

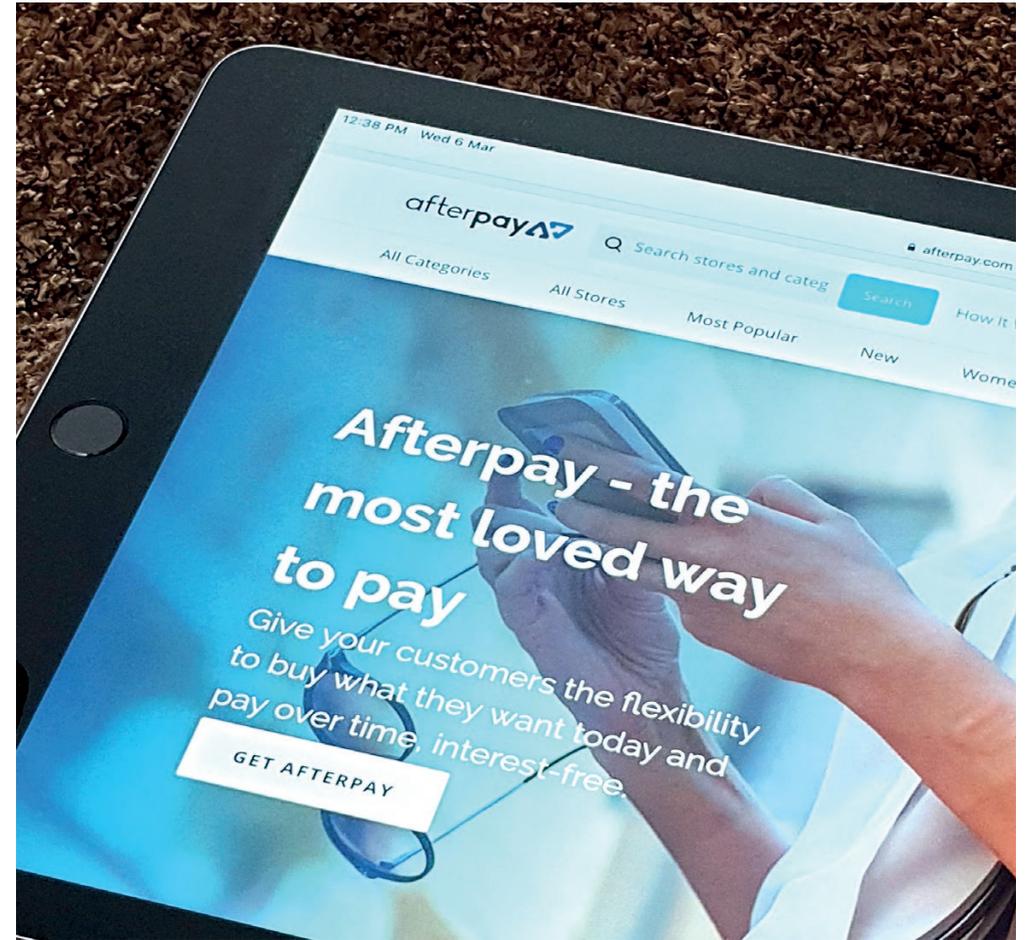
A DIVERSE PORTFOLIO BY GEOGRAPHY AND SECTOR



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# HALF-YEARLY FINANCIAL REPORT

FOR THE SIX MONTHS TO 31 DECEMBER 2019

## A DIVERSE PORTFOLIO BY GEOGRAPHY AND SECTOR

UIL Limited's objective is to maximise shareholder returns by identifying and investing in compelling long-term investments worldwide, where the underlying value is not reflected in the market share price.

### SIX MONTHS TO 31 DECEMBER 2019

REVENUE EARNINGS PER  
ORDINARY SHARE

4.25p ↑

DIVIDENDS PER  
ORDINARY SHARE

3.875p ↑

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

(4.3)% ↓

GEARING\*

75.1% ↓

\*See Alternative Performance Measures on pages 42 to 45

### FORWARD-LOOKING STATEMENTS

This half-yearly financial report may contain forward-looking statements with respect to the financial condition, results of operations and business of UIL Limited ("UIL" or the "Company") and its investments. Such statements involve risk and uncertainty because they relate to future events and circumstances that could cause actual results to differ materially from those expressed or implied by forward-looking statements. The forward-looking statements are based on the Directors' current views and on information known to them as at the date of this half-yearly financial report. Nothing should be construed as a profit forecast.

Potential investors are reminded that the value of investments and the income from them may go down as well as up and investors may not receive back the full amount invested.

Front Cover Image – Afterpay Limited

### PERFORMANCE SINCE INCEPTION \*

ANNUAL COMPOUND NAV  
TOTAL RETURN +

12.7%

NAV TOTAL RETURN PER  
ORDINARY SHARE +

605.3%

ANNUAL COMPOUND ORDINARY  
SHARE PRICE TOTAL RETURN +

12.6%

REVENUE EARNINGS PER  
ORDINARY SHARE

100.61p

DIVIDENDS PER  
ORDINARY SHARE

78.70p

REVENUE RESERVES PER  
ORDINARY SHARE CARRIED  
FORWARD +

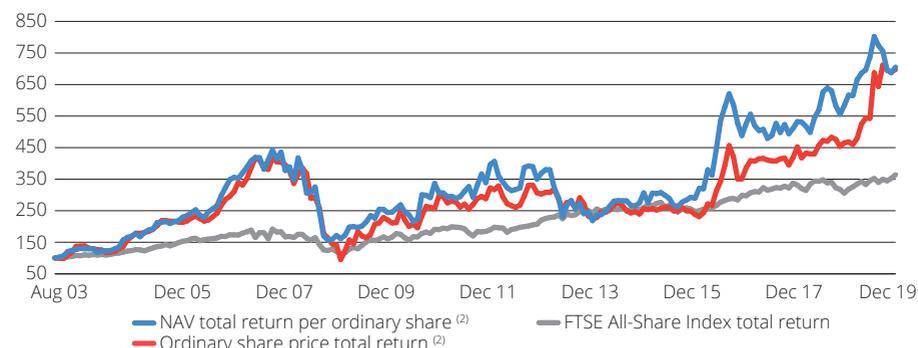
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\* All performance data relating to periods prior to 20 June 2007 are in respect of Utilico Investment Trust plc, UIL's predecessor, which started trading on 14 August 2003

+ See Alternative Performance Measures on pages 42 to 45

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

Since inception to 31 December 2019



<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

# CHAIRMAN'S STATEMENT



Following six years of significant rising NAV, UIL's total return performance softened by 4.3% for the half-year to 31 December 2019, ending the period at 350.00p. Much of this underperformance is due to stronger Sterling, which was up

4.1% against the US Dollar and 3.9% versus the Australian Dollar. UIL underperformed the FTSE All-Share Index total return over the same period, which was up by 5.5%.

Since inception in August 2003, UIL has distributed £71.0m in dividends, invested £31.5m in ordinary share buybacks and made net gains of some £242.0m for a total return of 605.3% (adjusted for the exercise of warrants and convertibles). This represents an average annual compound NAV total return since inception of 12.7%. This is over 50.0% higher than the FTSE All-Share Index total return average annual compound total return for the same period of 8.2%.

UIL continues to suffer a discount drag on its underlying investments in Somers Limited ("Somers"), Utילו Emerging Markets Trust plc ("UEM") and Zeta Resources Limited ("Zeta"). As at 31 December 2019 discounts to published NAVs amounted to 12.3% for Somers (some £16.9m), 8.6% for UEM (some £8.1m) and 2.2% for Zeta (some £1.6m). Together this amounts to a discount on these investments of some £26.6m (30 June 2019: £21.8m). Adding these discounts back would see UIL's adjusted Shareholders' Funds increase by 8.8% to 380.76p and the UIL discount widen to 33.8%.

At the last year-end, we referred to the commitment by the Board and Investment Managers in the 2014 annual report to reduce the absolute debt for UIL, which stood at

£235.9m as at 30 June 2013, and improve gearing. Debt and gearing have reduced every year since this statement was made. Gearing reduced from 155.2% as at 30 June 2013 to stand at a record low for UIL of 63.7% as at 30 June 2019 and absolute debt was £210.9m, well inside the target of 100.0% set in 2014.

In the six months to 31 December 2019 the net debt rose by £18.9m to £226.6m, in part due to the compounding effect of the zero dividend preference ("ZDP") shares but also due to further 2026 ZDP shares being placed in the market by UIL. Shareholders' funds reduced due to a negative performance from the portfolio mainly as a result of a loss of £17.2m in foreign exchange movements. This rise in gross debt and the reduction in shareholders' funds resulted in gearing rising to 75.1% as at 31 December 2019. This is still well below the 100% target for UIL.

As at 30 June 2019, the Board was disappointed to see the ordinary shares trade at their widest ever year end discount of 46.2%, despite the strong NAV gains, the continued reduction in absolute debt, lower gearing and attractive dividend payments. As with the gearing targets set six years ago 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 is pleasing to see the discount narrow sharply to 28.0% as at 31 December 2019 and give rise to a share price total return for shareholders of 28.5%. The Board, the Investment Managers and the major shareholder all remain committed to seeing the discount narrow further towards the stated target of 20.0%. To achieve this, UIL will continue to step up its marketing, as well as continuing to buy back ordinary shares over the coming months.

UIL announced on 26 July 2019 that, partly as a result of buy backs, UIL shares held in public hands reduced to 25.0%, the minimum level required to stay listed on the Premium Segment

of the Main Market. To enable further buybacks the Board announced proposals to shareholders to transfer the listing of UIL's ordinary shares from the Premium Segment to the Specialist Fund Segment of the Main Market of the London Stock Exchange ("LSE"). These proposals were passed unanimously on 9 October 2019 and UIL started trading on the Specialist Fund Segment on 7 November 2019.

Once again, the discount level encouraged the Investment Managers, supported by the Board, to continue to buy back shares. During the half-year to 31 December 2019 the Company bought back 2.1m ordinary shares (2.4% of opening shares in issue) at an average price of 253.21p, which represented a discount of 27.7% to the closing NAV. These buybacks were accretive to both UIL's NAV per share and earnings per share ("EPS").

As noted in the annual report there are two opposing forces at work in global markets at the moment: populist leadership and Central Bank activity. This continued to be the case in the six months to 31 December 2019. The pursuit of

populist policies, especially the trade dispute between the US and China, has seen global gross domestic product ("GDP") slow down. As a result, the central banks are now focused on reflationary policies, providing liquidity and lowering interest rates. The prolonging of negative interest rates in the developed markets is a concern. We see negative interest rates as eroding value for savers and pension funds while increasing the risk to global security.

There are two other rising challenges. First, the growing anger focused on changing the ruling political structures. This is highlighted in protests in Hong Kong, Moscow, Lebanon, London, Paris and Santiago, although each has had different drivers; for example, independence for Hong Kong, the wealth gap in Santiago and climate change in London. The focus is on a rebalance of political priorities and resources. Questions are being asked and challenges rising. Some of these have developed into riots and caused significant disruption. Others are seeing sharp policy changes.

**TOTAL RETURN PERFORMANCE\* (pence)**  
from 30 June 2019 to 31 December 2019



\*Rebased to 100 as at 14 August 2003 (inception)  
\*\*See page 32

Source: ICM

Second is an accelerating expectation that business addresses fundamental questions around their approach to Environmental, Social and Governance ("ESG") outcomes. UIL has a good track record on ESG but more will be expected of investors and investee companies. This will no doubt produce both challenges and opportunities, and clearly the tragic fires in Australia have rightly propelled climate change to the top of ESG considerations. We are looking to better articulate our approach on this at the time of our full year results.

