



# 2023

## REPORT AND ACCOUNTS

## TRENDS DRIVING UIL'S INVESTMENT OPPORTUNITIES



**SOMERS LIMITED**

Changes in markets and regulation opening up business opportunities



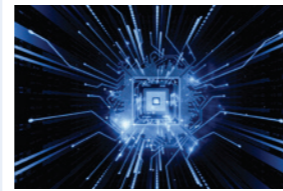
**ZETA RESOURCES**

Technology changes impacting commodity demands



**UTILICO**  
Emerging Markets Trust plc

Infrastructure and utilities megatrends in global emerging markets



**ALLECTUS CAPITAL**

Disruptive technologies and business models

UIL's objective is to maximise shareholder returns by identifying and investing in compelling long-term investments worldwide, where the underlying value is not fully recognised.

### IN THE YEAR TO 30 JUNE 2023

REVENUE EARNINGS PER ORDINARY SHARE

**6.68p**

(2022: 8.35p)

DIVIDENDS PER ORDINARY SHARE

**8.00p**

(2022: 8.00p)

NET ASSET VALUE TOTAL RETURN PER ORDINARY SHARE\*

**-20.6%**

(2022: -38.1%)

SHARE PRICE TOTAL RETURN PER ORDINARY SHARE\*

**-18.5%**

(2022: -27.6%)

\* See Alternative Performance Measures on pages 109 to 111

## WHY UIL LIMITED?



Stock selection remains our focus and ICM's proven bottom-up long-term approach aims to benefit UIL in changing times.

### UIL OFFERS ORDINARY SHAREHOLDERS:

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

### UIL OFFERS ZDP SHAREHOLDERS:

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

### UIL'S INVESTMENT MANAGER

- ICM has been UIL's investment manager since inception (14 August 2003) and prides itself in identifying compelling investment opportunities and working pro-actively with investee companies to improve the economic value for shareholders
- Aligned interest with over 75.0% of UIL held by investors associated with ICM
- ICM offers significant sector expertise

### PORTFOLIO STRENGTHS

- Financial Services
- Utilities and Infrastructure
- Technology
- Resources

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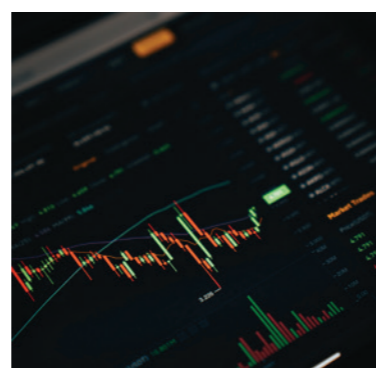
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The business of UIL Limited ("UIL" or the Company") consists of investing the pooled funds of its shareholders in accordance with its investment objective and policy, generating a return for shareholders and spreading the investment risk. UIL has borrowings and gearing is also provided by zero dividend preference ("ZDP") shares, issued by its wholly owned subsidiary UIL Finance Limited ("UIL Finance"). The joint portfolio managers of UIL are ICM Investment Management Limited ("ICMIM") and ICM Limited ("ICM"), together referred to as the "Investment Managers".



### FINANCIAL CALENDAR

**Year End**  
30 June

**Annual General Meeting ("AGM")**  
9 November 2023

**Half Year**  
31 December

**Dividends Payable**  
September, December, March and June

## CURRENT YEAR PERFORMANCE

NAV TOTAL RETURN  
PER ORDINARY SHARE\*

**-20.6%**

(2022: -38.1%)

SHARE PRICE TOTAL  
RETURN PER ORDINARY  
SHARE\*

**-18.5%**

(2022: -27.6%)

NAV DISCOUNT AS AT  
30 JUNE 2023\*

**27.5%**

(2022: 28.1%)

GEARING\*

**83.5%**

(2022: 89.5%)

REVENUE EARNINGS  
PER ORDINARY SHARE

**6.68p**

(2022: 8.35p)

DIVIDENDS PER  
ORDINARY SHARE

**8.00p**

(2022: 8.00p)

REVENUE YIELD\*

**2.9%**

(2022: 2.0%)

DIVIDEND YIELD\*

**5.5%**

(2022: 4.3%)

ONGOING CHARGES

including and excluding performance fees\*

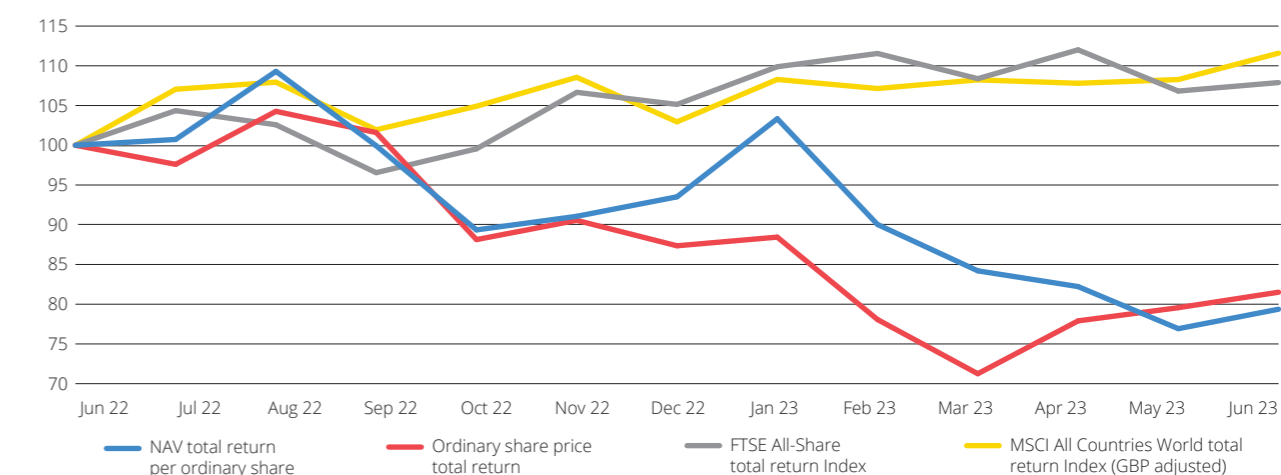
**2.8%**

(2022: 2.2%)

\* See Alternative Performance Measures on pages 109 to 111

### TOTAL RETURN COMPARATIVE PERFORMANCE† (pence)

from 30 June 2022 to 30 June 2023



† Rebased to 100 as at 30 June 2022

Source: ICM and Bloomberg

## GROUP PERFORMANCE SUMMARY

	30 June 2023	30 June 2022	% change 2023/22
NAV total return per ordinary share <sup>1</sup> (for the year) (%)	(20.6)	(38.1)	n/a
Share price total return per ordinary share <sup>1</sup> (for the year) (%)	(18.5)	(27.6)	n/a
Annual compound NAV total return <sup>1</sup> (since inception <sup>2</sup> ) (%)	7.8	9.5	n/a
NAV per ordinary share <sup>1</sup> (pence)	199.87	260.89	(23.4)
Ordinary share price (pence)	145.00	187.50	(22.7)
Discount <sup>1</sup> (%)	27.5	28.1	n/a
<b>Returns and dividends (pence)</b>			
Revenue return per ordinary share	6.68	8.35	(20.0)
Capital return per ordinary share	(59.70)	(171.68)	(65.2)
Total return per ordinary share	(53.02)	(163.33)	(67.5)
Dividends per ordinary share	8.00 <sup>3</sup>	8.00	0.0
FTSE All-Share total return Index	8,611	7,981	7.9
<b>Equity holders' funds (£m)</b>			
Gross assets <sup>4</sup>	304.9	410.6	(25.7)
Loans	42.7	51.1	(16.4)
ZDP shares	94.6	140.8	(32.8)
Equity holders' funds	167.6	218.7	(23.4)
<b>Revenue account (£m)</b>			
Income	10.2	9.9	3.0
Costs (management and other expenses)	1.7	1.7	0.0
Finance costs	2.9	1.1	163.6
Net income	5.6	7.0	(20.0)
<b>Financial ratios of the Group (%)</b>			
Ongoing charges figure excluding performance fees <sup>1</sup>	2.8	2.2	n/a
Ongoing charges figure including performance fees <sup>1</sup>	2.8	2.2	n/a
Gearing <sup>1</sup>	83.5	89.5	n/a

(1) See Alternative Performance Measures on pages 109 to 111

(2) All performance data relating to periods prior to 20 June 2007 are in respect of Utilico Investment Trust plc, UIL's predecessor

(3) The fourth quarterly dividend of 2.00p has not been included as a liability in the accounts

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

## CHAIRMAN'S STATEMENT



**PETER BURROWS**  
Chairman

The year to 30 June 2023 has been challenging on the economic and geopolitical front. At UIL this has been compounded given the need to reduce UIL's bank debt significantly at this time. UIL's investment performance has been disappointing with its NAV total return down by 20.6% for the year and which, in light of UIL's ZDP shares and bank debt, is estimated to comprise approximately -12.0% from the investment portfolio and the balance primarily due to the effects of gearing. This has pulled UIL's annual compound NAV total return since inception in 2003 down to 7.8%.

Market volatility has been driven by significant uncertainties in the face of rising inflation (especially energy and food prices), increasing interest rates by central banks, rising climate change concerns and all exacerbated by the war in Ukraine and China's transition to no Covid restrictions earlier this year. There also continues to be a wider reset of economic and political relationships between the West and the East.

A small positive is that the reduction in UIL's net debt to £139.9m from £195.7m as at 30 June 2022, has seen UIL's gearing decline. As at 30 June 2023 UIL's gearing stood at 83.5% (30 June 2022: 89.5%).

Since inception in August 2003, UIL has distributed £94.6m in dividends, invested £36.9m in ordinary share buybacks and made net gains of £209.0m for a total return of 344.2% (adjusted for the exercise of warrants and convertibles). Shareholders should note that the Board and the Investment Managers focus on longer term market indices, whilst including short term comparisons for reference.

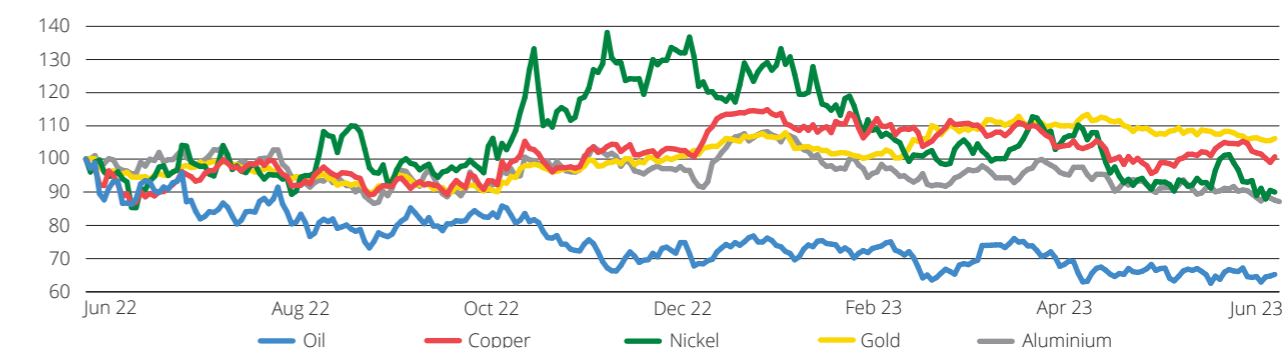
There have been a number of changes in the portfolio during the year to 30 June 2023. UIL sold its largest unlisted company, ICM Mobility Group Limited ("ICM Mobility"), to Somers Limited ("Somers") and bought a number of listed holdings as UIL sought to reduce its unlisted investments and increase its listed positions. Furthermore, as a result of share price weakness, a number of positions fell out of the top ten. This is covered in more detail in the Investment Managers' report.

The Board is pleased to see the ordinary shares discount to NAV end the year under 30.0%, standing at 27.5% as at 30 June 2023 (30 June 2022: 28.1%). Given the focus of applying cash resources to the redemption of the 2022 ZDP shares and the reduction in the bank facility, no buybacks were undertaken in the year ended 30 June 2023.

Consistent with the wider debt markets, UIL's longer dated 2024, 2026 and 2028 ZDP shares are trading at significantly higher gross redemption yields compared to those as at 30 June 2022, being 8.9%, 8.8% and 8.9% respectively. The market prices of the ZDP shares were impacted by interest rate rises by most central banks

### COMMODITIES MOVEMENTS

from 30 June 2022 to 30 June 2023



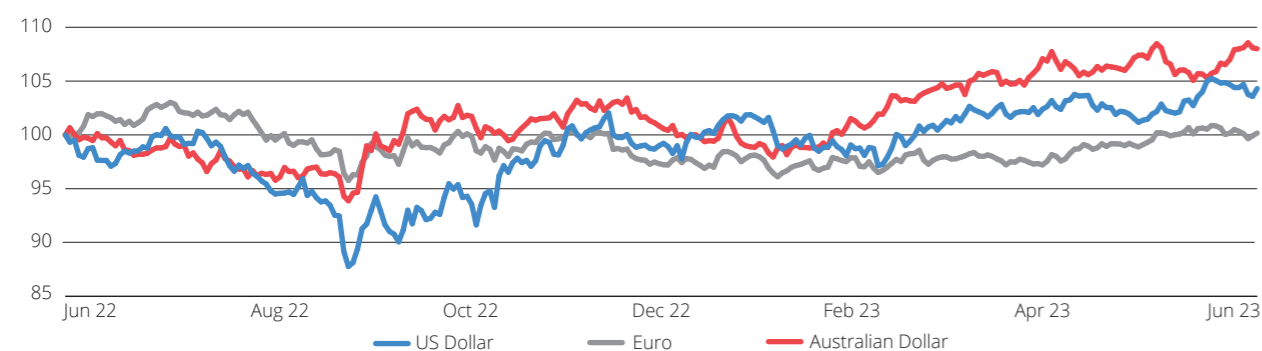
Rebased to 100 as at 30 June 2022

Source: Bloomberg

## CHAIRMAN'S STATEMENT (continued)

### CURRENCY MOVEMENTS vs STERLING

from 30 June 2022 to 30 June 2023



Rebased to 100 as at 30 June 2022

Source: Bloomberg

as inflation increased sharply. As at 30 June 2023, UIL's average blended rate of funding costs, including bank debt, increased from 4.7% to 5.7%, mainly as a result of higher bank borrowing costs.

Total revenue income for the year to 30 June 2023 was £10.2m, an increase of 3.0% from £9.9m in the prior year, a good outcome given the reduced level of investments. However, the finance costs increased significantly for the year to 30 June 2023 to £2.9m, up 163.6% from the prior year at £1.1m. This resulted in the revenue return earnings per share ("EPS") of 6.68p, representing a decrease of 20.0% from 30 June 2022 of 8.35p.

The Board declared an unchanged fourth quarterly dividend of 2.00p per ordinary share which maintains the total for the year at 8.00p, and a yield on the closing share price of 5.5%. Although the dividend is not fully covered by earnings in the year, given the significant revenue reserves brought forward of 15.32p per share, the Board is comfortable with maintaining the payout at 8.00p. The revenue reserves carried forward reduced to £11.7m as at 30 June 2023 from £12.8m as at 30 June 2022.

The capital return loss for the year ended 30 June 2023 of £50.0m is disappointing to report to shareholders.

### BANK FACILITY

UIL has agreed with the Bank of Nova Scotia, London Branch ("Bank of Nova Scotia") to extend its committed senior secured multi-currency facility to 19 March 2024.

The facility has been reduced from £37.5m to £25.0m and will step down in stages over the next six months prior to a final repayment by 19 March 2024.

### GLOBAL EVENTS

Several themes continue to dominate global events: heightened geopolitical tensions, the outlook for inflation and interest rates, climate change, technology and Artificial Intelligence ("AI").

As anticipated at the time of announcing UIL's half-year report, Covid-19 has receded and we do not expect it to be an issue going forward. China's reversal of its zero tolerance policy earlier this year was a positive. However, weak Chinese consumer confidence is a headwind to a full recovery by China.

The war in Ukraine has gone on longer than expected and today there continues to be no clear way forward. Both sides have been drawn in further, but once they reach a neutral position, a negotiated outcome would be expected.

The ongoing friction between the USA and China continues to deepen and it is now difficult to see how this reverses direction. Given the USA and China are the two largest economies globally this must pose significant risks at some point in the future, especially for technology businesses on each side of the Pacific Ocean.

Inflation moved markedly for most economies over the year. Nearly all central banks responded with significantly higher interest rates. We now see major

differences between three key regions: the Western economies where we expect inflation to reduce gradually; Asia, where we see China heading for deflation; and Latin America ("LatAm"), where inflation has already halved. Against this backdrop we expect Western economies to hold interest rates higher for longer, China to reduce rates further while LatAm is expected to reduce interest rates sharply lower.

The one unknown in our view continues to be the response of the labour force especially in the West. Labour markets remain tight and the number of unemployed are at record lows in many economies. If this continues, then the shortage of the work force will drive up wages and in turn feed inflation.

An ever increasing factor for investors is climate change. It has clearly had devastating impacts on a number of communities from wildfires in Hawaii to floods in Germany. We are seeing whole ecosystems being impacted from prolonged droughts to record temperatures. As investors we need to prepare for these outcomes to continue across our portfolios.

There is a very perceptible shift to embrace AI by most businesses and as with most technological developments, those without legacy businesses benefit the most, but eventually all businesses will need to adapt or risk failure. This has been our experience in the Fintech sector. UIL has a number of investments with significant exposure to AI, Blockchain and Quantum Computing.

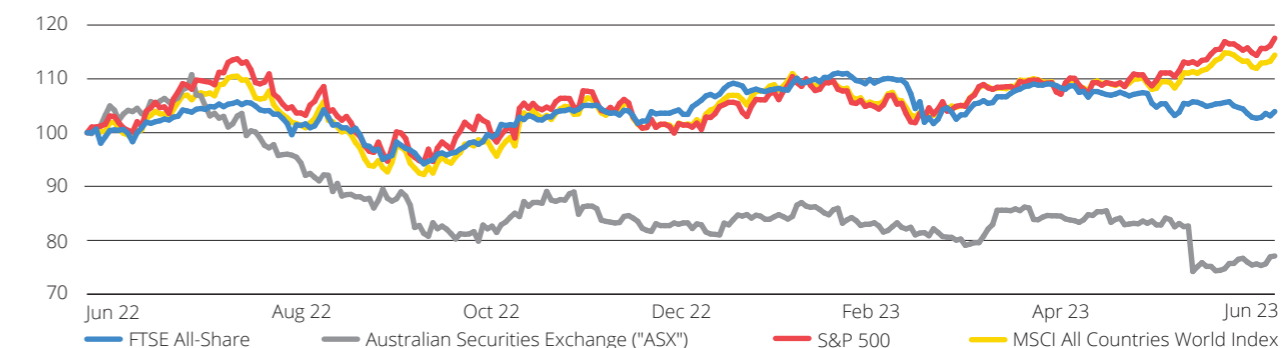
### OUTLOOK

The outlook for worldwide economies increasingly rests with global leadership, both political and central bankers. The central banks perhaps have the easier task as inflation looks to be receding in most major markets. We assume interest rates will stay higher than expected and we expect this will be a headwind to economies and commodities are likely to remain soft. The same cannot be said of geopolitical leadership which remains challenging. The rising pressure to meet social expectations and the impact of climate change, natural disasters and conflict will be difficult to navigate. We remain focused on reducing risk and helping investee companies navigate through these challenges and emerge stronger.

Peter Burrows AO  
Chairman  
22 September 2023

### INDICES MOVEMENTS

from 30 June 2022 to 30 June 2023



Rebased to 100 as at 30 June 2022

Source: Bloomberg

# PERFORMANCE SINCE INCEPTION (14 AUGUST 2003)

ANNUAL COMPOUND NAV TOTAL RETURN*	NAV TOTAL RETURN PER ORDINARY SHARE*	ANNUAL COMPOUND SHARE PRICE TOTAL RETURN*	SHARE PRICE TOTAL RETURN PER ORDINARY SHARE*
<b>7.8%</b>	<b>344.2%</b>	<b>8.1%</b>	<b>367.5%</b>

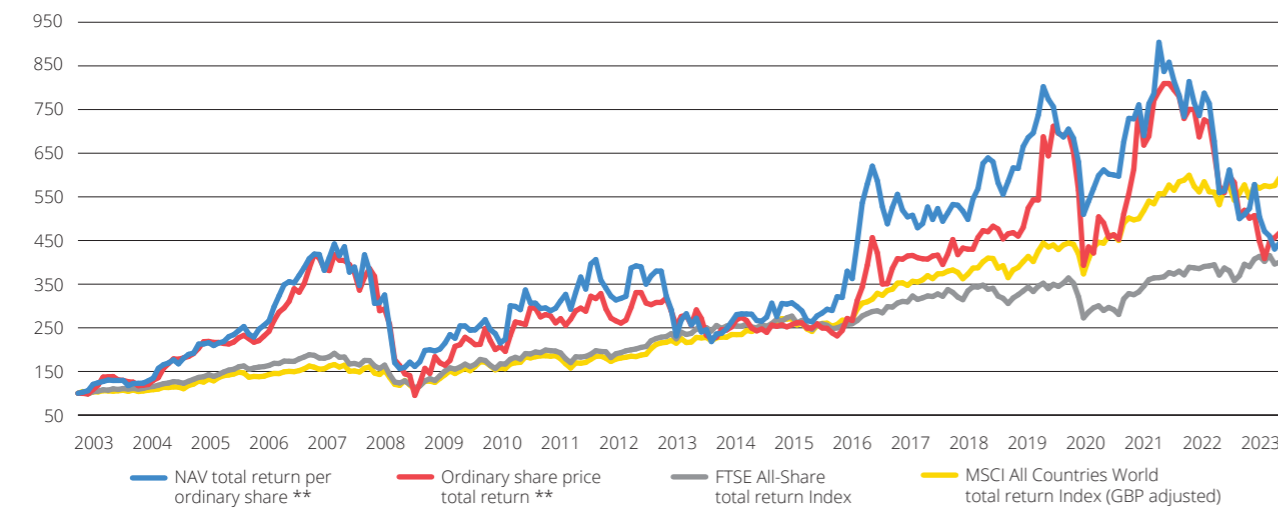
REVENUE EARNINGS PER ORDINARY SHARE	DIVIDENDS PER ORDINARY SHARE	DIVIDENDS PAID OUT	REVENUE RESERVES PER ORDINARY SHARE CARRIED FORWARD*
<b>131.14p</b>	<b>106.83p</b>	<b>£94.6m</b>	<b>14.00p</b>

\* See Alternative Performance Measures on pages 109 to 111

ORDINARY SHARES BOUGHT BACK	VALUE OF ORDINARY SHARES BOUGHT BACK	ZDP SHARES ISSUED	ZDP SHARES REDEEMED
<b>29.6m</b>	<b>£36.9m</b>	<b>£379.5m</b>	<b>£466.4m</b>

## HISTORIC TOTAL RETURN PERFORMANCE † (pence)

since inception to 30 June 2023

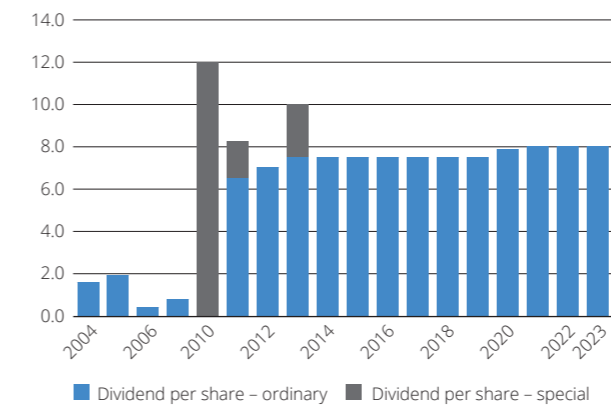


† Rebased to 100 as at 14 August 2003  
 \*\* Adjusted for the exercise of warrants and convertibles

Source: ICM and Bloomberg

## DIVIDENDS PER ORDINARY SHARE (pence)

from 30 June 2004 to 30 June 2023

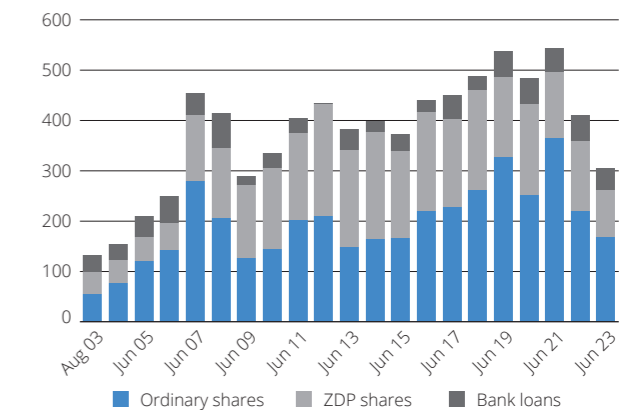


No dividends were paid between 2007 and 2010  
 2010 refers to a cash distribution

Source: ICM

## ALLOCATION OF GROSS ASSETS (£m)

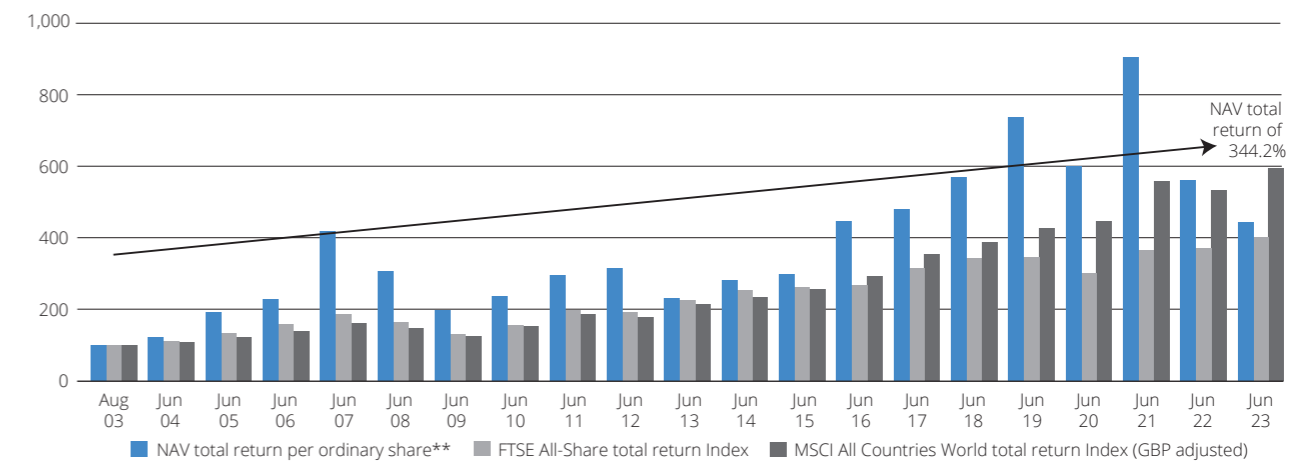
from 14 August 2003 to 30 June 2023



Source: ICM

## CUMULATIVE TOTAL RETURN COMPARATIVE PERFORMANCE (pence)

from 14 August 2003 to 30 June 2023 (Rebased to 100 as at 14 August 2003\*)



\*Inception of Utilico Investment Trust PLC  
 \*\*Adjusted for the exercise of warrants and convertibles

Source: ICM and Bloomberg

## INVESTMENT MANAGERS' REPORT



**CHARLES JILLINGS**  
Investment Manager

The year to 30 June 2023 has been difficult to navigate for investors and especially for UIL as it needed to redeem the 2022 ZDP shares as well as reduce its bank debt by £12.5m. This created pressure on the portfolio given the need for substantial realisations in difficult markets.

UIL's loss for the year to 30 June 2023 was £44.5m resulting in

NAV per share of 199.87p, a decline of 23.4%. This has dragged UIL's annual compound NAV total return since inception in 2003 down to 7.8%. However, positively, total net debt reduced by £55.8m.

### PORTFOLIO

There was significant volatility over the year and within the top ten holdings. Three holdings increased in value, three holdings were sold, five reduced in value and two new investments were made. Overall, the decreases significantly outweighed the increases, which led to an overall reduction in the portfolio of £108.2m.

It should also be noted that UEM and Zeta's share price discounts to NAV represent a £22.2m reduction to the underlying valuations.

Somers' valuation reduced by 24.2% in the year to 30 June 2023. This was largely driven by Somers' dividend distribution and Resimac's share price declining by 23.5%. Resimac continues to deliver good operational performance in the face of material economic and competitive headwinds. In August 2023, Resimac published its annual results for the year to 30 June 2023 and its valuation is modest at a historic price earnings ratio of 4.8x and a dividend yield of 8.7%. It is good to see Resimac continuing to buy back shares at these current levels. It should be noted that UIL also holds a direct investment in Resimac, which is UIL's fifth largest investment.

As noted last year, UIL bought a number of listed investments from Somers at fair value and sold ICM Mobility to Somers at fair value. Taken together, this increased UIL's listed portfolio and reduced its unlisted portfolio and thereby improved UIL's bank covenant ratios. We are pleased to be direct shareholders in West Hamilton Holdings Limited ("West Hamilton") and The

Market Herald Limited ("TMH"), both acquired shortly after UIL's 2022 year end.

Waverton, Somers' largest position at 38.7% of its gross assets, continues to build on its positive momentum. In its year to 31 December 2022 Waverton saw AUM increase by 5.8% to £9.1bn, revenues increase by 9.1% to £54.9m and profits before tax remained unchanged at £12.0m. Waverton has an enviable investment performance record, is driven in adding clients and has recently successfully outsourced its back office to SEI, a platform which can be leveraged to everybody's benefit. This success has carried over into the current year to December 2023.

Zeta's NAV per share increased by 1.0% over the year, a good outcome given Zeta's exposure to aluminium and nickel which were both down significantly over the year to 30 June 2023. Aluminium was down 12.8% and nickel was down by 10.0%. Zeta's share price declined by 7.6% and as a result the discount widened to 22.0%.

Zeta's largest investment at the start of the year, Copper Mountain Mining Corporation ("Copper Mountain"), was successfully acquired by Hudbay Minerals Inc ("Hudbay") in an all-paper offer. Zeta has reduced its holding in Hudbay as the share price has firmed. In market capitalisation terms, Hudbay is approximately four times the size of Copper Mountain and the investment is more liquid as a result.

The proceeds of UIL's sale of ICM Mobility to Somers and Panoramic Resources Limited ("Panoramic") back to Zeta at market price was used to repay the 2022 ZDP shares. UIL will capture much of the movement in valuation of these holdings through its shareholding in Somers and Zeta of 41.7% and 61.2% respectively.

UEM has again been a relative standout performer over the year to 30 June 2023 with a NAV total return of 12.1% compared to the MSCI emerging markets total return Index (GBP adjusted) ("MSCI") loss of 2.6% over the same period. UEM continues to see strong results reported by its investee companies with most growing revenues. While margins are under pressure their EBITDAs have mostly expanded too. This is a credit to the investee management teams who continue to deliver excellent operational performance in volatile times. UEM is ahead of the MSCI since inception. As with most emerging market funds, UEM's discount has widened to 14.0% as at 30 June 2023. This remains a frustration, but UIL has taken the opportunity of this

share price outperformance to reduce its holding and realise £25.5m during the year.

Allectus Capital Limited ("Allectus Capital") successfully sold its stake in Cohort Go, one of its largest investments. The sale to Flywire culminated after a significant period of ownership as the largest shareholder and delivered excellent financial results. The decrease in Allectus Capital's overall valuation was in part due to this sale, as well as broader technology market challenges, with software multiples significantly decreasing across the market. During the year Allectus Capital has remained highly selective on its mandate and will continue to capitalise on high conviction sectors like AI or distressed sectors like fintech.

West Hamilton, a listed Bermuda property developer, has sold its major asset in Bermuda and is in the process of completing this transaction. West Hamilton expects to return over 90.0% of its value to shareholders shortly.

UIL exited Resolute Mining Limited ("Resolute") in March 2023. This was a long-standing investment but, for the most part, has been a significant challenge for UIL and has failed to deliver long term returns. Given poor operational performance and the added rising risks in Mali, UIL took the painful decision to exit and realised its investment over the year.

Allectus Quantum Holdings Limited's ("Allectus Quantum") valuation has increased over the year following both additional investments by UIL and an increase in the fair value of Diraq Pty Ltd ("Diraq"), a next generation quantum computing company. Diraq is Allectus Quantum's sole investment and its outlook remains positive.

Littlepay Mobility Limited ("Littlepay") has performed ahead of expectations, but values have decreased in line with markets resulting in the carrying value reducing by 14.1%. Starpharma Holdings Limited ("Starpharma") and AssetCo plc remain investments, but the poor execution of both their strategies has seen their valuations decline, resulting in both investments falling out of UIL's top ten holdings.

In line with many AI related investments Arria NLG Limited ("Arria") has risen in value. Whilst this has been positive for Arria, we are cautious on its outlook.

### FOREIGN EXCHANGE

As at 30 June 2023 UIL held no forward FX derivative positions. As noted in the half year report to 31 December 2022 UIL took the decision to close out its positions in full, in light of sheer volatility in the FX markets. In the year ended 30 June 2023, forward contract FX and currency losses amounted to £3.6m. UIL is less vulnerable to the volatility in the FX markets for the coming year.

### COMMODITIES

Commodities were volatile during the year to 30 June 2023 with oil down 34.8%. Copper was less volatile up 0.7%. Nickel was extremely volatile, at one point seeing a high of 38.1% and a low of 14.7%, ending the year down by 10.0%.

### PORTFOLIO ACTIVITY

During the year to 30 June 2023, UIL invested £120.6m and realised £188.4m, including loans repaid by Somers and Zeta. Purchases included investments in Resimac, West Hamilton and TMH. UIL bought these holdings from Somers to increase the listed holdings of UIL and as a result improve UIL's covenant cover on its bank facility.

### PLATFORM INVESTMENTS

UIL currently has four platform investments, Somers, Zeta, UEM and Allectus Capital in its top ten holdings. These investments account for 71.8% of the total portfolio as at 30 June 2023 (30 June 2022: 73.0%). During the year to 30 June 2023, net withdrawals from these platforms amounted to £61.5m (30 June 2022: £37.4m).

### DIRECT INVESTMENTS

UIL has six direct investments in its top ten holdings, Resimac, West Hamilton (which replaced ICM Mobility), Allectus Quantum (which replaced Resolute), TMH (which replaced Panoramic), Arria (which replaced Starpharma) and Littlepay (which replaced AssetCo plc).

