sales of investments	90,716	52,951	82,812
Sales of derivatives	(1,453)	1,932	7,519
<b>Cash flows from investing activities</b>	<b>71,682</b>	<b>1,973</b>	<b>8,633</b>
<b>Cash flows before financing activities</b>	<b>74,213</b>	<b>(5,597)</b>	<b>(817)</b>
<b>Financing activities:</b>			
Equity dividends paid	(3,438)	(3,271)	(6,711)
Movements on loans	(6,615)	1,432	(2,137)
Cash flows from issue of ZDP shares	-	9,532	10,281
Cash flows from redemption of ZDP shares	(60,661)	-	-
Cost of shares purchased for cancellation	(438)	(5,325)	(5,892)
<b>Cash flows from financing activities</b>	<b>(71,152)</b>	<b>2,368</b>	<b>(4,459)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,061</b>	<b>(3,229)</b>	<b>(5,276)</b>
Cash and cash equivalents at the beginning of the period	(3,256)	3,177	3,177
Effect of movement in foreign exchange	1,166	(1,150)	(1,157)
<b>Cash and cash equivalents at the end of the period</b>	<b>971</b>	<b>(1,202)</b>	<b>(3,256)</b>
Comprised of:			
Cash	971	2,057	258
Bank overdraft	-	(3,259)	(3,514)
<b>Total</b>	<b>971</b>	<b>(1,202)</b>	<b>(3,256)</b>

# NOTES TO THE ACCOUNTS (UNAUDITED)

## 1. SIGNIFICANT ACCOUNTING POLICIES

The Company is an investment company incorporated in Bermuda, traded on the Specialist Fund Segment of the London Stock Exchange and listed on the Bermuda Stock Exchange.

The Group Accounts comprise the results of the Company and UIL Finance Limited.

The unaudited condensed Group Accounts have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS"), IAS 34 "Interim Financial Reporting" and the accounting policies set out in the audited statutory accounts of the Group for the year ended 30 June 2020.

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by the Directors in applying the Group's accounting policies and key sources of uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 30 June 2020.

The unaudited condensed Group Accounts do not include all of the information required for full annual accounts and should be read in conjunction with the consolidated accounts of the Group for the year ended 30 June 2020, which were prepared under full IFRS requirements.

## 2. MANAGEMENT AND ADMINISTRATION FEES

The Company has appointed ICM Investment Management Limited ("ICMIM") as its Alternative Investment Fund Manager and joint portfolio manager with ICM Limited ("ICM"), for which they are entitled to a management fee and a

performance fee. The aggregate fees payable by the Company are apportioned between the joint portfolio managers as agreed by them.

The relationship between ICMIM and ICM is compliant with the requirements of the EU Alternative Investment Fund Manager Directive and the UK version of that Directive following Brexit, and also such other requirements applicable to ICMIM by virtue of its regulation by the Financial Conduct Authority.

The annual management fee is 0.5% per annum based on total assets less current liabilities (excluding borrowings and excluding the value of all holdings in companies managed or advised by the Investment Managers or any of its subsidiaries from which they receive a management fee), calculated and payable quarterly in arrears. The agreement with ICM and ICMIM may be terminated upon one year's notice given by the Company or by ICM and ICMIM, acting together.

In addition, the Investment Managers are entitled to a capped performance fee payable in respect of each financial period, equal to 15% of the amount by which the Company's total net asset value ("NAV") attributable to holders of ordinary shares outperforms the higher of (i) 5.0%, and (ii) the post-tax yield on the FTSE Actuaries Government Securities UK Gilts 5 to 10 years' index, plus inflation (on the RPIX basis) (the "Reference Rate"). The opening equity funds for calculation of the performance fee are the higher of (i) the equity funds on the last day of a calculation period in respect of which a performance fee was last paid, adjusted for capital events and dividends paid since that date (the "high watermark"); and (ii) the equity funds on the last day of the previous calculation period increased by the Reference Rate during the calculation period and adjusted for capital events and dividends paid since the previous calculation date. In a period where the Investment Managers or any of their associates receive a performance fee from any ICM managed investment in which UIL is an investor,

the performance fee payable by UIL will be reduced by a proportion corresponding to UIL's percentage holding in that investment applied to the underlying investment performance fee, subject to the provision that the UIL performance fee cannot be a negative figure. In calculating any performance fee payable, a cap of 2.5% of closing NAV (adjusted for capital events and dividends paid) will be applied following any of the above adjustments and any excess over this cap shall be written off. A performance fee was last paid by UIL in respect of the 12 month period to 30 June 2019 (as at that date the equity shareholders' funds were £326.3m).

As at 31 December 2020, the attributable shareholders' funds were below the high watermark and therefore no performance fee has been accrued. The final amount payable is dependent upon the performance of the Company in the year to 30 June 2021.

ICM also provides company secretarial services to the Company, with the Company paying 45% of the incurred costs associated with this post.