The Coronavirus remains a significant concern for the global economy, albeit the peak impact appears to have been reached and the number of cases reported are declining. Responses by the Chinese government in containing the virus will see a significant setback to economic activity in China and worldwide as a result of integrated global supply chains. We expect a response in the form of economic stimulus from China and the Chinese Central Bank will mitigate this impact. However, uncertainty remains as to the scale of the short-term economic impact in China and globally.

In the UK, Brexit has continued to crowd out discussions on most topics over the past half-year. However, the emphatic win by the Conservative party has seen a positive reaction by Sterling. We now know the direction of the UK, albeit we don't know the details. Over the six months to 31 December 2019, Sterling strengthened 4.1% against the US Dollar.

Sterling also strengthened by 3.9% against the Australian Dollar mainly on a falling interest rate outlook of the AUD. At USD 1,517/oz gold rose by 7.6% over the six months to 31 December 2019. It is worth noting that, in AUD terms, gold ended at AUD 2,163/oz, up 7.9% in the half-year to 31 December 2019. In response to lower interest rates globally and rising political and geopolitical tension we expect gold to go higher.

In April 2018, UIL Finance issued 25.0m 2026 ZDP shares, with a view to extending the ZDP redemption profile and lowering its cost of debt. As at 31 December 2019, the aggregate ZDP liability was £174.5m. Since this liability is across four issues it will reduce the significance of each redemption payment. UIL held 13.4m 2026 ZDP shares as at 30 June 2019 and placed 10.3m in the half-year to 31 December 2019, leaving UIL holding 3.1m as at 31 December 2019.

UIL is well placed with gearing at 75.1% as at 31 December 2019 and the ZDP debt profile extended to 2026. The Company's average funding costs as at 31 December 2019 reduced further to 5.4%.

It is pleasing to see our four issues of ZDP shares trading at much tighter gross redemption yields than last year and that the ZDP share market remains relatively buoyant. As a result of UIL's investment performance the cover for the ZDP shares has improved considerably over the last 6 years and as at the half-year end the 2026 ZDP cover was 2.0 times.

The Board is considering proposals in relation to the redemption of the 2020 ZDP shares on 31 October 2020. It plans to publish full details in Q2 2020 which is expected to include a rollover offer for holders of the 2020 ZDP shares into a new class of 2028 ZDP shares together with the potential issue of 2028 ZDP shares to new investors.

Revenue return for the half-year to 31 December 2019 was £3.7m, marginally behind the prior half-year of £3.8m, a decrease of 1.5%. The revenue return EPS of 4.25p versus the prior half-year's 4.21p, represents an increase of 1.0%. This positive outcome is a result of share buy backs. It should be noted that this result is after absorbing the one-off costs of migration to the Specialist Fund Segment of £232k and the delay by Resolute Mining Limited ("Resolute") of its dividend payment date resulting in income of £1.0m falling into the next half-year. Adjusting for

both of these events, the revenue return would have been £4.9m, an uplift of 31.2%, and EPS would have been 5.66p, an uplift of 34.4%.

The capital loss for the half-year ended 31 December 2019 was £19.7m, reflecting both share price weakness but, in the main, Sterling strength.

After declaring a first quarter dividend of 1.875p per ordinary share, the Board is today declaring an increased 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-end. This represents a yield on the closing share price of 252.00p of 3.1%. The dividend was covered by earnings in the half-year. Undistributed revenue reserves carried forward increased in the half-year from £9.1m to £9.5m equal to 11.06p per share.

In line with the announcement in June, Eric Stobart and Warren McLeland stepped down from the Board on 30 September 2019. On behalf of the Board I would again like to thank Eric, for his wise counsel and valuable contribution since his appointment as a non-executive director of the Company in 2007 and as Chairman of the Audit & Risk Committee; and Warren, for his insightful guidance and expertise since his appointment in 2013 and his continued support as chairman of Somers, UIL's largest investment.

The Board announced on 2 October 2019 the appointment of Stuart Bridges as a new independent non-executive Director who will Chair the Audit & Risk Committee. Stuart brings with him extensive industry experience and audit and risk capabilities. We all look forward to working with Stuart over the coming years. Following these changes, the Board comprises five Directors and there are no plans to change this.

## OUTLOOK

The world's economies were expected to expand this year following the China/US trade deal and accommodative policies being followed by most central banks. The Coronavirus will impact this in the first two quarters of 2020, but the outlook remains for a firmer global economic performance. Brexit has happened and the UK is seeking a number of global trade deals which historically have taken longer to deliver. All this leaves the Board cautious about the outlook for the markets. Against the above backdrop, stock selection is of increasing importance and the Investment Managers' relentless bottom up approach to investment, should benefit UIL's portfolio.

**Peter Burrows AO**  
Chairman  
21 February 2020

## GROUP PERFORMANCE SUMMARY

	Half-year 31 Dec 2019	Half-year 31 Dec 2018	Annual 30 Jun 2019	% change Jun-Dec 2019
NAV total return per ordinary share <sup>(1)</sup> (%)	(4.3)	2.7	29.7	n/a
Share price total return per ordinary share <sup>(1)</sup> (%)	28.5	1.8	18.8	n/a
Annual compound NAV total return (since inception <sup>(2)</sup> ) <sup>(1)</sup> (%)	12.7	12.1	13.4	n/a
NAV per ordinary share (pence)	350.00	295.85	369.57	(5.3)
Ordinary share price (pence)	252.00	174.00	199.00	26.6
Discount <sup>(1)</sup> (%)	28.0	41.2	46.2	n/a
Returns and dividends (pence)				
Revenue return per ordinary share	4.25	4.21	7.63	1.0 <sup>(4)</sup>
Capital return per ordinary share	(22.59)	3.59	75.34	(729.2) <sup>(4)</sup>
Total return per ordinary share	(18.34)	7.80	82.97	(335.1) <sup>(4)</sup>
Dividends per ordinary share	3.88	3.75	7.50	3.3 <sup>(4)</sup>
FTSE All-Share Index total return	7,838	6,577	7,431	5.5
Equity holders funds (£m)				
Gross assets <sup>(3)</sup>	527.0	468.1	537.2	(1.9)
Bank loans	50.9	49.6	51.0	(0.2)
ZDP shares	174.5	153.7	159.9	9.1
Equity holders' funds	301.6	264.8	326.3	(7.6)
Revenue account (£m)				
Income	5.9	6.0	11.2	(1.7) <sup>(4)</sup>
Costs (management and other expenses)	1.5	1.5	2.8	0.0 <sup>(4)</sup>
Finance costs	0.7	0.7	1.6	0.0 <sup>(4)</sup>
Financial ratios of the Group (%)				
Ongoing charges figure excluding performance fees <sup>(1)</sup>	1.7 <sup>(5)</sup>	2.3 <sup>(5)</sup>	2.1	n/a
Ongoing charges figure including performance fees <sup>(1)</sup>	1.8 <sup>(5)</sup>	2.3 <sup>(5)</sup>	5.1	n/a
Gearing <sup>(1)</sup>	75.1	78.4	63.7	n/a

(1) See Alternative Performance Measures on pages 42 to 45

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

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

(4) Percentage change based on comparative six month period to 31 December 2018

(5) For comparative purposes the figures have been annualised

## INVESTMENT MANAGERS' REPORT



Somers Limited



After six years of consecutive gains, UIL recorded a negative total return of 4.3% in the six months to 31 December 2019. Most of the underperformance was due to Sterling strength. Since inception, UIL's

total return has been 605.3% and the annual compound NAV total return since inception was 12.7% as at 31 December 2019.

In the annual report for the year to 30 June 2019, we noted that, volatility had returned to equity, currency, debt and commodity markets. We are conscious that this volatility is impacting all asset classes, with global GDP growth softening and debt continuing to rise across the world's

economies. Regardless of the broader market environment, we remain bottom up investors looking for compelling value. This focus on the individual businesses should, over the longer term, deliver above average returns. However, markets will dictate carrying values in the shorter term.

Over the last six and a half years, UIL has seen its investment position continue to improve significantly. This has been driven by positive developments in its investee companies and reduction in UIL's leverage.

Furthermore, a number of our portfolio of transactions are maturing. At the time of the full year results, we highlighted three significant transactions: Somers' conditional sale of Bermuda Commercial Bank Limited ("BCB"), Bermuda First Investment Company Limited's ("BFIC") conditional sale of Ascendant Group

Limited ("Ascendant") and Zeta's sale of Bligh Resources Limited ("Bligh"). Bligh has since completed, and the other two transactions are expected to complete shortly. To this we can now add the announced conditional sale of Optal Limited ("Optal"), UIL's largest unlisted investment representing 7.2% of UIL's portfolio. These sales will provide additional liquidity to UIL at an opportune time for new investments. BCB, Ascendant and Optal should see over £75.0m returned to UIL as cash through direct holdings realisations and loan repayments.

Given the cash to be realised from the three investments highlighted above of over £75.0m, and that gearing already remains well inside our target of 100%, we look with optimism to identifying new investment opportunities. We remain committed high conviction investors.

#### INVESTMENT APPROACH

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

- Focused strategy. Each platform has a narrow mandate and as such is driven by the objective of finding and making attractive investments within its mandate.

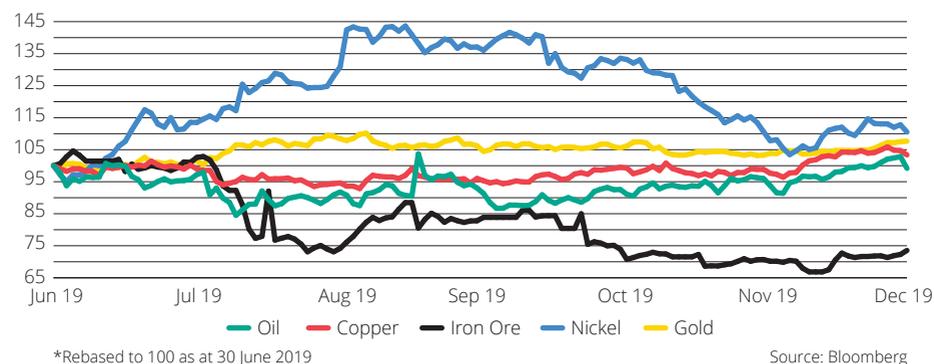
- Dedicated research analysts. The research analysts for each platform are focused on both understanding existing portfolio businesses and identifying compelling new investments.
- Financial support. Ability to draw on UIL's support and financial backing.
- Deep knowledge. Utilising the Investment Managers' knowledge across multiple jurisdictions to optimise investment opportunities and undertake corporate finance led transactions.

The platforms have been set up to provide a sharper focus, leading to identifying better investment opportunities and decision making by analysts and managers within their defined sectors.

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 higher GDP growth opportunities than developed markets. UIL's Investment Managers' emphasis is on

#### COMMODITY PRICE MOVEMENTS\*

from 30 June 2019 to 31 December 2019



individual stock selection, remaining fully invested and focusing on identifying 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 portfolio movements were mixed with Afterpay Limited's ("Afterpay") share price rising 16.6% while Zeta's share price declined 11.3%. These are reviewed in the ten largest holdings section starting on page 18. Overall, the investment portfolio lost £21.5m in value mostly as a result of Sterling's strength.

As at 31 December 2019, the top ten investments accounted for 89.4% of the portfolio compared to 91.9% as at 30 June 2019. Concentration risk, however, is significantly reduced owing to each platform holding a number of underlying investments. It should be noted that for both sector and geographic analysis, we continue to present and discuss the portfolio on a look-through basis.

#### PORTFOLIO ACTIVITY

During the half-year to 31 December 2019, UIL invested £74.9m, including net loans of £8.0m to Zeta and £9.3m to Somers. UIL realised £73.4m, including £36.1m from Afterpay.