### GEOGRAPHIC REVIEW

The geographical split of the portfolio, on a look through basis, shows Australia and New Zealand remaining as UIL's largest exposure, increasing by 2.9% to 40.1% of UIL's total investments (30 June 2022: 37.2%); UK remained second at 19.2%, up 5.4% and Bermuda

## INVESTMENT MANAGERS' REPORT (continued)

### IN THE YEAR TO 30 JUNE 2023

AUSTRALIA & NEW ZEALAND REMAINS UIL'S LARGEST EXPOSURE AT

**40.1%**  
(2022: 37.2%)

UK REMAINS UIL'S SECOND LARGEST COUNTRY EXPOSURE AT

**19.2%**  
(2022: 13.8%)

BERMUDA IS NOW UIL'S THIRD LARGEST COUNTRY EXPOSURE AT

**9.5%**  
(2022: 4.8%)

AFRICA IS UIL'S FOURTH LARGEST EXPOSURE AT

**6.9%**  
(2022: 7.2%)

ASIA IS UIL'S FIFTH LARGEST EXPOSURE AT


**6.0%**  
(2022: 10.5%)


CANADA REMAINS UIL'S SIXTH LARGEST COUNTRY EXPOSURE AT

**5.7%**  
(2022: 5.3%)

See page 21 for the full geographic exposure

### SECTOR SPLIT OF INVESTMENTS

 Financial Services  
**40.6%**  
(2022: 38.5%)

 Technology  
**23.6%**  
(2022: 25.8%)

 Resources  
**14.4%**  
(2022: 15.4%)

 Infrastructure Investments  
**11.6%**  
(2022: 12.7%)

 Gold Mining  
**3.4%**  
(2022: 4.0%)

 Other  
**6.4%**  
(2022: 3.6%)

### IN THE YEAR TO 30 JUNE 2023

INVESTED\*  
**£120.6m**  
(2022: £89.8m)

REALISED\*  
**£188.4m**  
(2022: £92.8m)

TOTAL REVENUE INCOME  
**£10.2m**  
(2022: £9.9m)

LEVEL 1 & 2 INVESTMENTS\*  
**£135.7m**  
(2022: £177.6m)

LEVEL 3 INVESTMENTS\*  
**£172.7m**  
(2022: £238.9m)

LEVEL 3 % OF TOTAL PORTFOLIO  
**56.0%**  
(2022: 57.4%)

\* See note 9 to the accounts

Source: ICM

moved up by 4.7% at 9.5% of UIL's total investments. Asia decreased by 4.5% to 6.0% of the total portfolio.

### SECTOR REVIEWS

**Financial Services** – 40.6% (30 June 2022: 38.5%)

Somers is UIL's largest investment and accounts for 34.9% of UIL's total investments as at 30 June 2023 (30 June 2022: 35.7%).

**Technology** – 23.6% (30 June 2022: 25.8%)

UIL holds a number of early-stage investments in the technology sector, both directly and through Allectus Capital (UIL's fourth largest investment) and Littlepay (UIL's tenth largest investment).

**Resources (excl. gold mining)** – 14.4% (30 June 2022: 15.4%)

UIL's largest investment in resources is Zeta which represents 17.9% of UIL's total portfolio.

**Infrastructure Investments** – 11.6% (30 June 2022: 12.7%)

This consists of Airports, Electricity, Infrastructure, Oil & Gas, Ports, Renewables, Road & Rail, Telecommunications and Water & Waste. UIL's infrastructure exposure is largely through UEM which is UIL's third largest investment.

**Gold Mining** – 3.4% (30 June 2022: 4.0%)

UIL's largest investment in gold mining is indirectly through Zeta, Horizon Gold Limited ("Horizon"), an Australian gold mining exploration company. UIL exited Resolute reducing its exposure to the sector.

### LEVEL 3 INVESTMENTS

UIL's investment in level 3 companies was 56.0% (30 June 2022: 57.4%) of the total portfolio. The total value reduced from £238.9m as at 30 June 2022 to £172.7m as at 30 June 2023, mainly as a result of a decrease in Somers' valuation. The level 3 investments which are unlisted are formally revalued twice a year. It is worth highlighting that where there is a material event that impacts an unlisted investment, it is revalued at the time, thereby keeping the unlisted valuations current.

Shareholders should be aware that within the portfolio in Somers is an investment in AK Jensen Group ("AKJ") which comprises a platform for both traditional hedge funds and hedge funds trading digital assets. In

addition, AKJ has issued AKJ tokens, a crypto currency which have been sold to investors and hedge fund managers in the AKJ Crypto platform. Valuing the token is difficult as few metrics allow comparability, and the industry has not settled on a methodology we can readily adopt. Somers' view on valuation is EUR 0.088 to EUR 0.185 per token, driven by an analysis of milestones met and yet to be achieved as well as wider market considerations. While hedge fund managers are buying AKJ tokens at some EUR 0.37 the volume held by Somers would likely see a discount driven by lower liquidity opportunities and reduced fee discount benefits held by these hedge fund managers. Somers holds 75.0m AKJ tokens and carries them at EUR 0.10. Each EUR 0.05 represents £3.2m swing in valuation for Somers and £1.4m for UIL. Further details on AKJ can be found on their website and note 29 to the accounts.

### GEARING

Notwithstanding the significant pull back in portfolio valuations during the year, this was more than offset by the reduction in the ZDP shares and bank debt. As a result, gearing decreased to 83.5% as at 30 June 2023 from 89.5% as at 30 June 2022 and this remains well inside UIL's target gearing of under 100.0%. At an absolute level UIL's net debt decreased over the year from £195.7m to £139.9m as at 30 June 2023.

The blended costs of borrowing rose from 4.7% to 5.7% as a result of rising finance costs on UIL's bank facilities.

### ZDP SHARES

On a consolidated basis the ZDP shares decreased significantly from £140.8m to £94.6m, down 32.8% mainly as a result of the repayment of the 2022 ZDP shares which were redeemed in October 2022. UIL continues to hold 2.3m 2026 ZDP shares and 0.6m 2028 ZDP shares as at 30 June 2023. With three ZDP issues, UIL has spread the redemption liability over five years.

### BANK AND OTHER DEBT

Bank and other loans decreased to £42.7m as at 30 June 2023 (30 June 2022: £51.1m). Scotiabank Europe plc's £50.0m committed senior secured multi-currency revolving facility was extended in September 2022 to 19 September 2023 and novated to the Bank of Nova Scotia, London Branch. The extension provided a reduction in the facility of £12.5m on 30 March 2023, and consequently the outstanding amount as at 30 June



## INVESTMENT MANAGERS' REPORT (continued)

2023 under this facility was £37.5m. In September 2023, the facility was extended to 19 March 2024, reducing to £25.0m and it will step down in stages over the following six months prior to a final repayment by 19 March 2024.

On 29 June 2023, Union Mutual Pension Fund Limited loaned USD 6.6m to UIL. This loan is repayable on 30 September 2023.

### REVENUE RETURNS

Revenue income for the year to 30 June 2023 increased to £10.2m from £9.9m, an increase of 3.0%.

Management and administration fees and other expenses were largely flat at £1.7m (30 June 2022: £1.7m). Finance costs were significantly higher at £2.9m for the year to 30 June 2023 from £1.1m in the prior year, mainly as a result of higher finance costs feeding through into the cost of funding.

Revenue profit decreased by 20.0% to £5.6m (30 June 2022: £7.0m) and EPS decreased by 20.0% to 6.68p (30 June 2022: 8.35p) driven mainly by higher financing costs.

### CAPITAL RETURNS

Capital total income reported a loss of £44.0m (30 June 2022: loss of £136.3m) which was driven mainly by the £40.3m loss on investments.

Finance costs reduced by 21.8% to £6.1m (30 June 2022: £7.8m) largely reflecting the lower number of ZDP shares in issue following the redemption of the 2022 ZDP shares in October 2022.

The resultant capital return loss for the year to 30 June 2023 was £50.0m (30 June 2022: loss of £144.1m) and EPS loss was 59.70p per ordinary share (30 June 2022: loss of 171.68p).

### EXPENSE RATIO

The ongoing charges figure, including and excluding performance fees, was 2.8% for the year ended 30 June 2023 (30 June 2022: 2.2%). No performance fee was earned at the UIL level or the platform companies.

All expenses are borne by the ordinary shareholders.

### DISRUPTION

There continues to be significant disruption to business models from blockchain to AI through to nanotechnology and financial technology. These disruptions are shortening the product life cycle and enabling rapid change to products and processes. ICM is encouraging its investee companies to embrace these opportunities and the consequent journey. UIL is seeking investments that are capital light, have high barriers to entry and business models that are scalable.

Charles Jillings  
ICM Investment Management Limited and ICM Limited

22 September 2023

## TOP TEN COMPANIES AS AT 30 JUNE 2023

<p>1  <b>SOMERS LIMITED</b></p> <hr/> <p><b>34.9%</b></p> <hr/> <p><b>Somers Limited</b></p> <hr/> <p><b>Financial Services</b></p> <hr/> <p>A financial services investment platform, which primarily invests in the banking, wealth management, fintech and asset financing sectors.</p> <hr/> <p><b>107,687</b> Fair value £'000s</p>	<p>2  <b>ZETA RESOURCES</b></p> <hr/> <p><b>17.9%</b></p> <hr/> <p><b>Zeta Resources Limited</b></p> <hr/> <p><b>Resources</b></p> <hr/> <p>A resources-focused investment platform, which invests in a range of resource entities and base metals exploration and production companies.</p> <hr/> <p><b>55,025</b> Fair value £'000s</p>	<p>3  <b>UTILICO</b> Emerging Markets Trust plc</p> <hr/> <p><b>13.2%</b></p> <hr/> <p><b>Utilico Emerging Markets Trust plc</b></p> <hr/> <p><b>Investment Fund</b></p> <hr/> <p>A UK closed-end investment trust dedicated to investments in infrastructure, utility and related sectors including technology infrastructure in the emerging markets.</p> <hr/> <p><b>40,641</b> Fair value £'000s</p>	<p>4  <b>ALLECTUS CAPITAL</b></p> <hr/> <p><b>5.8%</b></p> <hr/> <p><b>Allectus Capital Limited</b></p> <hr/> <p><b>Technology</b></p> <hr/> <p>An investment platform with a growth-stage portfolio of technology companies.</p> <hr/> <p><b>17,821</b> Fair value £'000s</p>	<p>5  <b>resimac</b></p> <hr/> <p><b>5.4%*</b></p> <hr/> <p><b>Resimac Group Limited</b></p> <hr/> <p><b>Financial Services</b></p> <hr/> <p>A lender for residential mortgages and asset finance in Australia and New Zealand.</p> <hr/> <p><b>16,657</b> Fair value £'000s</p>
<p>6  <b>WEST HAMILTON HOLDINGS LIMITED</b></p> <hr/> <p><b>4.9%</b></p> <hr/> <p><b>West Hamilton Holdings Limited</b></p> <hr/> <p><b>Investment Fund</b></p> <hr/> <p>A Bermuda property holding and management company.</p> <hr/> <p><b>15,087</b> Fair value £'000s</p>	<p>7  <b>Allectus Quantum Holdings Ltd</b></p> <hr/> <p><b>4.8%</b></p> <hr/> <p><b>Allectus Quantum Holdings Limited</b></p> <hr/> <p><b>Technology</b></p> <hr/> <p>An investment holding company for Australia based quantum computing startup Diraq.</p> <hr/> <p><b>14,666</b> Fair value £'000s</p>	<p>8  <b>The Market Herald</b> FIRST WITH THE NEWS THAT MATTERS</p> <hr/> <p><b>3.7%</b></p> <hr/> <p><b>The Market Herald Limited</b></p> <hr/> <p><b>Financial Services</b></p> <hr/> <p>A multi-platform and financial news business operating in Australia, Canada and Germany, and the owner of a number of classified online listing businesses.</p> <hr/> <p><b>11,480</b> Fair value £'000s</p>	<p>9 <b>ARRIA</b></p> <hr/> <p><b>2.1%</b></p> <hr/> <p><b>Arria NLG Limited</b></p> <hr/> <p><b>Technology</b></p> <hr/> <p>An AI natural language software company.</p> <hr/> <p><b>6,602</b> Fair value £'000s</p>	<p>10 <b>littlepay</b></p> <hr/> <p><b>1.5%</b></p> <hr/> <p><b>Littlepay Mobility Limited</b></p> <hr/> <p><b>Technology</b></p> <hr/> <p>A global provider of payment infrastructure for transport and mobility.</p> <hr/> <p><b>4,701</b> Fair value £'000s</p>

Note: % relates to % of total investments

\*15.4% on a look-through basis

## MACRO TRENDS AFFECTING OUR PORTFOLIO

### GEOPOLITICS AND GLOBALISATION



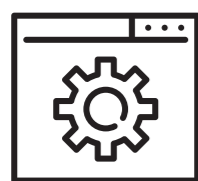
- Increased political tensions and populism are leading to a rising level of nationalism and protectionism, unwinding several decades of global supply chain integration.
- Protectionism is resulting in higher tariffs and barriers to trade, negatively impacting global GDP and increasing non-productive friction in economies, in particular, between the US and China.
- Trade flows and external deficits or surpluses are being rebalanced in many countries, with commensurate effects on foreign exchange and local economies.
- The changing dynamics of trading bloc relationships are resulting in significant shifts in transport and logistics value chains and associated infrastructure.

### RESOURCES



- Rise of electric vehicles and renewables are expected to increase long term demand for several commodities, including nickel, copper, lithium and graphite.
- Unprecedented increase in global government debt under the previous policy of negative interest rates has led to significant inflation, driving gold investment as a protection from fiat money debasement.
- Underinvestment in new oil and gas fields combined with sanctions on Russian energy exports is leading to supply constraints and significant energy price inflation.
- Heightened risk to the global economy, and thus demand for industrial commodities, due to increased government, corporate and consumer debt levels and the global pandemic.

### DIGITALISATION



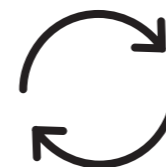
- 5G mobile and fibre broadband rollout presents opportunities for businesses and benefits to consumers driven by enhanced applications in sectors including e-commerce, e-government, online education, telemedicine, communications and media.
- Innovative solutions in fintech, which are disintermediating traditional financial sector business models, offer more efficient and secure solutions for payments, credit, investment, tax collection and insurance.
- The increased use of connected sensors, cloud storage and data processing with machine learning techniques will drive new applications to optimise and further automate manufacturing, healthcare, security and transport infrastructure.

### FINANCIALS AND ARTIFICIAL INTELLIGENCE



- Changing demographics and improved financial sophistication of individuals are altering the demand for traditional financial services products, whilst providing a fertile ground for innovation, e.g. Buy-Now, Pay-Later and e-commerce.
- Emphasis on individual responsibility for savings and investments, particularly due to the inability of government and companies to support pension provision schemes.
- Digitalisation means greater use of big data and AI, e.g. the introduction of open banking will improve financial product efficiency.

### GOVERNANCE AND TRANSPARENCY



- Effective governance remains fundamental to long-term investment performance. Corporates with strong governance are consistently demonstrating their ability to navigate economic uncertainty.
- Economies with robust political and institutional structures are inherently more attractive for investment and constant monitoring for any changes to these factors is necessary.
- Reputational risk is becoming as important as financial risk in an era of increased transparency and decreased trust.
- The rise of social media and information exchange have elevated the importance of transparency. Opaque business practices face growing scrutiny.
- The sophistication and frequency of cyber-attacks are in the spotlight, with an increase in enforcement of material financial and civil penalties related to cyber-crime and inadequate protection of consumer data.
- There are also additional concerns over voice, facial and other biometric protocols.

### ENVIRONMENTAL POLICY



- Climate change is now an accepted reality with significant direct and indirect effects on humankind and the global economy.
- Governments and intergovernmental organisations have initiatives in place targeting reductions in the impact of man-made emissions on climate change.
- Major emissions contributors such as the power and transport sectors are seeing a radical shift away from the most polluting technologies.
- Renewables, battery storage, electric vehicles and waste treatment are key areas of development and are increasingly commercial without subsidies.
- Impact of urbanisation growth increases problems such as air and water pollution in cities, leading to related health and economic risks.

### EMERGING MARKETS – URBANISATION AND GROWING MIDDLE CLASS



- Trend in emerging markets shows migration to cities, seeking a higher standard of living and higher income opportunities. This requires significant investment in supporting infrastructure, such as roads, metros, railways, electricity networks and sanitation.
- Rising income and social characteristics of emerging middle-class populations result in higher overall consumption and greater propensity to purchase durable goods.
- Emerging middle class increasingly demand a higher degree of public services and a greater focus on quality of life, including education, environmental conditions, tourism and accountability from governmental institutions.

# OUR INVESTMENT APPROACH

ICM is a long-term investor and typically operates focused portfolios with narrow investment remits. ICM has several dedicated research teams who have deep knowledge and understanding in their specific sectors, which improves the ability to source and make compelling investments. ICM has approximately USD 1.8bn of assets directly under management and is responsible indirectly for a further USD 22.9bn of assets in subsidiary investments.

ICM looks to exploit market and pricing opportunities and concentrates on absolute performance. The investments are not market index driven and the investment portfolio

comprises a series of bottom-up decisions. ICM typically does not participate in either an IPO or an auction unless there is compelling value.

UIL seeks to leverage ICM's investment abilities to both identify and make investments across a range of industries. New investments usually offer an attractive valuation with strong risk/return expectations at the time of investment.

When reviewing investment opportunities, as part of the investment process ICM will look to understand the material ESG factors.

ICM incorporates ESG factors into the investment process in three key ways:

## 01

### UNDERSTANDING

In-depth analysis of the key issues that face potential and current holdings, as well as a deep understanding of the industry in which they operate.

## 02

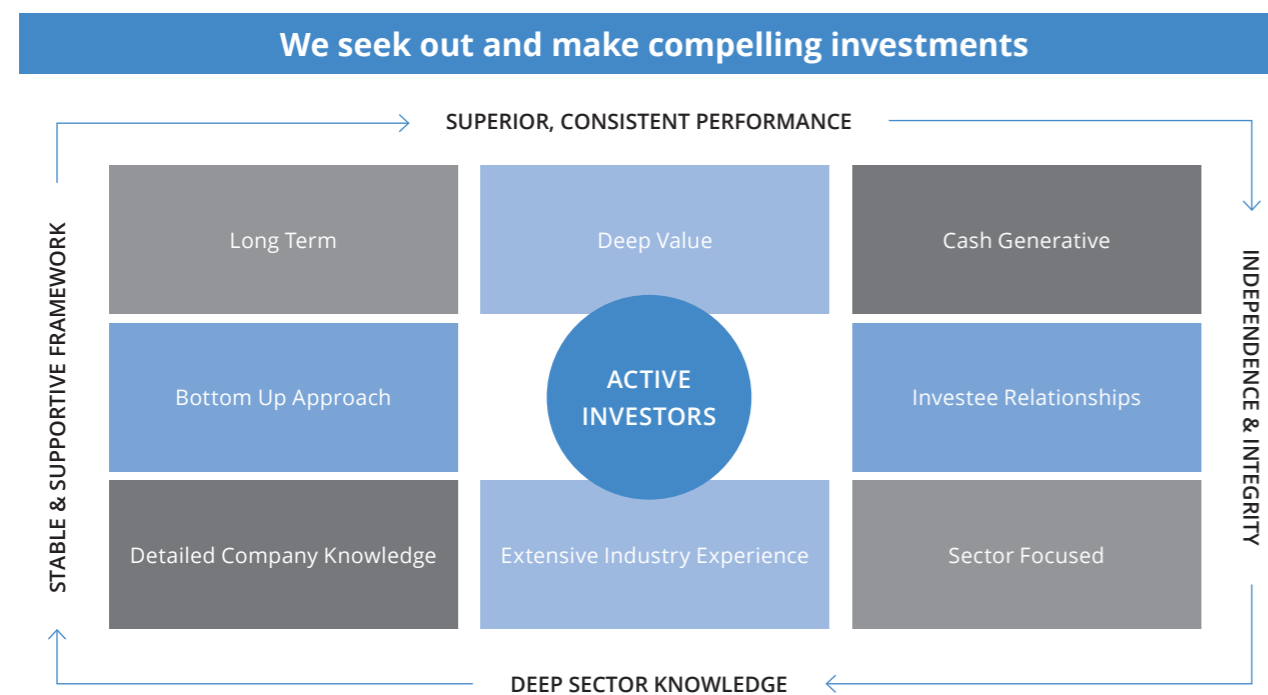
### INTEGRATION

Incorporate the output of the 'Understanding' component into the full company analysis to ensure a clear and complete picture of the investment opportunity is obtained.

## 03

### ENGAGEMENT

Engage with investee companies on the key issues on a regular basis, both virtually and on location, where possible, to discuss and identify any gaps in their ESG policy to further develop and improve their ESG disclosure and implementation.



### VALUES

ICM's origins date back to 1988 and our organisation has evolved with offices now spanning the globe. We are focused on our values of:

- Independence and Integrity
- Excellence
- Creativity and Innovation
- Accountability



### TEAM

We are proud of our diverse and inclusive environment for our teams to work in, which reflects the diversity of our communities.



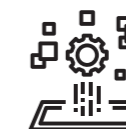
### INVESTMENT PRACTICES

Our deep and extensive research and understanding of the companies, sectors and markets we invest in moderates our risk, and creates value for our investors. Our status as a signatory of the United Nations-supported Principles of Responsible Investment emphasises our commitment to integrating ESG factors into our investment decision making process.



### FINANCIAL

Strong balance sheet and disciplined capital allocation to drive sustainable growth and shareholder value.



### PLATFORMS

Technology, and digital and analytics enable our investment platforms to deliver growth for our shareholders.



### COMMUNITIES

ICM supports the ICM Foundation, which has identified sustainable, effective and focused education where the biggest impact can be made on individuals and in communities. Over the past decade ICM and its stakeholders have contributed over USD 16.5m to not-for-profit and community organisations.

**ICM works to create value by harnessing our experience and expertise to generate and grow strong relationships with our stakeholders**

We are focused on creating sustainable long-term value for our shareholders, team, and the broader community through our:

## ESG SPOTLIGHT

The Board believes that it is in the shareholders' interests to consider ESG factors when selecting and retaining investments, and has therefore asked the Investment Managers to take these into account when investing. Where companies in the portfolio are assessed as having a relatively low ESG score or where an individual risk has been identified, ICM's approach is to engage, where possible, with the companies directly with the objective of seeing improvements over time. Details of how ESG forms part of the integrated research analysis, decision-making and ongoing monitoring are set out on page 40. Set out below are examples of the approach taken with two of UIL's investments.



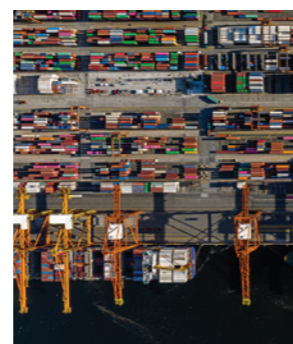
**A financial services investment platform, which primarily invests in the banking, wealth management, fintech and asset financing sectors.**

### ESG ANALYSIS:

Somers' investment objective is to provide long-term total return to its shareholders. To date Somers has invested in banking, wealth management, fintech and asset financing, and is focused on developed markets. Somers generally aims to achieve a controlling position in companies. By achieving this position, Somers has a greater understanding of the investees and how they conduct business. All investees are situated in developed, well-regulated financial markets, meaning the risk of sudden political or economic stability is significantly reduced.

### ICM ESG CONCLUSION:

Somers has a robust investment process that incorporates ESG analysis. In February 2023 the Somers' board approved a comprehensive Responsible Investment Policy formalising the management of ESG risks.



**A closed-end investment trust primarily investing in under-developed and developing markets, within the energy, utilities and telecom sectors.**

### ESG ANALYSIS:

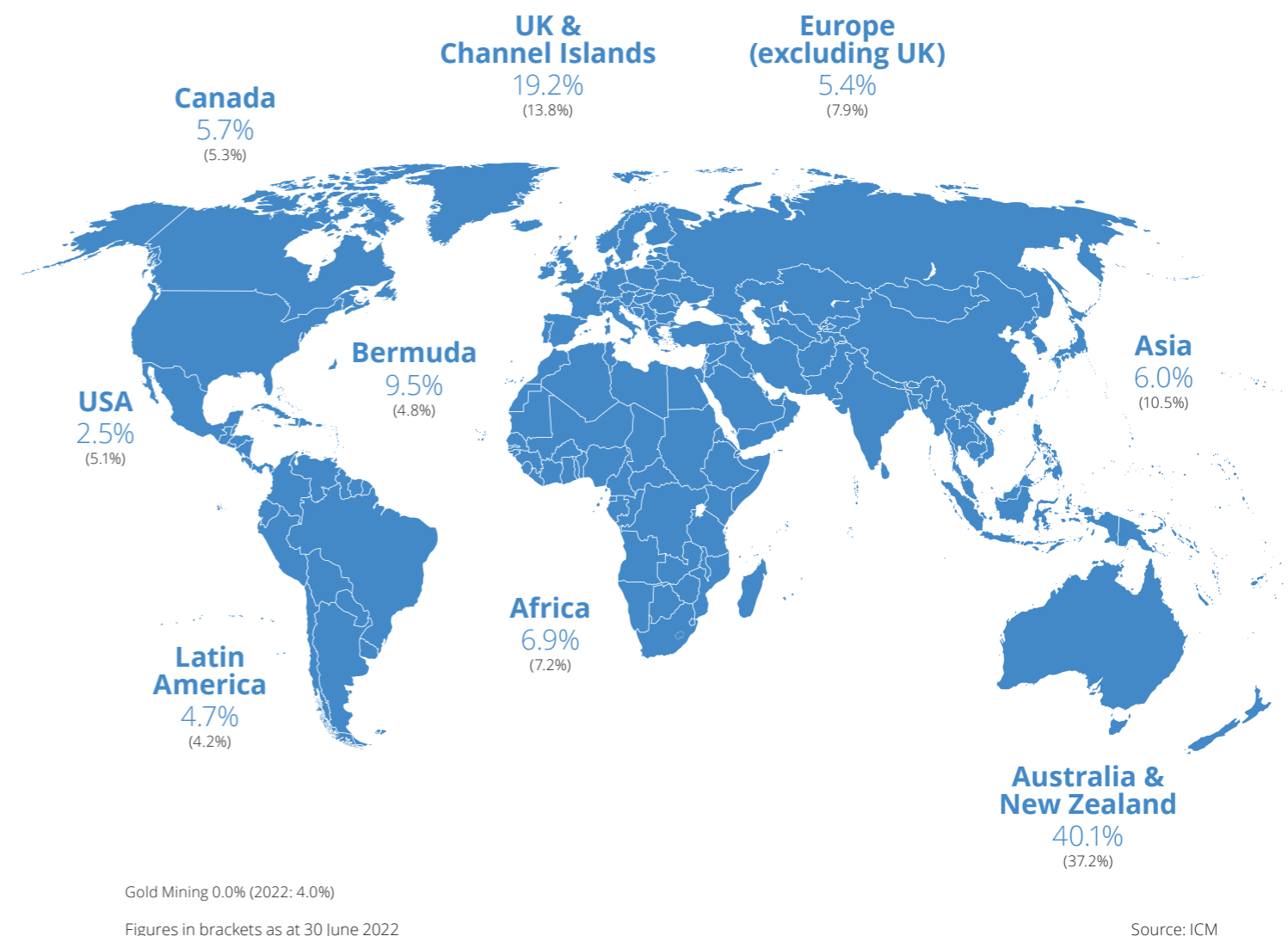
UEM has a sound investment approach which considers ESG factors when selecting and retaining investments. UEM looks to understand the relevant ESG issues in conjunction with the financial, macro and political drivers as part of its investment process, populating a bespoke ESG framework. Where investees are assessed as having a low ESG score, UEM's approach is to engage with the companies directly with the objective of seeing improvements over time.

### ICM ESG CONCLUSION:

UEM has embedded ESG into its investment process, which gives visibility over the non-financial factors that could affect the value of an investment. This not only helps identify risks but also opportunities.

## GEOGRAPHICAL INVESTMENT EXPOSURE

(% of total investments on a look-through basis)



## TEN LARGEST HOLDINGS



THE VALUE OF THE TEN LARGEST HOLDINGS REPRESENTS

**94.2%**

(2022: 94.2%) OF THE GROUP'S TOTAL INVESTMENTS

THE VALUE OF FIXED INCOME SECURITIES REPRESENTS

**0.5%**

(2022: 2.1%) OF THE GROUP'S PORTFOLIO

THE TOTAL NUMBER OF COMPANIES INCLUDED IN THE PORTFOLIO IS

**29**

(2022: 33)

### 1 SOMERS LIMITED

VALUATION

**↓24.2%**

Sector	Financial Services
Fair Value £'000s	107,687
% of total investments	34.9%

**Somers is a financial services investment holding company, whose shares are listed on the Mezzanine Market of the Bermuda Stock Exchange ("BSX"). Somers is managed by ICM.**

As at 31 March 2023, Somers' three largest investments, which make up 86.1% of its portfolio, were a 54.4% holding in Resimac, a leading non-bank Australian financial institution, with AUD 14.5bn assets under management ("AUM"), a 61.8% holding in Waverton Investment Management Limited (a UK wealth manager with over £13.3bn funds under management and administration), and a 39.8% holding in ICM Mobility, a UK holding company focused on the mobility sector for private and public transport.

Resimac reported normalised profit after tax of AUD 73.7m for the year ended 30 June 2023.

Somers shareholders' equity was £281.7m as at 31 March 2023 (30 September 2022: £303.2m) and Somers' NAV per share of £11.54 was down 7.1% since 30 September 2022. Somers' gearing ratio was 30.5% up from 24.1% as at 30 September 2022. As at 30 June 2023, Somers' fair value had fallen further to £258.2m. The NAV decrease resulted principally from currency losses and a decrease in the value of Somers' largest investment, Resimac, whose share price decreased 9.2% during Somers' first half despite continuing to report solid underlying performance. Somers is classified as an investment company under IFRS 10 and, accordingly, values its underlying investments at fair value.

### 2 ZETA RESOURCES

SHARE PRICE

**↓7.6%**

Sector	Resources
Fair Value £'000s	55,025
% of total investments	17.9%

**Zeta is a resource-focused investment company, which is listed on the ASX. Zeta is managed by ICM.**

In the year ended 30 June 2023, Zeta's NAV per share grew by 1.0%. Zeta's share price closed at a discount of 22.0% (30 June 2022: 18.1%) to NAV per share. On 21 June 2023, Canadian listed Copper Mountain Mining Corporation, Zeta's second largest investment, was acquired by Canadian listed Hudbay Minerals Inc creating the third largest copper producer in Canada. Each Copper Mountain share was exchanged for 0.381 Hudbay shares and remained Zeta's second largest investment. In the year to 30 June 2023, gold and copper were up 6.2% and 0.7% respectively, whilst nickel, aluminium and oil were down 10.0%, 12.8%, and 34.8% respectively. Zeta's copper and gold focused investments were its strongest performers during the period under review, with Hudbay Minerals up 43.8% (accounting for the acquisition), and Horizon Gold up 38.5% on the year. As a leveraged commodity investment company, the value of Zeta's net assets typically rises more when commodity prices rise, while falling more when commodity prices fall as the impact on mining companies is magnified. Zeta has a relatively concentrated portfolio, having built up cornerstone shareholdings in bauxite, nickel, gold and copper companies.

## TEN LARGEST HOLDINGS (continued)



3

SHARE PRICE

↑7.7%

Sector	Investment Fund
Fair Value £'000s	40,641
% of total investments	13.2%

**UEM is a closed-end investment trust, whose ordinary shares are listed on the premium segment of the Official List of the Financial Conduct Authority and are traded on the Main Market of the London Stock Exchange. UEM is managed by ICMIM and ICM.**

UEM invests predominantly in emerging markets with a focus on infrastructure and utility megatrends. In the twelve months to 30 June 2023, UEM's NAV total return was up by 12.1% and again outperformed the MSCI Emerging Markets total return Index (GBP adjusted) which declined by 2.6% during the same period. There were robust share price performances at many of UEM's investee companies within the utilities, infrastructure and telecommunication sectors, most notably in its Brazilian assets which benefitted from an improving economic outlook and the impending turn in the interest rate cycle.

Pleasingly, UEM's investee companies have continued to deliver resilient cash flows supporting increased dividend payments. In the year to 30 June 2023, UEM's share price increased by 7.7%, though disappointingly the discount to NAV remained stubbornly wide at 14.0% from 13.9% as at 30 June 2022. Dividends per share increased to 8.45p from 8.00p.

UIL's shareholding in UEM decreased by 39.6% during the year under review.



4

VALUATION

↓26.0%

Sector	Technology
Fair Value £'000s	17,821
% of total investments	5.8%

**Allectus Capital is an unlisted investment company with a focused portfolio of technology businesses and is managed by ICM.**

Allectus Capital invests in early and growth-stage companies developing potentially disruptive technologies. Its key verticals comprise of fintech, AI, digital health and deep tech. Allectus Capital maintains a selective approach to high conviction opportunities in technology companies, which leverage its global relationships and synergies with other portfolio companies in the ICM Group.

Allectus Capital made several new investments during the year to 30 June 2023, which included MasterRemit (Australian company enabling the secure cross border transfer of money), Q-CTRL (Australian quantum control and sensing software platform) and YouPay (Australian gifting payments provider). In July 2022, CohortGo, an Australian education payments platform was sold to Flywire for cash consideration, in what represented an excellent outcome for all shareholders and the business. Allectus Capital also exited its investment in Limepay in July 2022 via redemption of a convertible note. Nautilus, being Allectus Capital's largest investment was significantly impacted by negative sentiment in global capital markets and rising interest rates due to its capital-intensive model and has been written down by approximately 50%.

Allectus Capital continues to expand its deep tech and fintech mandates; sectors which have currently depressed valuations but overall strong future potential. Throughout 2023, Allectus Capital saw a significant slowdown on financing rounds and downward pressure on pricing, hence management focuses on identifying companies with product-market fit and strong unit economics which can be sourced at value.



5

SHARE PRICE

↓23.5%

Sector	Financial Services
Fair Value £'000s	16,657
% of total investments	5.4%

**Resimac is an ASX listed residential mortgage lender and multichannel distribution business specialising in prime and specialist mortgage lending.**

Resimac's share price decreased 23.5% in the twelve months to 30 June 2023 despite continuing to report strong underlying operational performance.

Resimac's share price reduction was consistent with the share price decreases seen across the wider listed non-banking sector in Australia as the market factored in the impact of higher interest rates and mortgage interest margin pressure from the larger banks.

Resimac is considered one of Australia's and New Zealand's premier non-bank lenders. It operates in targeted market segments and asset classes in Australia and New Zealand. Its primary activities are as a mortgage manager and in originating, servicing and securitising mortgage assets. As at 30 June 2023, Resimac reported a total home loan AUM of AUD 13.1bn, a decrease year on year of 14.0%. Resimac generated a normalised net profit after tax for the year ended 30 June 2023 of AUD 73.7m. Net interest income for the year was AUD 222.5m, a 7.0% decrease from 2022. Total loan settlements during the year was AUD 4.2bn of which the asset finance division reported settlements of AUD 482.0m and provisioning loan impairment expense decreased to AUD 2.2m. During the year, Resimac issued AUD 2.4bn of Australian and New Zealand Prime and Specialist RMBS.



6

NEW ENTRY

Sector	Investment Fund
Fair Value £'000s	15,087
% of total investments	4.9%

**West Hamilton is a BSX listed investment and management company with property assets in Bermuda.**

West Hamilton's properties consist of the Belvedere Residences, a 308-space car park facility and the Belvedere Building. The Belvedere Residences, a mixed-use building is fully occupied with all commercial space let, seven apartments let on leases and two apartments sold. The car park facility is 100% occupied with a significant waiting list. The Belvedere Building is approximately 80% occupied which in the post Covid-19 commercial property environment with a great proportion of employees working from home is positive. In March 2023, West Hamilton announced that it had entered into an agreement which resulted in the sale of approximately 86% its property assets. Completion of the transaction is subject to several conditions including Governmental approvals. For the year ended 30 September 2022, West Hamilton reported solid results with revenue of USD 3.1m (2021: USD 3.1m) and net income for the year of USD 1.1m (2021: USD 2.0m). Total assets at 30 September 2022 were USD 42.3m (2021: USD 50.4m).