JP Morgan Chase Bank N.A. – London Branch has been appointed Administrator and ICMIM has appointed Waverton Investment Management Limited to provide certain support services (including middle office, market dealing and information technology support services). The Company or the Administrator may terminate the agreement with the Administrator upon six months' notice in writing.

## 3. TAXATION

The revenue taxation charge of £1,000 (31 December 2019: £nil and 30 June 2020: £1,000) relates to overseas taxation suffered on dividend income. Except as stated above, profits of the Company and subsidiaries for the period are not subject to any taxation within their countries of residence.

## 4. EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share from continuing operations is based on the following data:

	Six months to 31 Dec 2020	Six months to 31 Dec 2019	Year to 30 Jun 2020
	£'000s	£'000s	£'000s
Revenue	3,976	3,716	8,471
Capital	50,433	(19,757)	(70,511)
<b>Total</b>	<b>54,409</b>	<b>(16,041)</b>	<b>(62,040)</b>
	<b>Number</b>	Number	Number
Weighted average number of shares in issue during the period for earnings per share calculations	85,920,863	87,463,377	86,733,371
Revenue return per ordinary share	4.63	4.25	9.77
Capital return per ordinary share	58.69	(22.59)	(81.30)
<b>Total return per ordinary share</b>	<b>63.32</b>	<b>(18.34)</b>	<b>(71.53)</b>

## 5. DIVIDENDS

	Record date	Payment date	31 Dec 2020 £'000s	31 Dec 2019 £'000s	30 Jun 2020 £'000s
2019 Fourth quarterly interim of 1.875p	06-Sep-19	27-Sep-19	-	1,655	1,655
2020 First quarterly interim of 1.875p	06-Dec-19	20-Dec-19	-	1,616	1,618
2020 Second quarterly interim of 2.000p	06-Mar-20	27-Mar-20	-	-	1,719
2020 Third quarterly interim of 2.000p	05-Jun-20	26-Jun-20	-	-	1,719
2020 Fourth quarterly interim of 2.000p	04-Sep-20	25-Sep-20	1,719	-	-
2021 First quarterly interim of 2.000p	04-Dec-20	21-Dec-20	1,719	-	-
			<b>3,438</b>	3,271	6,711

The Directors have declared a second quarterly dividend in respect of the year ending 30 June 2021 of 2.00p per ordinary share payable on 31 March 2021 to shareholders on the register at close of business on 5 March 2021. The

total cost of this dividend, which has not been accrued in the results for the six months to 31 December 2020, is £1,692,000 based on 84,616,483 ordinary shares in issue at the date of this half-yearly report.

## 6. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The tables below set out the fair value measurements hierarchy at the relevant period end.

These fair value measurements are categorised into a hierarchy consisting of the following three levels:

Level 1 – valued using unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 – valued by reference to valuation techniques using other observable inputs not included within Level 1.

Level 3 – valued by reference to valuation techniques using unobservable inputs.

	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	31 Dec 2020 Total £'000s
<b>Financial assets held at fair value through profit or loss</b>				
Investments	140,244	32,987	295,654	468,885
Derivative financial instruments – forward foreign currency contracts	-	1,184	-	1,184
<b>Financial liabilities held at fair value through profit or loss</b>				
Derivative financial instruments – forward foreign currency contracts	-	1,265	-	1,265

During the period, a holding of value £1,101,000 was transferred from level 1 to level 3 due to the investee company delisting, a holding of value £1,265,000 was transferred from level 1 to level 2 due to investee company shares having irregular trading in the period and a holding of value £113,527,665 was transferred from level 2 to level 3 due to the share price being static and shares untraded in the period. The book cost and fair values were transferred using the 30 June 2020

balances, and all subsequent trades are therefore disclosed in the column the holdings are transferred to.

	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	31 Dec 2019 Total £'000s
Financial assets held at fair value through profit or loss				
Investments	168,633	173,912	181,246	523,791
Derivative financial instruments – options*	1,134	-	-	1,134
Derivative financial instruments – forward foreign currency contracts	-	2,904	-	2,904
Financial liabilities held at fair value through profit or loss				
Derivative financial instruments – options*	72	-	-	72
Derivative financial instruments – forward foreign currency contracts	-	542	-	542

\* In the six months to 31 December 2019 the Company has directly purchased and sold index put and call options, principally on the S&P500 Index.