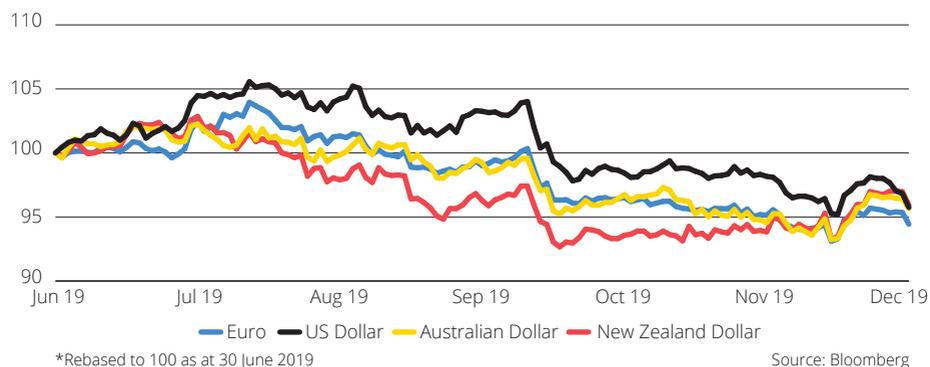
In September 2019 BFIC distributed shares in Ascendant to its shareholders by way of a special dividend. UIL as a result received a £20.8m investment in Ascendant with its investment in BFIC reduced.

On 5 February 2019, Somers announced the conditional sale of its investment in BCB and this is proceeding through the regulatory process. In June 2019, Ascendant announced it had reached agreement for Algonquin Power & Utilities Corp to acquire Ascendant, subject to regulatory and shareholders' approvals. Shareholder consent has now been received and regulatory consent is expected in the third quarter of 2020. Also, in June 2019, Bligh, a significant investment of Zeta, announced it had been sold to Saracen Mineral Holdings Limited.

In January 2020, UIL announced the signing of an agreement for the sale of UIL's investment

#### CURRENCY MOVEMENTS VS STERLING\*

from 30 June 2019 to 31 December 2019



**IN THE SIX MONTHS TO 31 DECEMBER 2019**

AUSTRALIA REMAINS UIL'S LARGEST COUNTRY EXPOSURE AT 22.8%

↑ 2.2%

BERMUDA REMAINS UIL'S SECOND LARGEST COUNTRY EXPOSURE AT 15.8%

↑ 0.4%

UK IS UIL'S THIRD LARGEST COUNTRY EXPOSURE AT 12.7%

↑ 0.9%

GOLD IS UIL'S FOURTH LARGEST EXPOSURE AT 12.7%

↓ 2.3%

THE REST OF EUROPE REMAINS UIL'S FIFTH LARGEST EXPOSURE AT 10.1%

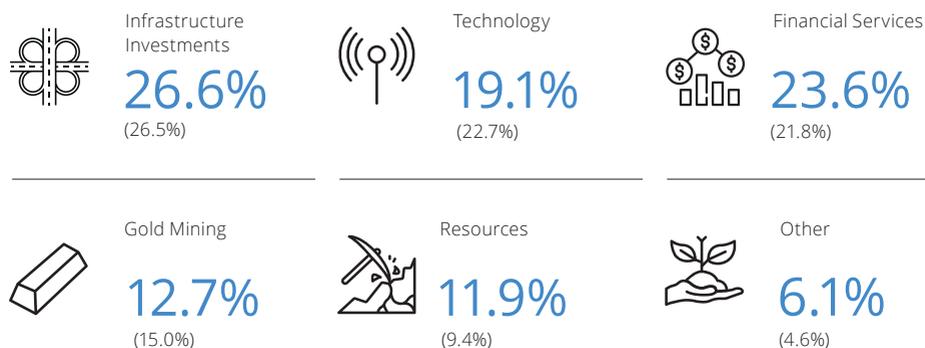
↓ 0.8%

ASIA REMAINS UIL'S SIXTH LARGEST EXPOSURE AT 8.3%

↑ 0.9%

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

**SECTOR SPLIT OF INVESTMENTS**



Figures in brackets as at 30 June 2019

Source: ICM

in Optal. These transactions undertaken by UIL, Somers, BFIC and Zeta are expected to generate cash for UIL in excess of £75.0m.

**PLATFORM INVESTMENTS**

UIL currently has five individual platform investments: Somers, UEM, Zeta, BFIC and Allectus Capital Limited ("Allectus"). With the exception of BFIC these investments are all in the top ten portfolio and account for 58.0% of the total portfolio as at 31 December 2019 (prior year 58.8%). During the half-year to 31 December 2019, UIL received net withdrawals of £1.3m, (30 June 2019: £7.7m) from its platform investments. These are reviewed under the ten largest holdings section starting on page 18.

BFIC distributed its main holding in Ascendant to its shareholders. This resulted in a significant decline in BFIC's valuation and as a result it fell out of the top ten.

**DIRECT INVESTMENTS**

UIL has six direct investments in its top ten holdings: Resolute, Optal, Ascendant, One Communications Limited ("OneComm"), Vix Tech Pte Limited ("VixTech"), and Afterpay. These are all reviewed under the ten largest holdings section starting on page 18. Ascendant is the only new entrant into the top ten and joined the top ten following the distribution of its shares to shareholders by BFIC.

**GEOGRAPHIC REVIEW**

There were no material changes in UIL's geographical split of the portfolio. On a look-through basis, Australia increased by 2.2% to 22.8% of total investments from 20.6% as at 30 June 2019, and gold mining reduced from 15.0% as at 30 June 2019 to 12.7% as at 31 December 2019.

**SECTOR REVIEWS**

**Infrastructure Investments – 26.6% (30 June 2019 26.5%)**

UIL has amalgamated the infrastructure and utility sectors into one and this consists of the

following: Airports, Renewables, Water & Waste, Infrastructure, Toll Roads, Ports, Oil & Gas, Telecoms and Electricity.

**Technology – 19.1% (30 June 2019 22.7%)**

UIL holds a number of investments in the technology sector, both directly and through Allectus (its eighth largest investment). Direct investments include Optal, which is UIL's fifth largest holding in the portfolio, VixTech is the ninth largest holding and Afterpay is the tenth largest holding.

**Financial Services – 23.6% (30 June 2019 21.8%)**

UIL's largest investment both in financial services and in the portfolio is Somers, which accounts for 23.1% of UIL's total portfolio as at 30 June 2019 (30 June 2019 21.8%).

**Gold Mining – 12.7% (30 June 2019 15.0%)**

UIL's largest investment in gold mining is Resolute, which is held both directly by UIL (11.7% of the total portfolio) and indirectly through Zeta.

**Resources (excl. gold mining) – 11.9% (30 June 2019 9.4%)**

UIL's largest investment in resources, excluding gold mining, is Zeta, which accounts for 13.6% of the total portfolio as at 31 December 2019.

**LEVEL 3 INVESTMENTS**

UIL's investments in level 3 companies increased by 0.7% of the total portfolio in the period under review to 34.6% (30 June 2019: 33.9%).

**BREXIT**

Brexit risks for UIL are considered by the Investment Managers and the UIL Board. The strategy pursued over recent years of hedging the UIL ZDP liability in full, should provide resilience in these volatile times. This has resulted in a balanced position for UIL's net assets. The FX contracts are spread over six months to reduce any one-month cash call if Sterling weakened significantly. It should be noted that following the emphatic win by the Conservatives in the UK General Election, the FX positions have been reduced as Sterling strengthened and gains on

the position were realised. As at 31 December 2019 the Sterling exposure to FX contracts was £132.8m. The maturity of the FX positions remains spread over several months. Within UIL's portfolio there are UK businesses which could see an impact from Brexit both in operations and assets. These businesses have taken steps to mitigate the day-to-day operating impact. We have judged the impact on UIL from Brexit to be not material. However, this is under constant review and consideration.

### DERIVATIVES

UIL was for the most part inactive in stock market derivatives during the half-year as the Investment Managers expected the markets to perform well in 2019 driven by strong corporate earnings, notwithstanding increased volatility. This position proved correct.

During the year to 30 June 2019 there continued to be significant currency hedges in place in the portfolio. As at 30 June 2019, these hedges were higher than average as we aimed to increase the portfolio's exposure to Sterling following the Brexit induced weakness. These hedges included AUD 144.7m, USD 84.8m, EUR 26.0m and NZD 7.4m. Again, this positioning proved correct resulting in gains of £6.4m (includes £0.3m loss on S&P options invested directly) on currency hedging in the half-year to 31 December 2019.

As at 31 December 2019 our positions were AUD 116.3m, USD 65.8m, EUR 19.0m and NZD 5.9m. We believe Sterling has further to gain over the next twelve months, but it will be a volatile market.

### GEARING

We are pleased to highlight that UIL's initial goal set in 2014 of reducing gearing to 100.0% or below has been delivered again this period. Gearing (including the ZDP shares) has reduced significantly and consistently from 155.2% in 2013 to 63.7% as at 30 June 2019. While it has risen modestly to 75.1% in the last six months as net assets have reduced, we have no active plans

to reduce debt as an absolute amount below current levels of £174.5m in ZDP shares and £50.0m bank facility.

More pleasing is the continuing reduction of financing costs with the average costs reducing from 6.3% in June 2013 to 5.4% as at 31 December 2019. This should continue as next year's 2020 ZDP shares, (currently compounding at 7.25%), are expected to be refinanced in the current market at lower rates.

### ZDP SHARES

As at 30 June 2019, UIL Finance had in issue four classes of ZDP shares and on a consolidated basis these amounted to £159.9m. UIL held 11.9m of the 2026 ZDP shares as at 30 June 2019 and during the period placed in the market 8.8m of the 2026 ZDP shares for £9.5m and held as at 31 December 2019 3.1m 2026 ZDP shares. As at 31 December 2019 the ZDP shares in issue on a consolidated basis amounted to £174.5m. The placings were all at a yield to maturity of less than 5.0%.

### DEBT

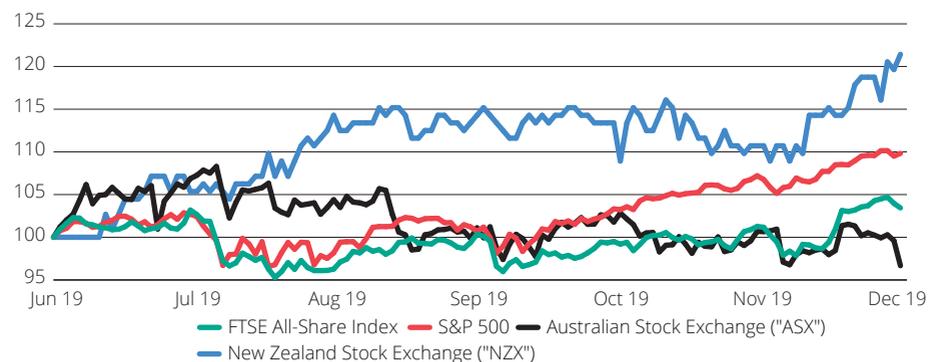
The bank facility of £50.0m has largely been fully drawn over the six months to 31 December 2019. The facility is drawn in Australian, Canadian and US Dollars. Scotiabank has confirmed Credit Committee approval to extend the £50.0m committed senior secured multicurrency revolving facility to September 2022 and documentation is expected to be finalised shortly. Scotiabank has been and continues to be a good and supportive banker to UIL.