## TEN LARGEST HOLDINGS (continued)

### 7 Allectus Quantum Holdings Ltd

#### VALUATION

↑ 533.6%

Sector	Technology
Fair Value £'000s	14,666
% of total investments	4.8%

**Allectus Quantum is an unlisted investment holding company with an investment in Sydney-based quantum computing startup Diraq.**

Diraq is building a quantum computing platform that leverages the advanced manufacturing capabilities of the semiconductor industry. Diraq was spun out of the University of New South Wales in May 2022 and is led by Professor Andrew Dzurak who has over two decades of experience in the quantum computing field, having invented Diraq's approach to quantum computing in 2004. Diraq has established foundational IP in quantum computing hardware and is now focused on producing the technology at scale as it works toward the long-term goal of providing commercial applications of quantum computing. For the year to 30 June 2023, Diraq has seen technical progress including publishing a new method to control qubits published in the prestigious Nature Nanotechnology journal and has won grants worth over AUD 10.0m. Diraq has increased its patents and patent applications from 28 to 59 patents across key jurisdictions. In the coming year, Diraq will continue to work towards its technical milestones as it aims to prove out its technology at scale.

The valuation of Allectus Quantum has increased due to a rise in the fair value of Diraq and additional investment by UIL.

### 8 The Market Herald FIRST WITH THE NEWS THAT MOVES MARKETS

#### NEW ENTRY

Sector	Financial Services
Fair Value £'000s	11,480
% of total investments	3.7%

**TMH is a classified advertising and financial media company, operating online listing marketplaces, financial news publishing and strategic consultancy.**

The most significant event for TMH during the year was the acquisition of Adevinta's Australian classifieds business, comprising Gumtree, Carsguide, and Autotrader (collectively "GCA") in October 2022 for AUD 87.0m. These classified advertising businesses have significant potential to monetise their customer base. In addition, TMH plans to introduce point-of-sale financing options from select broker and lender partners. Consideration for the deal was funded by two shareholder rights issues and a vendor loan note, subsequently refinanced with Commonwealth Bank of Australia.

TMH recently released its full year to 30 June 2023 financial results, with revenue AUD 81.6m and EBITDA AUD 12.0m, compared to AUD 25.8m and AUD -1.9m, respectively, in 2022. Profits were negatively impacted by one-off expenses associated with the acquisition of GCA, appeal to the Takeover Panel, and restructuring of the financial news division. The latter is expected to generate recurring cost-savings, equating to annualised EBITDA AUD 1.4m in the year to 30 June 2024.

### 9 ARRIA

#### VALUATION

↑ 506.5%

Sector	Technology
Fair Value £'000s	6,602
% of total investments	2.1%

**Arria is a Generative AI software provider, operating a mature technology stack in the AI space for over a decade. Arria brings language to data analytics, helping to improve understanding and accelerate the ability to action data insights, in real-time, at scale.**

Arria was originally a spin out from the University of Aberdeen, Scotland in 2012. Now USA-centric in terms of teams and customers it is a provider of AI technology for the quick service restaurant food sector and financial services sector. The software converts data such as financial spreadsheets into text, the primary use being automated financial and management reporting. Following the acquisition of PING, Arria provides call answering software that is both voice and text based for Dominos restaurants across the USA. Arria reported revenues of USD 17.8m in its full year to 30 September 2022, and is forecasting revenues of USD 30.2m for the full year to 30 September 2023. Arria is loss making and anticipates a negative EBITDA in the USD 15-20m range for FY 2023. The current valuation of Arria is derived on a last transaction basis of USD 1.25 per share and Arria recently confirmed a bond issue, partially taken up, that held that valuation per share as a minimum value. The AI software sector remains highly volatile and the pricing of non-listed assets like Arria remains a challenge and may be subject to change.

### 10 littlepay

#### VALUATION

↓ 14.1%

Sector	Technology
Fair Value £'000s	4,701
% of total investments	1.5%

**Littlepay provides payment services to the public transit sector through its proprietary API-based modular payments platform.**

The platform connects with various Europay, Mastercard and Visa readers, fare systems and financial institutions, allowing transit operators, authorities and agencies to implement a seamless multimodal contactless payment system across a transport network, making fare payments simpler and boarding faster for public transport users. Littlepay offers a range of fare management and data analytics products as add-on solutions on its platform. Littlepay is working with over 250 transit providers globally and has implemented contactless ticketing systems from small, regional operators up to multi-modal, city-wide networks and national rollouts.

In FY23, Littlepay has increased payment transactions processed by over 40.0% to more than 200m transactions. This has resulted in revenue increasing by over 20%, although average transaction value has reduced due to UK fare-capping policies. Littlepay has a strong pipeline of projects going live in FY24 which is expected to drive Littlepay's top-line growth including Transport for NSW, Tuscany, Bordeaux and Lima adding to its existing base in the UK, Sweden, Finland and California. Littlepay is investing significantly in expanding its team to build for scalability and robustness in its operations as processing volumes continue to grow rapidly, distinguishing itself from any emerging competitors.

## UIL has a geared balance sheet structure, with the ordinary shares leveraged by the ZDP shares and bank debt.

### ORDINARY SHARES

The number of ordinary shares in issue, and the voting rights, as at 30 June 2023 was 83,842,918 shares. The ordinary shares are entitled to all the revenue profits of the Company available for distribution and resolved to be distributed by the Directors by way of a dividend. The Directors consider the payment of dividends on a quarterly basis.

On a winding up, holders of ordinary shares will be entitled, after payment of all debts and the satisfaction of all liabilities of the Company, to the winding up revenue profits of the Company and thereafter, after paying to UIL Finance for its ZDP shareholders their accrued capital entitlement, to all the remaining assets of the Company.

### ZDP SHARES

The ZDP shares are issued by UIL Finance, a wholly owned subsidiary of UIL. The ZDP shares carry no entitlement to income and the whole of any return will take the form of capital.

### 2024 ZDP SHARES

30,000,000 2024 ZDP shares were in issue as at 30 June 2023. The 2024 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on winding up) and the 2026 and 2028 ZDP shares but rank behind the bank debt for capital repayment of 138.35p per 2024 ZDP share on 31 October 2024. The capital repayment is equivalent to a redemption yield of 4.75% per annum based on the initial capital entitlement of 100.00p.

### 2026 ZDP SHARES

25,000,000 2026 ZDP shares were in issue as at 30 June 2023, of which 2,309,620 were held by UIL. The 2026 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on winding up) and the 2028 ZDP shares but rank behind the bank debt, and the 2024 ZDP shares for capital repayment of 151.50p per 2026 ZDP share on

31 October 2026. The capital repayment is equivalent to a redemption yield of 5.00% per annum based on the initial capital entitlement of 100.00p.

### 2028 ZDP SHARES

25,000,000 2028 ZDP shares were in issue as at 30 June 2023, of which 583,735 were held by UIL. The 2028 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on winding up) but rank behind the bank debt, and the 2024 and 2026 ZDP shares for capital repayment of 152.29p per 2028 ZDP share on 31 October 2028. The capital repayment is equivalent to a redemption yield of 5.75% per annum based on the initial capital entitlement of 100.00p.

### BANK AND OTHER LOANS

As at 30 June 2023, UIL had a £37.5m multi-currency loan facility provided by the Bank of Nova Scotia, secured against the Company's assets by way of a debenture, which was fully drawn. UIL has agreed with the Bank of Nova Scotia to extend its committed senior secured multi-currency facility to 19 March 2024. The facility has been reduced from £37.5m to £25.0m and will step down in stages over the next six months prior to a final repayment by 19 March 2024.

On 29 June 2023, Union Mutual Pension Fund Limited loaned USD 6.6m to UIL. This loan is repayable on 30 September 2023.

### SENSITIVITY OF RETURNS AND RISK PROFILES

Ordinary shares rank behind the ZDP shares (save for any undistributed revenue profit on a winding up) and bank and other loans such that they represent a geared instrument. For every £100 of gross assets of the Company as at 30 June 2023, the ordinary shares could be said to be interested in £54.97 of those assets after deducting the prior claims as above. This makes the ordinary shares more sensitive to movements in gross assets. Based on these amounts, a 1.0%

movement in gross assets would change the NAV attributable to ordinary shares by 1.8%.

The interest cost of UIL's bank and other loans, combined with the annual accruals in respect of ZDP shares, represents a blended rate of 5.7% as at 30 June 2023.

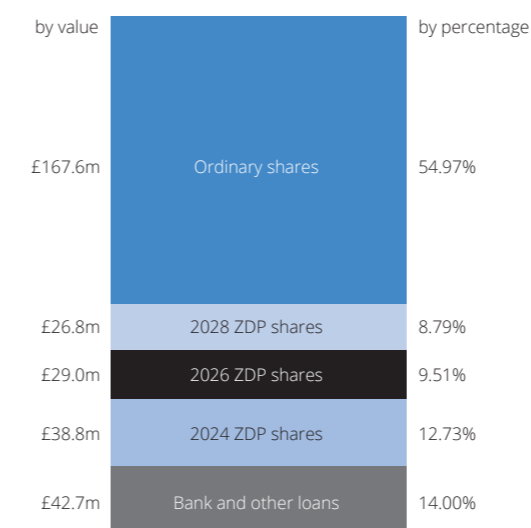
Based on their final entitlement of 138.35p per share, the final entitlement of the 2024 ZDP shares was covered 3.57 times by gross assets as at 30 June 2023. Should the gross assets fall by 72.0% over the remaining life of the 2024 ZDP shares, then the 2024 ZDP shares would not receive their final entitlement in full. Should gross assets fall by 85.4%, equivalent to an annual fall of 76.2%, the 2024 ZDP shares would receive no payment at the end of their life.

Based on their final entitlement of 151.50p per share, the final entitlement of the 2026 ZDP shares was covered 2.49 times by gross assets as at 30 June 2023. Should the gross assets fall by 59.8% over the remaining life of the 2026 ZDP shares, then the 2026 ZDP shares would not receive their final entitlement in full. Should gross assets fall by 72.0%, equivalent to an annual fall of 31.7%, the 2026 ZDP shares would receive no payment at the end of their life.

Based on their final entitlement of 152.29p per share, the final entitlement of the 2028 ZDP shares was covered 1.90 times by gross assets as at 30 June 2023. Should the gross assets fall by 47.5% over the remaining life of the 2028 ZDP shares, then the 2028 ZDP shares would not receive their final entitlement in full. Should gross assets fall by 59.8%, equivalent to an annual fall of 15.7%, the 2028 ZDP shares would receive no payment at the end of their life.

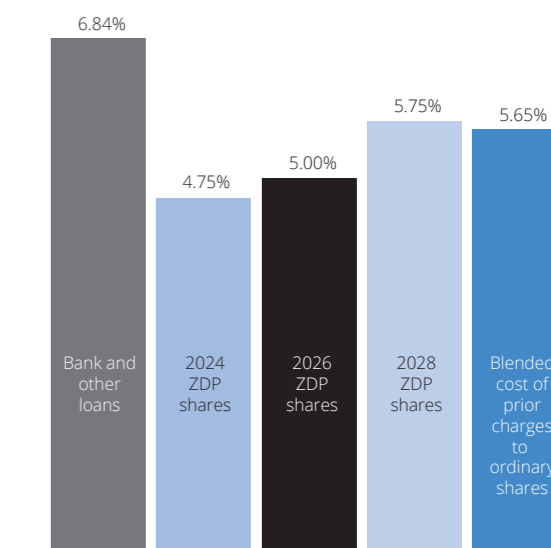
### SPLIT OF GROSS ASSETS

as at 30 June 2023



### CONSOLIDATED FUNDING COST STRUCTURE

as at 30 June 2023





## ZDP SHARES

### ZDP SHARES<sup>1</sup> (pence)

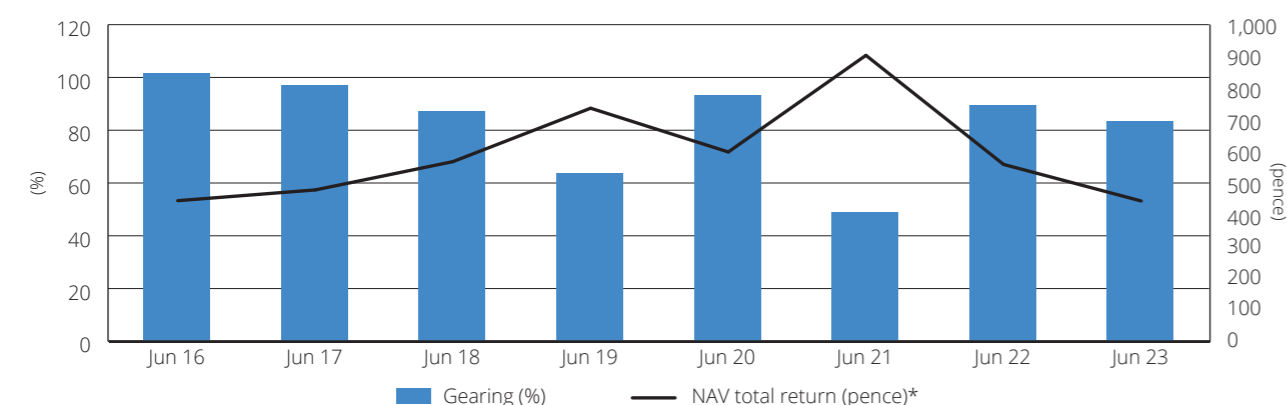
	30 June 2023	30 June 2022	% change 2023/22
<b>2022 ZDP shares</b>			
Capital entitlement <sup>2</sup> per ZDP share	n/a	143.98	n/a
ZDP share price	n/a	144.00	n/a
<b>2024 ZDP shares</b>			
Capital entitlement <sup>2</sup> per ZDP share	130.04	124.14	4.8
ZDP share price	123.50	122.50	0.8
<b>2026 ZDP shares</b>			
Capital entitlement <sup>2</sup> per ZDP share	128.75	122.62	5.0
ZDP share price	114.50	115.50	(0.9)
<b>2028 ZDP shares</b>			
Capital entitlement <sup>2</sup> per ZDP share	113.02	106.87	5.8
ZDP share price	96.50	99.00	(2.5)

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

(2) See pages 28 and 29

### GEARING/NAV TOTAL RETURN

from 30 June 2016 to 30 June 2023



\*Rebased to 100 as at 14 August 2003

Source: ICM

TOTAL ZDP SHARES  
ISSUED SINCE INCEPTION

£379.5m

TOTAL ZDP SHARES  
REDEEMED SINCE INCEPTION

£466.4m

### TOTAL BORROWINGS

	Jun 2016 £'000s	Jun 2017 £'000s	Jun 2018 £'000s	Jun 2019 £'000s	Jun 2020 £'000s	Jun 2021 £'000s	Jun 2022 £'000s	Jun 2023 £'000s
2014 ZDP								
2016 ZDP	61,327							
2018 ZDP	67,548	72,622	50,858					
2020 ZDP	28,134	48,704	51,940	55,387	59,087			
2022 ZDP	40,352	52,452	55,873	59,499	63,407	48,052	51,166	
2024 ZDP			29,408	31,582	33,250	34,996	36,833	38,765
2026 ZDP			11,275	13,474	24,791	25,299	27,589	29,005
2028 ZDP						23,726	25,225	26,819
Total	197,361	173,778	199,354	159,942	180,535	132,073	140,813	94,589
Bank and other debt*	24,813	47,846	28,495	50,971	54,402	45,437	54,907	45,329
Total debt	222,174	221,624	227,849	210,913	234,937	177,510	195,720	139,918
Blended interest rate %	6.5	6.2	6.1	5.5	5.2	4.5	4.7	5.7

\*includes net bank overdrafts

Source: ICM

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

	Jun 2016	Jun 2017	Jun 2018	Jun 2019	Jun 2020	Jun 2021	Jun 2022	Jun 2023
2014 ZDP								
2016 ZDP	5.13							
2018 ZDP	2.68	3.51	6.50					
2020 ZDP	2.18	2.38	3.71	4.92	4.23			
2022 ZDP	1.60	1.72	2.44	2.97	2.58	5.41	3.89	
2024 ZDP			1.84	2.42	2.11	3.83	2.80	3.57
2026 ZDP			1.63	2.08	1.81	3.03	2.23	2.49
2028 ZDP						2.50	1.85	1.90

\* 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.

Source: ICM

TOTAL ZDP, BANK AND  
OTHER DEBT AS AT  
30 JUNE 2023

£139.9m

GEARING AS AT  
30 JUNE 2023

83.5%<sup>+</sup>

TOTAL NET DEBT  
DECREASE DURING THE  
YEAR

£55.8m

AVERAGE COST OF  
DEBT FUNDING

5.7%

<sup>+</sup> See Alternative Performance Measures on pages 109 to 111

## PRINCIPAL ACTIVITY

UIL carries on business as an investment company and its principal activity is portfolio investment.

## INVESTMENT OBJECTIVE

UIL's investment objective is to maximise shareholder returns by identifying and investing in investments worldwide where the underlying value is not fully recognised.

## STRATEGY AND BUSINESS MODEL

UIL invests in accordance with the objective set out above. The Board is collectively responsible to shareholders for the long-term success of the Company. Since the Company has no employees, it outsources its activities to third party service providers, including the appointment of external investment managers to deliver investment performance. The Board oversees and monitors the activities of the service providers with the Board setting investment policy and risk guidelines, together with investment limits.

ICMIM, an English incorporated company authorised and regulated by the Financial Conduct Authority ("FCA") as an alternative investment fund manager ("AIFM") pursuant to the AIFM Regulations, is the Company's AIFM and joint portfolio manager alongside ICM. The investment team responsible for the management of the portfolio is headed by Duncan Saville and Charles Jillings.

ICMIM and ICM, operating under guidelines determined by the Board, have direct responsibility for the decisions relating to the day to day running of the Company and are accountable to the Board for the investment, financial and operating performance of the Company. Other service providers include JP Morgan Chase Bank N.A. – London Branch which provides administration services, JPMorgan Chase Bank N.A. – Jersey which provides custodial services, J.P. Morgan Europe Limited ("JPMEEL") which acts as the Company's Depository under the AIFM Regulations and Computershare Investor Services which acts as registrar. ICM has also been appointed Company Secretary.

## INVESTMENT POLICY

UIL's investment policy is to identify and invest in opportunities where the underlying value is not fully recognised. This perceived undervaluation may

arise from factors such as technological change, market motivation, prospective financial engineering opportunities, competition, underperforming management or shareholder apathy.

UIL aims to maximise value for shareholders through a relatively concentrated portfolio of investments including separate closed-end investment companies ("Platforms") which have been or will be established to focus on investments in dedicated market sectors.

UIL has the flexibility to invest in shares, bonds, convertibles, and other types of securities, including non-investment grade bonds and to invest in unlisted securities. UIL may also invest in other investment companies or vehicles, including any managed by the Investment Managers, where such investment would be complementary to UIL's investment objective and policy.

UIL may also use derivative instruments such as American Depositary Receipts, promissory notes, foreign currency hedges, interest rate hedges, contracts for difference, financial futures, call and put options and warrants and similar instruments for investment purposes and efficient portfolio management, including protecting UIL's portfolio and balance sheet from major corrections and reducing, transferring, or eliminating investment risks in its investments. These investments will be long term in nature.

UIL has the flexibility to invest in markets worldwide although investments in the utilities and infrastructure sectors are principally made in the developed markets of Australasia, Western Europe, and North America, as UIL's exposure to the emerging markets infrastructure and utility sectors is primarily through its holding in UEM. UIL has the flexibility to invest directly in these sectors in emerging markets with the prior agreement of UEM.

UIL believes it is appropriate to support investee companies with their capital requirements whilst at the same time maintaining an active and constructive shareholder approach through encouraging a review of the capital structure and business efficiencies. The Investment Managers' team maintains regular contact with investee companies and UIL may often be among the largest shareholders. There are no limits on the proportion of an investee company that UIL may hold and UIL may take legal or management control of a company from time to time.

There will be no material change to the investment policy (including the investment limits and the borrowing limits) without the prior approval of shareholders. Any such change would also require the approval of the ZDP shareholders.

## INVESTMENT LIMITS

The Board has prescribed the following limits on the investment policy, all of which are at the time of investment unless otherwise stated.

There are no fixed limits on the allocation of investments between sectors and markets, however the following investment limits apply:

- investments in unlisted companies will, in aggregate, not exceed 25% of gross assets at the time that any new unlisted investment is made. This restriction does not apply to loans to Platforms;
- no single investment will exceed 30% of gross assets at the time such investment is made, save that this limit shall not prevent the exercise of warrants, options or similar convertible instruments acquired prior to the relevant investment reaching the 30% limit. This restriction does not apply to investments in any Platform; and
- no single investment in a Platform will exceed 50% of gross assets at the time such investment is made, save that this limit shall not prevent the exercise of warrants, options or similar convertible instruments acquired prior to the relevant investment reaching the 50% limit and provided that no single investment held by such Platform will exceed 30% of the gross assets at the time such investment is made on a look-through basis.

None of the above restrictions will require the realisation of any of UIL's assets where any restriction is breached as a result of an event outside of the control of the Investment Managers which occurs after the investment is made, but no further relevant assets may be acquired, or loans made by UIL until the relevant restriction can again be complied with.

## BORROWING LIMITS

Under UIL's Bye-laws, the Group is permitted to borrow (excluding the gearing provided through the Group's capital structure) an aggregate amount equal to 100% of its gross assets. Borrowings may be drawn down in any currency appropriate for the portfolio.

However, the Board has set a current limit on gearing (being total borrowings excluding ZDP shares measured against gross assets) not exceeding 33.3% at the time of draw down. Borrowings may be drawn down in Sterling, US Dollars, or any currency for which there are corresponding assets within the portfolio (at the time of draw down, the value drawn must not exceed the value of the relevant assets in the portfolio).

As at 30 June 2023 the Company's £37.5m senior secured multicurrency revolving facility with the Bank of Nova Scotia was fully drawn. Further details are included in note 13 to the accounts. UIL has agreed with the Bank of Nova Scotia to extend its committed senior secured multi-currency facility to 19 March 2024. The facility has been reduced from £37.5m to £25.0m and will step down in stages over the next six months prior to a final repayment by 19 March 2024.

## DIVIDEND POLICY

The Board's objective is to maintain or increase the total annual dividend. Dividends are expected to be paid quarterly each year in December, March, June and September. In determining dividend payments, the Board will take account of factors such as income forecasts, retained revenue reserves, the Company's dividend payment record and Bermuda law. The Board also has the flexibility to pay dividends from capital reserves.

## RESULTS AND DIVIDENDS

Details of the Company's performance are set out in the Investment Managers' Report. The results for the year ended 30 June 2023 are set out in the attached accounts. The dividends in respect of the year, which total 8.00p, have been declared by way of four interim dividends.

## KEY PERFORMANCE INDICATORS

Delivery of shareholder value is achieved through the increase in capital value of the Company's shares and by its income return. The Board reviews performance by reference to a number of Key Performance Indicators ("KPIs") that include the following:

- NAV total return relative to the FTSE All-Share Index
- Share price
- Share price discount to NAV
- Revenue earnings
- Ongoing charges figure

While some elements of performance against KPIs are beyond management control, they provide measures of the Group's absolute and relative performance and are therefore monitored by the Board on a regular basis. These KPIs fall within the definition of Alternative Performance Measures under guidance issued by the European Securities and Markets Authority and additional information explaining how these are calculated is set out on pages 109 to 111.

30 June	2023	2022
NAV total return (%)	(20.6)	(38.1)
FTSE All-Share total return Index (%)	7.9	1.6
Share price (pence)	145.00	187.50
Discount to NAV (%)	27.5	28.1
Percentage of issued shares bought back during the year (based on opening share capital) (%)	0.0	0.5
Revenue EPS (pence)	6.68	8.35
Ongoing charges figure – excluding performance fees (%)	2.8	2.2

A graph showing the NAV total return performance compared to the FTSE All-Share total return Index can be found on page 3. The ten year record on page 112 shows historic data for the Company.

**Discount to NAV:** The Board monitors the premium/discount at which the Company's shares trade in relation to the assets. During the year the Company's shares traded at a discount relative to NAV in a range of 25.1% to 41.4% and an average discount of 32.2%. The Board and the Investment Managers closely monitor both movements in the Company's share price and significant dealings in the shares. On 26 July 2019, UIL announced that the Board intends to focus on reducing the discount of the ordinary shares, targeting a discount to NAV of approximately 20% over the medium term. In order to avoid substantial overhangs or shortages of shares in the market the Board asks shareholders to approve resolutions which allow for the buyback of shares and their issuance which can assist in the management of the discount, although no ordinary shares were bought back during the year ended 30 June 2023.

**Earnings and dividends per share:** As referred to in "Dividend Policy" above, the Board's objective is to maintain or increase the total annual dividend. The

Board and the Investment Managers attach great importance to maintaining dividends per share since dividends form a key component of the total return to shareholders.

The Board declared four quarterly dividends of 2.00p per share in respect of the year ended 30 June 2023. The fourth quarterly dividend will be paid on 13 October 2023 to shareholders on the register as at 29 September 2023. The total dividend for the year was 8.00p per share (2022: 8.00p per share).

**Ongoing charges:** These are calculated in accordance with the industry measure of costs as a percentage of NAV. The expenses of the Company are reviewed at every Board meeting, with the aim of managing costs incurred and their impact on performance. The ongoing charges figure appears high when compared to other investment companies as the expenses are expressed as a percentage of average net assets (after the deduction of the ZDP shares) and comprises all operational, recurring costs that are payable by the Company or incurred within underlying investee funds. This ratio is sensitive to the size of the Company as well as the level of costs.

#### OVERVIEW OF THE INVESTMENT VALUATION PROCESS

In preparing UIL's half-yearly and annual financial accounts, the most important accounting judgements and estimates relate to the carrying value of the unlisted investments which are stated at fair value. As at 30 June 2023, 56.0% of UIL's investment portfolio consisted of level 3 investments that were valued using inputs that were not based on observable market data. Given the importance of this area to the integrity of the financial reporting, the Board and the Investment Managers carefully review the valuation policies and processes and the individual valuation methodologies at each reporting date. However, the valuation of unlisted securities is inherently subjective, as it is made on the basis of assumptions which may not prove to be accurate. As detailed in note 29 to the accounts, small changes to inputs may result in material changes to the carrying value of the investments.

#### VALUATION PROCESS

UIL's valuation policy is the responsibility of the Board, with additional oversight and annual review from the Audit & Risk Committee. The policy is reviewed at least annually.

The valuation of the unlisted investments is the responsibility of the Board, with valuation support and analysis provided by the Investment Managers' valuation team. The investment portfolio is valued at fair value and this is achieved by valuing each investment using an appropriate valuation technique and applying a consistent valuation approach for all investments.

The concept of fair value is key to the valuation process and is defined as "the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date" (International Private Equity and Venture Capital ("IPEV") guidelines, December 2022).

Maximum use is made of market-based information and the valuation methodologies used are those generally used by market participants. Valuations are compliant with IFRS fair value guidelines and guidelines issued by the IPEV valuation board, which set out recommended practice for fair valuing of unlisted investments within the IFRS framework. The valuation of unlisted investments requires the exercise of judgment, and every effort is made to ensure that this judgment is applied objectively and is not used to overstate or understate the valuation result.

The Board reviews the unlisted valuations at each meeting and in conjunction with UIL's external financial reporting process. The Board receives a detailed report from the Investment Managers' valuation team recommending a proposed valuation for each of UIL's investments. The report includes details of all material valuations, explanations for movements and confirmation of the valuation process adopted. Representatives of the Investment Managers are in attendance at these meetings to answer any questions the Board may have on the valuation process and the choice of valuation techniques and inputs. The Board reviews and challenges the assumptions behind the unlisted asset valuations.

#### VALUATION METHODOLOGIES

The valuation of unlisted investments is normally determined by using one of the following valuation methodologies and, depending on the investment and relevance of the approach, any or all of these valuation methods could be used.



#### Earnings Multiples

This valuation methodology is used where the investment is profitable and where a set of comparable listed companies with similar characteristics to its holding can be determined. As several investments are not traded on an active market, the valuations are then adjusted by a liquidity discount with the discount varying depending on the nature of the underlying investment entity and its sector and whether restrictions exist on UIL's ability to sell the asset in an orderly fashion. In certain instances, UIL may use a revenue multiple approach if this is deemed more appropriate.

It is UIL's policy to use reported earnings adjusted for non-recurring items, which are typically sourced from the investee companies' management accounts or audited financial reports. In certain cases, current or projected maintainable earnings provide a more reliable indicator of the company's performance and in these instances an estimate of maintainable earnings is used in the valuation calculation.

Multiples are derived from comparable listed companies in the same business sector. Adjustments are made for relative performance versus the comparables and other company specific factors including size, product offering and growth rates.

**Discounted Cash Flow**

This methodology may be used for valuing investments with long term stable cash flows and uses maintainable earnings discounted at appropriate rates to reflect the value of the business. Generally, the latest historical accounts are used unless reliable forecast results for the current year are available. Earnings are adjusted where appropriate for exceptional or non-recurring items.

**Net Assets**

This valuation technique derives the value of an investment by reference to the value of its net assets. This is used for investments whose value derives mainly from the underlying fair value of their assets rather than their earnings, such as unlisted fund investments, property holding companies and other investment businesses. In addition, this valuation approach may also be used for investments that are not making an adequate return on assets and for which a greater value can be realised by liquidating the business and selling its assets.

For unlisted investment companies and limited partnerships, the fair value estimate is based on a summation of the estimated fair value of the underlying investments attributable to the investor. This fund NAV approach may be used where there is evidence that the valuation is derived using fair value principles and the most recent available fund NAV may be adjusted to take account of changes or events to UIL's reporting date.

**Recent Investments**

For an initial or recent transaction, UIL may value its investment using the recent transaction price for a limited period following the transaction, where the transaction price continues to be representative of fair value.

**Imminent Investment Realisation**

Where realisation of an investment or a flotation of an investment is imminent and the pricing of the relevant

transaction has been substantially agreed, a discount to the expected realisation proceeds or flotation value valuation technique is used. Judgement is applied as to the likely eventual exit proceeds and certainty of completion. This technique is only utilised where a sale or flotation process is materially complete, and the remaining risks are estimated to be small.

Note 29 to the accounts sets out more details on UIL's unlisted investments and the valuation methodologies adopted.

**PRINCIPAL RISKS AND RISK MITIGATION**

During the year ended 30 June 2023, ICMIM was the Company's AIFM and had sole responsibility for risk management subject to the overall policies, supervision, review and control of the Board.

As required by the Association of Investment Companies ("AIC") Code of Corporate Governance, the Board has undertaken a robust assessment of the principal risks facing the Company. It seeks to mitigate these risks through regular review by the Audit & Risk Committee of the Company's risk register which identifies the risks facing the Company and the likelihood and potential impact of each risk, together with the controls established for mitigation.

During the year the Audit & Risk Committee also discussed and monitored a number of emerging risks that could potentially impact the Company, the principal ones being geopolitical risk and climate change risk. The Audit & Risk Committee has determined that they are not currently sufficiently material to be categorised as separate key risks and are considered within investment risk and market risk below. The Covid-19 pandemic, which emerged in 2020, gave rise to significant challenges for businesses worldwide and this was also taken into account as part of the assessment of risks to the Company.

The principal risks and uncertainties currently faced by the Company and the controls and actions to mitigate those risks, are described below. There have been no significant changes to the principal risks during the year.

**KEY RISK FACTORS**

<b>INVESTMENT RISK:</b>	<b>The risk that the investment strategy does not achieve long-term positive total returns for the Company's shareholders.</b>	The Board monitors the performance of the Company and has established guidelines to ensure that the approved investment policy is pursued by the Investment Managers. The Board regularly reviews strategy in relation to a range of issues including the balance between quoted and unquoted stocks, the allocation of assets between geographic regions and sectors and gearing. The investment process employed by the Investment Managers combines assessment of economic and market conditions in the relevant countries with stock selection. Fundamental analysis forms the basis of the Company's stock selection process, with an emphasis on most investments having sound balance sheets, good cash flows, the ability to pay and sustain dividends, good asset bases as well as market conditions. In addition, ESG factors are also considered when selecting and retaining investments and political risks associated with investing in specific countries are also assessed. Overall, the investment process aims to achieve absolute returns through an active fund management approach and the Board monitors the implementation and results of the investment process with the Investment Managers.
<b>MARKET RISK:</b>	<b>Adverse market movements in the prices of equity and fixed interest securities, interest rates and foreign currency exchange rates and adverse liquidity could lead to a fall in NAV.</b>	The Company's portfolio is exposed to equity market risk, interest rate risk, foreign currency risk and liquidity risk. Adverse market conditions may result from factors such as economic conditions, political change, geo-political confrontations, climate change, natural disasters and health epidemics. At each Board meeting the Board reviews the composition of the portfolio, asset allocation, stock selection, unquoted investments and levels of gearing and has set investment restrictions and guidelines which are monitored and reported on by the Investment Managers. The Company's results are reported in Sterling, although the majority of its assets are priced in foreign currencies and therefore any rise or fall in Sterling will lead, respectively, to a fall or rise in the Company's reported NAV. Such factors are out of the control of the Board and the Investment Managers and may give rise to distortions in the reported returns to shareholders. It can be difficult and expensive to hedge some currencies.
<b>KEY STAFF RISK:</b>	<b>Loss by the Investment Managers of key staff could affect investment returns.</b>	The quality of the investment management team is a crucial factor in delivering good performance. There are training and development programs in place for employees and the remuneration packages have been developed in order to retain key staff. Any material changes to the management team are considered by the Board at its next meeting; the Board discusses succession planning with the Investment Managers at regular intervals.
<b>DISCOUNT RISK:</b>	<b>The Company's shares may trade at a discount to their NAV and a widening discount may undermine investor confidence in the Company.</b>	The Board monitors the price of the Company's shares in relation to their NAV and is focused on reducing the discount at which they trade. The Board may agree to buy back shares if there is a significant overhang of stock in the market; it targets a discount to NAV of approximately 20% over the medium term.

<b>OPERATIONAL RISK:</b>	<b>Failure by any service provider to carry out its obligations to the Company in accordance with the terms of its appointment could have a materially detrimental impact on the operation of the Company and could affect the ability of the Company to successfully pursue its investment policy.</b>	<p>The Company's main service providers are listed on page 108. The Audit &amp; Risk Committee monitors the performance and controls (including business continuity procedures) of the key service providers at regular intervals.</p> <p>Most of UIL's investments are held in custody for the Company by JPMorgan Chase Bank N.A., Jersey. JPMEL, the Company's depository services provider, also monitors the movement of cash and assets across the Company's accounts. The Audit &amp; Risk Committee reviews the JP Morgan SOC1 reports, which are reported on by Independent Service Auditors, in relation to its administration, custodial and information technology services.</p> <p>The Board reviews the overall performance of the Investment Managers and all the other service providers on a regular basis. The risk of cyber-crime is high, as it is with most organisations, but the Board regularly seeks assurances from the Investment Managers and other key service providers on the preventative steps that they are taking to reduce this risk.</p>
<b>GEARING RISK:</b>	<b>Whilst the use of borrowings should enhance total return where the return on the Company's underlying securities is rising and exceeds the cost of borrowing, it will have the opposite effect where the underlying return is falling.</b>	<p>The ordinary shares rank behind bank debt and ZDP shares, making them a geared instrument.</p> <p>The gearing level is high due to the capital structure of the balance sheet. As at 30 June 2023, gearing on net assets, including bank loans, any overdrafts and ZDP shares, was 83.5% (30 June 2022: 89.5%). The Board reviews the level of gearing at each Board meeting.</p> <p>ICMIM monitors compliance with the banking covenants when each drawdown is made and at the end of each month. The Board reviews compliance with the banking covenants at each Board meeting.</p>
<b>REGULATORY RISK:</b>	<b>Failure to comply with applicable legal and regulatory requirements could lead to suspension of the Company's Stock Exchange listings, financial penalties, a qualified audit report or the Company being subject to tax on capital gains.</b>	<p>The Investment Managers and the Company's professional advisers monitor developments in relevant laws and regulations and provide regular reports to the Board in respect of the Company's compliance.</p>

**VIABILITY STATEMENT**

The Board makes an assessment of the longer-term prospects of the Company beyond the timeframe envisaged under the going concern basis of accounting, having regard to the Company's current position and the principal risks it faces. The Company is a long-term investment vehicle and the Board believes that it is appropriate to assess the Company's viability over a long-term horizon. For the purposes of assessing the Company's prospects in accordance with provision 31 of the UK Corporate Governance Code, the Board considers that assessing the Company's prospects

over a period of five years is appropriate given the nature of the Company and its investment objective and appropriately reflects the long-term strategy of the Company.