	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	30 Jun 2020 Total £'000s
Financial assets held at fair value through profit or loss				
Investments	151,405	159,935	177,657	488,997
Derivative financial instruments – forward foreign currency contracts	-	111	-	111
Financial liabilities held at fair value through profit or loss				
Derivative financial instruments – forward foreign currency contracts	-	(5,391)	-	(5,391)

A reconciliation of fair value measurements in level 3 is set out in the following table:

	Six months to 31 Dec 2020 £'000s
Investments as at 30 June 2020	
Cost	216,524
Losses	(38,867)
Valuation	177,657
Transfer from level 1 and 2	114,629
Purchases	51,033
Sales	(82,189)
Gains on investments	34,524
Valuation as at 31 December 2020	295,654
Analysed as at 31 December 2020	
Cost	266,558
Gains	29,096
Valuation	295,654

## 7. ORDINARY SHARE CAPITAL

Equity share capital:	Number	£'000s
Ordinary shares of 10p each with voting rights		
Authorised	250,000,000	25,000
	<b>Total shares in issue Number</b>	<b>Total shares in issue £'000s</b>
Balance as at 30 June 2020	<b>85,939,314</b>	<b>8,594</b>
Purchased for cancellation	<b>(233,000)</b>	<b>(23)</b>
Balance as at 31 December 2020	<b>85,706,314</b>	<b>8,571</b>

Since the end of the period under review, 1,089,831 ordinary shares have been purchased for cancellation at a cost of £2,396,000.

## 8. NET ASSET VALUE PER SHARE

Net asset value per ordinary share is based on net assets at the period end of £302,158,000 (31 December 2019: £301,631,000 and 30 June 2020: £251,625,000) and on 85,706,314 ordinary shares in issue at the period end (31 December 2019: 86,181,237 and 30 June 2020: 85,939,314).

## 9. OPERATING SEGMENTS

The Directors are of the opinion that the Group's activities comprise a single operating segment, namely that of investing in equity, debt and derivative securities to maximise shareholder returns.

## 10. RELATED PARTY TRANSACTIONS

The following are considered related parties of UIL: various trusts of which Mr Duncan Saville is a beneficiary.

### Ultimate parent undertaking:

UIL's majority shareholder General Provincial Life Pension Fund Limited ("GPLPF") holds 64.0% of UIL's shares. Union Mutual Pension Fund Limited ("UMPF") holds 8.7% of UIL's shares and General Provincial Company Limited ("GPC") holds nil UIL shares as at 31 December 2020, having sold its 3.7% shareholding in UIL to UMPF during December 2020. The ultimate parent undertaking of GPLPF, UMPF and GPC is Somers Isles Private Trust Company Limited ("SIPTCL") as trustee of

### Subsidiaries of UIL:

Allectus, Bermuda First Investment Company Limited ("BFIC"), Coldharbour Technology Limited ("Coldharbour"), Energy Holdings Ltd, Newtel Holdings Limited ("Newtel"), UIL Holdings Pte Ltd and Zeta. (On consolidation, transactions between the Company and UIL Finance Limited have been eliminated).

### Associated undertakings:

DTI Group Ltd ("DTI"), Elevate Platform Limited ("Elevate"), Orbital Corporation Limited ("Orbital"),

Serkel Solutions Pty Ltd ("Serkel"), Smilestyler Solutions Pty Ltd ("Smilestyler"), Somers and VixTech. 3DMeditech Pty Ltd ("3DMedi") share holding was diluted in the period and is no longer an associated holding.

### Subsidiaries of the above subsidiaries and associated undertakings:

**Allectus:** Global Equity Risk Protection Limited ("GERP-ACL"), Own Solutions AC Ltd, Perfect Channel Limited, Snapper Services Ltd and Vix Resources Pty Ltd.

CHIPS AG, Metricus Pty Ltd, Trustlink (Pty) Ltd, Unity Holdings Ltd and VixNet Africa (Pty) Ltd are all subsidiaries of GERP-ACL.

**Zeta:** Horizon Gold Limited, Kumarina Resources Limited, Zeta Energy Pte Ltd and Zeta Investments Limited.

**Somers:** Bermuda Commercial Bank Ltd, PCF Group plc, Resimac Group Limited, Waverton Investment Management Group Limited and West Hamilton Holdings Limited.

### Key management entities and persons:

ICM and ICMIM and the board of directors of ICM, Alasdair Younie, Charles Jillings, Duncan Saville and of ICMIM, Charles Jillings and Sandra Pope. ICM Corporate Services (Pty) Ltd is a wholly owned subsidiary of ICM.

### Persons exercising control of UIL:

The Board of UIL.

### Company controlled by key management persons:

Mitre Investments Limited.

The following transactions were carried out during the half-year to 31 December 2020 between the Company and its related parties above:

### UIL Finance

Loans from UIL Finance to UIL of £183.2m as at 30 June 2020 decreased by £55.4m, to £127.8m

as at 31 December 2020. The loans are repayable on any ZDP share repayment date.

### Subsidiaries of UIL:

**Allectus** paid a dividend of USD 1.35m to UIL. Pursuant to a loan agreement dated 1 September 2016 under which UIL has agreed to loan monies to Allectus, UIL advanced to Allectus a loan of USD 2.3m and Allectus repaid USD 1.0m. As at 31 December 2020, the balance of the loan was USD 1.3m. The loan is interest free and is converted into equity on an annual basis at 30 June each year.