### REVENUE RETURNS

Revenue total income for the half-year was marginally down by 0.5% from £6.0m as at 31 December 2018 to £5.9m as at 31 December 2019. However, the delay by Resolute of its annual dividend from December reduced this half-year's earnings by £1.0m. Adding this back, total income would have been up by 16.3%. Management and administration fees and other expenses remained

### INDICES MOVEMENTS\*

from 30 June 2019 to 31 December 2019



\*Rebased to 100 as at 30 June 2019

Source: Bloomberg

flat for the half-year at £1.5m (31 December 2018: £1.5m). However, the current half-year included some £0.2m costs arising from the move to the Specialist Fund Segment. Adjusting for this, underlying costs reduced by 15.3% to £1.2m. Financing costs were largely unchanged at £0.7m (31 December 2018: £0.7m).

Revenue profit for the half-year was down 1.5% to £3.7m (31 December 2018: £3.8m) while EPS increased as a result of share buy backs by 1.0% to 4.25p (31 December 2018: 4.21p). However, adjusting for the timing on Resolute's dividend and for the Specialist Fund Segment costs, the EPS would increase 34.4% to 5.66p.

### CAPITAL RETURNS

Total income from Capital was negative at £14.7m (31 December 2018: gain £9.7m). This represented losses on investments offset by derivative gains.

Finance costs in the half-year reduced by 21.9% to £5.0m (31 December 2018: £6.5m) reflecting lower borrowing costs on the ZDP shares.

The resultant loss for the half-year to 31 December 2019 on the capital return was £19.8m (31 December 2018: profit £3.2m) and EPS was a loss of 22.59p (31 December 2018: profit 3.59p).

There was no performance fee accrued by UIL as at 31 December 2019.

### EXPENSE RATIO

Pleasingly the ongoing charges figure, excluding performance fees, decreased from 2.3% as at 31 December 2018 to 1.7% as at 31 December 2019.

### Charles Jillings

ICM Investment Management Limited  
and ICM Limited  
21 February 2020

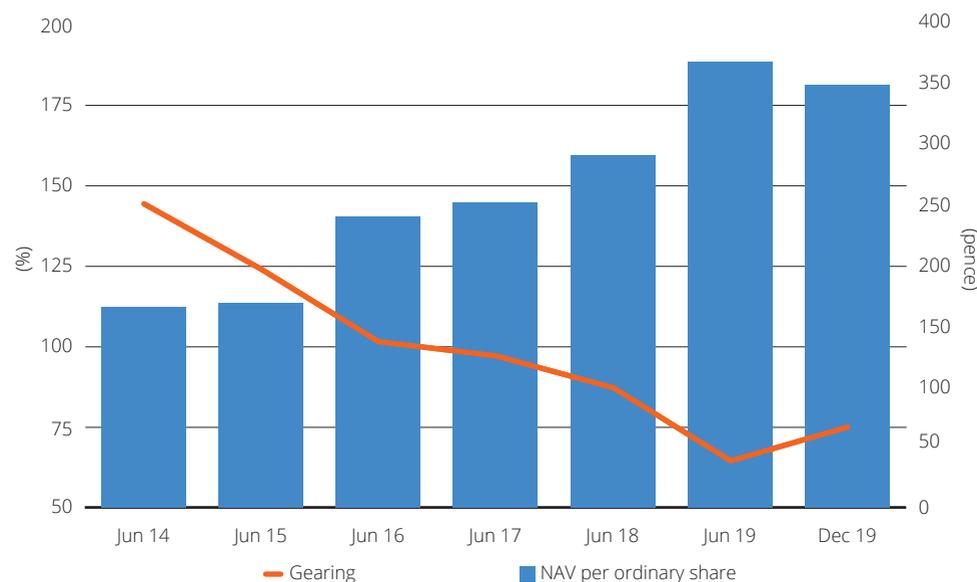
# ZDP SHARES

	Half-year 31 Dec 2019	Half-year 31 Dec 2018	Annual 30 Jun 2019	% change Jun-Dec 2019
ZDP shares <sup>(1)</sup> (pence)				
<b>2020 ZDP shares</b>				
Capital entitlement per ZDP share	146.12	136.25	141.01	3.6
ZDP share price	151.50	147.00	149.50	1.3
<b>2022 ZDP shares</b>				
Capital entitlement per ZDP share	123.79	116.52	120.03	3.1
ZDP share price	132.00	128.50	132.00	0.0
<b>2024 ZDP shares</b>				
Capital entitlement per ZDP share	110.54	105.54	107.97	2.4
ZDP share price	113.50	108.50	114.00	(0.4)
<b>2026 ZDP shares</b>				
Capital entitlement per ZDP share	108.55	103.38	105.89	2.5
ZDP share price	108.50	104.00	107.50	0.9

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

## GEARING/NAV

from 30 June 2014 to 31 December 2019



Source: ICM

## TOTAL BORROWINGS

	Jun 2014 £'000s	Jun 2015 £'000s	Jun 2016 £'000s	Jun 2017 £'000s	Jun 2018 £'000s	Jun 2019 £'000s	Dec 2019 £'000s
2014 ZDP	76,138						
2016 ZDP	77,928	83,493	61,327				
2018 ZDP	58,427	62,816	67,548	72,622	50,858		
2020 ZDP		26,132	28,134	48,704	51,940	55,387	57,239
2022 ZDP			40,352	52,452	55,873	59,499	61,442
2024 ZDP					29,408	31,582	32,414
2026 ZDP					11,275	13,474	23,424
Total	212,493	172,441	197,361	173,778	199,354	159,942	174,519
Net bank debt	24,928	33,126	24,813	44,273	27,848	47,794	52,076
Total net debt	237,421	205,567	222,174	218,051	227,202	207,736	226,595

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

	Jun 2014	Jun 2015	Jun 2016	Jun 2017	Jun 2018	Jun 2019	Dec 2019
2014	3.96						
2016	2.08	2.95	5.13				
2018	1.47	1.80	2.68	3.51	6.50		
2020		1.52	2.18	2.38	3.71	4.92	4.73
2022			1.60	1.72	2.44	2.97	2.85
2024					1.84	2.42	2.33
2026					1.63	2.08	2.00

\*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.

	Jun 2014	Jun 2015	Jun 2016	Jun 2017	Jun 2018	Jun 2019	Dec 2019
Average cost of funding	6.8%	6.5%	6.5%	6.2%	6.1%	5.8%	5.4%

TOTAL ZDP AND NET  
BANK DEBT AS AT  
31 DECEMBER 2019

£226.6m

GEARING AS AT  
31 DECEMBER 2019

75.1%

TOTAL DEBT INCREASE  
DURING THE HALF-YEAR

£18.9m

AVERAGE COST OF  
DEBT FUNDING

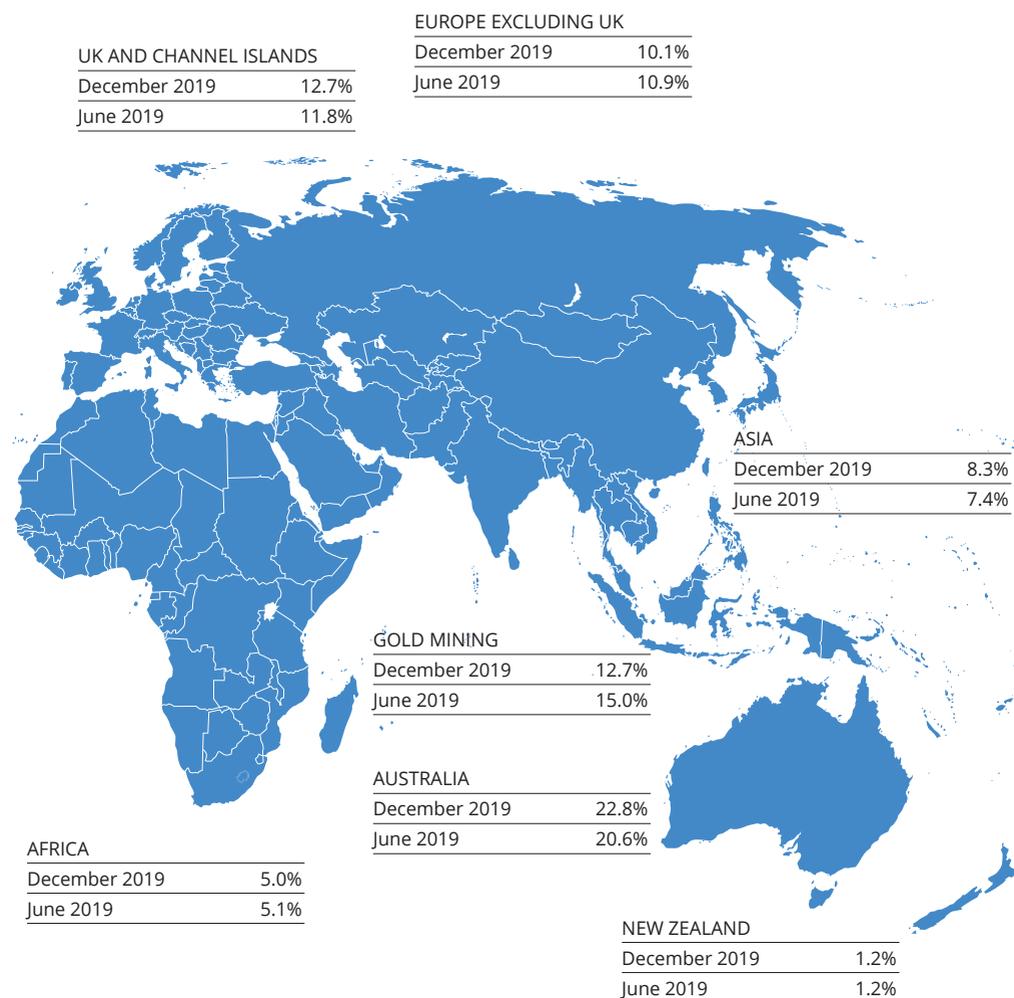
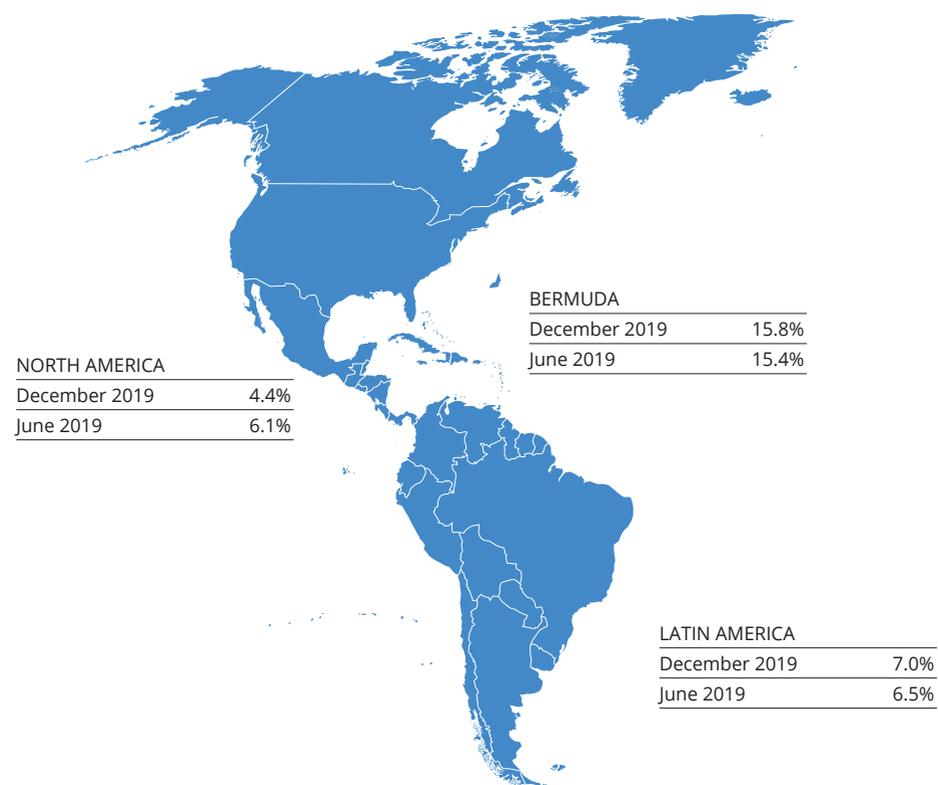
5.4%