In its assessment of the viability of the Company, the Board has considered the Company's prospects and outlook, each of the Company's principal risks and uncertainties detailed above, as well as the impact of a significant fall in world equity and foreign exchange markets on the value of the Company's investment portfolio and the Company's ability to repay the

£122.1m ultimate liability in respect of the 2024 and 2026 ZDP shares and its bank and other debt. The Investment Managers remain focused on reducing risk and helping investee companies navigate through the current challenging environment and emerge stronger. The Board is also satisfied that it operates an effective risk management process and has concluded a robust assessment of the principal risks facing the Company. The Board has also considered the Company's income and expenditure projections and the fact that the Company's operating expenses comprise a very small percentage of net assets while a significant proportion of the Company's investments comprise listed securities which could likely be sold to meet funding requirements, if necessary. The Board continues to consider the key risks set out in this Strategic Report, the controls and actions to mitigate these risks and the prospects for the Company's portfolio holdings and has concluded that they are unlikely to affect the going concern status or viability of the Company.

As part of this assessment the Board considered a number of stress tests, including short term reverse stress testing, and scenarios which considered the impact of severe stock market and currency volatility on shareholders' funds over a five-year period. Initially, the Company's projections were adjusted to reflect a material reduction in the value of its investments in line with that experienced during the emergence of the Covid-19 pandemic in the first quarter of 2020. The first stress test considered a fall in the market of 40% in the first year with recovery of 10% per annum thereafter. A second test considered a fall in the markets of 20% and adverse sterling movement, the Company's reporting currency, of 10% in the first year with a further fall in markets of 20% in the second year and no movement thereafter. The results demonstrated the impact on the Company's NAV, its expenses, and its ability to meet its liabilities over that period. As a result of this analysis, the Board has concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the next five years.

**PROMOTING THE SUCCESS OF THE COMPANY**

Although the Company is domiciled in Bermuda, the Board has considered the guidance set out in the AIC Code of Corporate Governance in relation to Section 172 of the UK Companies Act 2006. This requires the Directors to have a duty to promote the success of the Company for the benefit of its members as a whole and includes having

regard (amongst other matters) to fostering relationships with the Company's stakeholders and maintaining a reputation for high standards of business conduct.

As an externally managed investment company, UIL has no employees, customers, operations or premises. Therefore, the Company's key stakeholders (other than its shareholders) are considered to be its service providers, including lenders. The need to promote business relationships with the service providers and maintain a reputation for high standards of business conduct is central to the Directors' decision making. The Directors believe that fostering constructive and collaborative relationships with the Company's service providers will assist in their promotion of the success of the Company for the benefit of all shareholders and their performance is monitored by the Board and its committees. The principal service provider is the Investment Managers, who are responsible for managing the Company's assets in order to achieve its stated investment objective, and the Board maintains a good working relationship with them. Whilst strong long term investment performance is essential, the Board recognises that to provide an investment vehicle that is sustainable over the long term, both it and the Investment Managers must have regard to ethical and environmental issues that impact society. Accordingly, ESG considerations are an important part of the Investment Managers' investment process as explained more fully below.

The Board seeks to engage with the Investment Managers and its other service providers in a collaborative and collegiate manner, whilst also ensuring that appropriate and regular challenge is brought, and evaluation conducted. The aim of this approach is to enhance service levels and strengthen relationships with a view to ensuring the interests of the Company's shareholders are best served by keeping cost levels proportionate and competitive, and by maintaining the highest standards of business conduct.

The Directors aim to act fairly as between the Company's shareholders and the approach to shareholder relations is summarised in the Corporate Governance Statement on pages 52 to 56. The Chairman is available to meet with shareholders as appropriate and the Investment Managers meet regularly with shareholders and their respective representatives, reporting back on views to the Board. Shareholders may also communicate with the Company at any time by writing to the Board at the

Company's registered office or contacting the Company's broker. These communication opportunities help inform the Board when considering how best to promote the success of the Company for the benefit of all shareholders over the long term.

In addition to ensuring that the Company's stated investment objective was being pursued, the Directors confirm that they have considered promoting the success of the Company when making decisions, including in relation to:

- the extension of the Company's senior secured multicurrency revolving facility with Bank of Nova Scotia, London Branch in September 2022 for 12 months;
- the realisation of investments in advance of the redemption of the 2022 ZDP shares on 31 October 2022;
- the recommendation that shareholders vote in favour of the Company's dividend policy at the forthcoming AGM; and
- the recommendation that shareholders vote in favour of the renewal of the buyback and allotment authorities as set out in the notice of AGM.

### RESPONSIBLE INVESTMENT POLICY

The Board believes that it is in the shareholders' interests to consider ESG factors when selecting and retaining investments, and has asked the Investment Managers to take these into account when investing. The concept of responsible investing has always been a core component of the investment process and the Investment Managers employ a disciplined investment process that seeks to both uncover opportunities and evaluate potential risks, while striving for the best possible return outcomes. When reviewing any investment opportunity, the Investment Managers look to understand the relevant ESG issues in conjunction with the financial, macro and political drivers as part of their investment process, populating an internally built ESG framework due to lack of appropriate coverage from external providers. Relevant and material ESG opportunities and risks can meaningfully affect investment performance, therefore the consideration of ESG issues forms part of the integrated research analysis, decision-making and ongoing monitoring.

The Investment Managers believe that "G" is the core foundation on which all else is built, as strong governance

within a company ensures that minority shareholder interests are aligned with other shareholders, management and stakeholders. The Investment Managers' "G" assessment therefore includes questions covering shareholders' rights, transparency and related parties, as well as audit and accounting, board composition and effectiveness, executive oversight and compensation. Each area is assessed and weighted, and the Investment Managers then apply an aggregated weighting towards "G" in line with the strong empirical evidence linking robust corporate governance and performance. The questions and expectations that the Investment Managers have of companies stays consistent. This is regardless of the size of company, sector or geographical location.

The "E" and "S" are also focal points for the Investment Managers, as assessing key environmental and social risks are essential to a long-term sustainable business model. The Investment Managers identify the most material "E" and "S" risks that are believed to affect each sector. Once identified, many investees are then assessed against each risk. The results from this analysis feed into an "E" and "S" score for each company reflecting, for each material risk, whether suitable/sustainable strategies are in place. Where this is data is not disclosed, the Investment Managers will engage with the investee to ensure that the correct data is captured. To manage individual ESG risks the Investment Managers will capture or ask the investee if not disclosed, how the company is managing the risk.

Where a portfolio company is assessed as having a relatively low "E", "S" and/or "G" score, ICM's approach is to engage with the company to seek improvements over time. ESG considerations provide a way to identify and review the long-term drivers of an investment that are not found within the financial accounts, thereby enabling the Investment Managers to fully question a company's investment potential from a few perspectives. Examples of ESG progress on two portfolio companies are set out on page 20.

Where possible, the Investment Managers aim to visit companies to access an in-person opportunity to ask management teams what they perceive to be the key operational, social, and environmental issues, as well as a chance to see assets operating first-hand. ESG disclosures are not always easy to understand given they may not be openly reported or consistently disclosed. The Investment Managers believe that engaging with companies directly is the best first step. Where necessary,

the Investment Managers will question and challenge an investee company's management team directly to ensure a full understanding of any challenges and opportunities.

Given the Investment Managers are long term investors, engagement with management teams is and will remain paramount to the investment approach. On behalf of UIL as shareholder, the Investment Managers work actively with investee companies to incorporate stronger ESG principles and vote in a considered manner (including against resolutions) to drive positive change. Voting proposals are reviewed carefully with final execution taking into consideration the analysis and engagement completed. As referred to previously, the Investment Managers believe that governance factors are fundamental to an investment.

ICM is a signatory to the United Nations-supported Principles of Responsible Investment, which is an international network of investors working together to implement its six aspirational principles. The Investment Managers believe that good stewardship is essential and these principles align with their philosophy to protect and increase the value of UIL's investments.

### MODERN SLAVERY ACT

Due to the nature of the Company's business, being a company that does not offer goods and services to customers, the Board considers that it is not within the scope of the Modern Slavery Act 2015 because it has no turnover. The Company is therefore not required to make a slavery and human trafficking statement. In any event, the Board considers the Company's supply chains, dealing predominantly with professional advisers and service providers in the financial services industry, to be low risk in relation to this matter.

### GENDER DIVERSITY

The Board consists of three male directors and one female director. The Company has no employees and therefore there is nothing further to report in respect of gender representation within the Company. The Company's policy on diversity is detailed in the Corporate Governance Statement on page 55.

### GREENHOUSE GAS EMISSIONS AND STREAMLINED ENERGY AND CARBON REPORTING ("SECR")

All the Company's activities are outsourced to third parties. The Company therefore has no greenhouse gas emissions to report from its operations. In addition, the

Company considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information.

### BRIBERY ACT

The Company has a zero tolerance policy towards bribery and is committed to carrying out business fairly, honestly and openly. The Investment Managers also adopt a zero tolerance approach and have policies and procedures in place to prevent bribery.

### CRIMINAL FINANCE ACT

The Company has a commitment to zero tolerance towards the criminal facilitation of tax evasion.

### SOCIAL, HUMAN RIGHTS AND COMMUNITY MATTERS

As an externally-managed investment company, the Company does not have any employees or maintain any premises. It therefore has no material, direct impact on the environment or any particular community and the Company itself has no environmental, human rights, social or community policies. The Board notes the Investment Managers' policy statement in respect of Environmental, Social and Governance issues, as outlined on page 40.

### OUTLOOK

The Board's main focus is on the achievement of the Company's objective of delivering a long-term total return and the future of the Company is dependent upon the success of its investment strategy. The outlook for the Company is discussed in the Chairman's Statement and the main trends and factors likely to affect the future development, performance and position of the Company's business can be found in the Investment Managers' Report.

This Strategic Report was approved by the Board of Directors on 22 September 2023.

By order of the Board  
**ICM Limited**  
Company Secretary

22 September 2023

## INVESTMENT MANAGERS AND TEAM

ICMIM, a company authorised and regulated by the FCA, was the Company's AIFM during the year ended 30 June 2023 with sole responsibility for risk management, subject to the overall policies, supervision, review and control of the Board and is joint portfolio manager of the Company, alongside ICM.

The Investment Managers are focused on finding investments at valuations that do not reflect their true long term value. Their investment approach is to have a deep understanding of the business fundamentals of each investment and its environment versus its intrinsic value. The Investment Managers are long term investors.

### ICM MANAGES OVER

# £1.8bn

IN FUNDS DIRECTLY AND IS RESPONSIBLE INDIRECTLY FOR A FURTHER USD 22.9BN OF ASSETS IN SUBSIDIARY INVESTMENTS. ICM HAS OVER 80 STAFF BASED IN OFFICES IN BERMUDA, CAPE TOWN, DUBLIN, LONDON, SEOUL, SINGAPORE, SYDNEY, VANCOUVER AND WELLINGTON.

UIL HAS A BROAD INVESTMENT MANDATE. TO BETTER EXECUTE THE MANDATE UIL HAS SET UP A NUMBER OF PLATFORMS TO FOCUS THE INVESTMENT PROCESS AND DECISIONS. THE INVESTMENT MANAGERS HAVE MIRRORED THESE PLATFORMS IN ESTABLISHING INVESTMENT TEAMS DEDICATED TO EACH.

The investment teams are led by Duncan Saville and Charles Jillings.



#### DUNCAN SAVILLE

Duncan Saville, a director of ICM, is a chartered accountant with experience in corporate finance and asset management. He was formerly a non-executive director of Special Utilities Investment Trust PLC and Utilico Investment Trust plc and is an experienced non-executive director having been a director in multiple companies in the financial services, utility, mining and technology sectors. He is currently a non-executive director of ASX listed Resimac Group Limited and H.R.L Morrison & Co Limited.



#### CHARLES JILLINGS

Charles Jillings, a director of ICM and chief executive of ICMIM, is responsible for the day-to-day running of UIL and the investment portfolio. He qualified as a chartered accountant and has extensive experience in corporate finance and asset management. He is an experienced director having previously been a non-executive director of Special Utilities Investment Trust PLC and other companies in the financial services, water and waste sectors. He is currently a director of Somers Limited, Waverton Investment Management Limited and Allectus Capital Limited.

Core teams assisting them at a senior level, including consultants, are:

#### UTILITIES & INFRASTRUCTURE



**Jacqueline Broers**, deputy portfolio manager of UEM, has been involved in the running of UIL and UEM since September 2010. Mrs Broers is focused on the transport sector worldwide with particular emphasis on emerging markets. Prior to joining the investment team, Mrs Broers worked in the corporate finance team at Lehman Brothers and Nomura. Mrs Broers is a qualified chartered accountant.



**Jonathan Grocock**, deputy portfolio manager of UEM, has been involved in the running of UIL and UEM since February 2011. Mr Grocock is focused on the utilities sector worldwide with particular emphasis on emerging markets. Prior to joining the investment team Mr Grocock had nine years of experience in sell side equity research. Mr Grocock qualified as a CFA charterholder in 2005 and is a non executive director of Petalite Limited.



**Mark Lebell** has been involved in the running of UIL and UEM since their inception and before that was involved with Utilico Investment Trust plc and The Special Utilities Investment Trust PLC since 2000. Mr Lebell is focused on the communications sector worldwide with particular emphasis on emerging markets. Mr Lebell is an associate member of the Institute of Engineering and Technology.

#### FIXED INCOME



**Gavin Blessing** joined ICM in 2012. He has over twenty-five years of experience, mostly in the corporate fixed income markets, both investment grade and high yield. He worked as a credit research analyst and portfolio manager at Goldman Sachs Asset Management in London for 10 years. Prior to joining ICM he was head of bond credit research at Canaccord Genuity in Dublin. Mr Blessing is a qualified chartered accountant and CFA charterholder.

#### ICM MOBILITY



**Dugald Morrison** is responsible for Australasia and leads the team responsible for the ICM Mobility Group. He is an experienced investment analyst, having worked in stockbroking, investment banking and investment management firms in New Zealand, the United Kingdom and the United States since 1987. Mr Morrison is a member of the New Zealand Institute of Directors.

#### RESOURCES



**Tristan Kingcott** is responsible for ICM Canada, based in Vancouver. He is the fund manager for Zeta Resources Limited and is focused on the resources sector worldwide and on the technology and financial services sectors in North America. He has over twelve years' experience in financial and commercial analysis. Mr Kingcott is currently a non-executive director of Terra Firma Capital Corp, and several unlisted companies. Mr Kingcott is a CFA Charterholder and a Member of the CFA Society in Vancouver.

## INVESTMENT MANAGERS AND TEAM (continued)

### TECHNOLOGY



**Jason Cheong** leads the investment team at Allectus Capital Limited and holds various technology portfolio directorships. He has thirteen years' experience in private markets investing across venture capital and private equity in Australia and the United Kingdom. Prior to joining ICM, he was a private equity investor at Brookfield Asset Management and a mergers and acquisitions lawyer at Baker & McKenzie, LLP. Mr Cheong is a qualified solicitor, admitted to practice in Australia.



**Matthew Gould** is responsible for ICM's quantum endeavour. He has experience across a range of emerging technologies including Artificial Intelligence, Virtual Reality, and Fintech. Prior to joining ICM, he was CEO of Arria NLG Limited, an AI software company. Mr Gould was with Hewlett Packard ("HP") where he led the Emerging Technologies practice, before transferring as the Chief Strategy Officer for HP's Professional Services division. He is a registered financial advisor and member of the Institute of Directors, New Zealand.

### FINANCIAL SERVICES



**Alasdair Younie** is a director of ICM. Mr Younie is responsible for the day to day running of the Somers Group. Mr Younie has significant experience in financial markets and corporate finance. He worked for six years within the corporate finance department of Arbutnot Securities Limited in London. He is a director of Allectus Capital Limited, Somers Limited and West Hamilton Holdings Limited. Mr Younie is a member of the Institute of Chartered Accountants in England and Wales.

### CORPORATE FINANCE



**Sandra Pope** is a director of ICMIM. She has over thirty years' experience in corporate finance, having previously worked in corporate finance at Deloitte Haskins & Sells, Hill Samuel Bank and Close Brothers for ten years and has worked for the ICM Group since 1999. Mrs Pope is a qualified chartered accountant and is a director of a number of private companies.

### COMPANY SECRETARY, ICM LIMITED



**Alastair Moreton**, a chartered accountant, joined the ICM team in 2017 to provide company secretarial services to the Company and to UEM. He has over thirty years' experience in corporate finance with Samuel Montagu, HSBC, Arbutnot Securities and, prior to joining ICM, Stockdale Securities, where he was responsible for the company's closed-end fund corporate clients.

## DIRECTORS



### PETER BURROWS AO\* (CHAIRMAN)

Peter Burrows AO (Chairman) was appointed a Director in September 2011 and Chairman in November 2015. Mr Burrows is an experienced stockbroker and founded his own independent specialist private client stock broking firm, Burrows Limited, in 1986. Mr Burrows was previously the chairman and director of a number of listed and unlisted companies. Mr Burrows was made an officer in the Order of Australia (AO) for his services to medical research, tertiary education and finance.



### STUART BRIDGES\*

Stuart Bridges (Chairman of Audit & Risk and Management Engagement Committees) was appointed a Director in October 2019. He is Chief Financial Officer of Inigo Limited, a nonlife insurance group operating out of Lloyds of London. He is a chartered accountant and his previous roles included chief financial officer of Control Risks Group, Nex Group plc (formerly ICAP plc) and Hiscox plc. Prior to Hiscox, he held various senior positions in a number of financial services companies in the United Kingdom and United States including Henderson Global Investors.



### ALISON HILL\*

Alison Hill, FCMA, CGMA, was appointed a Director in November 2015 and is an executive director and chief executive officer of The Argus Group in Bermuda, which provides insurance, retirement and financial services. Ms Hill has over twenty five years' experience in global corporations in the financial services sector. Ms Hill is a trustee and a member of committees of a number of non-corporate organisations in Bermuda. Ms Hill is a Fellow of the Chartered Institute of Management Accountants and a Chartered Global Management Accountant.



### DAVID SHILLSON

David Shillson, LL.M (Hons), who was appointed a Director in November 2015, is an experienced corporate and commercial lawyer and a senior partner of Dentons Kensington Swan, the New Zealand member of Dentons, the global law firm. He has acted for a variety of clients, particularly in acquisitions and investment structuring, advising on transactional and governance matters across the utilities, transport, energy, technology and finance sectors. Mr Shillson is a member of the New Zealand Law Society and the New Zealand Institute of Directors.

\* Independent Director and member of the Audit & Risk Committee and Management Engagement Committee



## DIRECTORS' REPORT

The Directors present the Annual Report and Accounts of the Company for the year ended 30 June 2023.

### STATUS OF THE COMPANY

UIL is a Bermuda exempted closed-end investment company with registration number 39480. The Company's ordinary shares are admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange and have a secondary listing on the Bermuda Stock Exchange. UIL Finance's ZDP shares are listed on the Standard Segment of the Official List of the Financial Conduct Authority and are traded on the Main Market of the London Stock Exchange. UIL is a member of the AIC in the UK.

The Company's subsidiary undertaking, UIL Finance, carries on business as an investment company.

### THE ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIFMD")

The Company is a non-EU Alternative Investment Fund ("AIF") for the purposes of the AIFMD. The Company has appointed ICMIM, an English incorporated company which is regulated by the FCA, as its AIFM, with sole responsibility for risk management and ICM and ICMIM jointly to provide portfolio management services.

The AIFMD requires certain information to be made available to investors in AIFs before they invest and requires that material changes to this information be disclosed in the annual report of each AIF. An Investor Disclosure Document, which sets out information on the Company's investment strategy and policies, leverage, risk, liquidity, administration, management, fees, conflicts of interest and other shareholder information, is available on the Company's website at [www.uil.limited](http://www.uil.limited).

UIL has also appointed JPMEL as its depository services provider. JPMEL's responsibilities include general oversight over the issue and cancellation of the Company's shares, the calculation of the NAV, cash monitoring and asset verification and record keeping. JPMEL receives a fee of 2.2bps on UIL's NAV for its services, subject to a minimum fee of £25,000 per annum, payable monthly in arrears.

### FUND MANAGEMENT ARRANGEMENTS

The aggregate fees payable by the Company to ICMIM and ICM under the Investment Management Agreement ("IMA") are 0.5% per annum of gross assets after deducting current liabilities (excluding borrowings incurred for investment purposes), payable quarterly in arrears, with such fees to be apportioned between ICMIM and ICM as agreed by them. The Investment Managers may also become entitled to a performance-related fee. The IMA may be terminated on one year's notice in writing and further details of the management and performance fees are disclosed in note 3 to the accounts.

Under the IMA, ICM has been appointed as Company Secretary.

The Board continually reviews the policies and performance of the Investment Managers. The Board's philosophy and the Investment Managers' approach are that the portfolio should consist of shares thought attractive irrespective of their inclusion or weighting in any index. Over the long term, the Board expects the combination of the Company's and Investment Managers' approach to generate a positive return for shareholders. The Board continues to believe that the appointment of ICMIM and ICM on the terms agreed is in the interests of shareholders as a whole.

### ADMINISTRATION

The provision of accounting and administration services has been outsourced to JPMorgan Chase Bank N.A. – London Branch (the "Administrator"). The Administrator provides financial and general administrative services to the Company for an annual fee based on the Company's month end NAV (5 bps on the first £100m NAV, 3bps on the next £150m NAV, 2bps on the next £250m NAV and 1.5bps on the next £500m NAV). The Administrator and any of its delegates are also entitled to reimbursement of certain expenses incurred by it in connection with its duties. In addition, ICMIM has appointed Waverton Investment Management Limited ("Waverton") to provide certain support services (including middle office, market dealing and information technology support services). Waverton is entitled to receive an annual fee of 3bps of the Company's gross assets and the Company reimburses ICMIM for its costs and expenses incurred in relation to this agreement.

Annually, the Management Engagement Committee considers the ongoing administrative requirements of the Company and assesses the services provided.

### SAFE CUSTODY OF ASSETS

During the year ended 30 June 2023, most of UIL's investments were held in custody for the Company by JPMorgan Chase Bank N.A., Jersey (the "Custodian"). Operational matters with the Custodian are carried out on the Company's behalf by ICMIM and the Administrator in accordance with the IMA and the Administration Agreement. The Custodian is paid a variable fee dependent on the number of trades transacted and the location of the securities held.

### FINANCIAL INSTRUMENTS

The Company's financial instruments comprise its investment portfolio, cash balances, bank borrowings and debtors and creditors which arise directly from its operations such as sales and purchases awaiting settlement, and accrued income. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 29 to the accounts.

### DIVIDENDS

Dividends of 2.00p per share were paid on 22 December 2022, 31 March 2023 and 26 June 2023. A dividend of 2.00p per share was declared on 19 September 2023 for payment on 13 October 2023 to shareholders on the register as at 29 September 2023. In aggregate, the four interim dividends in respect of the year amount to 8.00p per ordinary share.

### ISA AND NMPI

The ordinary shares and the ZDP shares remain qualifying investments under the Individual Savings Account ("ISA") regulations and it is the intention of the Board to continue to satisfy these regulations. Furthermore, the Company currently conducts its affairs so that its shares can be recommended by IFAs to ordinary retail investors in accordance with the FCA's rules in relation to non-mainstream pooled investments and intends to continue to do so for the foreseeable future.



### GOING CONCERN

The Board has reviewed the going concern basis of accounting for the Company. A significant proportion of the Company's investments comprise listed securities. 20.5% of the total portfolio as at 30 June 2023 is in level 1 investments which, in most circumstances, could likely be sold to meet funding requirements, if necessary. The Board has performed a detailed assessment of the Company's operational risk and resources including its ability to meet its liabilities as they fall due, by conducting stress tests and scenarios which considered the impact of severe stock market and currency volatility. This is set out in note 28 to the accounts. In light of this work and there being 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, the Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least the next twelve months from the date of approval of these financial statements. Accordingly, the Board considers it appropriate to continue to adopt the going concern basis in preparing the accounts.

### DIRECTORS

UIL has a Board of four non-executive Directors who oversee and monitor the activities of the Investment

## DIRECTORS' REPORT (continued)

Managers and other service providers and ensure that the Company's investment policy is adhered to. The Board is supported by an Audit & Risk Committee and a Management Engagement Committee, which deal with specific aspects of the Company's affairs. The Corporate Governance Statement, which is set out on pages 52 to 56, forms part of this Directors' Report.

The Directors have a range of business, financial and asset management skills as well as experience relevant to the direction and control of the Company. Brief biographical details of the members of the Board are shown on page 45. All the Directors are independent other than Mr Shillson, who is a partner of Dentons Kensington Swan, a New Zealand law firm which has acted for members of the UIL and ICM groups.

UIL's Bye-laws require that a Director shall retire and be subject to re-election at the first AGM after appointment and at least every three years thereafter. However, in accordance with the AIC Code of Corporate Governance, all the directors are subject to annual re-election.

The nature of an investment company and the relationship between the Board and the Investment Managers are such that it is considered unnecessary to identify a senior independent director. Any of the Directors is available to shareholders if they have concerns which have not been resolved through the normal channels of contact with the Chairman or the Investment Managers, or for which such channels are inappropriate.

The duty to Promote the Success of the Company section on pages 39 and 40 forms part of this Directors' Report.

### DIRECTORS' INDEMNITY AND INSURANCE

As permitted by the Company's Bye-laws, the Directors have the benefit of an indemnity under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out his/her role as a Director of the Company. The indemnity was in place during the year and as at the date of this report. UIL also maintains Directors' and Officers' liability insurance which provides appropriate cover for any legal action brought against the Directors.

### DIRECTORS' INTERESTS

The Directors' interests in the ordinary share capital of the Company are disclosed in the Directors' Remuneration Report.

No Director was a party to, or had any interests in, any contract or arrangement with the Company at any time during the year or at the year end. There are no agreements between the Company and its Directors concerning compensation for loss of office.

A Director must avoid a situation where he/she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The Directors have declared any potential conflicts of interest to the Company which are reviewed regularly by the Board. The Directors have undertaken to advise the Company Secretary and/or Chairman as soon as they become aware of any potential conflicts of interest.

### SHARE CAPITAL

As at 30 June 2023 the issued ordinary share capital of the Company and the total voting rights were 83,842,918 ordinary shares. As at the date of this report the issued share capital and total voting rights were 83,842,918 ordinary shares. There are no restrictions on the transfer of securities in the Company and there are no special rights attached to any of the shares.

### SHARE ISSUES AND REPURCHASES

UIL has the authority to purchase shares in the market and to issue new shares for cash. During the year ended 30 June 2023 no ordinary shares were purchased by the Company. The current authority to repurchase shares was granted to Directors on 10 November 2022 and expires at the conclusion of the next AGM. The Directors are proposing that their authority to buy back up to 14.99% of the Company's shares and to issue new shares up to 10% of the Company's issued ordinary share capital be renewed at the forthcoming AGM.

### SUBSTANTIAL SHARE INTERESTS

As at the date of this report, the Company had received notification from Mr Duncan Saville that he had an interest in 63,179,727 ordinary shares (75.4% of UIL's issued share capital) which included the

holding of General Provincial Life Pension Fund Limited (54,851,533 ordinary shares (65.4%)).

### THE COMMON REPORTING STANDARD

Tax legislation under The OECD (Organisation for Economic Co-operation and Development) Common Reporting Standard for Automatic Exchange of Financial Account Information (the "Common Reporting Standard") was introduced on 1 January 2016. The legislation requires UIL, as an investment company, to provide personal information on shareholders to the Company's local tax authority in Bermuda. The Bermuda tax authority may in turn exchange the information with the tax authorities of another country or countries in which the shareholder may be tax resident, where those countries (or tax authorities in those countries) have entered into agreements to exchange financial account information. The Company's registrars have been engaged to collate such information and file reports on behalf of the Company.

All new shareholders, excluding those whose shares are held as depositary interests, who are entered on the share register will be sent a certification form for the purposes of collecting this information.

### AUDIT INFORMATION AND AUDITOR

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### LISTING RULE 9.8.4R

The ordinary shares of UIL are admitted to the Specialist Fund Segment and therefore the Listing Rules do not technically apply to it. However it has agreed to comply voluntarily with certain key provisions of the Listing Rules, including Listing Rule 9.8, and confirms that there are no instances where the Company is required to make disclosures in respect of Listing Rule 9.8.4R (information to be included in annual report and accounts).

### ANNUAL GENERAL MEETING

The following information to be discussed at the forthcoming AGM is important and requires your immediate attention. If you are in any doubt about the action you should take, you should seek advice from your stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (as amended). If you have sold or transferred all of your shares in the Company, you should pass this document, together with any other accompanying documents including the form of proxy, at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The business of the AGM consists of 12 resolutions. Resolutions 1 to 11 (inclusive) will be proposed as ordinary resolutions and resolution 12 will be proposed as a special resolution.

#### Ordinary Resolution 1 – Annual Report and Financial Statements

This resolution seeks shareholder approval to receive the Directors' Report, the Independent Auditor's Report and the Financial Statements for the year ended 30 June 2023.

#### Ordinary Resolution 2 – Approval of the Directors' Remuneration Policy

This resolution is to approve the Directors' Remuneration Policy which, if passed, will be effective with immediate effect and will apply until it is next put to shareholders for approval, which must be at intervals of not more than three years.

#### Ordinary Resolution 3 – Approval of the Directors' Remuneration Report

This resolution is an advisory vote on the Directors' Remuneration Report.

#### Ordinary Resolution 4 – Approval of the Company's dividend policy

This resolution seeks shareholder approval of the Company's dividend policy to pay four interim dividends per year. Under the Company's Bye-laws, the Board is authorised to approve the payment of interim dividends without the need for the prior approval of the Company's shareholders.

Having regard to corporate governance best practice relating to the payment of interim dividends without the approval of a final dividend by a company's shareholders, the Board has decided to seek express approval from shareholders of its dividend policy to pay four interim dividends per year. If this resolution is not passed, it is the intention of the Board to refrain from authorising any further interim dividends until such time as the Company's dividend policy is approved by its shareholders.

### Ordinary Resolutions 5 to 8 (inclusive) – Re-election of Directors

The biographies of the Directors are set out on page 45 and are incorporated into this report by reference.

**Resolution 5** relates to the re-election of Mr Peter Burrows who was appointed Chairman on 16 November 2015, having joined the Board on 16 September 2011. Mr Burrows' leadership of the Board as Chairman draws on his long and varied experience on the boards of many listed and unlisted companies. His focus is on long-term strategic issues, which are key topics of Board discussion.

**Resolution 6** relates to the re-election of Mr Stuart Bridges who was appointed on 2 October 2019. Mr Bridges is a chartered accountant with many years of experience both as a chief financial officer and as chair of audit and risk committees in the financial services sector. He therefore brings this strong background and skills to his role as the Company's Audit & Risk Committee Chairman.

**Resolution 7** relates to the re-election of Ms Alison Hill who was appointed on 16 November 2015. Ms Hill is based in Bermuda and is an executive director and chief executive officer of the financial services company, The Argus Group. She therefore brings extensive financial services experience and knowledge of Bermuda to her role on the Board.

**Resolution 8** relates to the re-election of Mr David Shillson who was appointed on 16 November 2015. Mr Shillson brings significant legal experience to his role on the Board which draws on a track record of advising on acquisitions and investment structuring in many of the sectors in which the Company invests.

### Ordinary Resolutions 9 and 10 – Appointment of the external Auditor and the Auditor's Remuneration

These resolutions relate to the appointment and remuneration of the Company's auditor. The Company, through its Audit & Risk Committee, has considered the independence and objectivity of the external auditor and is satisfied that the proposed Auditor is independent. Further information in relation to the assessment of the existing Auditor's independence can be found in the report of the Audit & Risk Committee.

Resolutions relating to the following items of special business will be proposed at the forthcoming AGM:

### Ordinary Resolution 11 – Authority to buy back shares

This resolution seeks to renew the authority granted to Directors enabling the Company to purchase its own shares. The Directors will consider repurchasing shares in the market if they believe it to be in shareholders' interests and as a means of correcting any imbalance between supply and demand for the Company's shares. Any shares purchased pursuant to this resolution shall be cancelled immediately upon completion of the purchase or held, sold, transferred or otherwise dealt with as treasury shares.

The Directors are seeking authority to purchase in the market up to 12,560,000 ordinary shares (representing approximately 14.99% of the issued ordinary shares as at the date of the Notice of AGM). This authority, unless renewed at an earlier general meeting, will expire at the conclusion of the next AGM of the Company to be held in 2024.

### Special Resolution 12 – Authority to disapply pre-emption rights

The Company's Bye-laws provide that, unless otherwise determined by a special resolution, the Company is not able to allot ordinary shares for cash without offering them to existing shareholders first in proportion to their shareholdings. This resolution will grant the Company authority to dis-apply these pre-emption rights in respect of up to 8,384,000 ordinary shares (representing approximately 10% of the issued ordinary shares as at the date of the Notice of AGM). Any such sale of shares would only be made at prices greater than NAV and would therefore increase the assets underlying each share. This resolution will expire at the conclusion of the next AGM of the

Company to be held in 2024 unless renewed prior to that date at an earlier general meeting.

Resolution 12 is a special resolution and will require the approval of a 75% majority of votes cast in respect of it.

### RECOMMENDATION

The Board considers that each of the resolutions to be proposed at the AGM is likely to promote the success of the Company for the benefit of its members as a whole and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend that shareholders vote in favour of these resolutions as they intend to do in respect of their own beneficial holdings.

By order of the Board  
**ICM Limited**  
Secretary

22 September 2023

# CORPORATE GOVERNANCE STATEMENT

## THE COMPANY'S CORPORATE GOVERNANCE FRAMEWORK

Corporate Governance is the process by which the board of directors of a company protects shareholders' interests and by which it seeks to enhance shareholder value. Shareholders hold the directors responsible for the stewardship of a company's affairs, delegating authority and responsibility to the directors to manage the company on their behalf and holding them accountable for its performance. Responsibility for good governance lies with the Board. The Board considers the practice of good governance to be an integral part of the way it manages the Company and is committed to maintaining high standards of financial reporting, transparency and business integrity.

The governance framework of the Company reflects the fact that, as an investment company, it has no full-time employees and outsources its activities to third party service providers.

THE BOARD	
<p><b>Four non-executive directors (NEDs)</b>  <b>CHAIRMAN:</b>  <b>Peter Burrows</b></p>	

### KEY OBJECTIVES:

- to set strategy, values and standards;
- to provide leadership within a framework of prudent and effective controls which enable risks to be assessed and managed; and
- to constructively challenge and scrutinise performance of all outsourced activities.