**BFIC** paid a capital dividend of USD 3.1m to UIL (UIL received in specie 647,970 One Communications shares at USD 4.75 per share in settlement of the dividend). Pursuant to a loan agreement dated 3 July 2017 under which UIL has agreed to loan monies to BFIC, UIL advanced to BFIC USD 0.3m and the following share purchases and share sales occurred via the loan account: BFIC sold 10,900 One Communications shares to UIL at USD 4.75 per share; BFIC bought 924,424 Ascendant shares from UIL at USD 36.00 per share; BFIC bought 1,001,519 One Communications shares from UIL at USD 4.75 per share. BFIC repaid USD 39.0m and capitalised loan interest of USD 65k. As at 31 December 2020, the balance of the loan was USD 185k. The loan bears interest at an annual rate of 6.0% and is repayable on not less than 12 months' notice.

**Coldharbour:** Pursuant to a loan agreement dated 19 August 2020 under which UIL has agreed to loan monies to Coldharbour, UIL advanced to Coldharbour a loan of £1.05m. As at 31 December 2020, the balance of the loan was £1.05m. The loan bears interest at 10% per annum and matures on 30 June 2021.

**Energy Holdings Ltd:** There were no transactions during the half year.

**Newtel:** UIL advanced £0.1m to Newtel as part of its working capital loan to Newtel. As at 31 December 2020 the loan balance was £5.3m and is repayable on demand.

**UIL Holdings Pte Ltd:** There were no transactions during the half year.

**Zeta:** Pursuant to loan agreements dated 1 September 2016 (AUD loan) and 1 May 2018 (CAD loan), under which UIL has agreed to loan monies to Zeta, UIL advanced to Zeta loans of AUD 14.1m and received from Zeta repayments of AUD 7.7m and CAD 2.6m, and capitalised interest of AUD 2.7m and CAD 1.1m. As at 31 December 2020, the balance of the loans and interest outstanding was AUD 73.8m and CAD 29.0m. The AUD loan bears interest at an annual rate of 7.5% and the CAD loan bears interest at an annual rate of 7.25%. The loans are repayable on not less than 12 months' notice.

**Associated undertakings:**

**DTI:** There were no transactions during the half year.

**Elevate:** Pursuant to a loan agreement dated 1 January 2019 under which UIL has agreed to loan monies to Elevate, UIL advanced to Elevate £0.2m. As at 31 December 2020, the balance of the loan and interest outstanding was £1.7m. The loan bears interest at an annual rate of 6.0% and is repayable on 31 December 2023.

**Orbital:** There were no transactions during the half year.

**Serkel:** There were no transactions during the half year.

**SmileStyler:** There were no transactions during the half year.

**Somers:** Somers paid a dividend of USD 2.0m to UIL and UIL received 130,923 ordinary shares as part of a dividend reinvestment program. Pursuant to loan agreements dated 1 September 2016 (USD loan), 22 June 2018 (GBP loan), 5 September 2019 (AUD loan) and 4 December 2019 (CAD loan), under which UIL has agreed to loan monies to Somers, UIL advanced to Somers loans of USD 0.9m and £0.2m, Somers repaid USD 2.7m, £6.4m, AUD 4.8m and CAD 2.3m and UIL received interest of USD 50k, £88k, AUD 64k and CAD nil. As at 31 December 2020, the balance of the loans and interest

outstanding was USD 2.5m, £2.2m, AUD 2.7m and CAD nil. With the exception of the CAD loan, which bears interest at an annual rate of 10.0%, the loans bear interest at an annual rate of 6.0% and are repayable on not less than 12 months' notice.

**VixTech:** Pursuant to a loan agreement dated 1 December 2016 under which UIL has agreed to loan monies to VixTech, UIL advanced to VixTech USD 3.8m. The loan bears interest at 0%.

**Subsidiaries of the above subsidiaries and associated undertakings:**

There were no transactions during the half year to 31 December 2020 with any of the subsidiaries of the above subsidiaries and associated undertakings.

**Key management entities and persons:**

ICM and ICMIM are joint portfolio managers of UIL. Other than investment management fees, secretarial costs and performance fees as set out in note 2, and reimbursed expenses of £8,000, there were no other transactions with ICM or ICMIM or ICM Corporate Services (Pty) Ltd. At the period-end £192,000 remained outstanding to ICM and ICMIM in respect of management and company secretarial fees and £ nil in respect of performance fees.

Mr Younie is a director of BCB, BFIC, GERP, PIL, PML, Somers and West Hamilton Holdings Limited. Mr Jillings is a director of Allectus, GERP, PIL, PML, Somers and Waverton. Mr Jillings received dividends from UIL of £14,000. Mr Saville is a director of Allectus, BFIC, GPLPF, GERP, Newtel, PIL, PML, Resimac, VixTech, West Hamilton Holdings Limited and Zeta Energy Pte Ltd. There were no other transactions in the year with Alasdair Younie, Charles Jillings, Duncan Saville and Sandra Pope and UIL.