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 2019	30 Jun 2019	Company	Fair value £'000s	% of total investment
1	(1)	<b>Somers Limited</b> Financial services investment company	120,997	23.1
2	(2)	<b>Utilico Emerging Markets Trust plc</b> Emerging markets investment company	85,687	16.4
3	(3)	<b>Zeta Resources Limited</b> Resources investment company	71,286	13.6
4	(4)	<b>Resolute Mining Limited</b> Gold mining company	61,062	11.7
5	(5)	<b>Optal Limited</b> Electronic payment services company	37,997	7.2
6	(-)	<b>Ascendant Group Limited</b> Energy provider company	23,865	4.5
7	(8)	<b>One Communications Limited</b> Telecommunications holding company	22,396	4.3
8	(9)	<b>Allectus Capital Limited</b> Fintech investment company	22,078	4.2
9	(10)	<b>Vix Tech Pte Limited</b> Automated fare collection systems	12,306	2.3
10	(6)	<b>Afterpay Limited</b> Electronic payment services company	10,821	2.1
<b>Ten largest holdings</b>			<b>468,495</b>	<b>89.4</b>
<b>Other investments</b>			<b>55,296</b>	<b>10.6</b>
<b>Total investments</b>			<b>523,791</b>	<b>100.0</b>



SHARE PRICE  
**2.0% ↓**

DIVIDEND  
**2.0% ↑**

**Somers Limited ("Somers")** is a financial services investment holding company listed on the Bermuda Stock Exchange. Somers' share price was down 2.0% over the six-month period under review.

Resimac Group Limited ("Resimac"), Somers' largest investment, announced during the year Assets under Management ("AuM") in excess of AUD 13.0bn. More recently, Resimac announced a significant increase in forecast profits for the first half of the current financial year. Waverton Investment Management Limited ("Waverton") announced AuM of £6.3bn and PCF Group plc ("PCF"), Somers' 62.7% owned UK specialist bank, reported deposits of £267m and a loan book of £339m. The sale of Somers' remaining significant investment, Bermuda Commercial Bank Limited, remains on course for imminent completion.

For the year ended 30 September 2019, Somers reported a net loss of USD 9.7m and total equity of USD 353.6m. Excluding FX losses, Somers would have recorded a profit of USD 5.8m for 2019. Somers' diluted NAV per share was USD 17.10 as at 30 September 2019 (2018: USD 18.15). Positive financial performances at several of Somers' investee companies, particularly Resimac and PCF, did not offset weaknesses in Sterling and the Australian Dollar resulting in a loss for the year. Subsequent to Somers' year end, the rebound in the value of Sterling, continued strong financial performance at Resimac and an increase in the share price at PCF have had a material positive impact on Somers' NAV. Somers paid dividends of USD 0.50 during the year and total borrowings increased to USD 67.9m from USD 41.5m to fund investment acquisitions. Somers is UIL's largest holding accounting for 23.1% of the total portfolio.



SHARE PRICE  
**3.3% ↓**

DIVIDEND  
**3.5% ↑**

**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. In the six months to 31 December 2019 the MSCI Emerging Markets Total Return Index (GBP adjusted) was up 2.5%. This figure masks some robust individual market performances often fully offset by broad-based strengthening of Sterling as UK elections delivered a decisive result and much-needed certainty to Brexit and the political direction of the country.

EM continued to be buffeted by the US-China trade wars, although the tentative agreement of a Phase 1 deal allowed markets to rally towards the end of the year. In the second half of 2019, Brazil remained the highlight of EM, with the Brazilian Ibovespa up 14.5% in local currency terms. Brazil's Senate finally passed the long-awaited pension reform legislation and the government continues to pursue a market-friendly agenda in an environment where interest rates have now been cut to record lows.

However, in other regions politics and social unrest impacted markets, notably in Argentina and Chile. The reversion towards a leftist government in Argentina saw the Merval plummet by over 31.0% in Sterling terms, while in Chile – usually the most stable economy in the region – the Chilean IPSA fell 7.9% after riots broke out over public transport fare inflation and dissatisfaction over inequality.

In the six months to 31 December 2019 UEM saw its NAV decline by 3.0% on a total return basis, reflecting the underlying performance from the portfolio constituents. Over the period UEM's share price decreased by 3.3%, while dividends were increased 3.5% to 3.725p per share. UIL sold 0.1m shares in UEM over the period, reducing its holding by 0.3% and realising £0.3m.

## TEN LARGEST HOLDINGS (continued)

### ZETA RESOURCES

SHARE PRICE ↓ **11.3%**  
GOLD ↑ **7.6%**

**Zeta Resources Limited ("Zeta")** is a resource-focused investment company which is listed on the Australian Stock Exchange. During the six-month period, commodity prices rose. The gold price was up 7.6% to USD 1,517/oz, the nickel price was up 10.5% and the copper price was up 3.4% to USD 2.80/lb.

In July 2019, Saracen Mineral Holdings made a takeover bid for Bligh, one of Zeta's five largest holdings. The price offered by Saracen represented a 97.0% premium to Bligh's share price immediately prior to the takeover, and a 260.0% premium on Zeta's AUD 9.0m investment cost.

During the period, Zeta's net assets grew by 0.8% from USD 74.0m to USD 74.6m. The net assets per share rose 3.7% to AUD 0.37. Zeta continued a buy-back scheme of its own shares, and by the end of the period had acquired 807,948 shares, at an average share price of AUD 0.26.

### **Resolute**

SHARE PRICE ↓ **5.6%**  
GOLD (AUD) ↑ **7.9%**

**Resolute Mining Limited's ("Resolute")** gold production in the six months to 31 December 2019 was 208,494oz, up 61.4% on the same period in the prior year, due primarily to production from the newly acquired Mako gold mine in Senegal. Production from Syama in Mali and Ravenswood in Australia was 121,306oz, down 6.1% from the same period the prior year,

due to an unplanned shutdown of the sulphide roaster and metallurgical challenges in the oxide operations in Syama.

For the year to 31 December 2020, Resolute has forecast production of 500,000oz at an all-in sustaining cost of USD 980/oz. Gold in AUD terms, while down from its peak, remained well above the long-term average during the period under review. As at 31 December 2019, following significant capex at Syama and borrowing to acquire the Mako gold mine, cash and bullion on hand and liquid investments were AUD 181.4m (2018: AUD 111.0m); and total borrowings were AUD 561.0m (2018: AUD 173.0m). Shortly after the period under review, Resolute announced an equity raising of up to AUD 196.0m to repay USD 130m of debt associated with the acquisition of the Mako gold mine.

### **Optal**

VALUATION ↓ **8.2%**

**Optal Limited ("Optal")** is a developer of global payment systems with a particular focus on the travel industry. Optal has a 23.5% stake in eNett International, which owns a system that allows travel agents to book hotels, flights and car hire using a Mastercard Virtual Account created solely for that transaction. The majority stake in eNett International is held by Travelport International.

In January 2020, a definitive agreement for the sale of Optal and eNett International was signed with WEX, Inc (NYSE:WEX) for a total consideration of USD 1.7bn comprising approximately USD 1.3bn in cash and approximately 2.0m shares of WEX common stock. The sale is subject to various conditions,

including regulatory approvals, and is expected to complete in mid-2020. WEX is a US based payment processor. It has its own North American focused virtual card processing system and sees Optal and Enett as strongly complimentary due to its Asian and European customer footprint and its innovative technology solutions.

UIL has been a long-term shareholder of Optal, which has exhibited very strong and profitable growth in the past several years. UIL's carrying valuation of Optal as at 31 December 2019 reflects the expected proceeds from the transaction. UIL expects to receive at least 70% of its proceeds as cash with the balance in escrowed WEX common stock. Optal represents 21.0% of the total unlisted portfolio as at 31 December 2019.

### ASCENDANT

NON UTILITY BUSINESSES

↑ **29.0%**

**Ascendant Group Limited ("Ascendant")** is a Bermuda Stock Exchange listed holding company which owns 100% of the Bermuda Electricity Light Company Limited ("BELCO"), Bermuda's sole electricity provider, and a number of other non-regulated energy related companies.

During the period, shareholders of Ascendant, including UIL, overwhelmingly approved the sale of the company to Algonquin Power & Utilities Corp. for USD 36.00 a share. The sale remains subject to Bermuda Regulatory and Government approvals and is anticipated to complete in the third quarter of 2020.

For the nine months ended 30 September 2019, Ascendant reported core earnings from operations, before corporate expenses, of

BMD 19.5m (2018: BMD 22.9m). The decrease in core earnings from operations was largely the result of lower electricity demand at BELCO which was partially offset by 29.0% growth in Ascendant's non-utility businesses. BELCO continues to progress its USD 120m North Power Station and it is anticipated that this will become operational in April 2020. During the period BELCO commissioned its 10MW battery energy storage system which is already proving effective at reducing BELCO's costs.



VALUATION

↑ **1.6%**

**One Communications ("OneComm")** is an integrated telecommunications holding company with operations in Bermuda and the Cayman Islands. OneComm provides mobile telephone, fibre-based broadband, Pay TV, voice and I.T. services.

OneComm operates in markets which are highly competitive and has invested heavily in recent years to upgrade its networks with fibre to offer broadband speeds of up to 300 Mbps and on-demand 4K Ultra HD video content. OneComm has also continued to invest in improving its 4G LTE Wireless network in Bermuda.

Following this period of heavy capital investment, OneComm now has improved customer satisfaction, but also made efficiency gains. EBITDA in the six months to 30 June 2019 increased by 8.7% compared with the prior year. Capital expenditure has normalised and as a result of the improved cashflows, OneComm doubled its interim dividend to USD 0.08 in November 2019.

## TEN LARGEST HOLDINGS (continued)



TOTAL ASSET VALUE

3.8% ↑

**Allectus Capital Limited (“Allectus”)** is an unlisted investment company with a value focused portfolio of technology businesses. Allectus is managed by ICM and oversees and actively supports investments in Asia Pacific, the UK and USA. Allectus invests on a high conviction, deep value basis into potentially disruptive technologies. It predominantly focuses on early and growth stage investments in fintech, artificial intelligence (“AI”), digital health and identity & security, backed by proprietary and world-class intellectual property.

In the half-year ended 31 December 2019, Allectus made numerous investments into multiple verticals including, Adarga (AI analytical software solution), Snapper (transit and payments technology provider), FloodMapp (SaaS rapid flood prediction solution) and Hoolah (Singapore based buy now, pay later solution). Additionally, Allectus has focused on adding value to its existing portfolio including the provision of growth capital to Automio (a NZ based legal automation software), Elevate (a UK based talent intelligence platform), Perfect Channel (a UK based B2B marketplace exchange-as-a-service platform) and FanAI (an esports analytics and marketing company). Allectus is keen to obtain exposure to the rapidly growing esports industry, which is essentially competitive organised video gaming, as the industry has recently recorded high levels of revenue and audience growth. The esports industry also contains multiple revenue streams and it offers esports marketers numerous ways to connect and engage with fans.



INNOVATION

30 years

**Vix Tech Pte Ltd (“VixTech”)** is an unlisted company in which UIL has a 39.8% holding. It is a global leader in smart booking, ticketing, payments, real-time information and data management solutions for large-scale transport networks, working with over 200 customers worldwide. VixTech leverages more than 30 years of industry experience designing, operating and maintaining proven next-generation ticketing, payment and loyalty platforms, managing billions of transactions a year and making public transportation more accessible and more cost effective.