AUDIT & RISK COMMITTEE	MANAGEMENT ENGAGEMENT COMMITTEE	NOMINATION COMMITTEE FUNCTION	REMUNERATION COMMITTEE FUNCTION
<p>All the independent Directors  <b>CHAIRMAN:</b>  <b>Stuart Bridges</b></p>	<p>All the independent Directors  <b>CHAIRMAN:</b>  <b>Stuart Bridges</b></p>	<p>The Board as a whole performs this function</p>	<p>The Board as a whole performs this function</p>

### KEY OBJECTIVE:

- to oversee the financial reporting and control environment.

### KEY OBJECTIVES:

- to review the performance of the Investment Managers and the Administrator; and
- to review the performance of other service providers.

### KEY OBJECTIVES:

- to regularly review the Board's structure and composition; and
- to consider any new appointments.

### KEY OBJECTIVE:

- to set the remuneration policy for the Directors of the Company.

## THE AIC CODE OF CORPORATE GOVERNANCE

The Board's principal governance reporting obligation is in relation to the UK Corporate Governance Code (the "UK Code") issued by the Financial Reporting Council ("FRC") in July 2018. However, it is recognised that investment companies have special circumstances which have an impact on their governance arrangements. An investment company typically has no employees and the roles of portfolio manager, administration, accounting and company secretarial tend to be outsourced to a third party. The AIC has therefore drawn up its own set of guidelines known as the AIC Code of Corporate Governance (the "AIC Code") issued in February 2019, which recognises the nature of investment companies by focusing on matters such as board independence and the review of management and other third party contracts. The FRC has endorsed the AIC Code and confirmed that companies which report against the AIC Code will be meeting their obligations in relation to the UK Code and paragraph 9.8.6 of the FCA's Listing Rules. The Board believes that reporting against the principles and recommendations of the AIC Code will provide better information to shareholders.

The UK Code is available from the FRC's website at [www.frc.org.uk](http://www.frc.org.uk). The AIC Code is available from the Association of Investment Companies' website at [www.theaic.co.uk](http://www.theaic.co.uk).

## COMPLIANCE WITH THE AIC CODE

During the year ended 30 June 2023, the Company complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except those relating to:

- the role of the chief executive;
- executive directors' remuneration;
- the need for an internal audit function;
- nomination of a senior independent director; and
- membership of the Audit & Risk Committee by the Chairman of the Board.

For the reasons set out in the AIC Code and as explained in the UK Code, the Board considers these provisions are not relevant to the position of UIL, being an externally managed investment company. The Board is composed entirely of non-executive directors and

therefore the Board does not believe it is necessary to nominate a senior independent director. In addition, as explained in the Audit & Risk Committee Report, the Chairman of the Board is also a member of the Audit & Risk Committee, as permitted by the AIC Code.

Information on how the Company has applied the principles of the AIC Code and the UK Code is set out below.

## THE BOARD

The Board is responsible to shareholders for the overall stewardship of the Company. A formal schedule of matters reserved for the decision of the Board has been adopted. Investment policy and strategy are determined by the Board and it is also responsible for the gearing policy, dividend policy, public documents, such as the Annual Report and Financial Statements, the buy-back policy and corporate governance matters. In order to enable the Directors to discharge their responsibilities effectively the Board has full and timely access to relevant information.

The Board meets at least three times a year, with additional Board and Committee meetings being held on an ad hoc basis to consider investment performance and particular issues as they arise. Key representatives of the Investment Managers attend each meeting and between these meetings there is regular contact with the Investment Managers. Board meetings may be held in countries where the Company holds investments and the Board will meet with investee companies and local experts.

The Board has direct access to the advice and services of the Company Secretary, who is an employee of ICM. The Company Secretary, with advice from the Company's lawyers and financial advisers, is responsible for ensuring that the Board and Committee procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is also responsible to the Board for ensuring timely delivery of information and reports and that the statutory obligations of the Company are met. The Company Secretary is responsible for advising the Board, through the Chairman, on all governance matters.

There is an agreed procedure for Directors, in the furtherance of their duties, to take legal advice at the Company's expense, having first consulted with the Chairman.

## CORPORATE GOVERNANCE STATEMENT (continued)

During the year, none of the Directors took on any significant new commitments or appointments. All of the Directors consider that they have sufficient time to discharge their duties.

There were three Board meetings, three Audit & Risk Committee meetings and one Management Engagement Committee meeting held during the year and the attendance by the Directors was as follows:

	Board	Audit & Risk Committee	Management Engagement Committee
Number of scheduled meetings held during the year	3	3	1
Peter Burrows	3	3	1
Stuart Bridges	3	3	1
Alison Hill	3	3	1
Christopher Samuel	2/2	2/2	1
David Shillson	3	n/a	n/a

Apart from the meetings detailed above, there were a number of meetings held by committees of the Board to discuss investment performance, approve the declaration of quarterly dividends and other ad hoc items.

### AUDIT & RISK COMMITTEE

The Audit & Risk Committee comprises all the independent Directors of the Company and is chaired by Mr Bridges. Further details of the Audit & Risk Committee are provided in its report starting on page 60.

### MANAGEMENT ENGAGEMENT COMMITTEE

The Management Engagement Committee, which is chaired by Mr Bridges, comprises all the independent Directors of the Company and meets at least once a year.

The Investment Managers' performance is considered by the Board at every meeting, with a formal evaluation by the Management Engagement Committee annually. The Board received detailed reports and views from the Investment Managers on investment policy, asset allocation, gearing and risk at each Board meeting in the year ended 30 June 2023, with ad hoc market/

company updates if there were significant movements in the intervening period.

The Management Engagement Committee also considers the effectiveness of the administration services provided by the Investment Managers and Administrator and the performance of other third party service providers. In this regard the Committee assessed the services provided by the Investment Managers, the Administrator and the other service providers to be good.

### REMUNERATION COMMITTEE

The Board as a whole undertakes the work which would otherwise be undertaken by a Remuneration Committee. Further details are provided in the Directors' Remuneration Report starting on page 57.

### INTERNAL CONTROLS

The Directors acknowledge that they are responsible for ensuring that the Company maintains a sound system of internal financial and non-financial controls ("internal controls") to safeguard shareholders' investments and the Company's assets.

The Company's system of internal control is designed to manage rather than eliminate risk of failure to achieve the Company's investment objective and/or adhere to the Company's investment policy and/or investment limits. The system can therefore only provide reasonable and not absolute assurance against material misstatement or loss.

The Investment Managers, Administrator and Custodian maintain their own systems of internal controls and the Board and the Audit & Risk Committee receive regular reports from these service providers.

The Board meets regularly, at least three times a year. It reviews financial reports and performance against relevant stock market criteria and the Company's peer group, amongst other things. The effectiveness of the Company's system of internal controls, including financial, operational and compliance and risk management systems is reviewed at least bi-annually against risk parameters approved by the Board. The Board confirms that the necessary actions are taken to remedy any significant failings or weaknesses identified from its review. No significant failings or weaknesses

occurred during the year ended 30 June 2023 or subsequently up to the date of this report.

### BOARD DIVERSITY, APPOINTMENT, RE-ELECTION AND TENURE

The Board as a whole undertakes the responsibilities which would otherwise be assumed by a nomination committee since the Board is composed solely of non-executive Directors. It considers the size and structure of the Board, including the balance of expertise and skills brought by individual Directors. It supports the principles of boardroom diversity, including gender and ethnicity, progressive refreshing and succession planning and such matters are discussed by the Board as a whole at least annually. The Company's policy is that the Board should be comprised of directors with a diverse range of skills, knowledge and experience and that any new appointments should be made on the basis of merit, against objective criteria including diversity. Listing Rule 9.8.6, against which the Company has agreed to comply voluntarily, requires companies to report against the following three diversity targets:

- At least 40% of individuals on the board are women;
- At least one of the senior board positions (defined in the Listing Rules as the chair, CEO, SID and CFO) is held by a woman; and
- At least one individual on the board is from a minority ethnic background.

As at 30 June 2023, UIL's Board consists of three men and one woman and UIL does not comply with targets (i) and (iii). As provided for in the Listing Rules, investment companies do not need to report against target (ii) if it is inapplicable. The Board believes that, since UIL is an externally managed investment company which does not have executive management functions, including the roles of CEO or CFO, this target is not applicable.

The Board has chosen to align its diversity reporting reference date with the Company's financial year end. As required by the Listing Rules, further details in relation to the three diversity targets are set out in the tables below. The information was obtained by asking each of the Directors how they wished to be categorised for the purposes of these disclosures:

30 June 2023	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, Chair)
Men	3	75%	
Women	1	25%	Not applicable*
Other	-	-	
Not specified/ prefer not to say	-	-	

30 June 2023	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID, Chair)
White British or other White (including minority-white groups)	4	100%	
Mixed/Multiple Ethnic Groups	-	-	
Asian/Asian British	-	-	Not applicable*
Black/African/Caribbean/Black British	-	-	
Other ethnic group, including Arab	-	-	
Not specified/ prefer not to say	-	-	

\* This column is inapplicable as the company is externally managed and does not have executive management functions, specifically it does not have a CEO, CFO.

Whilst the current composition of the Board does not satisfy targets (i) and (iii), the Board will continue to have regard to boardroom diversity, including gender and ethnicity, during its consideration of succession planning and future Board appointments.

The Board is of the view that length of service does not necessarily compromise the independence or contribution of directors of an investment company, where continuity and experience can add significantly to the strength of the Board. This is supported by the views on independence expressed in the AIC Code. No limit on the overall length of service of any of the Company's Directors, including the Chairman, has

been imposed. All Directors are subject to annual re-election.

The Board reviews succession planning at least annually. Appointments of new Directors will be made on a formalised basis with the Chairman agreeing, in conjunction with his colleagues, a job specification and other relevant selection criteria and the methods of recruitment (where appropriate using an external recruitment agency), selection and appointment. The potential Director would meet with Board members prior to formal appointment. An induction process will be undertaken, with new appointees to the Board being given a full briefing on the workings and processes of the Company and the management of the Company by the Chairman, the Investment Managers, the Company Secretary and other appropriate persons. All appointments are subject to subsequent confirmation by shareholders in general meeting.

#### BOARD, COMMITTEE AND DIRECTORS' PERFORMANCE APPRAISAL

The Directors recognise the importance of the AIC Code's recommendations in respect of evaluating the performance of the Board, the Committees and individual Directors. This encompasses both quantitative and qualitative measures of performance including:

- attendance at meetings;
- the independence of individual Directors;
- the ability of Directors to make an effective contribution to the Board and Committees through the range and diversity of skills and experience each Director brings to their role; and
- the Board's ability to challenge the Investment Managers' recommendations, suggest areas of debate and set the future strategy of the Company.

The Board opted to conduct performance evaluation through questionnaires and discussion between the Directors, the Chairman and the chairmen of the Committees. This process is conducted by the Chairman reviewing individually with each of the Directors their performance, contribution and commitment to the Company and the possible further development of skills. In addition, the Chair of the Audit & Risk Committee reviews the performance of

the Chairman with the other Directors, taking into account the views of the Investment Managers. The relevant points arising from these meetings are then reported to, and discussed by, the Board as a whole. This process has been carried out in respect of the year under review and will be conducted on an annual basis. The result of this year's performance evaluation process was that the Board, the Committees of the Board and the Directors individually were all assessed to have performed satisfactorily. No follow-up actions were required.

It is not felt appropriate currently to employ the services of, or to incur the additional expense of, an external third party to conduct the evaluation process as an appropriate process is in place; this will, however, be kept under review.

#### RELATIONS WITH SHAREHOLDERS

UIL welcomes the views of shareholders and places great importance on communication with shareholders.

The prime medium by which the Company communicates with shareholders is through the half-yearly and annual financial reports, which aim to provide shareholders with a full understanding of the Company's activities and its results. This information is supplemented by the calculation and publication, via a Regulatory Information Service, of the NAV of the Company's shares and by monthly fact sheets produced by the Investment Managers. Shareholders can visit the Company's website: [www.uil.limited](http://www.uil.limited) in order to access copies of half-yearly and annual financial reports, factsheets and regulatory announcements.

The Investment Managers hold meetings with the Company's largest shareholders and report back to the Board on these meetings. The Chairman and other Directors are available to discuss any concerns with shareholders, if required and shareholders may communicate with the Company at any time by writing to the Board at the Company's registered office or contacting the Company's broker.

By order of the Board  
**ICM Limited**  
 Company Secretary  
 22 September 2023

The Board presents the report on Directors' remuneration for the year ended 30 June 2023. The report comprises a remuneration policy, which is subject to a triennial binding shareholder vote, or sooner if an alteration to the policy is proposed, and a report on remuneration, which is subject to an annual advisory vote. An ordinary resolution for the approval of this report will be put to shareholders at the Company's forthcoming AGM. Where certain parts of the disclosures provided have been audited, they are indicated as such. The auditor's opinion is included in their report starting on page 64.

The Board's policy on remuneration is set out below. A key element is that fees payable to Directors should reflect the time spent by them on the Company's affairs and should be sufficient to attract and retain individuals with suitable knowledge and experience to promote the long term success of the Company whilst also reflecting the time commitment and responsibilities of the role. There were no changes to the policy during the year.

The Board is composed solely of non-executive Directors, none of whom has a service contract with the Company and therefore no remuneration committee has been appointed. The Board as a whole undertakes the responsibilities which would otherwise be assumed by a remuneration committee.

#### DIRECTORS' REMUNERATION POLICY

The Board considers the level of the Directors fees at least annually. The Board determines the level of Directors' fees within the limit currently set by the Company's Bye-laws, which limit the aggregate fees payable to the Directors to a total of £250,000 per annum.

The Board's policy is to set Directors' remuneration at a level commensurate with the skills and experience necessary for the effective stewardship of the Company and the expected contribution of the Board as a whole in continuing to achieve the investment objective. Time committed to the Company's business and the specific responsibilities of the Chairman, Directors and the chairman of the Audit & Risk Committee are taken into account. The policy aims to be fair and reasonable in relation to comparable investment companies.

The fees are fixed and are payable in cash, quarterly in arrears. Directors are entitled to be reimbursed for any reasonable expenses properly incurred by them in connection with the performance of their duties and attendance at Board and general meetings and Committee meetings. Directors are not eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

Directors are provided with a letter of appointment when they join the Board. There is no provision for compensation upon early termination of appointment. The letters of appointment are available on request at the Company's registered office during business hours.

#### DIRECTORS' REMUNERATION

The Board reviews the fees payable to the Chairman and Directors annually. The review in respect of the year ending 30 June 2024 has resulted in the increases being applied to the annual fees as detailed in the table below.

Year ending 30 June	2024 £'000s	2023* £'000s
Chairman	52.5	50.0
Directors	38.9	37.0
Chairman of Audit & Risk Committee	50.2	47.8

\* Actual

#### VOTING AT ANNUAL GENERAL MEETING

A resolution to approve the Remuneration Report was put to shareholders at the AGM of the Company held on 10 November 2022. Of the votes cast, 99.96% were in favour and 0.04% were against; this resolution will be put to shareholders again this year. The Company seeks shareholder approval for its remuneration policy on a triennial basis and a binding resolution was last put to shareholders at the AGM held on 8 December 2020. Of the votes cast, 99.98% were in favour and 0.02% were against. A resolution to approve the remuneration policy will be put to shareholders at the forthcoming AGM.

## DIRECTORS' REMUNERATION REPORT (continued)

### DIRECTORS' ANNUAL REPORT ON REMUNERATION (AUDITED)

A single figure for the total remuneration of each Director is set out in the table below for the year ended 30 June 2023.

Year ended 30 June	2023 £	2022 £
Peter Burrows	50,000	47,600
Stuart Bridges	47,750	45,500
Alison Hill	37,000	35,200
Christopher Samuel <sup>1</sup>	33,917	35,200
David Shillson	37,000	35,200
Total	205,667	198,700

(1) Mr Samuel retired from the Board on 31 May 2023

### ANNUAL PERCENTAGE CHANGE IN DIRECTORS' REMUNERATION

The following table sets out the annual percentage change in Directors' remuneration compared to the previous year.

Year ended 30 June	2023 %	2022 %	2021 %	2020 %
Peter Burrows <sup>1</sup>	5.0	3.5	100.0	(48.9)
Stuart Bridges	4.9	3.4	0.0	n/a
Alison Hill	5.1	3.5	0.0	2.3
Christopher Samuel	5.1	3.5	0.0	2.3
David Shillson	5.1	3.5	0.0	2.3

(1) Mr Burrows waived 50% of his fee entitlement during the year ended 30 June 2020.

### RELATIVE IMPORTANCE OF SPEND ON PAY

The following table compares the remuneration paid to the Directors with aggregate distributions paid to shareholders relating to the year to 30 June 2023 and the prior year. Although this disclosure is a statutory requirement, the Directors consider that comparison of Directors' remuneration with annual dividends and share buybacks does not provide a meaningful measure relative to the Company's overall performance as an investment company with an objective of providing shareholders with long-term total return.

Year ended 30 June	2023 £'000s	2022 £'000s	CHANGE £'000s
Aggregate Directors' emoluments	206	199	7
Aggregate dividends	6,708	6,714	(6)
Aggregate share buybacks	-	1,227	(1,227)

### DIRECTORS' BENEFICIAL SHARE INTERESTS (AUDITED)

The Directors' (and any connected persons) holdings of ordinary shares are detailed below:

As at 30 June	2023	2022
Peter Burrows	909,617	909,617
Stuart Bridges <sup>2</sup>	182,007	159,736
Alison Hill <sup>2</sup>	116,511	99,254
Christopher Samuel	228,419 <sup>1</sup>	219,998
David Shillson	159,069	141,812

(1) As at 31 May 2023, the date Mr Samuel retired from the Board

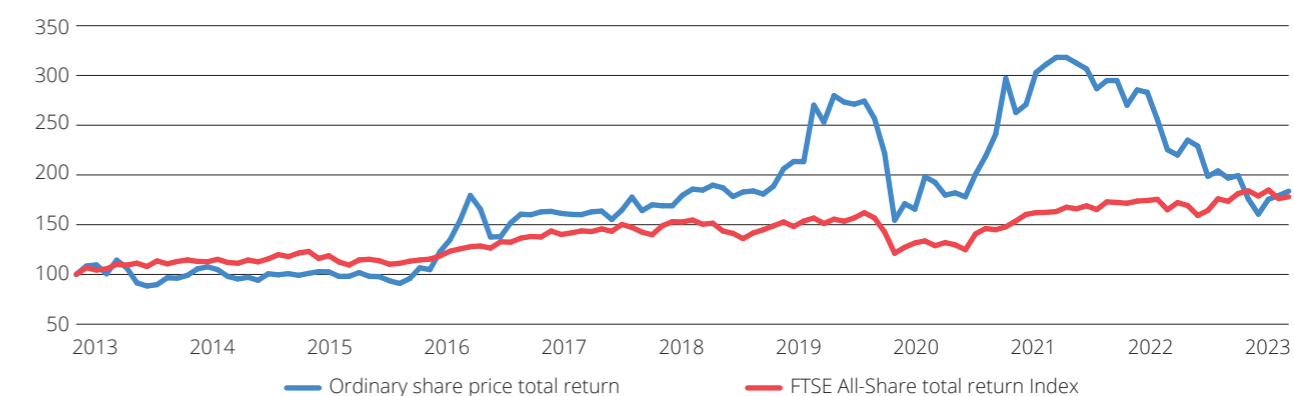
(2) Since the year end, Mr Bridges and Ms Hill have each acquired, respectively, a further 8,025 and 6,218 ordinary shares

### COMPANY PERFORMANCE

The graph below compares, for the ten years ended 30 June 2023, the ordinary share price total return (see page 109) to the FTSE All-Share total return Index. The FTSE All-Share total return Index has been chosen since it represents a comparable broad equity market index and it is used by the Company to compare its performance against over the long term.

#### SHARE PRICE TOTAL RETURN (pence)

from 30 June 2013 to 30 June 2023 (rebased to 100 as at 30 June 2013)



Source: ICM

On behalf of the Board

**Peter Burrows**

Chairman

22 September 2023

## AUDIT & RISK COMMITTEE REPORT



**STUART BRIDGES**  
Chairman of the Audit & Risk Committee

As chairman of the Audit & Risk Committee, I am pleased to present the Committee's report to shareholders for the year ended 30 June 2023.

### ROLE AND RESPONSIBILITIES

UIL has established a separately chaired Audit & Risk Committee whose duties include considering and recommending to the Board for approval the

contents of the half yearly and annual financial statements and providing an opinion as to whether the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. The Committee also reviews the external auditor's report on the annual financial statements and is responsible for reviewing and forming an opinion on the effectiveness of the external audit process and audit quality. Other duties include reviewing the appropriateness of the Company's accounting policies and ensuring the adequacy of the internal control systems and standards.

The Audit & Risk Committee meets at least three times a year. Two of the planned meetings are held prior to the Board meetings to review the half yearly and annual results. Representatives of the Investment Managers attend all meetings.

### COMPOSITION

During the year ended 30 June 2023, the Audit & Risk Committee consisted of all the independent Directors of the Company. It is considered that there is a range of recent and relevant financial experience amongst the members of the Audit & Risk Committee together with experience of the investment trust sector. In light of the Chairman of the Board's relevant financial services experience, his continued independence and his valued contributions in Committee meetings, the Audit & Risk Committee considers it appropriate that he is a member.

### RESPONSIBILITIES AND REVIEW OF THE EXTERNAL AUDIT

During the year the principal activities of the Audit & Risk Committee included:

- considering and recommending to the Board for approval the contents of the half yearly and annual financial statements and reviewing the external auditor's report;
- management of the relationship with the external auditor, including its appointment and the evaluation of scope, execution, cost effectiveness, independence and objectivity;
- reviewing and approving the external auditor's plan for the financial year, with a focus on the identification of areas of audit risk, and consideration of the appropriateness of the level of audit materiality adopted;
- reviewing and recommending to the Board for approval the audit and non-audit fees payable to the external auditor and the terms of its engagement;
- evaluation of reports received from the external auditor with respect to the annual financial statements and its review of the half-yearly report;
- reviewing the efficacy of the external audit process and making a recommendation to the Board with respect to the reappointment of the external auditor;
- evaluation of the effectiveness of the internal control and risk management systems including reports received on the operational controls of the Company's service providers and reports from the Company's depositary;
- reviewing the appropriateness of the Company's accounting policies; and
- monitoring developments in accounting and reporting requirements that impact on the Company's compliance with relevant statutory and listing requirements.

### AUDITOR AND AUDIT TENURE

KPMG LLP ("KPMG") has been the auditor of the Company since 2012, following a competitive tender process. The Audit & Risk Committee decides when it

is appropriate to put the role of auditor out to tender. The audit partner has rotated regularly. Mr John Waterson was appointed the lead audit partner in 2020. The Audit & Risk Committee has considered the independence of the auditor and the objectivity of the audit process and is satisfied that KPMG has fulfilled its obligations to shareholders as independent auditor to the Company.

It is the Company's policy not to seek substantial non-audit services from its auditor unless they relate to a review of the half yearly report as the Board considers the auditor is best placed to provide this work. If the provision of significant non-audit services were to be considered, the Committee would procure such services from an accountancy firm other than the auditor. Non-audit fees paid to KPMG by the Company amounted to £12,000 for the year ended 30 June 2023 (2022: £12,000) and related to the agreed procedures on the half yearly accounts. The Committee has considered the threats to independence from the provision of this service and concluded that since

appropriate safeguards exist there is no impact to auditor independence.

The partner and manager of the audit team at KPMG presented their audit plan to the Audit & Risk Committee in advance of the financial year end. Items of audit focus were discussed, agreed and given particular attention during the audit process. KPMG reported to the Audit & Risk Committee on these items, their independence and other matters. This report was considered by the Audit & Risk Committee and discussed with KPMG and the Investment Managers prior to approval of the annual financial report.

Members of the Audit & Risk Committee meet *in camera* with the external auditor at least annually.

### ACCOUNTING MATTERS AND SIGNIFICANT AREAS

For the year ended 30 June 2023 the accounting matters that were subject to specific consideration by the Audit & Risk Committee and consultation with KPMG where necessary were as follows:

SIGNIFICANT AREA	HOW ADDRESSED
<b>Value of level 3 investments</b>	Investments that are classified as level 3 are valued using a variety of techniques to determine a fair value, as set out in note 1(d) to the accounts. All such valuations are carefully reviewed by the Audit & Risk Committee with the Investment Managers.  The Audit & Risk Committee receives detailed information on all level 3 investments and it discusses and challenges the valuations with the Investment Managers. It considers market comparables and discusses any proposed revaluations with the Investment Managers.

The Audit & Risk Committee reviewed the external audit plan at an early stage and concluded that the appropriate areas of audit risk relevant to the Company had been identified and that suitable audit procedures had been put in place to obtain reasonable assurance that the financial statements as a whole would be free of material misstatements.

As a result, and following a thorough review process, the Audit & Risk Committee advised the Board that it is satisfied that, taken as a whole, the annual financial report for the year ended 30 June 2023 is fair, balanced, and understandable and provides the

information necessary for shareholders to assess the Company's performance, business model and strategy. In reaching this conclusion, the Audit & Risk Committee has assumed that the reader of the report would have a reasonable level of knowledge of investments.

### EXTERNAL AUDIT, REVIEW OF ITS EFFECTIVENESS AND AUDITOR REAPPOINTMENT

The Audit & Risk Committee advises the Board on the appointment of the external auditor, its remuneration for audit and non-audit work and its cost effectiveness, independence, and objectivity.



## AUDIT & RISK COMMITTEE REPORT (continued)

As part of the review of the effectiveness of the audit process, a formal evaluation process incorporating views from the members of the Audit & Risk Committee and relevant personnel at the Investment Managers is followed and feedback is provided to KPMG. Areas covered by this review include:

- the calibre of the audit firm, including reputation and industry presence;
- the extent of quality controls including review processes, second director oversight and annual reports from its regulator;
- the performance of the audit team, including skills of individuals, specialist knowledge, partner involvement, team member continuity and quality and timeliness of audit planning and execution;
- audit communication including planning, relevant accounting and regulatory developments, approach to significant accounting risks, communication of audit results and recommendations on corporate reporting;
- ethical standards including independence and integrity of the audit team, lines of communication to the Audit & Risk Committee and partner rotation; and
- reasonableness of the audit fees.

For the year ended 30 June 2023, the Audit & Risk Committee is satisfied that the audit process was effective.

Resolutions proposing the reappointment of KPMG as the Company's auditor and authorising the Directors to determine its remuneration will be put to the shareholders at the forthcoming AGM.

### INTERNAL CONTROLS AND RISK MANAGEMENT

UIL's risk assessment focus and the way in which significant risks are managed is a key area of focus for the Audit & Risk Committee. Work here was driven by the Audit & Risk Committee's assessment of the risks arising in the Company's operations and identification of the controls exercised by the Board and its delegates, the Investment Managers, the Administrator and other service providers. These are recorded in risk matrices prepared by ICMIM as the Company's AIFM with responsibility for risk management, which continue to serve as an effective

tool to highlight and monitor the principal risks, details of which are provided in the Strategic Report. It also received and considered, together with representatives of the Investment Managers, reports in relation to the operational controls of the Investment Managers, Administrator and Custodian. These reviews identified no issues of significance.

### WHISTLEBLOWING POLICY

The Committee has also reviewed and accepted the 'whistleblowing' policy that has been put in place by the Investment Managers under which their staff, in confidence, can raise concerns about possible improprieties in matters of financial reporting or other matters, in so far as they affect the Company.

### INTERNAL AUDIT

Due to the nature of the Company, being an externally managed investment company with no executive employees, the Company does not have its own internal audit function. The Committee and the Board have concluded that there is no current need for such a function, based on the satisfactory operation of controls within the Company's service providers.

### Stuart Bridges

Chairman of the Audit & Risk Committee

22 September 2023

## STATEMENT OF DIRECTORS' RESPONSIBILITIES in respect of the Annual Report and Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and parent Company Accounts in accordance with applicable law and regulations.

The Directors are required to prepare Group and parent Company financial statements for each financial year. They have elected to prepare the Group financial statements in accordance with UK adopted International Accounting Standards and applicable law and have elected to prepare the parent Company financial statements on the same basis.

The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK adopted International Accounting Standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 1981 of Bermuda. They are responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors have decided to prepare voluntarily a Directors' Remuneration Report in accordance with Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 made under the UK Companies Act 2006, as if those requirements applied to the Company. The Directors have also decided to prepare voluntarily a Corporate Governance Statement under the UK Corporate Governance Code as if the Company were required to comply with the Listing Rules of the Financial Conduct Authority applicable to UK premium listed companies.

In accordance with Disclosure Guidance and Transparency Rule 4.1.14R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The auditor's report on these financial statements provides no assurance over the ESEF format.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK and Bermuda governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company, and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Approved by the Board and signed on its behalf by:

**Peter Burrows**  
Chairman

22 September 2023



# Independent auditor's report

## to the members of UIL Limited

### 1. Our opinion is unmodified

We have audited the financial statements of UIL Limited ("the Company") for the year ended 30 June 2023 which comprise the Group and Company Income Statements, Group and Company Statements of Changes in Equity, Group and Company Statements of Financial Position, Group and Company Statements of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2023 and of the Group's and Parent Company's losses for the year then ended; and
- have been properly prepared in accordance with UK-adopted international accounting standards.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

We have fulfilled our ethical responsibilities under, and we are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities.

Overview	
<b>Materiality:</b>	£3.1m (2022:£4.1m)
group financial statements as a whole	1% (2022: 1%) of group total assets
<b>Coverage</b>	100% (2022:100%) of group total assets
Key audit matter vs 2022	
<b>Recurring risk</b>	Valuation of certain level 3 investments

### 2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2022), in arriving at our audit opinion above. This matter was addressed, in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

The risk	Our response
<p><b>Valuation of certain Level 3 investments – Group and Company key audit matter</b></p> <p>(Certain specific investments within the total of level 3 investments of £172.6m; 2022: £238.9m)</p> <p><i>Refer to page 61 (Audit &amp; Risk Committee Report), page 77 (accounting policy) and pages 82,83 &amp; 101 - 104 (financial disclosures).</i></p>	<p><b>Subjective valuation:</b></p> <p>Certain of the unlisted investments within the total unlisted investments balance of £172.6 million are subject to significant inherent estimation uncertainty in determining their valuation.</p> <p>Unlisted investments are measured at fair value, which is determined by reference to the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as prices of recent orderly transactions, milestone analysis, revenue multiples and valuing interest by reference to their reported Net Asset Value.</p> <p>The factors considered in assessing which unlisted investments were subject to significant risk included the quantum of the individual investment, performance of the investment, nature of the asset held as well as the estimation uncertainty of the methodology and inputs used.</p> <p>We assessed that there is a significant risk associated with this matter due to the quantum of the balance, and the level of judgement associated with certain unobservable inputs. Therefore this is one of the key areas that our audit has focused on.</p> <p>The financial statements note 29 discloses the range/sensitivity estimated by the Group for all level 3 investments held.</p>
	<p>We performed the tests below rather than seeking to rely on any of the Group's controls, because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described below:</p> <p>Our procedures included:</p> <p><b>Methodology choice:</b> In the context of observed industry best practice and the provisions of the International Private Equity and Venture Capital Valuation Guidelines, we challenged the appropriateness of the valuation basis selected;</p> <p><b>Our valuation experience:</b> We challenged the investment manager on key judgements affecting investee company valuations, such as discount rate and the choice of benchmark for earnings multiples. We compared key underlying financial data inputs to external sources, investee company audited accounts and management information as applicable. We challenged the assumptions pertaining to the external valuation report and assessed the competence of the surveyor. We challenged the assumptions around sustainability of earnings based on the plans of the investee companies and whether these are achievable and we obtained an understanding of existing and prospective investee company cashflows to understand whether borrowings can be serviced or whether refinancing may be required. Our work included consideration of events which occur subsequent to the year end until the date of this report;</p> <p><b>Historical comparisons:</b> We assessed investment valuations, comparing current period valuations and movement to prior period valuations in the absence of any sales or listings, to understand the reasons for significant variances and determine whether they are indicative of bias or error in the Company's approach to valuations. A retrospective review of prior period audited accounts, in comparison to prior period management accounts, is also undertaken to assess the accuracy of management information provided.</p> <p><b>Comparing valuations:</b> Where a recent transaction has been used to value a holding, we obtained an understanding of the circumstances surrounding the transaction and whether it was considered to be on an arms length basis and suitable as an input into a valuation. We also assessed whether subsequent changes post sale or events such as market or entity specific factors would imply a change in value;</p> <p><b>Our corporate finance expertise:</b> We utilised the expertise of KPMG Corporate Finance specialists to assist the audit team in assessing specific areas, such as evaluating the appropriateness of comparable companies for a selection of unlisted investments and the appropriateness of valuation methodology; and</p>

## 2. Key audit matters: our assessment of risks of material misstatement (cont.)

The risk	Our response
	<p><b>Assessing transparency:</b> We considered the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of level 3 investments and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.</p>

## 3. Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £3.1m (2022: £4.1m), determined with reference to a benchmark of total assets of which it represents 1% (2022: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% (2022: 65%) of materiality for the financial statements as a whole, which equates to £2.0m (2022 : £2.6m). We applied this percentage in our determination of performance materiality based on the level of identified misstatements during the prior year audit.

In addition, we applied materiality of £0.28m (2022: £0.35 million) and performance materiality of £0.18m (2022: £0.26m) to Investment and other income for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could be reasonably be expected to influence the Company's members' assessment of the financial performance of the Group.

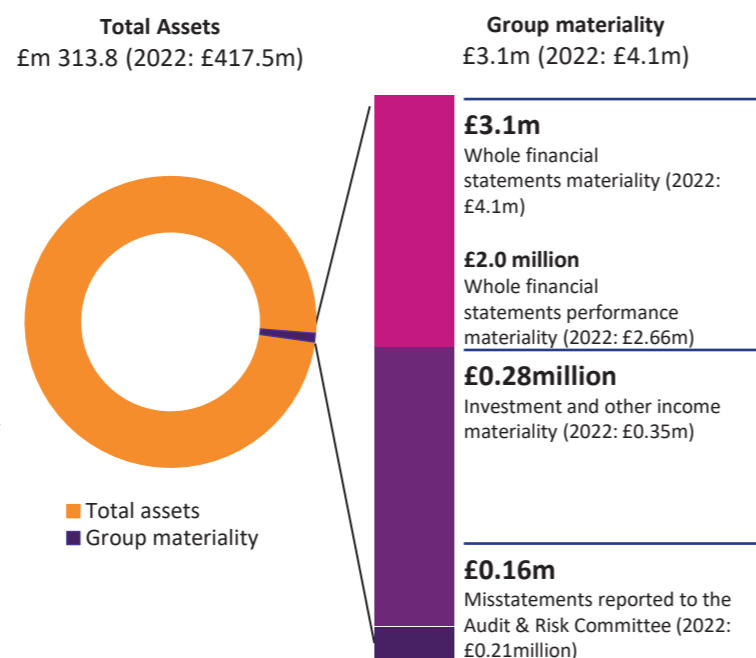
Materiality for the parent company financial statements as a whole was set at £3.0m (2022: £4.0m). This is lower than the materiality we would otherwise have determined with reference to Parent Company's total assets, of which it represents 0.95% of the Parent Company's total assets (2022: 0.95%). Performance materiality was set at 65% (2022 : 65%) of materiality for the financial statements as a whole, which equates to £1.9m (2022 : £2.6m) for the parent company. We applied this percentage in our determination of performance materiality based on the level of identified misstatements during the prior year audit.