**The Board**

The fees paid to Directors remained at: Chairman £46,000 per annum; Chairman of Audit & Risk Committee £44,000 per annum and Directors £34,000 per annum. The Board received aggregate remuneration of £96,000 for services as Directors. As at 31 December 2020, £28,000 remained outstanding to the Directors. In addition to their fees, the Directors received dividends

totalling £50,634 during the half year. There were no other transactions in the half-year with the Board and UIL.

**Companies controlled by key management persons:**

GPLPF received dividends of £2,194,000 from UIL, UMPF received dividends of £169,182 from

UIL, GPC received dividends of £126,000 from UIL and Mitre Investments Limited received dividends of £106,984 from UIL. There were no other transactions between companies controlled by key management and UIL during the half year to 31 December 2020.

**11. FINANCIAL RISK MANAGEMENT – LEVEL 3 FINANCIAL INSTRUMENTS**

**Valuation methodology**

The objective of using valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The Company uses proprietary valuation models, which are compliant with IPEV guidelines and IFRS 13 and which are usually developed from recognised valuation techniques.

The Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuations. The methodologies used to determine fair value are described in the 2020 annual report. The level 3 assets comprise of a number of unlisted investments at various stages of development and each has been assessed based on its industry, location and business cycle. The valuation methodologies include cost of recent investment or last funding round, listed peer comparison or peer group multiple, dividend yield or net assets as appropriate. Where applicable, the Directors have considered observable data and events to underpin the valuations. A discount has been applied, where appropriate, to reflect both the unlisted nature of the investments and business risks.

**Valuation of investment in Somers**

Somers is UIL's largest investment with an equity value of £168.7m as at 31 December 2020 accounting for 36.0% of UIL's total portfolio. UIL has also provided loans of £5.6m to Somers as at 31 December 2020.

During the period, the Company adopted a new valuation methodology for its holding in Somers equity. As at 31 December 2020, the Somers shares were deemed not to trade in an active market and the shares have been valued based on estimated NAV per share less a 15% discount. The Directors believe this is the most appropriate basis for valuing the investment in Somers. As at 30 June 2020, UIL valued its holding in Somers based on Somers' listed share price. This approach had been used by UIL since its initial investment in Somers as the Directors, while accepting that the shares were not extensively traded, considered that the listed share price historically approximated fair value. As at the 31 December 2020 measurement date, the Directors consider that the listed share price did not represent fair value. In making their assessment the Directors considered the very low level of trading in Somers shares, the large disconnect between the listed share price and Somers' NAV, and the absence of movement in Somers' listed share price in response to changing financial performance and other developments at Somers.

Somers is a financial services investment holding company, listed on the Bermuda Stock Exchange. It is classified as an investment company under IFRS 10 and, accordingly, values its underlying investments at fair value. Somers applies valuation techniques consistent with IFRS and is subject to annual audit. As an investment company, Somers' value is based primarily on the performance and valuation of its portfolio of investments which are concentrated in the banking, wealth management and asset financing sectors.

The 15% discount to NAV represents the Directors' estimate of the discount level Somers would trade at if its shares were liquid and traded in an active market. In arriving at the 15% level, the Directors considered Somers' historic share price discount to NAV, discount levels of other similar listed investment entities, and industry observations on the causes of share price to NAV differentials.

After applying the 15% discount to Somers' estimated 31 December 2020 NAV, UIL valued its investment in Somers equity at £168.7m. Had UIL utilised Somers' estimated NAV without the application of a discount, its 31 December 2020 carrying value would have increased to £198.5m, an increase of £29.8m.

**Sensitivity of level 3 financial investments measured at fair value to changes in key assumptions.**

Level 3 inputs are sensitive to assumptions made when ascertaining fair value. While the Directors believe that the estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. This is especially true considering the Covid-19 pandemic. The sensitivities shown in the table below give an indication of the effect of applying reasonable and possible alternative assumptions.

As at 30 June 2020, the Directors had considered the valuation uncertainty associated with Covid-19

on the level 3 investments. This exercise remains relevant and has been updated to reflect the position as at 31 December 2020. With the benefit of more clarity and data on the pandemic, and following the disposal during the period of Optal, a higher risk rated investment, the Directors consider the valuation uncertainty of the level 3 portfolio has improved since 30 June 2020.

The level of change selected is considered to be reasonable, based on observation of market conditions and historic trends. In addition to these observations, the risk weightings of investments also considered the impact of Covid-19 on the valuations, the performance of the investee companies before the outbreak of Covid-19, the projected short-term impact on their ability to generate earnings and cash flow and also a longer-term view of their ability to recover and perform against their investment bases. The valuations of fund interests are based on their managers' NAVs and these managers have advised that they have taken into account the economic impact of Covid-19. The impact on the valuations has been varied and largely linked to their relevant sectors and this has been reflected in the level of sensitivities applied.