VixTech continues to undergo a significant global corporate restructuring and product refresh program to improve its long-term efficiency by developing a product-focused business model rather than a project-focused model. This move is helping Vix in the medium to long-term become more scalable, is reducing its business risk and is promoting sustainable growth. In the short term, this has impacted financial growth as revenues remain partly deferred whilst investment and restructuring costs remain high. It is expected that by 2021 there should be an improvement in the business as revenues improve and stronger operational leverage kicks in due to a lower fixed cost base.



SHARE PRICE

16.6% ↑

**Afterpay Limited (“Afterpay”)** is an Australian listed consumer orientated fintech company. Afterpay offers consumers the ability to pay for purchases (online or in store) in instalments over an eight-week period with no interest charge.

The service is funded by retailers, who benefit from larger average basket sizes and a higher propensity for consumers to purchase.

The Afterpay product continues to expand rapidly with over AUD 1.0bn of payments processed in November 2019 alone. In the nineteen months since launching, the US customer base has now expanded to over 3.0m, equivalent to the customer base in Australia and New Zealand combined. In the UK, where it uses the brand “Clearpay”, Afterpay has attracted over 500,000 customers since launching in April 2019.

Afterpay continues to raise funds from new investors to provide working capital with a AUD 200.0m placement agreed with a US investor in November.

Whilst volatile, Afterpay's share price has continued to advance and UIL has reduced its holding, selling almost three-quarters (74.4%) of its holding in the half-year.

# 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 2019 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, the adverse impact gearing could have, the sudden withdrawal of its bank facility, loss of key management, adverse currency movements and losses due to inadequate controls of third party service providers.

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 2019 are set out in note 11 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:

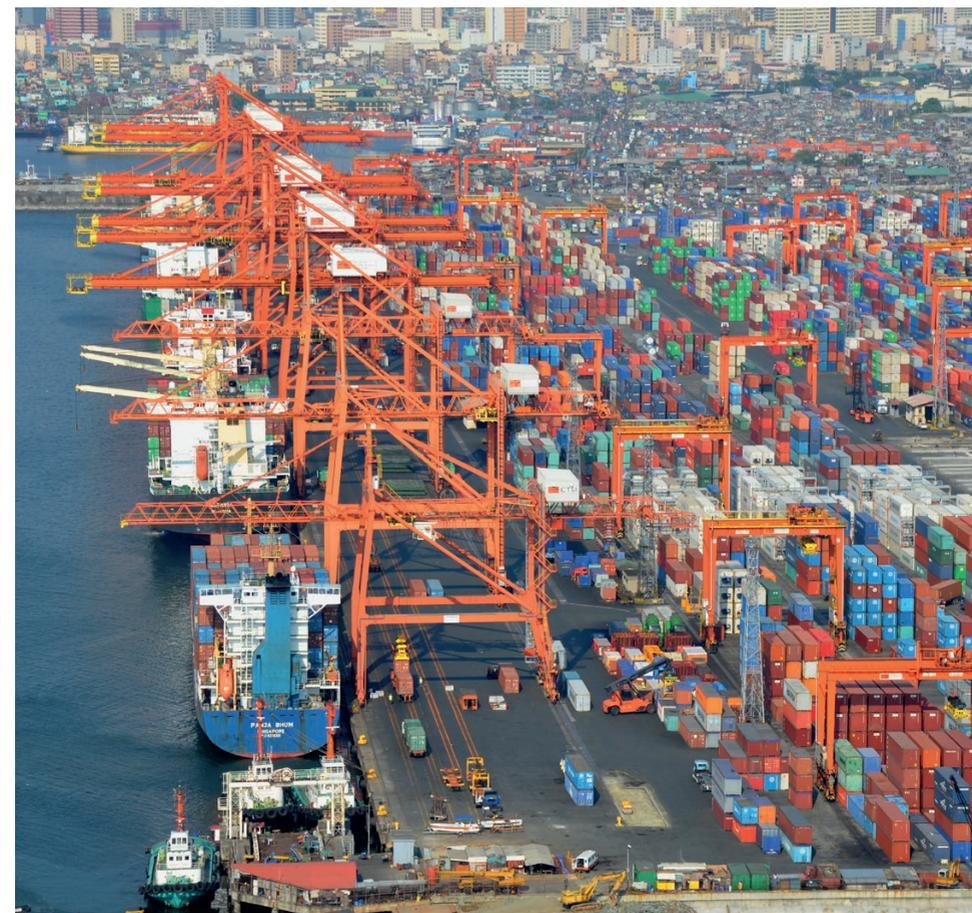
- The condensed set of financial statements contained within the half-year report for the six months to 31 December 2019 has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and gives a true and fair view of

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  
21 February 2020

# UNAUDITED STATEMENTS



Utilico Emerging Markets Trust plc

**UIL is focused on uncovering compelling investments and supporting its platforms.**

# UNAUDITED CONDENSED GROUP INCOME STATEMENT

Notes	Six months to 31 December 2019			
	Revenue return £'000s	Capital return £'000s	Total return £'000s	
	(Losses)/gains on investments	-	(21,490)	(21,490)
	Gains/(losses) on derivative financial instruments	-	6,403	6,403
	Foreign exchange gains/(losses)	-	379	379
	Investment and other income	5,935	-	5,935
	<b>Total income</b>	<b>5,935</b>	<b>(14,708)</b>	<b>(8,773)</b>
2	Management and administration fees	(747)	-	(747)
	Other expenses	(725)	(4)	(729)
	Profit/(loss) before finance costs and taxation	4,463	(14,712)	(10,249)
	Finance costs	(747)	(5,045)	(5,792)
	<b>Profit/(loss) before taxation</b>	<b>3,716</b>	<b>(19,757)</b>	<b>(16,041)</b>
3	Taxation	-	-	-
	<b>Profit/(loss) for the period</b>	<b>3,716</b>	<b>(19,757)</b>	<b>(16,041)</b>
4	<b>Earnings per ordinary share - pence</b>	<b>4.25</b>	<b>(22.59)</b>	<b>(18.34)</b>

Six months to 31 December 2018			Year to 30 June 2019		
Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s
-	11,668	11,668	-	90,402	90,402
-	(3,021)	(3,021)	-	(6,871)	(6,871)
(32)	1,023	991	-	3,306	3,306
5,996	-	5,996	11,184	-	11,184
5,964	9,670	15,634	11,184	86,837	98,021
(839)	-	(839)	(1,587)	(8,538)	(10,125)
(625)	-	(625)	(1,178)	(8)	(1,186)
4,500	9,670	14,170	8,419	78,291	86,710
(720)	(6,456)	(7,176)	(1,600)	(11,093)	(12,693)
3,780	3,214	6,994	6,819	67,198	74,017
(9)	-	(9)	(9)	-	(9)
3,771	3,214	6,985	6,810	67,198	74,008
4.21	3.59	7.80	7.63	75.34	82.97

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.

# UNAUDITED CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

Notes

	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s
<b>for the six months to 31 December 2019</b>			
Balance 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)	-
<b>Balance at 31 December 2019</b>	<b>8,618</b>	<b>10,988</b>	<b>233,866</b>

	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s
<b>for the six months to 31 December 2018</b>			
Balance at 30 June 2018	8,949	18,167	233,866
Profit for the period	-	-	-
5 Ordinary dividends paid	-	-	-
Balance at 31 December 2018	8,949	18,167	233,866

	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s
<b>for the year to 30 June 2019</b>			
Balance at 30 June 2018	8,949	18,167	233,866
Profit for the year	-	-	-
5 Ordinary dividends paid	-	-	-
Shares purchased by the Company	(121)	(2,064)	-
Balance at 30 June 2019	8,828	16,103	233,866

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	(40,886)	8,969	261,134
-	3,214	3,771	6,985
-	-	(3,356)	(3,356)
32,069	(37,672)	9,384	264,763

Non- distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
32,069	(40,886)	8,969	261,134
-	67,198	6,810	74,008
-	-	(6,689)	(6,689)
-	-	-	(2,185)
32,069	26,312	9,090	326,268

# UNAUDITED CONDENSED GROUP STATEMENT OF FINANCIAL POSITION

Notes	31 Dec 2019 £'000s	31 Dec 2018 £'000s	30 Jun 2019 £'000s
<b>Non-current assets</b>			
6 Investments	523,791	468,674	543,794
<b>Current assets</b>			
Other receivables	1,740	929	748
6 Derivative financial instruments	4,038	4,284	436
Cash and cash equivalents	2,057	225	3,177
	<b>7,835</b>	<b>5,438</b>	<b>4,361</b>
<b>Current liabilities</b>			
Bank loans	(50,874)	–	(50,971)
Other payables	(3,988)	(5,512)	(9,491)
6 Derivative financial instruments	(614)	(484)	(1,483)
Zero dividend preference shares	(57,239)	–	–
	<b>(112,715)</b>	<b>(5,996)</b>	<b>(61,945)</b>
<b>Net current liabilities</b>	<b>(104,880)</b>	<b>(558)</b>	<b>(57,584)</b>
<b>Total assets less current liabilities</b>	<b>418,911</b>	<b>468,116</b>	<b>486,210</b>
<b>Non-current liabilities</b>			
Bank loans	–	(49,638)	–
Zero dividend preference shares	(117,280)	(153,715)	(159,942)
<b>Net assets</b>	<b>301,631</b>	<b>264,763</b>	<b>326,268</b>
<b>Equity attributable to equity holders</b>			
7 Ordinary share capital	8,618	8,949	8,828
Share premium account	10,988	18,167	16,103
Special reserve	233,866	233,866	233,866
Non-distributable reserve	32,069	32,069	32,069
Capital reserves	6,555	(37,672)	26,312
Revenue reserve	9,535	9,384	9,090
<b>Total attributable to equity holders</b>	<b>301,631</b>	<b>264,763</b>	<b>326,268</b>
<b>Net asset value per ordinary share</b>			
8 Basic – pence	350.00	295.85	369.57

# UNAUDITED CONDENSED GROUP STATEMENT OF CASH FLOWS

Notes	Six months to 31 Dec 2019 £'000s	Six months to 31 Dec 2018 £'000s	Year to 30 Jun 2019 £'000s
9 Cash flows from operating activities	(7,570)	(4,043)	(831)
<b>Investing activities:</b>			
Purchases of investments	(52,910)	(22,724)	(58,875)
Sales of investments	52,951	60,788	102,243
Purchases of derivatives	–	(7,406)	(6,410)
Sales of derivatives	1,932	–	–
Cash flows from investing activities	1,973	30,658	36,958
Cash flows before financing activities	(5,597)	26,615	36,127
<b>Financing activities:</b>			
Equity dividends paid	(3,271)	(3,356)	(6,689)
Movements on loans	1,432	21,956	22,862
Cash flows from issue of ZDP shares	9,532	898	1,590
Cash flows from redemption of ZDP shares	–	(51,196)	(52,095)
Cost of shares purchased for cancellation	(5,325)	–	(2,185)
Cash flows from financing activities	2,368	(31,698)	(36,517)
Net decrease in cash and cash equivalents	(3,229)	(5,083)	(390)
Cash and cash equivalents at the beginning of the period	3,177	(53)	(53)
Effect of movement in foreign exchange	(1,150)	879	3,620
<b>Cash and cash equivalents at the end of the period</b>	<b>(1,202)</b>	<b>(4,257)</b>	<b>3,177</b>
Comprised of:			
Cash	2,057	225	3,177
Bank overdraft	(3,259)	(4,482)	–
<b>Total</b>	<b>(1,202)</b>	<b>(4,257)</b>	<b>3,177</b>

# UNAUDITED NOTES TO THE ACCOUNTS

## 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 2019.

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 2019.