We agreed to report to the Audit & Risk Committee any corrected or uncorrected identified misstatements exceeding £0.16m (2022: £0.21m) for the Group, £0.15m (2022: £0.20 million) for the Company, or £0.01m in relation to Investment and other income (2022: £ 0.02m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group team determined the remaining component materiality as £0.98m (2022: £1.4m) having regard to the mix of size and risk profile of UIL Finance Limited.

Of the group's 2 (2022: 2) reporting components, we subjected 2 (2022: 2) to full scope audits for group purposes.

The scope of the audit work performed was fully substantive as we did not rely upon the Group's internal control over financial reporting.



## 4. Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group and the Company, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and its ability to operate over this period were;

- The impact of a significant reduction in the valuation of investments and the implications for the Group and Company's debt covenants;
- The liquidity of the investment portfolio and its ability to meet the liabilities of the Group and Company as and when they fall due; and
- The operational resilience of key service organisations.

We considered whether these risks could plausibly affect the liquidity or covenants compliance in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group and Company's liquid investment position (and the results of their reverse stress testing).

We considered whether the going concern disclosure in notes 1 and 28 to the financial statements give a full and accurate description of the Directors' assessment of going concern, including the identified risks and related sensitivities.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period; and
- we have nothing material to add or draw attention to in relation to the Directors' statement in notes 1 and 28 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in notes 1 and 28 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

## 5. Fraud and breaches of laws and regulations – ability to detect

### Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors and inspection of policy documentation as to the Group's and Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud;
- Assessing the segregation of duties in place between the Directors, the Administrator and the Group and Company's Investment Manager;
- Reading Board and Audit and Risk Committee minutes; and
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular to the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as the valuation of level 3 investments. On this audit we do not believe there is a fraud risk related to revenue recognition because the revenue is non judgemental and straightforward, with limited opportunity for manipulation.

We performed procedures including:

- Evaluating the design and implementation of the controls over journal entries and other adjustments;
- Enquiring of the Administrator about inappropriate or unusual activity relating to the processing of journal entries and other adjustments; and
- Identifying and testing all material post closing journal entries by comparing the selected entries to supporting documentation.

### Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors, the Investment Manager and the Administrator (as required by auditing standards), and discussed with the directors the policies and procedures regarding compliance with laws and regulations. As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation) and financial reporting aspects of the relevant listing regulations, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

## 5. Fraud and breaches of laws and regulations – ability to detect (continued)

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: money laundering, data protection, bribery and corruption legislation, and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and the Administrator and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## 6. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

### *Directors' remuneration report*

In addition to our audit of the financial statements, the directors have engaged us to audit the information in the Directors' Remuneration Report that is described as having been audited, which the directors have decided to prepare as if the Company were required to comply with the requirements of Schedule 8 to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410) made under the UK Companies Act 2006.

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006, as if those requirements applied to the Company.

### *Disclosures of emerging and principal risks and longer-term viability*

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the Principal Risks and Risk Mitigation on pages 36 to 38 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks and Risk Mitigation disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the Directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

### *Corporate governance disclosures*

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the Directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

In addition to our audit of the financial statements, the Directors have engaged us to review their Corporate Governance Statement as if the Company were required to comply with the Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority in relation to those matters. Under the terms of our engagement we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in this respect.

## 7. Respective responsibilities

### *Directors' responsibilities*

As explained more fully in their statement set out on page 63, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

### *Auditor's responsibilities*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

The Group will be including these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

## 8. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with in accordance with section 90 (2) of the Companies Act 1981 of Bermuda and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **John Waterson**

#### **for and on behalf of KPMG LLP**

Chartered Accountants

20 Castle Terrace Edinburgh

EH1 2EG

22 September 2023

## GROUP INCOME STATEMENT

Notes	for the year to 30 June			2023			2022		
	Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s
9	-	(40,342)	(40,342)	-	(120,524)	(120,524)	-	(120,524)	(120,524)
12	-	(2,038)	(2,038)	-	(10,532)	(10,532)	-	(10,532)	(10,532)
	-	(1,604)	(1,604)	-	(5,264)	(5,264)	-	(5,264)	(5,264)
2	10,229	-	10,229	9,879	-	9,879	9,879	-	9,879
	<b>10,229</b>	<b>(43,984)</b>	<b>(33,755)</b>	<b>9,879</b>	<b>(136,320)</b>	<b>(126,441)</b>	<b>9,879</b>	<b>(136,320)</b>	<b>(126,441)</b>
3	(758)	-	(758)	(852)	-	(852)	(852)	-	(852)
4	(977)	(5)	(982)	(819)	(3)	(822)	(819)	(3)	(822)
	<b>8,494</b>	<b>(43,989)</b>	<b>(35,495)</b>	<b>8,208</b>	<b>(136,323)</b>	<b>(128,115)</b>	<b>8,208</b>	<b>(136,323)</b>	<b>(128,115)</b>
5	(2,897)	(6,059)	(8,956)	(1,132)	(7,790)	(8,922)	(1,132)	(7,790)	(8,922)
	<b>5,597</b>	<b>(50,048)</b>	<b>(44,451)</b>	<b>7,076</b>	<b>(144,113)</b>	<b>(137,037)</b>	<b>7,076</b>	<b>(144,113)</b>	<b>(137,037)</b>
6	-	-	-	(63)	-	(63)	(63)	-	(63)
	<b>5,597</b>	<b>(50,048)</b>	<b>(44,451)</b>	<b>7,013</b>	<b>(144,113)</b>	<b>(137,100)</b>	<b>7,013</b>	<b>(144,113)</b>	<b>(137,100)</b>
7	<b>6.68</b>	<b>(59.70)</b>	<b>(53.02)</b>	<b>8.35</b>	<b>(171.68)</b>	<b>(163.33)</b>	<b>8.35</b>	<b>(171.68)</b>	<b>(163.33)</b>

The Group does not have any income or expense that is not included in the profit/(loss) for the year and therefore the profit/(loss) for the year is also the total comprehensive income for the year, 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.

The notes on pages 76 to 104 form part of these financial statements.

## COMPANY INCOME STATEMENT

Notes	for the year to 30 June			2023			2022		
	Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s	Revenue return £'000s	Capital return £'000s	Total return £'000s
9	-	(40,411)	(40,411)	-	(120,529)	(120,529)	-	(120,529)	(120,529)
12	-	(2,038)	(2,038)	-	(10,532)	(10,532)	-	(10,532)	(10,532)
	-	(1,604)	(1,604)	-	(5,264)	(5,264)	-	(5,264)	(5,264)
2	10,229	-	10,229	9,879	-	9,879	9,879	-	9,879
	<b>10,229</b>	<b>(44,053)</b>	<b>(33,824)</b>	<b>9,879</b>	<b>(136,325)</b>	<b>(126,446)</b>	<b>9,879</b>	<b>(136,325)</b>	<b>(126,446)</b>
3	(758)	-	(758)	(852)	-	(852)	(852)	-	(852)
4	(977)	(5)	(982)	(819)	(3)	(822)	(819)	(3)	(822)
	<b>8,494</b>	<b>(44,058)</b>	<b>(35,564)</b>	<b>8,208</b>	<b>(136,328)</b>	<b>(128,120)</b>	<b>8,208</b>	<b>(136,328)</b>	<b>(128,120)</b>
5	(2,897)	(6,260)	(9,157)	(1,132)	(7,988)	(9,120)	(1,132)	(7,988)	(9,120)
	<b>5,597</b>	<b>(50,318)</b>	<b>(44,721)</b>	<b>7,076</b>	<b>(144,316)</b>	<b>(137,240)</b>	<b>7,076</b>	<b>(144,316)</b>	<b>(137,240)</b>
6	-	-	-	(63)	-	(63)	(63)	-	(63)
	<b>5,597</b>	<b>(50,318)</b>	<b>(44,721)</b>	<b>7,013</b>	<b>(144,316)</b>	<b>(137,303)</b>	<b>7,013</b>	<b>(144,316)</b>	<b>(137,303)</b>
7	<b>6.68</b>	<b>(60.02)</b>	<b>(53.34)</b>	<b>8.35</b>	<b>(171.92)</b>	<b>(163.57)</b>	<b>8.35</b>	<b>(171.92)</b>	<b>(163.57)</b>

The Company does not have any income or expense that is not included in the profit/(loss) for the year and therefore the profit/(loss) for the year is also the total comprehensive income for the year, 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.

The notes on pages 76 to 104 form part of these financial statements.

## GROUP STATEMENT OF CHANGES IN EQUITY

for the year to 30 June 2023						
Notes	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	8,384	37,874	233,866	(74,230)	12,846	218,740
	-	-	-	(50,048)	5,597	(44,451)
<sup>8</sup> Ordinary dividends paid	-	-	-	-	(6,708)	(6,708)
	<b>8,384</b>	<b>37,874</b>	<b>233,866</b>	<b>(124,278)</b>	<b>11,735</b>	<b>167,581</b>

for the year to 30 June 2022							
Notes	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	8,430	6,986	233,866	32,069	69,883	12,547	363,781
<sup>20</sup> Transfer of reserves	-	32,069	-	(32,069)	-	-	-
	-	-	-	-	(144,113)	7,013	(137,100)
<sup>8</sup> Ordinary dividends paid	-	-	-	-	-	(6,714)	(6,714)
<sup>17</sup> Shares purchased by the Company	(46)	(1,181)	-	-	-	-	(1,227)
	<b>8,384</b>	<b>37,874</b>	<b>233,866</b>	<b>-</b>	<b>(74,230)</b>	<b>12,846</b>	<b>218,740</b>

The notes on pages 76 to 104 form part of these financial statements.

## COMPANY STATEMENT OF CHANGES IN EQUITY

for the year to 30 June 2023						
Notes	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	8,384	37,874	233,866	(74,463)	12,846	218,507
	-	-	-	(50,318)	5,597	(44,721)
<sup>8</sup> Ordinary dividends paid	-	-	-	-	(6,708)	(6,708)
	<b>8,384</b>	<b>37,874</b>	<b>233,866</b>	<b>(124,781)</b>	<b>11,735</b>	<b>167,078</b>

for the year to 30 June 2022							
Notes	Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	8,430	6,986	233,866	32,069	69,853	12,547	363,751
<sup>20</sup> Transfer of reserves	-	32,069	-	(32,069)	-	-	-
	-	-	-	-	(144,316)	7,013	(137,303)
<sup>8</sup> Ordinary dividends paid	-	-	-	-	-	(6,714)	(6,714)
<sup>17</sup> Shares purchased by the Company	(46)	(1,181)	-	-	-	-	(1,227)
	<b>8,384</b>	<b>37,874</b>	<b>233,866</b>	<b>-</b>	<b>(74,463)</b>	<b>12,846</b>	<b>218,507</b>

The notes on pages 76 to 104 form part of these financial statements.

## STATEMENTS OF FINANCIAL POSITION

Notes	Group		Company	
	2023 £'000s	2022 £'000s	2023 £'000s	2022 £'000s
<b>as at 30 June</b>				
<b>Non-current assets</b>				
9 Investments	308,347	416,516	311,477	419,715
<b>Current assets</b>				
11 Other receivables	62	444	62	444
12 Derivative financial instruments	110	620	110	620
Cash and cash equivalents	5,234	8	5,234	8
	5,406	1,072	5,406	1,072
<b>Current liabilities</b>				
13 Loans	(42,691)	(51,080)	(42,691)	(51,080)
14 Other payables	(8,892)	(4,393)	(8,892)	(55,559)
12 Derivative financial instruments	-	(2,562)	-	(2,562)
15 Zero dividend preference shares	-	(51,166)	-	-
	(51,583)	(109,201)	(51,583)	(109,201)
<b>Net current liabilities</b>	(46,177)	(108,129)	(46,177)	(108,129)
<b>Total assets less current liabilities</b>	262,170	308,387	265,300	311,586
<b>Non-current liabilities</b>				
16 Other payables	-	-	(98,222)	(93,079)
15 Zero dividend preference shares	(94,589)	(89,647)	-	-
<b>Net assets</b>	167,581	218,740	167,078	218,507
<b>Equity attributable to equity holders</b>				
17 Ordinary share capital	8,384	8,384	8,384	8,384
18 Share premium account	37,874	37,874	37,874	37,874
19 Special reserve	233,866	233,866	233,866	233,866
21 Capital reserves	(124,278)	(74,230)	(124,781)	(74,463)
22 Revenue reserve	11,735	12,846	11,735	12,846
<b>Total attributable to equity holders</b>	167,581	218,740	167,078	218,507
23 <b>Net asset value per ordinary share – pence</b>	199.87	260.89	199.27	260.61

The notes on pages 76 to 104 form part of these financial statements.

Approved by the Board on 22 September 2023 and signed on its behalf by

**Peter Burrows**  
Chairman

UIL Limited  
Registered in Bermuda, No 39480

## STATEMENTS OF CASH FLOWS

for the year to 30 June	Group		Company	
	2023 £'000s	2022 £'000s	2023 £'000s	2022 £'000s
Loss before taxation	(44,451)	(137,037)	(44,721)	(137,240)
Deduct investment income - dividends	(9,904)	(7,539)	(9,904)	(7,539)
Deduct investment income - interest	(320)	(2,338)	(320)	(2,338)
Deduct bank interest	(5)	(2)	(5)	(2)
Add back bank interest charged	2,897	1,132	2,897	1,132
Add back losses on investments	40,342	120,524	40,411	120,529
Add back losses on derivative financial instruments	2,038	10,532	2,038	10,532
Add back foreign exchange losses	1,604	5,264	1,604	5,264
Increase in other debtors	(10)	(4)	(10)	(4)
(Decrease)/increase in creditors	(60)	10	(60)	10
Add back ZDP shares finance costs	6,059	7,790	-	-
Add back intra-group loan account finance costs	-	-	6,260	7,988
<b>Net cash outflow from operating activities before dividends and interest</b>	(1,810)	(1,668)	(1,810)	(1,668)
Dividends received	3,580	3,039	3,580	3,039
Investment income - interest received	166	369	166	369
Bank interest received	5	2	5	2
Interest paid	(2,375)	(1,141)	(2,375)	(1,141)
Taxation paid	-	(63)	-	(63)
<b>Cash flows from operating activities</b>	(434)	538	(434)	538
Investing activities:				
Purchases of investments	(17,588)	(40,733)	(17,588)	(40,733)
Sales of investments	92,285	51,150	92,285	52,100
Net settlement of derivatives	(4,090)	(8,170)	(4,090)	(8,170)
<b>Cash flows from investing activities</b>	70,607	2,247	70,607	3,197
Financing activities:				
Equity dividends paid	(6,708)	(6,714)	(6,708)	(6,714)
Drawdowns of bank loans	55,231	1,894	55,231	1,894
Repayment of bank loans	(66,070)	(3,147)	(66,070)	(3,147)
Cash flows from issue of ZDP shares	-	950	-	-
Cash flows from redemption of ZDP shares	(52,283)	-	-	-
Cash flows from repayment of intra-group loan account	-	-	(52,283)	-
Cash paid for ordinary shares purchased for cancellation	-	(1,227)	-	(1,227)
<b>Cash flows from financing activities</b>	(69,830)	(8,244)	(69,830)	(9,194)
Net increase/(decrease) in cash and cash equivalents	343	(5,459)	343	(5,459)
Cash and cash equivalents at the beginning of the year	(3,827)	3,111	(3,827)	3,111
Effect of movement in foreign exchange	846	(1,479)	846	(1,479)
<b>Cash and cash equivalents at the end of the year</b>	(2,638)	(3,827)	(2,638)	(3,827)
<b>Comprised of:</b>				
Cash	5,234	8	5,234	8
Bank overdraft	(7,872)	(3,835)	(7,872)	(3,835)
<b>Total</b>	(2,638)	(3,827)	(2,638)	(3,827)

The notes on pages 76 to 104 form part of these financial statements.

# NOTES TO THE ACCOUNTS

## 1. ACCOUNTING POLICIES

The Company, UIL Limited, is an investment company incorporated in Bermuda, with its ordinary shares traded on the Specialist Fund Segment of the Main Market of the London Stock Exchange and listed on the Bermuda Stock Exchange. The Company commenced trading on 20 June 2007.

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

The Group is engaged in a single segment of business, focusing on maximising shareholder returns by identifying and investing in investments where the underlying value is not reflected in the market price.

### (a) Basis of accounting

The Accounts have been prepared on a going concern basis (see note 28) in accordance with UK adopted international accounting standards, which comprise standards and interpretations approved by the IASB, and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect.

There have been no significant changes to the accounting policies during the year to 30 June 2023.

The Board has determined by having regard to the currency of the Company's share capital, the predominant currency in which its shareholders operate and the currency in which dividends are paid by the Company, that Sterling is the functional and reporting currency.

Where presentational recommendations set out in the revised Statement of Recommended Practice "Financial Statements of Investment Trust Companies and Venture Capital Trusts" ("SORP"), issued in the UK by the Association of Investment Companies ("AIC") in July 2022, do not conflict with the requirements of IFRS, the Directors have prepared the Accounts on a basis consistent with the recommendations of the SORP, in the belief that this will aid comparison with similar investment companies incorporated and listed in the United Kingdom.

In accordance with the SORP, the Income Statement has been analysed between a revenue return (dealing with items of a revenue nature) and a capital return (relating to items of a capital nature). Revenue returns include, but are not limited to, dividend income, operating expenses, finance costs and taxation (insofar as they are not allocated to capital, as described in notes 1(j) and 1(k)). Net revenue returns are allocated via the revenue return to the revenue reserve.

Capital returns include, but are not limited to, profits and losses on the disposal and the valuation of non-current investments, derivative instruments and on cash and borrowings. Net capital returns are allocated via the capital return to capital reserves.

Dividends on ordinary shares may be paid out of the special reserve, revenue reserve and the capital reserves.

A number of new standards and amendments to standards and interpretations, which have not been applied in preparing these accounts, were in issue but not effective. None of these are expected to have a material effect on the accounts of the Group.

The key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the valuation of unlisted investments, details of which are set out in accounting policy 1(d).

### (b) Basis of consolidation

The consolidated Accounts include the Accounts of the Company and its operating subsidiary, UIL Finance. All intra group transactions, balances, income and expenses are eliminated on consolidation. Other subsidiaries, joint ventures and associate undertakings held as part of the investment portfolio (see note 1(d) below) are not accounted for in the Group Accounts, but are carried at fair value through profit or loss.

### (c) Financial instruments

Financial instruments include non-current assets, derivative assets and liabilities and long-term debt instruments. For those financial instruments carried at fair value, accounting standards recognise a hierarchy of fair value measurements for financial instruments which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The classification of instruments depends on the lowest significant applicable input, as follows:

Level 1 – Unadjusted, fully accessible and current quoted prices in active markets for identical assets or liabilities. Included within this category are investments listed on any recognised stock exchange.

Level 2 – Quoted prices for similar assets or liabilities, or other directly or indirectly observable inputs which exist for the duration of the period of investment. Examples of such instruments would be convertible loans in listed investee companies, securities

for which the quoted price has been recently suspended, securities for which an offer price has been announced in the market, forward exchange contracts and certain other derivative instruments.

Level 3 – External inputs are unobservable. Value is the Directors' best estimate of fair value, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and on assumptions as to what inputs other market participants would apply in pricing the same or similar instruments. Included in level 3 are investments in private companies or securities, whether invested in directly, via loans or through pooled private equity vehicles.

### (d) Valuation of investments and derivative financial instruments held at fair value through profit or loss

Investment purchases and sales are accounted for on the trade date, inclusive of transaction costs. Investments, including both equity and loans, used for efficient portfolio management are classified as being at fair value through profit or loss. As the Company's business is investing in financial assets with a view to profiting from their total return in the form of dividends, interest or increases in fair value, its investments (including those ordinarily classified as subsidiaries under IFRS 10 but exempted by that financial reporting standard from the requirement to be consolidated) are designated as being at fair value through profit or loss on initial recognition. Derivatives including forward foreign exchange contracts and options are accounted for as a financial asset/liability at fair value through profit or loss. The Company manages and evaluates the performance of these investments and derivatives on a fair value basis in accordance with its investment strategy and information about the Company is provided internally on this basis to the Company's Directors and key management personnel. Gains and losses on investments and on derivatives are analysed within the Income Statement as capital returns. Quoted investments are shown at fair value using market bid prices. The fair value of unquoted investments is determined by the Board in accordance with the International Private Equity and Venture Capital Valuation guidelines. In exercising its judgement over the value of these investments, the Board uses valuation techniques which take into account, where appropriate, latest dealing prices, valuations from reliable sources, net asset values, earnings multiples, recent orderly transactions in similar securities, time to expected repayment and other relevant factors (see key valuations techniques on pages 101 to 104).

### (e) Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the cash flow statement only.

### (f) Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. No debt instruments held during the year required hierarchical classification. Finance charges, including interest, are accrued using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year. See note 1(k) below for allocation of finance costs between revenue and capital return within the Income Statement.

### (g) ZDP shares

The ZDP shares, due to be redeemed on 31 October 2024, 2026 and 2028 at a redemption value, including accrued capitalised returns (see note 15) of 138.35 pence per share, 151.50 pence per share and 152.29 pence per share respectively, have been classified as liabilities, as they represent an obligation on behalf of the Group to deliver to their holders a fixed and determinable amount at the redemption date. They are accordingly accounted for at amortised cost, using the effective interest method as per IFRS 9 "Financial Instruments". ZDP shares held by the Company are eliminated on consolidation for Group purposes. The Company has undertaken (i) to repay any interest free loan, and (ii) to reimburse UIL Finance (by way of payment in advance, if required) any and all costs, expenses, fees or interest UIL Finance incurs or is otherwise liable to pay to the holder of the ZDP Shares so as to enable UIL Finance to pay the final capital entitlement of each class of ZDP Share on their respective redemption date. The intra group loans are accordingly accounted for at amortised cost, using the effective interest method.

### (h) Foreign currency

Foreign currency assets and liabilities are expressed in Sterling at rates of exchange ruling at the statement of financial position date. Foreign currency transactions are translated at the rates of exchange ruling at the dates of those transactions. Exchange profits and losses on currency balances are credited or charged to the Income Statement and analysed as capital or revenue as appropriate. Forward foreign exchange contracts are valued in accordance with quoted market rates.



## NOTES TO THE ACCOUNTS (continued)

### (i) Investment and other income

Dividends receivable are brought into the Income Statement and analysed as revenue return (except where, in the opinion of the Directors, their nature indicates they should be recognised as capital under gains and losses on investments) on the ex-dividend date or, where no ex-dividend date is quoted, when the Group's right to receive payment is established. Where the Group or the Company has elected to receive its dividends in the form of additional shares rather than in cash, the amount of the cash dividend foregone is recognised as revenue return. Any excess in the value of the shares received over the amount of the cash dividend foregone is recognised as capital return. Interest on debt securities is accrued on a time basis using the effective interest method. Bank and short-term deposit interest is recognised on an accruals basis. These are brought into the Income Statement and analysed as revenue returns.

### (j) Expenses

All expenses are accounted for on an accruals basis. Expenses are charged through the Income Statement and analysed under revenue return except for those expenses incidental to the acquisition or disposal of investments and performance related fees (calculated under the terms of the management agreement), which are analysed under the capital return, as the Directors believe such fees arise from capital performance.

### (k) Finance costs

Finance costs are accounted for using the effective interest method, recognised through the Income Statement and analysed under the revenue return except those finance costs of the ZDP shares and intra group loans which are analysed under the capital return.

### (l) Dividends payable

Dividends paid by the Company are accounted for in the year in which the Company is liable to pay them and are reflected in the Statement of Changes in Equity. Under Bermuda law, the Company is unable to pay a dividend unless, after payment, the realisable value of its assets will not be less than the aggregate of its liabilities and it is able to pay its liabilities as they fall due.

### (m) Capital reserves

The following items are accounted for through the Income Statement as capital returns and transferred to capital reserves:

#### Capital reserve – arising on investments sold

- gains and losses on the disposal of investments and derivative instruments
- exchange differences of a capital nature
- expenses allocated in accordance with notes 1(j) and 1(k)

#### Capital reserve – arising on investments held

- increases and decreases in the valuation of investments and derivative instruments held at the year end.

### (n) Use of estimates and judgements

The presentation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on perceived risks, historical experience, expectations of plausible future events and other factors. Actual results may differ from these estimates.

The areas requiring the most significant judgement and estimation in the preparation of the financial statements are: accounting for the value of unquoted investments; and the classification of the subsidiaries as investment entities.

The policy for valuation of unquoted securities is set out in note 1(d) and further information on Board procedures is contained in the Audit & Risk Committee Report and note 29(d). The fair value of unquoted (level 3) investments, as disclosed in note 9, represented 56.0% of total investments as at 30 June 2023 (2022: 57.4%).

## 2. INVESTMENT AND OTHER INCOME

Group and Company	2023			2022		
	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
<b>Investment income:</b>						
Dividends*	9,904	–	9,904	7,539	–	7,539
Interest*	320	–	320	2,338	–	2,338
	<b>10,224</b>	<b>–</b>	<b>10,224</b>	<b>9,877</b>	<b>–</b>	<b>9,877</b>
<b>Other income:</b>						
Interest on cash and short-term deposits	5	–	5	2	–	2
Total income	<b>10,229</b>	<b>–</b>	<b>10,229</b>	<b>9,879</b>	<b>–</b>	<b>9,879</b>

\*Includes scrip income (dividends and capitalised interest) of £6,451,224 (2022: £6,822,000)

## 3. MANAGEMENT AND ADMINISTRATION FEES

Group and Company	2023			2022		
	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
Payable to:						
ICM/ICMIM – management fee and secretarial fees	557	–	557	576	–	576
Administration fees	201	–	201	276	–	276
	<b>758</b>	<b>–</b>	<b>758</b>	<b>852</b>	<b>–</b>	<b>852</b>

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 UK version of the EU Alternative Investment Fund Managers Directive as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended 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 their 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 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 in respect of the year to 30 June 2019. As at that date the equity shareholders' funds were £326.3m. As at 30 June 2021, the attributable shareholders' funds were above the high watermark. However, after adjusting for the allocated share of performance fees (paid and accrued) from ICM managed investments in which UIL is an investor, no performance fee was accrued.

## NOTES TO THE ACCOUNTS (continued)

In the year to 30 June 2023, UIL's NAV return is below the required hurdle calculated at 14.8% return to entitle the Investment Managers to a performance fee and therefore no performance fee has been accrued.

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

JP Morgan Chase Bank N.A. – London Branch has been appointed Administrator and ICMIM has appointed Waverton Investment Management Limited ("Waverton") 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.

#### 4. OTHER EXPENSES

	2023			2022		
	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
<b>Group and Company</b>						
Auditor's remuneration (see note 4A)	182	-	182	155	-	155
Broker and consultancy fees	41	-	41	42	-	42
Custody fees	15	-	15	24	-	24
Directors' fees for services to the Company (see Directors' Remuneration Report on pages 57 to 59)	206	-	206	199	-	199
Travel expenses	74	-	74	43	-	43
Professional and legal fees	194	-	194	71	-	71
Sundry expenses	265	5	270	285	3	288
	<b>977</b>	<b>5</b>	<b>982</b>	<b>819</b>	<b>3</b>	<b>822</b>

#### 4A. AUDITOR'S REMUNERATION

Fees paid to the Group's auditor are summarised below:

<b>Group Auditor – KPMG LLP Group and Company Annual Audit Fees</b>	2023 £'000s	2022 £'000s
Audit of the Group and Company's annual financial statements	150	123
Additional audit costs for the prior year	20	20
Other non-audit services – agreed procedures on interim financial statements	12	12
Total auditor's remuneration for the year	<b>182</b>	<b>155</b>

#### 5. FINANCE COSTS

Group	2023			2022		
	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
Loans and bank overdrafts	2,897	-	2,897	1,132	-	1,132
ZDP shares	-	6,059	6,059	-	7,790	7,790
	<b>2,897</b>	<b>6,059</b>	<b>8,956</b>	<b>1,132</b>	<b>7,790</b>	<b>8,922</b>

Company	2023			2022		
	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
Loans and bank overdrafts	2,897	-	2,897	1,132	-	1,132
Intra-group loan account	-	6,260	6,260	-	7,988	7,988
	<b>2,897</b>	<b>6,260</b>	<b>9,157</b>	<b>1,132</b>	<b>7,988</b>	<b>9,120</b>

#### 6. TAXATION

Group and Company	2023			2022		
	Revenue £'000s	Capital £'000s	Total £'000s	Revenue £'000s	Capital £'000s	Total £'000s
Overseas taxation	-	-	-	63	-	63

Except as stated above, profits of the Company and UIL Finance for the year are not subject to any taxation within their countries of residence (2022: same).

#### 7. EARNINGS PER ORDINARY SHARE

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

	Group		Company	
	2023 £'000s	2022 £'000s	2023 £'000s	2022 £'000s
Revenue	5,597	7,013	5,597	7,013
Capital	(50,048)	(144,113)	(50,318)	(144,316)
Total	<b>(44,451)</b>	<b>(137,100)</b>	<b>(44,721)</b>	<b>(137,303)</b>
	Number	Number	Number	Number
Weighted average number of shares in issue during the year for earnings per share calculations	<b>83,842,918</b>	83,942,540	<b>83,842,918</b>	83,942,540

## NOTES TO THE ACCOUNTS (continued)

### 8. DIVIDENDS

Group and Company	Record date	Payment date	2023 £'000s	2022 £'000s
2021 Fourth quarterly of 2.000p	03-Sep-21	30-Sep-21	-	1,680
2022 First quarterly of 2.000p	03-Dec-21	23-Dec-21	-	1,680
2022 Second quarterly of 2.000p	04-Mar-22	31-Mar-22	-	1,677
2022 Third quarterly of 2.000p	06-Jun-22	30-Jun-22	-	1,677
2022 Fourth quarterly of 2.000p	02-Sep-22	30-Sep-22	<b>1,677</b>	-
2023 First quarterly of 2.000p	02-Dec-22	22-Dec-22	<b>1,677</b>	-
2023 Second quarterly of 2.000p	03-Mar-23	31-Mar-23	<b>1,677</b>	-
2023 Third quarterly of 2.000p	02-Jun-23	26-Jun-23	<b>1,677</b>	-
			<b>6,708</b>	6,714

The Directors declared a fourth quarterly dividend in respect of the year ended 30 June 2023 of 2.00p per share payable on 13 October 2023 to all ordinary shareholders on the register at close of business on 29 September 2023. The total cost of the dividend, which has not been accrued in the results for the year to 30 June 2023, is £1,677,000 based on 83,842,918 ordinary shares in issue.

### 9. INVESTMENTS

Group	2023				2022			
	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Total £'000s
Investments brought forward								
Cost	<b>207,332</b>	<b>11,365</b>	<b>199,073</b>	<b>417,770</b>	205,741	-	219,605	425,346
(Losses)/gains	<b>(34,126)</b>	<b>(6,976)</b>	<b>39,848</b>	<b>(1,254)</b>	11,469	-	103,259	114,728
Valuation	<b>173,206</b>	<b>4,389</b>	<b>238,921</b>	<b>416,516</b>	217,210	-	322,864	540,074
Movements in the year:								
Transfer between levels*	<b>(66,496)</b>	<b>66,496</b>	-	-	(11,723)	11,723	-	-
Purchases at cost	<b>33,098</b>	<b>19,796</b>	<b>67,701</b>	<b>120,595</b>	35,319	1,082	53,378	89,779
Sale proceeds	<b>(63,074)</b>	<b>(41)</b>	<b>(125,307)</b>	<b>(188,422)</b>	(21,364)	-	(71,449)	(92,813)
Losses on investments	<b>(13,619)</b>	<b>(18,060)</b>	<b>(8,663)</b>	<b>(40,342)</b>	(46,236)	(8,416)	(65,872)	(120,524)
Valuation at 30 June	<b>63,115</b>	<b>72,580</b>	<b>172,652</b>	<b>308,347</b>	173,206	4,389	238,921	416,516
Analysed at 30 June								
Cost	<b>76,016</b>	<b>110,503</b>	<b>168,186</b>	<b>354,705</b>	207,332	11,365	199,073	417,770
(Losses)/gains	<b>(12,901)</b>	<b>(37,923)</b>	<b>4,466</b>	<b>(46,358)</b>	(34,126)	(6,976)	39,848	(1,254)
Valuation	<b>63,115</b>	<b>72,580</b>	<b>172,652</b>	<b>308,347</b>	173,206	4,389	238,921	416,516

\* During the year three holdings with a value of £70.0m were transferred from level 1 to level 2 due to the investee companies shares trading irregularly in the year and one stock with a value of £3.5m was transferred from level 2 to level 1 due to the investee company shares resuming regular trading (2022: transfers of £11.7m were due to the changes in liquidity). The book cost and fair value were transferred using the 30 June 2022 balances (2022: 30 June 2021 balances)

The Group received £188,422,000 (2022: £92,813,000) from investments sold in the year. The book cost of these investments when they were purchased was £183,660,000 (2022: £97,355,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments

Within purchases and sales non cash settlements amounted to £103.0m and £96.6m respectively (2022: £49.1m and £41.7m respectively)

Disposals in level 3 investments includes £47.3m related to repayment of capital and £32.0m of capital distribution (2022: £58.7m related to repayment of capital and £2.4m of capital distribution)

Level 1 includes investments listed on any recognised stock exchange or quoted on any secondary market

Level 2 includes holdings linked directly to companies whose prices are quoted and quoted investments that are thinly traded

Level 3 includes investments in private companies and other unquoted securities

Company	2023				2022			
	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Total £'000s	Level 1 £'000s	Level 2 £'000s	Level 3 £'000s	Total £'000s
Investments brought forward								
Cost	<b>209,685</b>	<b>11,949</b>	<b>199,073</b>	<b>420,707</b>	206,325	3,169	219,605	429,099
(Losses)/gains	<b>(33,846)</b>	<b>(6,994)</b>	<b>39,848</b>	<b>(992)</b>	11,463	407	103,259	115,129
	<b>175,839</b>	<b>4,955</b>	<b>238,921</b>	<b>419,715</b>	217,788	3,576	322,864	544,228
Movements in the year:								
Transfer between levels*	<b>(69,129)</b>	<b>69,129</b>	-	-	(8,725)	8,725	-	-
Purchases at cost	<b>33,098</b>	<b>19,796</b>	<b>67,701</b>	<b>120,595</b>	35,319	1,082	53,378	89,779
Sale proceeds	<b>(63,074)</b>	<b>(41)</b>	<b>(125,307)</b>	<b>(188,422)</b>	(22,314)	-	(71,449)	(93,763)
Losses on investments	<b>(13,619)</b>	<b>(18,129)</b>	<b>(8,663)</b>	<b>(40,411)</b>	(46,229)	(8,428)	(65,872)	(120,529)
Valuation at 30 June	<b>63,115</b>	<b>75,710</b>	<b>172,652</b>	<b>311,477</b>	175,839	4,955	238,921	419,715
Analysed at 30 June								
Cost	<b>76,016</b>	<b>113,440</b>	<b>168,186</b>	<b>357,642</b>	209,685	11,949	199,073	420,707
(Losses)/gains	<b>(12,901)</b>	<b>(37,730)</b>	<b>4,466</b>	<b>(46,165)</b>	(33,846)	(6,994)	39,848	(992)
Valuation	<b>63,115</b>	<b>75,710</b>	<b>172,652</b>	<b>311,477</b>	175,839	4,955	238,921	419,715

\* During the year four holdings with a value of £72.6m were transferred from level 1 to level 2 due to the investee companies shares trading irregularly in the year and one stock with a value of £3.5m was transferred from level 2 to level 1 due to the investee company shares resuming regular trading (2022: transfers of £8.7m were due to the changes in liquidity). The book cost and fair value were transferred using the 30 June 2022 balances (2022: 30 June 2021 balances)

The Company received £188,422,000 (2022: £93,763,000) from investments sold in the year. The book cost of these investments when they were purchased was £183,660,000 (2022: £98,171,000). These investments have been revalued over time and until they were sold any unrealised gains/losses were included in the fair value of the investments

Within purchases and sales non cash settlements amounted to £103.0m and £96.6m respectively (2022: £49.1m and £41.7m respectively)

Disposals in level 3 investments includes £47.3m related to repayment of capital and £32.0m of capital distribution (2022: £58.7m related to repayment of capital and £2.4m of capital distribution)

Level 1 includes investments listed on any recognised stock exchange or quoted on any secondary market

Level 2 includes holdings linked directly to companies whose prices are quoted and quoted investments that are thinly traded

Level 3 includes investments in private companies and other unquoted securities

(Losses)/gains on investments held at fair value	Group		Company	
	2023 £'000s	2022 £'000s	2023 £'000s	2022 £'000s
Gains/(losses) on investments sold	<b>4,762</b>	(4,542)	<b>4,762</b>	(4,408)
Losses on investments held	<b>(45,104)</b>	(115,982)	<b>(45,173)</b>	(116,121)
Total losses on investments	<b>(40,342)</b>	(120,524)	<b>(40,411)</b>	(120,529)

## NOTES TO THE ACCOUNTS (continued)

### Group and Company

In the year the following material level 3 holdings were sold:

2023	Proceeds £'000s	Cost £'000s	Carrying value at the end of the previous accounting period £'000s
ICM Mobility Group Limited ("ICM Mobility")	43,572	29,108	43,879
Snapper Services (UK) Limited	1,542	2,393	1,656

2022	Proceeds £'000s	Cost £'000s	Carrying value at the end of the previous accounting period £'000s
Nautilus Data Technologies Inc Convertible Bond	8,124	7,239	n/a <sup>†</sup>
Novareum Blockchain Asset Fund Limited ("Novareum")	2,770	1,967	n/a <sup>†</sup>

<sup>†</sup>Purchased in the year

### Joint Ventures

Under IFRS 9 Financial Instruments and IAS 28 Investments in Associates and Joint Ventures, the following joint ventures are held as part of the investment portfolio and consequently are accounted for as investments at fair value through profit and loss:

	Country of registration and incorporation	Number of ordinary shares held	2023 Holding and voting rights %	Number of ordinary shares held	2022 Holding and voting rights %
Allectus Capital Limited ("Allectus Capital")	Bermuda	100	50.0	100	50.0*
Allectus Quantum Holdings Limited ("Allectus Quantum")	United Kingdom	503	50.0	501	50.0*

\* In the prior year classified as a subsidiary

### Transactions in the year to 30 June 2023 with joint ventures held as investments:

<b>Allectus Capital</b>	Pursuant to a loan agreement dated 1 September 2016 under which UIL agreed to loan monies to Allectus Capital, UIL advanced to Allectus Capital a loan of USD 1.7m, transferred a loan of USD 0.7m from the facility given on 28 April 2023 (see below) and Allectus Capital repaid USD 6.9m. The balance of the loan as at 30 June 2023 was USD 2.1m (30 June 2022: USD 6.6m). The loan is interest free and is converted to equity on an annual basis. Pursuant to a loan agreement dated 28 April 2023 under which UIL agreed to loan monies to Allectus Capital, UIL advanced to Allectus Capital a loan of USD 0.7m. On 27 June 2023, this loan was transferred to the original loan facility.
<b>Allectus Quantum</b>	Pursuant to a loan agreement dated 20 April 2022 under which UIL has agreed to loan monies to Allectus Quantum, UIL advanced to Allectus Quantum a loan of £3.7m. The loan is interest free and is converted into equity on a semi-annual basis. The loan of £3.7m was converted to equity in the year, increasing the number of ordinary shares held by 2. As at 30 June 2023 the loan balance was nil.