The following table shows the sensitivity of the fair value of level 3 financial investments to changes in key assumptions.

Investment	Investment type	Valuation methodology	Risk weighting	Sensitivity +/-	Carrying amount £'000s	Sensitivity £'000s
Somers	Equity	NAV (discounted)	Low	10%	168,698	16,870
Somers	Loans	Discounted cash flows	Low	10%	5,582	558
Zeta	Loans	Discounted cash flows	Low	10%	58,341	5,834
Allectus	Equity	NAV	Low	10%	30,426	3,043
Allectus	Loans	Discounted cash flows	Low	10%	952	95
VixTech	Equity	Earnings	Medium	20%	15,271	3,054
VixTech	Loans	Discounted cash flows	Low	10%	2,806	281
Other Investments	Equity	Various	Medium	20%	11,346	2,269
Other Investments	Loans	Various	Medium	20%	2,232	446
Total					295,654	32,450

**12. GOING CONCERN**

The Group has reported a significantly improved financial position over the six months and notwithstanding that the Group has reported net current liabilities of £41,987,000 as at 31 December 2020 (30 June 2020: £115,924,000), the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Board's going concern assessment has focussed on the forecast liquidity of the Group for 12 months from the date of approval of the financial statements. This analysis assumes that the Company will meet some of its short-term obligations through the sale of listed securities, which represented 30% of the Company's total portfolio as at 31 December 2020. As part of this assessment the Board has considered a severe but plausible downside that reflects the impact of Covid-19 and an assessment of the Company's ability to meet its liabilities as they fall due (including the loan liabilities), assuming a significant reduction in asset values and accompanying currency volatility.

The severe but plausible downside assumes a breach of bank loan covenants leading to the repayment of bank loan liabilities and a significant reduction in asset values in line with that experienced during the emergence of the Covid-19 pandemic from January 2020 to April 2020. The Board also considered reverse stress testing to identify the reduction in the valuation of liquid investments that would cause the Group to be unable meet its net current liabilities, being primarily the bank loan of £43,817,000. The Board is confident that the reduction in asset values implied by the reverse stress test is not plausible even in the current volatile environment.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements. Accordingly, the Board considers it appropriate to continue to adopt the going concern basis in preparing the accounts.

**13. RESULTS**

The condensed set of financial statements, forming the half-year accounts, has been neither audited nor reviewed by the Company's auditors. The latest published accounts are for the year

ended 30 June 2020; the report of the auditors thereon was unqualified. The condensed financial statements shown above for the year ended 30 June 2020 are an extract from those accounts.

## COMPANY INFORMATION

### DIRECTORS

Peter Burrows, AO (Chairman)  
Stuart Bridges  
Alison Hill  
Christopher Samuel  
David Shillson

### REGISTERED OFFICE

Clarendon House, 2 Church Street, Hamilton  
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Company Registration Number: 39480  
LEI: 213800CTZ7TEIE7YM468

### AIFM AND JOINT PORTFOLIO MANAGER

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Telephone 01372 271486

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the Financial Conduct Authority

### JOINT PORTFOLIO MANAGER AND SECRETARY

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### ASSISTANT SECRETARY

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Regulation Authority

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### LEGAL ADVISOR TO THE COMPANY

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Member of the Institute of Chartered Accountants in England  
and Wales

### DEPOSITARY SERVICES PROVIDER

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Regulation Authority

### CUSTODIAN

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### REGISTRAR

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Telephone 0370 707 4040

### REGISTRAR TO THE DEPOSITARY INTERESTS AND CREST AGENT

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United Kingdom

## ALTERNATIVE PERFORMANCE MEASURES

The European Securities and Markets Authority defines an Alternative Performance Measure ("APM") as being a financial measure of historical or future financial performance, financial position or cash flows, other than a financial measure defined or specified in the applicable accounting framework. The Group uses the following APMs:

**Discount/Premium** – if the share price is lower than the NAV per ordinary share, the shares

are trading at a discount. Shares trading at a price above NAV per ordinary share are said to be at a premium. As at 31 December 2020 the ordinary share price was 191.50p and the NAV per ordinary share was 352.55p, the discount was therefore 45.7%.

**Gearing** – represents the ratio of the borrowings less cash and cash equivalents of the Company to its net assets.

		31 Dec 2020	31 Dec 2019	30 Jun 2020
	page	£'000s	£'000s	£'000s
Bank overdraft		–	3,259	3,514
Cash and cash equivalents	32	(971)	(2,057)	(258)
Bank loans	32	43,817	50,874	50,646
Coldharbour loan		–	–	500
ZDP shares	32	124,740	174,519	180,535
Total debt		167,586	226,595	234,937
Net assets attributable to equity holders	32	302,158	301,631	251,625
Gearing		55.5%	75.1%	93.4%

**NAV per ordinary share** – the value of the Group's net assets divided by the number of ordinary shares in issue (see note 8 to the Accounts).