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 2019, 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 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 2019, 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 2020.

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 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 £nil (31 December 2018: £9,000 and 30 June 2019: £9,000) 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 2019 £'000s	Six months to 31 Dec 2018 £'000s	Year to 30 Jun 2019 £'000s
Revenue	3,716	3,771	6,810
Capital	(19,757)	3,214	67,198
<b>Total</b>	<b>(16,041)</b>	6,985	74,008
	Number	Number	Number
Weighted average number of shares in issue during the period for earnings per share calculations	87,463,377	89,493,389	89,198,019
Revenue return per ordinary share	4.25	4.21	7.63
Capital return per ordinary share	(22.59)	3.59	75.34
<b>Total return per ordinary share</b>	<b>(18.34)</b>	7.80	82.97

## 5. DIVIDENDS

	Record date	Payment date	31 Dec 2019 £'000s	31 Dec 2018 £'000s	30 Jun 2019 £'000s
2018 Fourth quarterly interim of 1.875p	07-Sep-18	21-Sep-18	-	1,678	1,678
2019 First quarterly interim of 1.875p	07-Dec-18	21-Dec-18	-	1,678	1,678
2019 Second quarterly interim of 1.875p	08-Mar-19	29-Mar-19	-	-	1,678
2019 Third quarterly interim of 1.875p	07-Jun-19	28-Jun-19	-	-	1,655
2019 Fourth quarterly interim of 1.875p	06-Sep-19	27-Sep-19	1,655	-	-
2020 First quarterly interim of 1.875p	06-Dec-19	20-Dec-19	1,616	-	-
			<b>3,271</b>	3,356	6,689

The Directors have declared a second quarterly dividend in respect of the year ending 30 June 2020 of 2.00p per ordinary share payable on 27 March 2020 to shareholders on the register at close of business on 6 March 2020. The

total cost of this dividend, which has not been accrued in the results for the six months to 31 December 2019, is £1,719,000 based on 85,969,314 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 2019 Total £'000s
<b>Financial assets held at fair value through profit or loss</b>				
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
<b>Financial liabilities held at fair value through profit or loss</b>				
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	31 Dec 2018 Total £'000s
<b>Financial assets held at fair value through profit or loss</b>				
Investments	185,753	141,695	141,226	468,674
Derivative financial instruments – forward foreign currency contracts	-	4,284	-	4,284
<b>Financial liabilities held at fair value through profit or loss</b>				
Derivative financial instruments – forward foreign currency contracts	-	484	-	484

	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	30 Jun 2019 Total £'000s
<b>Financial assets held at fair value through profit or loss</b>				
Investments	205,221	154,200	184,373	543,794
Derivative financial instruments – forward foreign currency contracts	-	436	-	436
<b>Financial liabilities held at fair value through profit or loss</b>				
Derivative financial instruments – forward foreign currency contracts	-	1,483	-	1,483

During the period investments valued at £5,371,000 were transferred from level 1 to level 2 due to changes in liquidity of investee companies.

(31 Dec 2018: investments valued at £402,000 were transferred from level 2 to level 1 due to investee company shares resuming regular trading and investments valued at £1,293,000 were transferred

from level 2 to level 3 due to illiquidity of investee companies; 30 June 2019: investments valued at £16,079,000 were transferred from level 1 to level 2 due to changes in liquidity of investment companies and investments valued at £2,540,000 were transferred from level 1 to level 3 due to delisting of investee companies).

## 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</b>	<b>Total shares in issue</b>
	<b>Number</b>	<b>£'000s</b>
Balance at 30 June 2019	88,283,389	8,828
Purchased for cancellation	(2,102,152)	(210)
	<b>86,181,237</b>	<b>8,618</b>

Since the end of the period under review, 211,923 ordinary shares have been purchased for cancellation at a cost of £498,000.

## 8. NET ASSET VALUE PER SHARE

Net asset value per ordinary share is based on net assets at the period end of £301,631,000 (31 December 2018: £264,763,000 and 30 June 2019: £326,268,000) and on 86,181,237 ordinary shares in issue at the period end (31 December 2018: 89,493,389 and 30 June 2019: 88,283,389).

## 9. RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 Dec 2019 £'000s	31 Dec 2018 £'000s	30 Jun 2019 £'000s
(Loss)/profit before taxation	(16,041)	6,994	74,017
Adjust for non-cash flow items:			
Losses/(gains) on investments	21,490	(11,668)	(90,402)
(Gains)/losses on derivative financial instruments	(6,403)	3,021	6,871
Foreign exchange gains	(379)	(991)	(3,306)
Non-cash flow income	(1,528)	(3,519)	(3,390)
Decrease in accrued income	355	779	941
(Increase)/decrease in other debtors	(1,347)	20	10
(Decrease)/increase in creditors	(8,762)	(5,126)	3,344
ZDP share finance costs	5,045	6,456	11,093
Tax on overseas income	-	(9)	(9)
	8,471	(11,037)	(74,848)
Cash flows from operating activities	(7,570)	(4,043)	(831)

## 10. 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.

## 11. RELATED PARTY TRANSACTIONS

### The following are considered related parties of UIL:

UIL's majority shareholder General Provincial Life Pension Fund Limited ("GPLPF") holds 63.7% of UIL's shares and is ultimately controlled by Somers Isles Private Trust Company Limited ("SIPTCL").

### Subsidiaries of UIL:

Allectus, BFIC, Coldharbour Technology Limited

("Coldharbour"), Energy Holdings Ltd, Global Equity Risk Protection Limited ("GERP"), Newtel Holdings Limited ("Newtel"), UIL Holdings Pte Ltd and Zeta. (On consolidation, transactions between the Company and UIL Finance Limited have been eliminated).

### Controlled Entities:

3DMeditech Pty Ltd ("3DMedi"), DTI Group Ltd

("DTI"), Elevate Platform Limited ("Elevate"), Orbital Corporation Limited ("Orbital"), Smilestyler Solutions Pty Ltd ("Smilestyler"), Somers and VixTech.

### Subsidiaries of the above subsidiaries and controlled entities:

BCB, CHIPS AG, Homeloans Limited, Kumarina Resources Limited, Metricus Pty Ltd, Own Solutions AC Ltd, PCF Bank, Perfect Channel Limited, Resimac Group Limited, Snapper Services Ltd, Trustlink (Pty) Ltd, Unity Holdings Ltd, VixNet Africa (Pty) Ltd, Vix Resources Pty Ltd, Waverton, West Hamilton Holdings Limited, Zeta Energy Pte. Ltd and Zeta Investments 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 Investment Research Limited and ICM Corporate Services (Pty) Ltd are wholly owned subsidiaries of ICM.

### Persons exercising control of UIL:

The Board of UIL. Eric Stobart and Warren McLeland resigned as Directors on 30 September 2019 and Stuart Bridges was appointed as a Director on 2 October 2019.

### Companies controlled by key management persons:

Azure Limited, Ingot Capital Management Limited, Mitre Finance Limited, Mitre Investments Limited, Permanent Investment Limited ("PIL") and Permanent Mutual Limited ("PML").

The following transactions were carried out during the half-year to 31 December 2019 between the Company and its related parties above:

GPLPF received dividends of £2.1m from UIL and there were no transactions between SIPTCL and UIL in the period.

### Subsidiaries of UIL

On 1 July 2019, as part of a share capital re-organisation, UIL's debt of USD 23.2m was

converted into equity of Allectus and UIL also purchased an additional 52 ordinary shares for USD 5k which increased UIL's holding from 39.8% to 50.0% of the ordinary shares. In addition to the above, 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 6.0m. As at 31 December 2019, the balance of the loan was USD 6.0m. The loan is interest free and will be converted into equity on an annual basis at 30 June each year.

BFIC paid a dividend of USD 25.5m to UIL (UIL received in specie 746,524 Ascendant shares at USD 34.20 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 0.4m. As at 31 December 2019, the balance of the loan and interest outstanding was USD 0.4m. The loan bears interest at an annual rate of 6.0% and is repayable on not less than 12 months' notice.

UIL exercised 4,000,000 Coldharbour warrants at a cost of £2.0m.

Newtel repaid £0.1m of its working capital loan to UIL and paid interest of £16k. As at 31 December 2019 the loan balance was £5.2m and is repayable on demand.

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 32.1m and CAD 5.9m and received from Zeta a repayment of AUD 25.0m, and capitalised interest of AUD 0.6m and CAD 0.4m. As at 31 December 2019, the balance of the loans and interest outstanding was AUD 48.5m and CAD 29.9m. 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.

There were no transactions with Energy Holdings Ltd, GERP and UIL Holdings Pte Ltd during the six months to 31 December 2019.

### Controlled Entities

UIL increased its holding in DTI by subscribing for 30.3m shares through a rights issue and a further 16.0m shares as a result of UIL underwriting the rights issue. A further 2.4m shares were purchased on the market and as at 31 December 2019 UIL held 30.8% of the ordinary shares (25.3% as at 30 June 2019).

Pursuant to a loan agreement dated 1 January 2019 under which UIL has agreed to loan monies to Elevate, UIL advanced to Elevate £0.6m. As at 31 December 2019, the balance of the loan and interest outstanding was £1.2m. The loan bears interest at an annual rate of 6.0% and is repayable on 31 December 2023.

Pursuant to a loan agreement dated 1 March 2019 under which UIL has agreed to loan monies to Orbital, UIL advanced to Orbital USD 1.5m and capitalised interest of USD 30k. As at 31 December 2019, the balance of the loan and interest outstanding was USD 1.5m. The loan bears interest at an annual rate of USD 3 months Libor plus 6.0% and is repayable on 1 September 2020.

Somers paid a dividend of USD 1.9m to UIL and received 126,169 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 0.8m, £1.3m, AUD 6.1m and CAD 4.2m and received interest of USD 51k, £106k and AUD 26k. As at 31 December 2019, the balance of the loans and interest outstanding was USD 4.2m, £8.5m, AUD 6.2m and CAD 4.2m. 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.

Pursuant to a loan agreement dated 1 December 2016 under which UIL has agreed to loan monies to VixTech, UIL advanced to VixTech USD 3.1m. As at 31 December 2019, the balance of the loan

was USD 26.7m. The loan is interest free and is repayable on not less than 12 months' notice.

There were no transactions with 3DMedi and Smilestyler during the half-year to 31 December 2019.

### Subsidiaries of the above subsidiaries and controlled entities:

There were no transactions in the half-year to 31 December 2019 with any of the subsidiaries of the above subsidiaries and controlled entities.

### Key management entities and persons:

ICM and ICMIM are joint portfolio managers of UIL. Other than investment management fees, secretarial fees and performance fees as set out in note 2, and reimbursed expenses of £51k, there were no other transactions with ICM or ICMIM. As at 31 December 2019, £278k remained outstanding to ICM and ICMIM in respect of management and company secretarial fees. There were no transactions with ICM Investment Research Limited and ICM Corporate Services (Pty) Ltd during the half-year to 31 December 2019.

Mr Younie is a director of BCB, BFIC, GERP, OneComm, PIL, PML, SIPTCL, Somers and West Hamilton Holdings Limited. Mr Jillings is a director of Allectus, GERP, PIL, PML, SIPTCL, Somers and Waverton. Mr Jillings received dividends from UIL of £13,125. Mr Saville is a director of Allectus, BFIC, GPLPF, GERP, PIL, PML, Resimac Group Limited, SIPTCL, VixTech, West Hamilton Holdings Limited, Newtel Holdings Limited and Zeta Energy Pte. Ltd. Sandra Pope received dividends of £1,875. There were no other transactions in the half-year with Alasdair Younie, Charles Jillings, Duncan Saville and Sandra Pope and UIL.