### Associated undertakings

Under IFRS10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities, the following associate undertakings are held as part of the investment portfolio and consequently are accounted for as investments at fair value through profit and loss:

	Country of registration and incorporation	Number of ordinary shares held	2023 % of ordinary shares held	2022 % of ordinary shares held
DTI Group Ltd ("DTI")	Australia	103,193,989	23.0	23.0
ICM Mobility	United Kingdom	-	-	39.8
Littlepay Mobility Ltd ("Littlepay")	United Kingdom	2,616,083 <sup>1</sup>	30.2	49.2
Novareum Blockchain Asset Fund Ltd ("Novareum")	Cayman Islands	28,361	33.4	57.5 <sup>2</sup>
Orbital Corporation Limited ("Orbital")	Australia	35,056,348	29.9	30.3
Resimac Group Limited ("Resimac") <sup>3</sup>	Australia	127,157,477 <sup>3</sup>	31.6	29.6
Serkel Solutions Pty Ltd ("Serkel")	Australia	10,510	33.3	33.3
SmileStyler Solutions Pty Ltd ("SmileStyler")	Australia	1,151,434	24.0	24.0
Somers Limited ("Somers")	Bermuda	10,168,931	41.7	44.7
SportEngaged Ltd	United Kingdom	25	20.0	20.0
The Market Herald Limited ("TMH")	Australia	75,605,734	23.6	n/a

(1) Shares held directly 1,445,000 (2022: 1,445,000) and indirectly through Somers 1,171,083 (2022: 2,812,079)

(2) Subsidiary in 2022

(3) Shares held directly 36,152,616 (2022: 17,127,747) and indirectly through Somers 91,004,861 (2022: 106,215,234)

### Transactions in the year to 30 June 2023 with associated undertakings:

<b>DTI</b>	There were no transactions during the year.
<b>ICM Mobility</b>	Pursuant to a loan agreement dated 1 June 2021, under which UIL has agreed to loan monies to ICM Mobility, UIL advanced to ICM Mobility loans of £0.6m and received from ICM Mobility £0.1m. In October 2022, UIL sold its loan to ICM Mobility (£0.5m) to Somers as part of the transaction where UIL sold its stake in ICM Mobility to Somers.
<b>Littlepay</b>	There were no transactions during the year.
<b>Novareum</b>	There were no transactions during the year.
<b>Orbital</b>	In November 2022, UIL took part in Orbital's AUD 5m share placement at AUD 0.20 per share, agreeing to subscribe for 30% of the shares offered. UIL received 7,490,460 shares (cost AUD 1.5m) and 3,745,230 options on a free of charge basis. The options are exercisable at AUD 0.35 until February 2026.
<b>Resimac</b>	See transaction details of Somers below. UIL received dividends of £1.7m from Resimac.
<b>Serkel</b>	There were no transactions during the year.
<b>SmileStyler</b>	There were no transactions during the year.

## NOTES TO THE ACCOUNTS (continued)

<b>Somers</b>	<p>On 12 July 2022 UIL sold to Somers, at fair values, 2,953,446 Resimac shares for AUD 3.5m and received in exchange 134,153 Assetco plc shares for £1.0m and 2,691,811 Mj Hudson Group plc shares for GBP 1.0m.</p> <p>On 5 August 2022 Somers paid a distribution of USD 4.55 per share. In settlement, UIL received at fair values 38,451,000 Resimac Group Limited shares for AUD 50.4m and 42,183,103 TMH shares for AUD 16.0m. The distribution has been recognised as a return of capital of USD 38.7m and a revenue dividend of USD 7.6m. At the same time, Somers issued 5,412,314 warrants pro-rata to all of its shareholders on a one for four basis (the "Warrants"). The exercise price of the Warrants is USD 18.92 per share and can be converted at any time until maturity on 30 September 2023. These were issued for no consideration and UIL received and continues to hold as at 30 June 2023 2,542,233 warrants.</p> <p>On 8 August 2022, as part of a group restructure, UIL sold to Somers at fair value, 16,472,685 Resimac shares for AUD 21.6m and in exchange UIL advanced loans to Zeta for AUD 2.2m and CAD 17.5m.</p> <p>On 11 October 2022, Somers acquired UIL's holding in ICM Mobility and Snapper for £45.6m. In exchange Somers sold to UIL its holding in West Hamilton Holdings Limited ("West Hamilton") for USD 19.7m, WT Financial Group Limited for AUD 5.7m and BNK Banking Corp Ltd for AUD 3.9m. Somers funded the balance of the transaction (£22.3m) via the loan account.</p> <p>Pursuant to a loan agreement dated 22 June 2018 under which UIL has agreed to loan monies to Somers, UIL advanced to Somers loans of £23.2m (including the £22.3m from the 11 October 2022 transaction above) and Somers repaid loans of £23.2m. UIL received interest of £39k. As at 30 June 2023, the balance of the loans and interest outstanding was £nil. The loan bears interest at an annual rate of 6.0% and is repayable on not less than 12 months' notice.</p>
<b>SportEngaged Ltd</b>	There were no transactions during the year.
<b>TMH</b>	<p>See transaction details of Somers above.</p> <p>On 30 August 2022, UIL received 16,873,241 rights through a 2 for 5 rights issue at AUD 0.34. UIL sold 1,150,000 rights in the market and oversubscribing, received a further 5,000,000 rights. On 15 September 2022 UIL exercised the rights, receiving 20,723,241 shares at a cost of AUD 7.0m. On 27 January 2023, UIL received 10,484,390 rights through a 1 for 6 rights issue at AUD 0.34. On 13 February UIL exercised these rights, receiving 10,484,390 shares at a cost of AUD 3.6m. On 6 February 2023, UIL purchased 2,215,000 ordinary shares in the market.</p>

### Significant interests

In addition to the above, the Group and Company have a holding of 3% or more of any class of share capital of the following investments, which are material in the context of the Accounts:

Undertaking	Country of registration and incorporation	Class of instrument held	2023 % of class of instrument held	2022 % of class of instrument held
Utilico Emerging Markets Trust plc	United Kingdom	Ordinary Shares	9.1	14.4

### 10. SUBSIDIARY UNDERTAKINGS

The following was a subsidiary undertaking of the Company at 30 June 2023 and 30 June 2022.

	Country of operation, registration and incorporation	Number and class of shares held	Holding and voting rights %
UIL Finance Limited	Bermuda	10 ordinary shares of 10p nil paid share	100

The subsidiary was incorporated, and commenced trading, on 17 January 2007 to carry on business as an investment company.

Under IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities, the following are subsidiaries of the Company, held as part of the investment portfolio, and are accounted for as investments at fair value through profit and loss.

		2023		2022	
	Country of registration and incorporation	Number of ordinary shares held	Holding and voting rights %	Number of ordinary shares held	Holding and voting rights %
Carebook Technologies Inc ("Carebook")	Canada	48,546,167	53.8	36,046,167	46.5 <sup>1</sup>
Coldharbour Technology Limited ("Coldharbour")	United Kingdom	29,660,694	96.5	29,660,694	96.5
Energy Holdings Ltd	Bermuda	100	100.0	100	100.0
Newtel Holdings Limited ("Newtel")	Jersey	7,453,957	100.0	115,920	100.0
Northbrook Resources Ltd (formerly Elevate Platform Limited)	United Kingdom	44,348,478	51.0	44,348,478 <sup>2</sup>	51.0
Snapper Services (UK) Limited ("Snapper")	United Kingdom	-	-	2,088,851 <sup>3</sup>	50.0
West Hamilton	Bermuda	1,659,390	57.0	-	-
Zeta	Bermuda	344,573,832	61.2	344,573,832	61.0

(1) Associate undertaking in 2022

(2) Preference shares

(3) Shares held directly 1,703,400 and indirectly through ICM Mobility 3,310,838

Transactions in the year to 30 June 2023 with subsidiaries held as investments

<b>Carebook</b>	<p>Pursuant to a convertible loan agreement dated 21 December 2021, amended and restated on 28 September 2022, UIL advanced to Carebook an additional loan tranche of CAD 500k. As at 30 June 2023, the balance of the loan and interest outstanding was CAD 1.03m (2022: CAD 0.5m). UIL received interest of CAD 84k. The loan bears an interest rate of the Canadian Variable Rate plus 10.0% and is repayable by 21 December 2026.</p> <p>Pursuant to a convertible loan agreement dated 15 December 2022, UIL advanced to Carebook a loan of CAD 1.25m. As at 30 June 2023, the balance of the loan and interest outstanding was CAD 1.31m (2022: n/a). The loan bears an interest rate of the Canadian Variable Rate plus 10.0% and is repayable by 22 December 2026.</p> <p>On 8 March 2023, UIL purchased 12,500,000 restricted ordinary shares at CAD 0.10 per share. The shares became unrestricted in July 2023. On 8 March 2023, UIL received 187,500 warrants for no cost, exercisable on any date until 8 March 2025. Each warrant can be exercised for one share at CAD 0.15 per warrant.</p>
<b>Coldharbour</b>	There were no transactions during the year.
<b>Energy Holdings Ltd</b>	There were no transactions during the year.
<b>Newtel</b>	In October 2022, the £5.5m loan balance brought forward as at 30 June 2022 was converted into equity, UIL received 7,338,037 Newtel ordinary shares.
<b>Northbrook Resources Ltd</b>	Pursuant to a loan agreement dated 1 January 2019 under which UIL agreed to loan monies to Northbrook Resources Limited, no further funds were advanced to Northbrook Resources Ltd during the year. As at 30 June 2023, the balance of the loan was £1.6m. The loan bears interest at 6% per annum and is repayable on 31 December 2023. As at 30 June 2023 the fair value of the loan was £nil (2022: £nil).

## NOTES TO THE ACCOUNTS (continued)

<b>Snapper</b>	On 11 October 2022, Somers acquired UIL's holding in Snapper, see transactions details of Somers on page 86.
<b>West Hamilton</b>	See transaction details of Somers on page 86.
<b>Zeta</b>	Pursuant to loan agreements dated 1 September 2016 (AUD loan) and 1 May 2018 (CAD loan), under which UIL agreed to loan monies to Zeta, UIL advanced to Zeta loans of AUD 0.3m and CAD nil and capitalised interest of AUD nil and CAD 0.2m. UIL advanced loans of AUD 2.2m and CAD 17.5m as per the details included in transactions with Somers. UIL received from Zeta repayments of AUD 2.5m and CAD 17.7m. As at 30 June 2023, the balance of the loans and interest outstanding was AUD nil and CAD nil. 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.

### 11. OTHER RECEIVABLES – CURRENT ASSETS

	2023 £'000s	2022 £'000s
<b>Group and Company</b>		
Securities sold for future settlement	-	419
Accrued income	36	9
Prepayments and other debtors	26	16
	<b>62</b>	<b>444</b>

### 12. DERIVATIVE FINANCIAL INSTRUMENTS

	2023			2022		
	Current assets £'000s	Current liabilities £'000s	Net current assets/ (liabilities) £'000s	Current assets £'000s	Current liabilities £'000s	Net current assets/ (liabilities) £'000s
<b>Group and Company</b>						
Forward foreign exchange contracts	-	-	-	620	(2,562)	(1,942)
Option contracts	110	-	110	-	-	-
	<b>110</b>	<b>-</b>	<b>110</b>	<b>620</b>	<b>(2,562)</b>	<b>(1,942)</b>

The above derivatives are classified as level 2 as defined in note 1(c).

#### Changes in derivatives

Changes in total net current derivative financial instruments are as follows:

	2023 £'000s	2022 £'000s
<b>Group and Company</b>		
Valuation brought forward	(1,942)	420
Net settlements	4,090	8,170
Losses	(2,038)	(10,532)
Valuation carried forward	110	(1,942)

### 13. LOANS – CURRENT LIABILITY

	2023 £'000s	2022 £'000s
<b>Group and Company</b>		
<b>Bank Loans</b>		
AUD 12.5m repaid October 2022	-	7,078
AUD 12.3m repaid October 2022	-	6,961
AUD 8.7m repaid August 2022	-	4,954
EUR 5.0m repaid October 2022	-	4,304
EUR 5.4m repaid October 2022	-	4,690
USD 20.9m repaid October 2022	-	17,235
USD 7.1m repaid September 2022	-	5,858
GBP 37.5m rolled to September 2023	<b>37,500</b>	-
<b>Union Mutual Pension Fund Limited</b>	<b>-</b>	<b>-</b>
USD 6.6m drawn to September 2023	<b>5,191</b>	<b>-</b>
	<b>42,691</b>	<b>51,080</b>

The Company has a committed loan facility of £37,500,000 (2022: £50,000,000) from Bank of Nova Scotia, London Branch ("Bank of Nova Scotia") and was fully drawn as at 30 June 2023. The £50,000,000 facility with Scotiabank Europe PLC was extended in September 2022 to 19 September 2023 and novated to the Bank of Nova Scotia, London Branch, reducing to £37.5m on 30 March 2023. Commissions are charged on any undrawn amounts at commercial rates. The terms of the loan facility, including those related to accelerated repayment and costs of repayment and the loan covenants, are typical of those normally found in facilities of this nature. Bank of Nova Scotia has a floating charge over the assets of the Company in respect of amounts owing under the loan facility. Subsequent to the year end the loan facility was extended to 19 March 2024 (see note 28).

Union Mutual Pension Fund Limited has loaned USD6,600,000 (2022: nil) to UIL. This loan is repayable on 30 September 2023 and bears interest at 8% per annum.

### 14. OTHER PAYABLES

	Group		Company	
	2023 £'000s	2022 £'000s	2023 £'000s	2022 £'000s
Bank overdraft	7,872	3,835	7,872	3,835
Intra-group loans	-	-	-	51,166
Accrued finance costs	633	111	633	111
Accrued expenses	387	447	387	447
	<b>8,892</b>	<b>4,393</b>	<b>8,892</b>	<b>55,559</b>

The Directors consider that the carrying values of other payables are equivalent to their fair value.

## NOTES TO THE ACCOUNTS (continued)

### 15. ZDP SHARES

	Group	
	2023	2022
	£'000s	£'000s
<b>ZDP shares – current liabilities</b>		
2022 ZDP shares	-	51,166
<b>ZDP Shares – non-current liabilities</b>		
2024 ZDP shares	38,765	36,833
2026 ZDP shares	29,005	27,589
2028 ZDP shares	26,819	25,225
	<b>94,589</b>	<b>89,647</b>
<b>Total ZDP shares liabilities</b>	<b>94,589</b>	<b>140,813</b>

<b>Authorised ZDP shares at 30 June 2023 and 30 June 2022 are as follows:</b>	Number	£'000s
2022 ZDP shares	63,686,754	3,387
2024 ZDP shares	76,717,291	2,917
2026 ZDP shares	25,000,000	2,500
2028 ZDP shares	44,842,717	1,734

2023	Number	2022 £'000s	Number	2024 £'000s	Number	2026 £'000s	Number	2028 £'000s	Total £'000s
Balance as at 30 June 2022	35,569,069	51,166	30,000,000	36,833	22,690,380	27,589	24,416,265	25,225	140,813
Redemption of ZDP shares	(35,569,069)	(52,283)	-	-	-	-	-	-	(52,283)
Finance costs (see note 5)	-	1,117	-	1,932	-	1,416	-	1,594	6,059
<b>Balance as at 30 June 2023</b>	<b>-</b>	<b>-</b>	<b>30,000,000</b>	<b>38,765</b>	<b>22,690,380</b>	<b>29,005</b>	<b>24,416,265</b>	<b>26,819</b>	<b>94,589</b>

2022	Number	2022 £'000s	Number	2024 £'000s	Number	2026 £'000s	Number	2028 £'000s	Total £'000s
Balance as at 30 June 2021	35,569,069	48,052	30,000,000	34,996	21,890,380	25,299	24,416,265	23,726	132,073
Issue of ZDP shares	-	-	-	-	800,000	950*	-	-	950
Finance costs (see note 5)	-	3,114	-	1,837	-	1,340	-	1,499	7,790
Balance as at 30 June 2022	35,569,069	51,166	30,000,000	36,833	22,690,380	27,589	24,416,265	25,225	140,813

\* Sold by the Company in the market, an issue of ZDP shares for Group accounting

On 31 October 2022 the 35,569,069 2022 ZDP shares that were in issue were redeemed at 146.99p per 2022 ZDP share. The Company held 2,309,620 2026 ZDP shares as at 30 June 2022 and 30 June 2023. The Company held 583,735 2028 ZDP shares as at 30 June 2022 and 30 June 2023.

#### 2024 ZDP shares

Based on the initial entitlement of a 2024 ZDP share of 100p on 2 November 2018, a 2024 ZDP share will have a final capital entitlement at the end of its life on 31 October 2024 of 138.35p equating to a 4.75% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2024 ZDP share as at 30 June 2023 was 130.04p (2022: 124.14p).

#### 2026 ZDP shares

Based on the initial entitlement of a 2026 ZDP share of 100p on 26 April 2018, a 2026 ZDP share will have a final capital entitlement at the end of its life on 31 October 2026 of 151.50p equating to a 5.00% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2026 ZDP share as at 30 June 2023 was 128.75p (2022: 122.62p).

#### 2028 ZDP shares

Based on the initial entitlement of a 2028 ZDP share of 100p on 23 April 2021, a 2028 ZDP share will have a final capital entitlement at the end of its life on 31 October 2028 of 152.29p equating to a 5.75% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2028 ZDP share as at 30 June 2023 was 113.02p (2022: 106.87p).

The ZDP shares are traded on the London Stock Exchange and are stated at amortised cost using the effective interest method. The ZDP shares carry no entitlement to income however they have a pre-determined final capital entitlement which ranks behind all other liabilities and creditors of UIL Finance and UIL but in priority to the ordinary shares of the Company save in respect of certain winding up revenue profits.

The growth of each ZDP accrues daily and is reflected in the capital return and NAV per ZDP share on an effective interest rate basis. The ZDP shares do not carry any voting rights at general meetings of the Company. However the Company will not be able to carry out certain corporate actions unless it obtains at separate meetings approval of each class of ZDP shareholders. Separate approval of each class of ZDP shareholders must be obtained in respect of any proposals which would affect their respective rights, including any resolution to wind up the Company. In addition the approval of ZDP shareholders by the passing of a special resolution at separate class meetings of the ZDP shareholders is required in relation to any proposal to modify, alter or abrogate the rights attaching to any class of the ZDP shares and in relation to any proposal by UIL or UIL Finance which would reduce the Group's cover of the existing ZDP shares below 1.35 times.

On a liquidation of UIL and/or UIL Finance, to the extent that the relevant classes of ZDP shares have not already been redeemed, the shares shall rank in the following order of priority in relation to the repayment of their accrued capital entitlement as at the date of liquidation:

- the 2024 ZDP shares shall rank in priority to the 2026 ZDP shares and the 2028 ZDP shares; and
- the 2026 ZDP shares shall rank in priority to the 2028 ZDP shares.

The entitlement of ZDP shareholders of a particular class shall be determined in proportion to their holdings of ZDP shares of that class.

### 16. OTHER PAYABLES - NON-CURRENT LIABILITY

Company	2023 £'000s	2022 £'000s
Intra-group loans	98,222	93,079

In consideration for UIL Finance agreeing to transfer to the Company certain assets, the Company has undertaken (i) to repay any interest free loan, and (ii) to reimburse UIL Finance (by way of payment in advance, if required) any and all costs, expenses, fees or interest UIL Finance incurs or is otherwise liable to pay to the holder of the ZDP shares so as to enable UIL Finance to pay the final capital entitlement of each class of ZDP share on their respective redemption date. The amount owed in the accounts as at 30 June 2023 is a non-current liability of £98,222,000 (2022: current liability of £51,166,000 and a non-current liability of £93,079,000) based on the entitlements of the ZDP shareholders at the relevant date. The loan is repayable on the date when the underlying ZDP shares are redeemed.

### 17. ORDINARY SHARE CAPITAL

	Number	£'000s
Equity share capital:		
Ordinary shares of 10p each with voting rights		
Authorised	250,000,000	25,000
	<b>Total shares in issue Number</b>	<b>Total shares in issue £'000s</b>
<b>2023</b>		
Balance at 30 June 2022 and 30 June 2023	83,842,918	8,384

## NOTES TO THE ACCOUNTS (continued)

2022	Total shares in issue Number	Total shares in issue £'000s
Balance at 30 June 2021	84,303,283	8,430
Purchased for cancellation	(460,365)	(46)
Balance at 30 June 2022	83,842,918	8,384

During the year the Company did not buy back any ordinary shares for cancellation (2022: 460,365 ordinary shares at a total cost of £1,227,000).

No ordinary shares have been purchased for cancellation since the year end.

In addition to receiving the income distributed by way of dividend, the ordinary shareholders will be entitled to any balances on the revenue reserve at the winding up date, together with the assets of the Company remaining after payment of the ZDP shareholders' entitlement. The ordinary shareholders participate in all general meetings of the Company on the basis of one vote for each share held.

### 18. SHARE PREMIUM ACCOUNT

Group and Company	2023 £'000s	2022 £'000s
Balance brought forward	37,874	6,986
Purchase of ordinary shares	-	(1,181)
Transfer from Non-distributable Reserve (see note 20)	-	32,069
Balance carried forward	37,874	37,874

### 19. SPECIAL RESERVE

Group and Company	2023 £'000s	2022 £'000s
Balance brought forward and carried forward	233,866	233,866

The reserve will not constitute winding up revenue profits in the event of the Company's liquidation.

### 20. NON-DISTRIBUTABLE RESERVE

Group and Company	2023 £'000s	2022 £'000s
Balance brought forward	-	32,069
Transfer to Share Premium Account	-	(32,069)
Balance carried forward	-	-

The Non-distributable Reserve was created when the warrants issued in 2007 were exercised, following the recommendation by the SORP in issue at that time. The current SORP no longer requires this accounting treatment and the reserve was therefore transferred back to the Share Premium Account. There is no impact to distributable reserves under Bermuda Law as a result of this transfer.

### 21. CAPITAL RESERVES

	Group		Company	
	2023 £'000s	2022 £'000s	2023 £'000s	2022 £'000s
Capital reserves comprise:				
Arising on investments sold	(77,920)	(72,976)	(78,616)	(73,471)
Arising on revaluation of investments held	(46,358)	(1,254)	(46,165)	(992)
Balance as at 30 June	(124,278)	(74,230)	(124,781)	(74,463)

Included within the capital reserve movement for the year is £32,043,000 (2022: £2,444,000) of capital distributions, £5,000 (2022: £3,000) of transaction costs on purchases of investments and £21,000 (2022 £27,000) of transaction costs on sales of investments.

### 22. REVENUE RESERVE

Group and Company	2023 £'000s	2022 £'000s
Balance brought forward	12,846	12,547
Amount transferred to revenue reserve	5,597	7,013
Dividends paid in the year	(6,708)	(6,714)
Balance as at 30 June	11,735	12,846

Under Bermuda Law, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus, unless there are reasonable grounds for believing that: the company is and will after the payment be able to meet its liabilities as they become due; and the realisable value of the company's assets will not thereby be less than the aggregate of its liabilities. The net assets of the Company as at 30 June 2023 was £167.1m (2022: £218.5m).

### 23. NET ASSET VALUE PER ORDINARY SHARE

NAV per ordinary share is based on net assets at the year end of £167,581,000 for the Group and £167,078,000 for the Company (2022: £218,740,000 for the Group and £218,507,000 for the Company) and on 83,842,918 ordinary shares in issue at the year end (2022: 83,842,918).

### 24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Balance at 30 June 2022 £'000s	Transactions in the year £'000s	Receipts £'000s	Payments £'000s	Non-cash flow changes		Balance at 30 June 2023 £'000s
					Foreign exchange movement £'000s	Finance costs £'000s	
2023							
Loans	51,080	-	55,231	(66,070)	2,450	-	42,691
ZDP shares	140,813	-	-	(52,283)	-	6,059	94,589
Dividends paid	-	6,708	-	(6,708)	-	-	-
	191,893	6,708	55,231	(125,061)	2,450	6,059	137,280



## NOTES TO THE ACCOUNTS (continued)

2022	Balance at 30 June 2021 £'000s	Transactions in the year £'000s	Non-cash flow changes				Balance at 30 June 2022 £'000s
			Receipts £'000s	Payments £'000s	Foreign exchange movement £'000s	Finance costs £'000s	
Bank loans	48,548	-	1,894	(3,147)	3,785	-	51,080
ZDP shares	132,073	-	950	-	-	7,790	140,813
Dividends paid	-	6,714	-	(6,714)	-	-	-
Repurchase of shares for cancellation	-	1,227	-	(1,227)	-	-	-
	180,621	7,941	2,844	(11,088)	3,785	7,790	191,893

Company	Balance at 30 June 2022 £'000s	Transactions in the year £'000s	Non-cash flow changes				Balance at 30 June 2023 £'000s
			Receipts £'000s	Payments £'000s	Foreign exchange movement £'000s	Finance costs £'000s	
Loans	51,080	-	55,231	(66,070)	2,450	-	42,691
Intra-group loans	144,245	-	-	(52,283)	-	6,260	98,222
Dividends paid	-	6,708	-	(6,708)	-	-	-
	195,325	6,708	55,231	(125,061)	2,450	6,260	140,913

2022	Balance at 30 June 2021 £'000s	Transactions in the year £'000s	Non-cash flow changes				Balance at 30 June 2022 £'000s
			Receipts £'000s	Payments £'000s	Foreign exchange movement £'000s	Finance costs £'000s	
Bank loans	48,548	-	1,894	(3,147)	3,785	-	51,080
Intra-group loans	136,257	-	-	-	-	7,988	144,245
Dividends paid	-	6,714	-	(6,714)	-	-	-
Repurchase of shares for cancellation	-	1,227	-	(1,227)	-	-	-
	184,805	7,941	1,894	(11,088)	3,785	7,988	195,325

### 25. ULTIMATE PARENT UNDERTAKING

In the opinion of the Directors, the Group's ultimate parent undertaking is Somers Isles Private Trust Company Limited ("SIPTCL"), a company incorporated in Bermuda and owned by Mr Duncan Saville.

### 26. RELATED PARTY TRANSACTIONS

The following are considered related parties of UIL:

#### Ultimate parent undertaking:

UIL's majority shareholder General Provincial Life Pension Fund Limited ("GPLPF") holds 65.4% of UIL's shares. Union Mutual Pension Fund Limited ("UMPF") holds 9.7% of UIL's shares. The ultimate parent undertaking of GPLPF and UMPF is SIPTCL as referred to in note 25.

#### Subsidiaries of UIL:

Carebook, Coldharbour, Energy Holdings Ltd, Newtel, Northbrook Resources Limited, West Hamilton and Zeta. On consolidation, transactions between the Company and UIL Finance have been eliminated. Snapper, a subsidiary at 30 June 2022 was sold in the year.

#### Joint ventures of UIL

Allectus Capital and Allectus Quantum.

#### Associated undertakings:

DTI, Littlepay, Novareum, Orbital, Resimac, Serkel, Smilestyler, Somers, SportEngaged Ltd and TMH.

#### Subsidiaries of the above subsidiaries, joint ventures and associated undertakings:

Allectus Capital: Own Solutions AC Limited.

Allectus Quantum: Allectus Quantum Ltd and Diraq Pty Ltd.

Littlepay: Littlepay Limited, Littlepay Pty Ltd, Littlepay Inc.

Newtel: Newtel Limited.

Resimac: Access Network Management Pty Ltd, Auspak Financial Services Pty Ltd, FAI First Mortgage Pty Ltd, Independent Mortgage Corporation Pty Ltd, Resimac Est Pty Ltd and Resimac Limited.

Somers: Dfinitive Capital Limited, PCF Group plc, Snapper, Somers Pte Ltd, Somers Treasury Pty Ltd, Somers UK (Holdings) Limited and Waverton.

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

#### Key management entities and persons:

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

#### Persons exercising control of UIL:

The Board of UIL.

#### Companies controlled by key management persons:

Mitre Investments Limited and Permanent Mutual Limited.

The following transactions were carried out during the year to 30 June 2023 between the Company and its related parties above:

#### UIL Finance

Loans from UIL Finance to UIL of £144.2m as at 30 June 2022 decreased by £46.0m, to £98.2m as at 30 June 2023. The loans are repayable on any ZDP share repayment date.

#### Subsidiaries of UIL

Transactions are disclosed in note 10.

#### Joint ventures of UIL

Transactions are disclosed in note 9.

#### Associated undertakings

Transactions are disclosed in note 9.

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

There were no transactions during the year to 30 June 2023 with any of the subsidiaries of the above subsidiaries and associated undertakings.

#### Key management entities and persons

ICM and ICMIM are joint portfolio managers of UIL. Other than investment management fees, secretarial costs and performance fees as set out in note 3, and reimbursed expenses of £12,000, there were no other transactions with ICM or ICMIM or ICM.

## NOTES TO THE ACCOUNTS (continued)

Corporate Services (Pty) Ltd. At the period-end £108,000 remained outstanding to ICM and ICMIM in respect of management and company secretarial fees and £nil in respect of performance fees.

Mr Younie is a director of PIL, PML, Somers and West Hamilton. Mr Jillings is a director of Allectus Capital, PIL, PML, Somers and Waverton. Mr Jillings received dividends from UIL of £35,000. Mr Saville is a director of Allectus Capital, GPLPF, Newtel, PIL, PML, Resimac, QICM Technology Investments Ltd (formerly Vix Technology Limited), West Hamilton and Zeta Energy Pte Ltd. There were no other transactions in the year with Alasdair Younie, Charles Jillings, Duncan Saville and Sandra Pope and UIL.

### The Board

Fees paid to Directors were: Chairman £50,000 per annum; Chairman of Audit & Risk Committee £47,750 per annum and Directors £37,000 per annum. The Board received aggregate remuneration of £206,000 for services as Directors. As at 30 June 2022, £nil remained outstanding to the Directors. In addition to their fees, the Directors received dividends totalling £120,000 during the year. There were no other transactions in the year with the Board and UIL.

### Companies controlled by key management persons

GPLPF received dividends of £5,292,000 from UIL, UMPF received dividends of £620,000 from UIL, Mitre Investments Limited received dividends of £206,000 from UIL and Permanent Mutual Limited received dividends of £2,000 from UIL. UMPF provided a USD 6.6m loan facility to UIL, see note 13 for details. There were no other transactions between companies controlled by key management and UIL during the year to 30 June 2023.

## 27. OPERATING SEGMENTS

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

## 28. GOING CONCERN

Notwithstanding that the Group has reported net current liabilities of £46,177,000 as at 30 June 2023 (2022: £108,129,000), the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons. The Board's going concern assessment has focused on the forecast liquidity of the Group for at least 12 months from the date of approval of the financial statements. This analysis assumes that the Company will meet some of its short term obligations through the sale of level 1 securities, which represented 20.5% of the Company's total portfolio as at 30 June 2023. As part of this assessment the Board has considered a severe but plausible downside that reflects the impact of the key risks set out in the Strategic Report and an assessment of the Company's ability to meet its liabilities as they fall due (including the loan liabilities in note 13), assuming a significant reduction in asset values and accompanying currency volatility.