**NAV/share price total return** – the return to shareholders calculated on a per ordinary share

basis by adding dividends paid in the period to the increase or decrease in the NAV or share price in the period. The dividends are assumed to have been re-invested in the form of net assets or shares, respectively, on the date on which the dividends were paid.

	Dividend rate (pence)	NAV (pence)	Share price (pence)
<b>Six months to 31 December 2020</b>			
30 June 2020	n/a	292.79	177.50
25 September 2020	2.000	295.59	160.00
21 December 2020	2.000	325.51	191.50
31 December 2020	n/a	352.55	191.50
Total return		22.0%	10.4%

## ALTERNATIVE PERFORMANCE MEASURES (continued)

Six months to 31 December 2019	Dividend rate (pence)	NAV (pence)	Share price (pence)
30 June 2019	n/a	369.57	199.00
27 September 2019	1.875	379.77	254.00
20 December 2019	1.875	343.46	247.00
31 December 2019	n/a	350.00	252.00
<b>Total return</b>		<b>(4.3)%</b>	<b>28.5%</b>

Year to 30 June 2020	Dividend rate (pence)	NAV (pence)	Share price (pence)
30 June 2019	n/a	369.57	199.00
27 September 2019	1.875	379.77	254.00
20 December 2019	1.875	343.46	247.00
27 March 2020	2.000	257.03	140.00
26 June 2020	2.000	278.36	175.00
30 June 2020	n/a	292.79	177.50
<b>Total return</b>		<b>(18.7)%</b>	<b>(7.1)%</b>

### NAV/share price total return since inception

– the return to shareholders calculated on a per ordinary share basis by adding dividends paid in the period and adjusting for the exercise of warrants and Convertible Unsecured Loan Stock (“CULS”) in the period to the increase or decrease in the NAV/share price in the period.

The dividends are assumed to have been re-invested in the form of net assets or shares on the date on which the dividends were paid. The adjustment for the exercise of warrants and CULS is made on the date the warrants and CULS were exercised.

	Six months to 31 Dec 2020		Six months to 31 Dec 2019		Year to 30 Jun 2020	
	NAV (pence)	Share price (pence)	NAV (pence)	Share price (pence)	NAV (pence)	Share price (pence)
NAV/share price 14 August 2003 (pence)	<b>99.47</b>	<b>85.67</b>	99.47	85.67	99.47	85.67
Total dividend, warrants and CULS adjustment factor	<b>2.0610</b>	<b>2.4900</b>	2.0045	2.3720	2.0347	2.4338
NAV/share price at period end (pence)	<b>352.55</b>	<b>191.50</b>	350.00	252.00	292.79	177.50
Adjusted NAV/share price at period end (pence)	<b>726.61</b>	<b>476.84</b>	701.58	597.70	595.74	432.00
<b>Total return since inception</b>	<b>630.5%</b>	<b>456.6%</b>	605.3%	597.7%	498.9%	404.3%

### Annual compound NAV/share price total return since inception – the annual return to

shareholders using the same basis as NAV/share price total return since inception.

	Six months to 31 Dec 2020		Six months to 31 Dec 2019		Year to 30 Jun 2020	
	NAV (pence)	Share price (pence)	NAV (pence)	Share price (pence)	NAV (pence)	Share price (pence)
Annual compound NAV total return since inception	12.1%	10.4%	12.7%	12.6%	11.2%	10.1%

**Ongoing charges** – all operating costs expected to be regularly incurred and that are payable by the Group or suffered within underlying investee funds, expressed as a proportion of the average weekly net asset values of the Group (valued in accordance with accounting policies) over the

reporting year. The costs of buying and selling investments and derivatives are excluded, as are interest costs, taxation, non-recurring costs and the costs of buying back or issuing ordinary shares.

	31 Dec 2020 (annualised) £'000s	31 Dec 2019 (annualised) £'000s	30 Jun 2020 £'000s
<b>Ongoing charges calculation (excluding performance fees)</b>			
Management and administration fees	<b>1,130</b>	1,494	1,426
Other expenses	<b>878</b>	960	939
Expenses suffered within underlying funds	<b>3,158</b>	3,119	3,555
Total expenses for ongoing charges calculation	<b>5,166</b>	5,573	5,920
Average weekly net asset values of the Group	<b>262,175</b>	321,729	287,788
Ongoing Charges	<b>2.0%</b>	1.7%	2.1%

	31 Dec 2020 (annualised) £'000s	31 Dec 2019 (annualised) £'000s	30 Jun 2020 £'000s
<b>Ongoing charges calculation (including performance fees)</b>			
Management and administration fees	<b>1,130</b>	1,494	1,426
Other expenses	<b>878</b>	960	939
Expenses suffered within underlying funds	<b>5,501</b>	3,273	3,555
Total expenses for ongoing charges calculation	<b>7,509</b>	5,727	5,920
Average weekly net asset values of the Group	<b>262,175</b>	321,729	287,788
Ongoing Charges	<b>2.9%</b>	1.8%	2.1%