### The Board

With effect from 1 July 2019 the fees paid to Directors were increased to: 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 £105,000 for services as Directors. As at 31 December 2019, £28,000 remained

outstanding to the Directors. In addition to their fees, the Directors received dividends totalling £44,242. There were no other transactions in the half-year with the Board and UIL.

### Companies controlled by key management persons:

Azure Limited, an entity controlled by Duncan Saville, received dividends of £22,577. Mitre Investments Limited, an entity controlled by Charles Jillings, received dividends of £94,410. PML, an entity controlled by Duncan Saville, received dividends of £251,718. UIL entered into a CFD contract to

purchase the rights attaching to shares of S&C Engine Group with PML. UIL paid USD 2.2m, being the full and fair value of those shares. UIL bears the risk of the movement in fair value of the shares and is entitled to receive any dividends paid by S&C Engine Group. The CFD contract has a maturity date of 12 months after the first trade date being 3 December 2020 unless agreed by both parties to terminate the contract earlier. There were no other transactions in the half-year with the companies controlled by key management persons and UIL.

## 12. FINANCIAL RISK MANAGEMENT – LEVEL 3 FINANCIAL INSTRUMENTS

### Valuation methodology

Unquoted investments are valued based on professional assumptions and advice that is not wholly supported by prices from current market transactions or by observable market data. The Directors make use of recognised valuation techniques and may take account of recent arms' length transactions in the same or similar investments.

The Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied and the valuation. 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 listed peer comparison or

peer group multiple, dividend yield or net assets as appropriate. Where there has been a recent investment in an investee company, the price of that investment may also provide an input into the valuation. 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.

The level 3 financial instruments are split between unlisted companies and loans to listed companies.

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

The following table shows the sensitivity by 10% of the fair value of level three financial investments to changes in key assumptions.

	31 Dec 2019	31 Dec 2018	30 Jun 2019
	Carrying amount £'000s	Effect of possible alternative assumptions £'000s	Carrying amount £'000s
Unlisted Companies	121,572	12,157	139,192
Loans to Unlisted Companies	59,674	5,967	45,181
Total	181,246	18,124	184,373

### 13. GOING CONCERN

The majority of the Company's assets consist of equity shares in listed companies. 32.2% of the total portfolio as at 31 December 2019 is in Level 1 investments which, in most circumstances, are realisable within a short timescale. The use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern.

After making enquiries, the Directors have a reasonable expectation that the Company has

adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the accounts.

As at the period end, the Company had a £50m multicurrency loan facility with Scotiabank expiring on 22 March 2020. The Company has agreed indicative terms for renewal of the facility, which is expected to be entered into prior to 22 March 2020.

### 14. 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 2019; the report of the auditors thereon was unqualified. The condensed financial statements shown above for the year ended 30 June 2019 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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LEI: 213800CTZ7TEIE7YM468

### AIFM AND JOINT PORTFOLIO MANAGER

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Telephone 01372 271486

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Regulation Authority

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### REGISTRAR

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Telephone 0370 707 4040

### REGISTRAR TO THE DEPOSITARY INTERESTS AND CREST AGENT

Computershare Investor Services PLC  
The Pavilions, Bridgwater Road  
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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 2019 the ordinary share price was 252.00p and the NAV per ordinary share was 350.00p, the discount was therefore 28.0%.

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

	31 Dec 2019 £'000s	31 Dec 2018 £'000s	30 Jun 2019 £'000s
Bank overdraft	3,259	4,482	–
Cash and cash equivalents	(2,057)	(225)	(3,177)
Bank loans	50,874	49,638	50,971
ZDP shares	174,519	153,715	159,942
Total debt	226,595	207,610	207,736
Net assets attributable to equity holders	301,631	264,763	326,268
Gearing	75.1%	78.4%	63.7%

**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.

Period 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
Total return		(4.3)%	28.5%

Period to 31 December 2018	Dividend rate (pence)	NAV (pence)	Share price (pence)
30 June 2018	n/a	291.79	174.50
21 September 2018	1.875	305.61	183.50
21 December 2018	1.875	280.64	175.00
31 December 2018	n/a	295.85	174.00
Total return		2.7%	1.8%

Year to 30 June 2019	Dividend rate (pence)	NAV (pence)	Share price (pence)
30 June 2018	n/a	291.79	174.50
21 September 2018	1.875	305.61	183.50
21 December 2018	1.875	280.64	175.00
29 March 2019	1.875	335.31	177.50
28 June 2019	1.875	369.57	199.00
30 June 2019	n/a	369.57	199.00
Total return		29.7%	18.8%

### 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.

	Period to 31 Dec 2019		Period to 31 Dec 2018		Period to 30 Jun 2019	
	NAV (pence)	Share price (pence)	NAV (pence)	Share price (pence)	NAV (pence)	Share price (pence)
NAV/share price 14 August 2003 (pence)	99.47	85.67	99.47	85.67	99.47	85.67
Total dividend, warrants and CULS adjustment factor	2.0045	2.3720	1.9629	2.2908	1.9839	2.3374
NAV/share price at period end (pence)	350.00	252.00	295.85	174.00	369.57	199.00
Adjusted NAV/share price at period end (pence)	701.58	597.7	580.72	398.60	733.18	465.13
Total return since inception	605.3%	597.7%	483.8%	365.3%	637.1%	443.0%

## ALTERNATIVE PERFORMANCE MEASURES (continued)

### 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.

	Period to 31 Dec 2019	
	NAV (pence)	Share price (pence)
Annual compound NAV total return since inception	12.7%	12.6%

**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 2019 (annualised) £'000s	31 Dec 2018 (annualised) £'000s	30 Jun 2019 £'000s
<b>Ongoing charges calculation (excluding performance fees)</b>			
Management and administration fees	1,494	1,678	1,587
Other expenses	960	1,250	1,178
Expenses suffered within underlying funds	3,119	3,213	3,188
Total expenses for ongoing charges calculation	5,573	6,141	5,953
Average weekly net asset values of the Group	321,729	272,527	285,326
Ongoing Charges	1.7%	2.3%	2.1%

	31 Dec 2019 (annualised) £'000s	31 Dec 2018 (annualised) £'000s	30 Jun 2019 £'000s
<b>Ongoing charges calculation (including performance fees)</b>			
Management and administration fees	1,494	1,678	10,125
Other expenses	960	1,250	1,178
Expenses suffered within underlying funds	3,273	3,213	3,188
Total expenses for ongoing charges calculation	5,727	6,141	14,491
Average weekly net asset values of the Group	321,729	272,527	285,326
Ongoing Charges	1.8%	2.3%	5.1%

**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 2019	31 Dec 2018	30 Jun 2019
Revenue reserves (£'000s)	30	9,535	9,384	9,090
Number of ordinary shares in issue	35	86,181,237	89,493,389	88,283,389
Revenue reserves per ordinary share carried forward (pence)		11.06	10.49	10.30

# HISTORICAL PERFORMANCE

	31 Dec 2019	30 Jun 2019	30 Jun 2018
NAV per ordinary share (pence)	350.00	369.57	291.79
Ordinary share price (pence)	252.00	199.00	174.50
Discount <sup>(2)</sup> (%)	28.0	46.2	40.2
Returns and dividends (pence)			
Revenue return per ordinary share	4.25	7.63	6.67
– Capital return per ordinary share	(22.59)	75.34	38.96
– Total return per ordinary share	(18.34)	82.97	45.63
Dividends per ordinary share	3.88	7.50	7.50
FTSE All-Share Index total return	7,838	7,431	7,389
ZDP shares <sup>(4)</sup> (pence)			
2020 ZDP shares			
Capital entitlement per ZDP share	146.12	141.01	131.52
2020 ZDP share price	151.50	149.50	142.50
2022 ZDP shares			
Capital entitlement per ZDP share	123.79	120.03	113.01
2022 ZDP share price	132.00	132.00	124.50
2024 ZDP shares			
Capital entitlement per ZDP share	110.54	107.97	103.10
2024 ZDP share price	113.50	114.00	107.50
2026 ZDP shares			
Capital entitlement per ZDP share	108.55	105.89	100.87
2026 ZDP share price	108.50	107.50	102.25
Equity holders funds (£m)			
Gross assets <sup>(5)</sup>	527.0	537.2	488.3
Bank loans	50.9	51.0	27.8
ZDP shares	174.5	159.9	199.4
Equity holders' funds	301.6	326.3	261.1
Revenue account (£m)			
Income	5.9	11.2	10.6
Costs (management and other expenses)	1.5	2.8	2.8
Finance costs	0.7	1.6	1.6
Financial ratios of the Group (%)			
Ongoing charges figure <sup>(2)</sup>	1.7 <sup>(6)</sup>	2.1	2.2
Gearing	75.1	63.7	87.0

	30 Jun 2017	30 Jun 2016	30 Jun 2015	30 Jun 2014	30 Jun 2013 <sup>(1)</sup>	30 Jun 2012	30 Jun 2011
NAV per ordinary share (pence)	252.86	241.12	169.00	165.84	148.33	209.67	201.63
Ordinary share price (pence)	164.00	130.75	117.00	128.00	130.00	144.00	147.25
Discount <sup>(2)</sup> (%)	35.1	45.8	30.8	22.8	12.4	31.3	27.0
Returns and dividends (pence)							
Revenue return per ordinary share	6.38	6.23	7.84	7.03	12.06	11.99	7.65
– Capital return per ordinary share	12.46	68.45	2.47	19.85	(63.65)	2.73	26.05
– Total return per ordinary share	18.84	74.68	10.31	26.88	(51.59)	14.72	33.70
Dividends per ordinary share	7.50	7.50	7.50	7.50	10.00 <sup>(3)</sup>	7.00	8.25
FTSE All-Share Index total return	6,777	5,737	5,614	5,471	4,837	4,101	4,234
ZDP shares <sup>(4)</sup> (pence)							
2020 ZDP shares							
Capital entitlement per ZDP share	122.64	114.35	106.61	n/a	n/a	n/a	n/a
2020 ZDP share price	140.38	130.00	122.38	n/a	n/a	n/a	n/a
2022 ZDP shares							
Capital entitlement per ZDP share	106.37	100.12	n/a	n/a	n/a	n/a	n/a
2022 ZDP share price	119.50	104.50	n/a	n/a	n/a	n/a	n/a
2024 ZDP shares							
Capital entitlement per ZDP share	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2024 ZDP share price	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2026 ZDP shares							
Capital entitlement per ZDP share	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2026 ZDP share price	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Equity holders funds (£m)							
Gross assets <sup>(5)</sup>	449.7	440.7	373.4	399.1	383.0	434.5	408.7
Bank loans	47.8	24.7	34.4	22.2	42.5	-	30.9
ZDP shares	173.8	197.4	172.4	212.5	193.4	224.4	172.8
Equity holders' funds	228.1	218.6	166.6	164.4	147.1	208.9	201.5
Revenue account (£m)							
Income	10.7	10.5	11.2	10.4	16.2	15.9	11.9
Costs (management and other expenses)	2.9	1.9	1.8	2.1	3.2	3.0	2.9
Finance costs	1.8	1.7	1.1	0.9	0.8	0.8	2.0
Financial ratios of the Group (%)							
Ongoing charges figure <sup>(2)</sup>	2.1	3.3	2.0	2.2	1.8	1.7	2.0
Gearing	95.6	101.6	123.4	144.4	155.2	105.7	102.2

(1) Restated figures for changes in accounting policies

(2) See Alternative Performance Measures on pages 42 to 45

(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