**Revenue reserves per ordinary share carried forward** – the value of the Group's revenue reserves divided by the number of ordinary shares in issue.

	page	31 Dec 2020	31 Dec 2019	30 Jun 2020
Revenue reserves (£'000s)	32	<b>11,388</b>	9,535	10,850
Number of ordinary shares in issue	38	<b>85,706,314</b>	86,181,237	85,939,314
Revenue reserves per ordinary share carried forward (pence)		<b>13.29</b>	11.06	12.63

# HISTORICAL PERFORMANCE

	31 Dec 2020	30 Jun 2020	30 Jun 2019	30 Jun 2018	30 Jun 2017	30 Jun 2016	30 Jun 2015	30 Jun 2014	30 Jun 2013 <sup>(1)</sup>	30 Jun 2012
NAV per ordinary share (pence)	352.55	292.79	369.57	291.79	252.86	241.12	169.00	165.84	148.33	209.67
Ordinary share price (pence)	191.50	177.50	199.00	174.50	164.00	130.75	117.00	128.00	130.00	144.00
Discount <sup>(2)</sup> (%)	45.7	39.4	46.2	40.2	35.1	45.8	30.8	22.8	12.4	31.3
Returns and dividends (pence)										
Revenue return per ordinary share	4.63	9.77	7.63	6.67	6.38	6.23	7.84	7.03	12.06	11.99
Capital return per ordinary share	58.69	(81.30)	75.34	38.96	12.46	68.45	2.47	19.85	(63.65)	2.73
Total return per ordinary share	63.32	(71.53)	82.97	45.63	18.84	74.68	10.31	26.88	(51.59)	14.72
Dividend per ordinary share	4.000	7.875	7.500	7.500	7.500	7.500	7.500	7.500	10.000 <sup>(3)</sup>	7.000
FTSE All-Share total return Index	7,069	6,465	7,431	7,389	6,777	5,737	5,614	5,471	4,837	4,101
ZDP shares <sup>(4)</sup> (pence)										
2020 ZDP shares										
Capital entitlement per ZDP share	n/a	151.23	141.01	131.52	122.64	114.35	106.61	n/a	n/a	n/a
2020 ZDP share price	n/a	152.00	149.50	142.50	140.38	130.00	122.38	n/a	n/a	n/a
2022 ZDP shares										
Capital entitlement per ZDP share	131.55	127.59	120.03	113.01	106.37	100.12	n/a	n/a	n/a	n/a
2022 ZDP share price	135.00	126.50	132.00	124.50	119.50	104.50	n/a	n/a	n/a	n/a
2024 ZDP shares										
Capital entitlement per ZDP share	115.81	113.13	107.97	103.10	n/a	n/a	n/a	n/a	n/a	n/a
2024 ZDP share price	116.00	105.50	114.00	107.50	n/a	n/a	n/a	n/a	n/a	n/a
2026 ZDP shares										
Capital entitlement per ZDP share	113.98	111.21	105.89	100.87	n/a	n/a	n/a	n/a	n/a	n/a
2026 ZDP share price	105.00	92.25	107.50	102.25	n/a	n/a	n/a	n/a	n/a	n/a
Equity holders funds (£m)										
Gross assets <sup>(5)</sup>	470.7	483.3	537.2	488.3	449.7	440.7	373.4	399.1	383.0	434.5
Bank and other loans	43.8	51.2	51.0	27.8	47.8	24.7	34.4	22.2	42.5	-
ZDP shares	124.7	180.5	159.9	199.4	173.8	197.4	172.4	212.5	193.4	224.4
Equity holders' funds	302.2	251.6	326.3	261.1	228.1	218.6	166.6	164.4	147.1	208.9
Revenue account (£m)										
Income	5.7	12.7	11.2	10.6	10.7	10.5	11.2	10.4	16.2	15.9
Costs (management and other expenses)	1.2	2.6	2.8	2.8	2.9	1.9	1.8	2.1	3.2	3.0
Finance costs	0.5	1.6	1.6	1.6	1.8	1.7	1.1	0.9	0.8	0.8
Financial ratios of the Group (%)										
Ongoing charges figure <sup>(2)</sup> (excluding performance fees)	2.0 <sup>(6)</sup>	2.1	2.1	2.2	2.1	3.3	2.0	2.2	1.8	1.7
Gearing <sup>(2)</sup>	55.5	93.4	63.7	87.3	97.2	101.6	124.1	144.4	160.4	108.0

(1) Restated figures for changes in accounting policies

(2) See Alternative Performance Measures on pages 45 to 47

(3) Includes the special dividend of 2.50p per share

(4) Issued by UIL Finance Limited, a wholly owned subsidiary of UIL Limited

(5) Gross assets less current liabilities excluding loans

(6) For comparative purposes the figures have been annualised