The severe but plausible downside assumes a breach of bank loan covenants leading to the repayment of bank loan liabilities and a significant reduction in asset values in line with that experienced during the emergence of the Covid-19 pandemic in the first quarter of 2020. The Board also considered reverse stress testing to identify the reduction in the valuation of liquid investments that would cause the Group to be unable to meet its net current liabilities, being primarily the bank loan of £37,500,000, net bank overdraft of £2.6m and loan from Union Mutual Pension Fund Limited of £5.2m (repaid since the year end). The Board is confident that the reduction in asset values implied by the reverse stress test is not plausible even in the current volatile environment.

As at the year end, the Company had a £37.5m multicurrency loan facility with Bank of Nova Scotia expiring on 19 September 2023.

Subsequent to the year end, the Company has extended the facility until 19 March 2024, the facility reducing to £25m on 19 September 2023, £20m by 31 October 2023, £15m by 31 December 2023, £10m by 19 February 2024 and fully repaid by 19 March 2024. The outstanding debt will be repaid when due from portfolio realisations. Drawdowns under the facility are detailed in note 13.

The 2024 ZDP shares final liability of £41.5m is repayable on 31 October 2024, UIL will manage this debt from portfolio realisations.

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

## 29. FINANCIAL RISK MANAGEMENT

The Group's investment 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.

The Group seeks to meet its investment objective by investing principally in a direct and indirect diversified portfolio of both listed and unlisted companies. Derivative instruments may be used for the purposes of hedging the underlying portfolio of investments. The Group

has the power to take out both short and long term borrowings. In pursuing the objective, the Group is exposed to financial risks which could result in a reduction of either or both of the value of the net assets and the profits available for distribution by way of dividend. These financial risks are principally related to the market (currency movements, interest rate changes and security price movements), liquidity and credit and counterparty risk. The Board of Directors, together with the Investment Managers, is responsible for the Group's risk management. The Directors' policies and processes for managing the financial risks are set out in (a), (b) and (c) below.

The Company's risks include the risks within UIL Finance and therefore only the Group risks are analysed below as the differences are not considered to be significant. The accounting policies which govern the reported Statement of Financial Position carrying values of the underlying financial assets and liabilities, as well as the related income and expenditure, are set out in note 1. The policies are in compliance with IFRS and best practice, and include the valuation of financial assets and liabilities at fair value except as noted in (d) below and in note 15 in respect of ZDP shares. The Group does not make use of hedge accounting rules.

### (a) Market risks

The fair value of equity and other financial securities held in the Group's portfolio and derivative financial instruments fluctuates with changes in market prices. Prices are themselves affected by movements in currencies and interest rates and by other financial issues, including the market perception of future risks. The Board sets policies for managing these risks within the Group's objective and meets regularly to review full, timely and relevant information on investment performance and financial results. The Investment Managers assess exposure to market risks when making each investment decision and monitor on-going market risk within the portfolio. The Group's other assets and liabilities may be denominated in currencies other than Sterling and may also be exposed to interest rate risks. The Investment Managers and the Board regularly monitor these risks. The Group does not normally hold significant cash balances. Borrowings are limited to amounts and currencies commensurate with the portfolio's exposure to those currencies, thereby limiting the Group's exposure to future changes in exchange rates.

Gearing may be short- or long-term, in Sterling and foreign currencies, and enables the Group to take a long-term view of the countries and markets in which it is invested without having to be concerned about short-term volatility. Income earned in foreign currencies is converted to Sterling on receipt. The Board regularly monitors the effects on net revenue of interest earned on deposits and paid on gearing.

### Currency exposure

The principal currencies to which the Group was exposed were the Australian Dollar, Bermuda Dollar, Canadian Dollar and US Dollar (2022: Australian Dollar, Canadian Dollar, Euro and US Dollar). The Group's assets and liabilities as at 30 June (shown at fair value, except derivatives at gross exposure value), by currency excluding Sterling based on the country of primary exposure, are shown below:

	AUD £'000s	BMD £'000s	CAD £'000s	USD £'000s	Other £'000s	Total £'000s
<b>2023</b>						
Other receivables	1	-	36	-	2	39
Derivative financial instruments – assets	-	-	-	110	-	110
Cash and cash equivalents	(1)	-	15	5,191	-	5,205
Short-term borrowings	-	-	-	(5,191)	-	(5,191)
Net monetary liabilities	-	-	51	110	2	163
Investments	119,932	29,428	17,550	7,617	74,414	248,941
Net financial assets	119,932	29,428	17,601	7,727	74,416	249,104

	AUD £'000s	CAD £'000s	EUR £'000s	USD £'000s	Other £'000s	Total £'000s
<b>2022</b>						
Other receivables	8	-	-	-	-	8
Derivative financial instruments – assets	16,969	2,553	-	7,199	-	26,721
Cash and cash equivalents	-	8	-	-	-	8
Derivative financial instruments – liabilities	(38,777)	(30,805)	(7,749)	(43,728)	-	(121,059)
Short-term borrowings	(18,993)	-	(8,994)	(23,093)	-	(51,080)
Net monetary liabilities	(40,793)	(28,244)	(16,743)	(59,622)	-	(145,402)
Investments	146,224	22,068	32,982	21,087	136,909	359,270
Net financial assets	105,431	(6,176)	16,239	(38,535)	136,909	213,868

## NOTES TO THE ACCOUNTS (continued)

Based on the financial assets and liabilities held, and exchange rates applying, as at the Statement of Financial Position date, a weakening or strengthening of Sterling against each of these currencies by 10% would have had the following approximate effect on annualised income after tax and on NAV per share:

	2023				2022			
	AUD £'000s	BMD £'000s	CAD £'000s	USD £'000s	AUD £'000s	CAD £'000s	EUR £'000s	USD £'000s
<b>Weakening of Sterling</b>								
Income Statement								
Revenue profit for the year	201	710	11	-	81	2	-	61
Capital profit/(loss) for the year	13,326	3,270	1,950	846	11,715	(686)	1,804	(1,614)
Total profit/(loss) for the year	13,527	3,980	1,961	846	11,796	(684)	1,804	(1,553)
	2023				2022			
	AUD £'000s	CAD £'000s	EUR £'000s	USD £'000s	AUD £'000s	CAD £'000s	EUR £'000s	USD £'000s
<b>Strengthening of Sterling</b>								
Income Statement								
Revenue loss for the year	(201)	(710)	(11)	-	(81)	(2)	-	(61)
Capital (loss)/profit for the year	(13,326)	(3,270)	(1,950)	(846)	(11,715)	686	(1,804)	1,614
Total (loss)/profit for the year	(13,527)	(3,980)	(1,961)	(846)	(11,796)	684	(1,804)	1,553

These analyses are broadly representative of the Group's activities during the current year as a whole, although the level of the Group's exposure to currencies fluctuates in accordance with the investment and risk management processes.

### Interest rate exposure

The exposure of the financial assets and liabilities to interest rate risks as at 30 June is shown below:

	2023			2022		
	Total £'000s	Within one year £'000s	More than one year £'000s	Total £'000s	Within one year £'000s	More than one year £'000s
Exposure to floating rates						
Cash and margin account	5,234	5,234	-	8	8	-
Bank overdraft	(7,872)	(7,872)	-	(3,835)	(3,835)	-
Borrowings	(37,500)	(37,500)	-	(51,080)	(51,080)	-
	(40,138)	(40,138)	-	(54,907)	(54,907)	-
Exposure to fixed rates						
Borrowings	(5,191)	(5,191)	-	-	-	-
ZDP shares	(94,589)	-	(94,589)	(140,813)	(51,166)	(89,647)
	(99,780)	(5,191)	(94,589)	(140,813)	(51,166)	(89,647)
Net exposures						
At year end	(139,918)	(45,329)	(94,589)	(195,720)	(106,073)	(89,647)
Maximum in year	(195,720)	(106,073)	(89,647)	(199,716)	(112,232)	(87,484)
Minimum in year	(139,918)	(45,329)	(94,589)	(177,510)	(45,437)	(132,073)
	Total £'000s	Exposure to floating interest rates £'000s	Fixed interest rates £'000s	Total £'000s	Exposure to floating interest rates £'000s	Fixed interest rates £'000s
Maximum in year	(195,720)	(54,907)	(140,813)	(199,716)	(61,715)	(138,001)
Minimum in year	(139,918)	(40,138)	(99,780)	(177,510)	(45,437)	(132,073)

Exposures vary throughout the year as a consequence of changes in the make-up of the net assets of the Group arising out of the investment and risk management processes. Interest received on cash balances or paid on overdrafts is at ruling market rates. Finance costs on the ZDP shares are fixed (see note 15). Interest paid on bank borrowings is at ruling market rates and on other loans is fixed (see note 13). The Group's total returns and net assets are sensitive to changes in interest rates on cash and borrowings. Based on the financial assets and liabilities held, and the interest rates pertaining, at each Statement of Financial Position date, a decrease or increase in interest rates by 2% would have had the following approximate effects on the Group Income Statement revenue and capital returns after tax and on the NAV per share.

	2023		2022	
	Increase in rate £'000s	Decrease in rate £'000s	Increase in rate £'000s	Decrease in rate £'000s
Revenue profit for the year	(907)	907	(1,098)	1,098
Capital profit for the year	-	-	-	-
Total profit for the year	(907)	907	(1,098)	1,098

### Other market risk exposures

The portfolio of investments, valued at £308,347,000 as at 30 June 2023 (2022: £416,516,000) is exposed to market price changes. The Group enters into index options in managing its exposure to other market risks.

The Investment Managers assess these exposures at the time of making each investment decision. The Board reviews overall exposures at each meeting against indices and other relevant information. An analysis of the portfolio by country and major industrial sector are set out on pages 21 and 12 respectively. The Investment Managers operate a strategic market position via the purchase and sale of equity index put and call options, principally on the S&P500 Index. The level of the position is kept under constant review, and will depend upon several factors including the relative performance of markets, the price of options as compared to the market, and the Investment Managers' view of likely future volatility and market movements. During the year to 30 June 2023, the Group's exposure to S&P options was negligible (2022: the Group did not purchase or sell S&P options).

Based on the portfolio of investments at the Statement of Financial Position date, and assuming other factors remain constant, a decrease or increase in the fair values of the portfolio by 20% would have had the following approximate effects on the Income Statement Capital Return after tax and on the NAV per share:

	2023		2022	
	Increase in value	Decrease in value	Increase in value	Decrease in value
Income Statement capital profit for the year (£'000s)	61,689	(61,689)	83,303	(83,303)

### (b) Liquidity risk exposure

The Group and the Company are required to raise funds to meet commitments associated with financial instruments including ZDP shares. These funds may be raised either through the realisation of assets or through increased borrowing. The risk of the Group or the Company not having sufficient liquidity at any time is not considered by the Board to be significant, given: the number of quoted investments held in the Group's portfolio, 16 as at 30 June 2023 (19 as at 30 June 2022); the liquid nature of the portfolio of investments; and the geographical and sector diversity of the portfolio (see pages 21 and 12 respectively). Cash balances are held with reputable banks with high quality external credit ratings.

The Investment Managers review liquidity at the time of making each investment decision. The Board reviews liquidity exposure at each meeting. The Group has bank loan facilities of £37.5m and a further loan of £5.2m as set out in note 13 and ZDP share liabilities of £94.6m as set out in note 15. The contractual maturities of the financial liabilities, based on the earliest date on which payment can be required, were as follows:

## NOTES TO THE ACCOUNTS (continued)

	2023				2022			
	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s	Three months or less £'000s	More than three months but less than one year £'000s	More than one year £'000s	Total £'000s
Bank overdraft	7,872	-	-	7,872	3,835	-	-	3,835
Other creditors	387	-	-	387	447	-	-	447
Derivative financial instruments	-	-	-	-	99,750	40,497	-	140,247
Loans	44,612	-	-	44,612	51,564	-	-	51,564
ZDP shares	-	-	113,064	113,064	-	52,283	113,064	165,347
	<b>52,871</b>	<b>-</b>	<b>113,064</b>	<b>165,935</b>	155,596	92,780	113,064	361,440

### (c) Credit risk and counterparty exposure

The Group is exposed to potential failure by counterparties to deliver securities for which the Group has paid, or to pay for securities which the Group has delivered. The Board approves all counterparties used in such transactions, which must be settled on a basis of delivery against payment (except where local market conditions do not permit). A list of pre-approved counterparties is maintained and regularly reviewed by Waverton and the Board. Broker counterparties are selected based on a combination of criteria, including credit rating, statement of financial position strength and membership of a relevant regulatory body. Cash and deposits are held with reputable banks. The Group has an on-going contract with its custodians for the provision of custody services. The contracts are reviewed regularly. Details of securities held in custody on behalf of the Group are received and reconciled monthly. Prior to making investments in debt instruments, the Investment Managers have in place a process of review that includes an evaluation of a potential investee company's ability to service and repay its debt. The Investment Managers review the financial position of investee companies on a regular basis. To the extent that the Investment Managers carry out duties (or cause similar duties to be carried out by third parties) on the Group's behalf, the Group is exposed to counterparty risk. The Board assesses this risk continuously through regular meetings with management.

In summary, compared to the amounts included in the Statement of Financial Position, the maximum exposure to credit risk was as follows:

	2023		2022	
	30 June £'000s	Maximum exposure in the year £'000s	30 June £'000s	Maximum exposure in the year £'000s
Current assets				
Cash at bank	5,234	5,234	8	4,496
Financial assets through profit and loss				
Investments in debt instruments	2,952	18,095	8,672	39,138
Derivatives (forward foreign exchange contracts)	-	138,305	138,305	168,050
Derivatives (option contracts)	110	110	-	-

None of the Group's financial assets are past due or impaired. The expected credit loss on the cash at bank is not considered material at 30 June 2023 (2022: not material). The Group's principal custodian is JPMorgan Chase Bank N.A. – Jersey Branch.

### (d) Fair values of financial assets and liabilities

The assets and liabilities of the Group are, in the opinion of the Directors, reflected in the Statement of Financial Position at fair value except for ZDP shares which are carried at amortised cost using effective interest rate basis (see note 15). Borrowings under loan facilities do not have a value materially different from their capital repayment amount. Borrowings in foreign currencies are converted into Sterling at exchanges rates ruling at each valuation date.

The fair values of ZDP shares derived from their quoted market price as at 30 June, were:

	2023 £'000s	2022 £'000s
2022 ZDP shares	-	51,219
2024 ZDP shares	37,050	36,750
2026 ZDP shares	25,980	26,207
2028 ZDP shares	23,562	24,172

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 regularly review the principles applied by the Investment Managers to those valuations to ensure they comply with the Group's accounting policies and with fair value principles.

### Level 3 financial instruments

#### Valuation methodology

The objective of using valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The Company uses proprietary valuation models, which are compliant with IPEV guidelines and IFRS 13 and which are usually developed from recognised valuation techniques. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, determination of expected future cash flows of the financial instrument being valued, determination of the probability of counterparty default and prepayments, peer group multiple and selection of appropriate discount rates.

Fair value estimates obtained from such models are adjusted for any other factors, such as controlling interest, historical and projected financial data, entity specific strengths and weaknesses, or model uncertainties, to the extent that the Company believes that a third party market participant would take them into account in pricing a transaction.

The Directors have satisfied themselves as to the methodology used, the discount rates and key assumptions applied, and the valuations. 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 net assets, discounted cash flows, cost of recent investment or last funding round, listed peer comparison or peer group multiple or dividend yield as appropriate. Where applicable, the Directors have considered observable data and events to underpin the valuations. A discount has been applied, where appropriate, to reflect both the unlisted nature of the investments and business risks. UIL currently has investments in a number of level 3 closed-end investment companies including Allectus Capital, Allectus Quantum and Somers. These closed-end fund interests are valued on a net assets basis, estimated based on the managers' NAVs. Managers' NAVs use recognised valuation techniques consistent with IFRS and are normally subject to audit. The fund valuations included in these financial statements were based principally on the 30 June 2023 managers' NAVs and these NAVs have been reviewed to ensure that the economic impact of the rising interest rate environment, inflation, the Ukraine war, and Covid-19 have been considered.

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

Level 3 inputs are sensitive to assumptions made when ascertaining fair value. The following section details the sensitivity of valuations to variations in key inputs. The level of change selected is considered to be reasonable, based on observation of market conditions and historic trends. In assessing the level of reasonably possible outcomes consideration was also given to the impact on valuations of the elevated level of volatility in equity markets during the year, principally reflecting concerns about high rates of inflation, tightening energy supplies, higher interest rates and the Ukraine war. The valuations of fund interests are based on the managers' NAVs and these managers have advised that they have taken into account these economic and market concerns. The impact on the valuations has been varied and largely linked to their relevant sectors and this has been reflected in the level of sensitivities applied.

For each unlisted holding valued over £5.0m, the significant valuation inputs have been sensitised by a percentage deemed to reflect the relative degree of estimation uncertainty.

## NOTES TO THE ACCOUNTS (continued)

### **Allectus Capital** Bermuda incorporated

UIL holds 50% of the ordinary shares in a joint venture and carried its investment at £16.2m (2022: £22.9m) and loans at £1.6m (2022: £5.5m). The cost of these investments was £20.1m (2022: £23.9m). The financial results of Allectus Capital are not publicly available.

Valuation inputs: Market value for portfolio of investments.

Valuation methodology: UIL has used the portfolio's NAV. Allectus Capital's portfolio is concentrated in the technology sector and its NAV was valued using valuation techniques consistent with IFRS and was subject to audit. The Directors considered both the high level of unlisted investments within Allectus Capital's portfolio and the continued high level of volatility in technology equity markets and assessed that the valuation uncertainty remained at an elevated level. Accordingly, Allectus Capital's fair value has been given a sensitivity of 20% (2022: 20%) reflecting the higher level of uncertainty over the manager's valuations of Allectus Capital's portfolio.

Sensitivities: Should the value of holdings in Allectus Capital move by 20% the gain or loss would be £3.6m (2022: £5.7m).

### **Allectus Quantum** UK incorporated

UIL holds 50% of the ordinary shares in a joint venture and carried its investment at £14.7m. The cost of this investment was £6.4m (2022: £2.5m). The financial results of Allectus Quantum are not publicly available.

Valuation inputs: Market value for portfolio of investments.

Valuation methodology: UIL has used the portfolio's NAV. Allectus Quantum is an investment holding company for quantum technology investments and its NAV was valued using valuation techniques consistent with IFRS. The portfolio, consisting principally of the unlisted investment Diraq Pty Ltd, was valued at the recent funding round. The Directors considered the portfolio and assessed the valuation uncertainty at a higher level. Accordingly, Allectus Quantum's fair value has been given a sensitivity of 20% reflecting the higher level of uncertainty over the manager's valuations of Allectus Quantum's holdings.

Sensitivities: Should the value of holdings in Allectus Quantum move by 20% the gain or loss would be £2.9m (2022: n/a).

### **Arria NLG Limited ("Arria")** New Zealand incorporated

UIL holds 6.6m ordinary shares in Arria and, as at 30 June 2023, carried this investment at £6.6m (2022: £1.2m). The cost of this investment was £0.7m (2022: £0.7m). The financial results of Arria are not publicly available. UIL did not receive any income in the year from Arria.

Valuation inputs: Recent and current fundraise price of USD 1.25 per ordinary share.

Valuation Methodology: Arria has been valued based on recent and current equity fundraising events. Arria operates in the AI field known as natural language generation. It owns, develops, and licenses its core, patented natural language generation technologies. Arria's revenues have gained traction over the last two years and appear to be growing strongly, however against this, it is materially loss making and cash flow negative. Arria's recent success in raising capital has removed much of the uncertainty over its valuation and accordingly, it has been given a lower sensitivity of 20% (2022: 400%).

Sensitivities: Should the value of Arria move by 20% the gain or loss would be £1.3m (2022: a move by 400% the gain or loss would be £4.6m).

### **Somers** Bermuda incorporated

Somers is UIL's largest investment with a value of £107.7m as at 30 June 2023 (2022: £148.8m) and accounts for 34.9% (2022: 35.7%) of UIL's total portfolio. The cost of this investment was £70.1m (2022: £89.4m).

Valuation inputs: Market value for portfolio of investments.

Valuation methodology: UIL values its holding of Somers shares based on estimated NAV per share. The Directors believe this is the most appropriate basis for valuing the investment in Somers. Somers shares are listed on the Mezzanine Market of the Bermuda Stock Exchange. As at 30 June 2023, the Somers shares were deemed not to trade in an active market and as at the 30 June 2023 measurement date, the Directors consider that the listed share price did not represent fair value. In making their assessment the Directors considered the very low level of trading in Somers shares, the large disconnect between the listed share price and Somers' NAV, and the absence of movement in Somers' listed share price in response to changing financial performance and other developments at Somers.

Somers is a financial services investment holding company. It is classified as an investment company under IFRS 10 and, accordingly, values its underlying investments at fair value. Somers applies valuation techniques consistent with IFRS and is

subject to annual audit. As an investment company, Somers' value is based primarily on the performance and valuation of its portfolio of investments which are concentrated in the banking, wealth management and asset financing sectors. For its year ended 30 September 2022, Somers recorded total income of USD 204.5m (2022: USD 218.0m), net loss before tax of USD 210.1m (2022: net income before tax of USD 197.8m) and net assets of USD 337.4m (2022: USD 617.8m).

As at 31 March 2023, Somers reported the three largest investments, which make up 86.1% of its portfolio, were a 61.8% holding in Waverton, a UK wealth manager, a 54.4% holding in Resimac, a non-bank Australian financial institution, and a 39.8% holding in ICM Mobility, a UK holding company focused on the mobility sector for private and public transport. Somers values Waverton based on comparable quoted companies and in particular a multiple of assets under management. Resimac is valued using its quoted share price and ICM Mobility's portfolio investments are predominantly valued using earnings and revenue peer multiples. Somers also holds 75m AKJ token securities issued by AKJT Holdings Limited and as at 31 March 2023, carried this investment at EUR 7.5m or EUR 0.10 per token. Somers values these tokens with reference to the funds invested in the token to date by Somers and other investors and note that a substantial majority of the investment in the token to date occurred at a price approximating EUR 0.10 per token. Somers note that a smaller number of more recent trades occurred at values above this level. This, along with the elevated volatility in crypto markets, has increased the sensitivity of these securities to significant valuation changes. As at 30 June 2023 62% of Somers' investment portfolio was valued using valuation techniques and these investments have been given a sensitivity of 20% (2022: 10%) to reflect the higher percentage of unlisted investments within Somers' portfolio, the high subjectivity around the AKJ token valuation and a degree of uncertainty over the managers valuations. The remaining 38% of Somers' portfolio was valued using their listed share price.

Sensitivities: Should the value of Somers move by 20% the gain or loss would be £21.5m (2022: by 10% the gain or loss would be £14.9m).

### **West Hamilton** Bermuda incorporated

UIL holds a 57.0% equity interest in West Hamilton and, as at 30 June 2023, carried this investment at £15.1m (2022: n/a). The cost of this investment was £17.8m (2022: n/a).

Key valuation inputs: Fair value of West Hamilton's identifiable assets and liabilities. Investment yield is 6.25% and rent renewal rates are assumed to be at the same level as is currently achieved from existing tenants.

Valuation Methodology: Fair value of West Hamilton's properties held in Hamilton, Bermuda. West Hamilton's properties at 69 and 71 Pitts Bay Road, representing approximately 86% of their property assets by land area, are currently subject to a sales process. West Hamilton intend to distribute the net proceeds from this sale to shareholders. For these properties, UIL utilised the expected sales proceeds for valuing them. In adopting this approach the Directors considered the credibility of the buyer, the stage of the sales process and the certainty of completion. The Directors also considered the fair value of the properties should the sale not complete. For the remaining property held outside of the scope of this sales process, consisting of a mixed-use building located at 71A Pitts Bay Road housing nine executive condominiums, a penthouse office suit and a gymnasium, West Hamilton appointed an independent professional valuer to perform a property valuation and to provide his opinion as to the fair value of this property. This valuation was based on an income approach whereby net rental income for the property is capitalised using an investment yield. Comparable property values and the demand for comparable rental units were also considered in support of income approach value. The Directors consider Bermuda property values have not moved significantly since the independent valuation was performed and have utilised the valuation for the purpose of valuing the holding, with adjustments for known movements to 30 June 2023. West Hamilton's fair value has been given a sensitivity of 10% to reflect a degree of uncertainty over the property portfolio valuations.

For its year ended 30 September 2022, West Hamilton recorded total income of USD 3.1m, net loss before tax of USD 5.1m and net assets of USD 32.4m.

Sensitivities: Should the value of West Hamilton move by 10% the gain or loss would be £1.5m (2022: n/a).

### **Other unlisted companies**

Valuation methodology: UIL has a further 16 (2022: 19) unlisted holdings valued below £5.0m each. These holdings were valued using a variety of methods, including: listed peer comparison or peer group multiple, discounted cash flow, net assets, dividend yields, and cost of recent investments adjusted for events subsequent to acquisition that impact fair value. The total value of these 16 holdings was £10.8m as at 30 June 2023 (2022: £9.6m), consisting £9.5m of equities and £1.3m of loans.

If the value of all these lower valued equity investments moved by 20.0%, this would have an impact on the investment portfolio value of £1.9m or 0.6%. If the value of all these lower valued loans moved by 10.0%, this would have an impact on the investment portfolio value of £0.1m (2022: a 20% change, £1.9m).

## NOTES TO THE ACCOUNTS (continued)

The following table shows the sensitivity of the fair value of level 3 financial investments to changes in key assumptions as at 30 June 2023.

Investment	Investment type	Valuation methodology	Risk weighting	Sensitivity +/-	Carrying amount £'000s	Sensitivity £'000s
Somers	Equity	NAV	Low	20%	107,688	21,538
Allectus Capital	Equity	NAV	Medium	20%	17,821	3,564
Allectus Quantum	Equity	NAV	Medium	20%	14,666	2,933
West Hamilton	Equity	Fair value of assets	Low	10%	15,087	1,509
Arria	Equity	Last fund raising	Medium	20%	6,602	1,320
Other investments	Equity	Various	Medium	20%	9,451	1,890
Other investments	Loans	Various	Low	10%	1,337	134
Total					172,652	32,888

### (e) Capital risk management

The objective of the Group is stated as being to maximise shareholder returns by identifying and investing in investments where the underlying value is not reflected in the market price. In pursuing this long term objective, the Board has a responsibility for ensuring the Group's ability to continue as a going concern. It must therefore maintain its capital structure through varying market conditions. This involves the ability to: issue and buy back share capital within limits set by the shareholders in general meeting; borrow monies in the short and long term; and pay dividends to shareholders out of current year earnings as well as out of brought forward reserves. Changes to ordinary share capital are set out in note 17.

Dividends are set out in note 8. Loans are set out in note 13. ZDP shares are set out in note 15.

### 30. CONTINGENT LIABILITIES

UIL has given a guarantee to Bank of Nova Scotia to settle derivative transactions traded by Somers. Somers has not and is not expected to use this facility. It is not expected that UIL will incur any liability.

### 31. COMMITMENTS

UIL has made a £1m convertible loan note facility available to Coda Cloud Limited. As at 30 June 2023 this facility had not been drawn, since the year end £500,000 has been drawn by Coda Cloud Limited.

### 32. POST BALANCE SHEET EVENT

On 28 July 2023, Zeta Energy Ltd, a related party, provided an AUD 11.0m (£5.2m) loan facility to UIL. On 1 August 2023, the AUD 11m was drawn by UIL. In September 2023, AUD 2.0m (£0.9m) was repaid by UIL. The loan is repayable on 30 September 2023 and bears interests at 8.3% per annum.

## OTHER FINANCIAL INFORMATION (UNAUDITED)

### ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIFMD")

In accordance with the AIFMD, information in relation to the Group's leverage and the remuneration of the Company's AIFM, ICMIM, is required to be made available to investors. Detailed regulatory disclosures including those on the AIFM's remuneration policy are available on the Company's website or from ICMIM on request.

The Group's maximum and actual leverage as at 30 June are shown below:

Leverage exposure	2023		2022	
	Gross method	Commitment method	Gross method	Commitment method
Maximum permitted limit	425%	425%	425%	425%
Actual	188%	188%	236%	236%

The leverage limits are set by the AIFM and approved by the Board. The AIFM is also required to comply with the gearing parameters set by the Board in relation to borrowings.

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of UIL Limited will be held at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda on Thursday, 9 November 2023 at 5.00pm (local time) for the purpose of considering and, if thought fit, passing the following resolutions (which will be proposed in the case of resolutions 1 to 11, as ordinary resolutions and, in the case of resolution 12, as a special resolution).

## ORDINARY BUSINESS

1. To receive and adopt the report of the Directors of the Company and the financial statements for the year ended 30 June 2023, together with the report of the auditor thereon.
2. To approve the Directors' Remuneration Policy.
3. To approve the Directors' Remuneration Report for the year ended 30 June 2023.
4. To approve the Company's dividend policy to pay four interim dividends per year.
5. To re-elect Mr P Burrows as a Director.
6. To re-elect Mr S Bridges as a Director.
7. To re-elect Ms A Hill as a Director.
8. To re-elect Mr D Shillson as a Director.
9. To re-appoint KPMG LLP as auditor of the Company to hold office until the conclusion of the next Annual General Meeting of the Company.
10. To authorise the Directors to determine the auditor's remuneration.

## SPECIAL BUSINESS

### Ordinary resolution

11. That, in substitution for the Company's existing authority to make market purchases of ordinary shares of 10p in the Company ("Ordinary Shares"), the Company be and it is generally and unconditionally authorised to make market purchases of Ordinary Shares, provided that:
  - (a) the maximum number of Ordinary Shares hereby authorised to be purchased is 12,560,000 (being the equivalent of approximately 14.99% of the issued Ordinary Shares as at the date of this notice);
  - (b) the minimum price which may be paid for an Ordinary Share shall be 10p;
  - (c) the maximum price (exclusive of expenses payable by the Company) which may be paid for an Ordinary Share shall be the higher of:
    - (i) 105% of the average of the middle market quotations of the Ordinary Shares for the five business days prior to the date on which such shares are contracted to be purchased; and
    - (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out;
  - (d) such purchases shall be made in accordance with the Companies Act 1981 of Bermuda; and
  - (e) unless renewed, the authority hereby conferred shall expire at the conclusion of the Annual General Meeting to be held in 2024 save that the Company may, prior to such expiry, enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after the expiration of such authority.

### Special resolution

12. That, for the purpose of Bye-law 4A of the Company's Bye-laws, the Company may issue Relevant Securities (as defined in the Bye-laws) representing up to 8,384,000 Ordinary Shares, equivalent to approximately 10% of the total number of Ordinary Shares in issue as at the date of this notice otherwise than on a pre-emptive basis, provided that such disapplication shall expire (unless and to the extent previously revoked, varied or renewed by the Company in general meeting by Special Resolution (as defined in the Bye-laws)) at the earlier of the conclusion of the Annual General Meeting to be held in 2024 or 18 months from the date of this resolution but so that this power shall enable the Company to make such offers or agreements before such expiry which would or might otherwise require Relevant Securities to be issued after such expiry and the Directors may issue Relevant Securities in pursuance of such offer or agreement as if such expiry had not occurred.

By order of the Board  
**ICM Limited, Secretary**  
22 September 2023

## NOTES

1. Only the holders of ordinary shares registered on the register of members of the Company at close of business on 7 November 2023 shall be entitled to attend and vote or to be represented at the meeting in respect of the ordinary shares registered in their name at that time. Changes to entries on the register after close of business on 7 November 2023 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
3. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure Guidance and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Conduct Authority. As a result, any person holding 5% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure Guidance and Transparency Rules need not make a separate notification to the Company and the Financial Conduct Authority.
4. Any such person holding 5% or more of the voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such person complies with their respective disclosure obligations under the Disclosure Guidance and Transparency Rules.
5. A form of proxy is provided with this notice of meeting. The return of a form of proxy will not preclude a member from attending the meeting and voting in person if he/she wishes to do so. To be valid, a form of proxy for use at the meeting and the power of attorney or other authority (if any) under which it is signed, or a notarially certified or office copy of such power or authority, must be deposited with the Company's registrars, Computershare Investor Services (Bermuda) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY not later than 5:00 pm (GMT) on 7 November 2023.  
  
Alternatively, shareholders can vote or appoint a proxy electronically by visiting [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). You will be asked to enter the Control Number, the Shareholder Reference Number and PIN which are printed on the form of proxy. The latest time for the submission of proxy votes electronically is 5:00 pm (GMT) on 7 November 2023. To appoint more than one proxy, an additional proxy form(s) may be obtained by contacting the Registrar's helpline on 0370 707 1196 or you may photocopy the form of proxy. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by marking the box provided if the proxy instruction is one of multiple instructions being given. All forms of proxy must be signed and should be returned together in the same envelope.
6. Investors holding ordinary shares in the Company through depository interests should ensure that Forms of Instruction are returned to The Depository, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 5:00 pm (GMT) on 6 November 2023 or give an instruction via the CREST system as detailed under note 7. Please note only depository interest holders registered on the depository interest register at close of

business on 6 November 2023 shall be entitled to attend and vote or to be represented at the meeting. Changes to entries on the depository interest register after close of business on 6 November 2023 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

7. Depository interest holders who are CREST members and who wish to issue an instruction through the CREST electronic voting appointment service may do so by using the procedures described in the CREST manual (available from [www.euroclear.com](http://www.euroclear.com)). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting services provider(s), who will be able to take the appropriate action on their behalf.

In order for instructions made using the CREST service to be valid, the appropriate CREST message (a "CREST Voting Instruction") must be properly authenticated in accordance with the specifications of Euroclear UK & International Limited ("EUI") and must contain the information required for such instructions, as described in the CREST Manual (available from [www.euroclear.com](http://www.euroclear.com)). The message, regardless of whether it relates to the voting instruction or to an amendment to the instruction given to the Depository must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) no later than 5:00 pm, (GMT) on 6 November 2023. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the issuer's agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that the CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST service by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Voting Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

8. The register of Directors' holdings is available for inspection at the registered office of the Company during normal business hours on any weekday and will be available at the place of the meeting from 15 minutes prior to the commencement of the meeting until the conclusion thereof.
9. No service contracts exist between the Company and any of the Directors, who hold office in accordance with letters of appointment and the Company's Bye-laws. The letters of appointment are available for inspection on request at the Company's registered office and at the Annual General Meeting.
10. As at the date of publication of this Notice of Annual General Meeting, the Company's issued share capital consisted of 83,842,918 ordinary shares of 10p each. Each ordinary share carries the right to one vote and therefore the total voting rights in the Company as at the date of this Notice are 83,842,918.

## COMPANY INFORMATION

### DIRECTORS

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

### REGISTERED OFFICE

Clarendon House, 2 Church Street, Hamilton HM 11,  
Bermuda  
Company Registration Number: 39480  
LEI: 213800CTZ7TEIE7YM468

### AIFM AND JOINT PORTFOLIO MANAGER

ICM Investment Management Limited  
Ridge Court, The Ridge, Epsom, Surrey, KT18 7EP  
United Kingdom  
Telephone number 01372 271486

Authorised and regulated in the UK by the Financial Conduct Authority

### JOINT PORTFOLIO MANAGER AND SECRETARY

ICM Limited  
34 Bermudiana Road, Hamilton HM 11, Bermuda

### ASSISTANT SECRETARY

Conyers Corporate Services (Bermuda) Limited  
Clarendon House, 2 Church Street, Hamilton HM 11,  
Bermuda

### ADMINISTRATOR

JP Morgan Chase Bank N.A. – London Branch  
25 Bank Street, Canary Wharf, London E14 5JP  
United Kingdom

Authorised in the UK by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

### BROKER

Shore Capital and Corporate Limited  
Cassini House, 57 St James's Street, London  
SW1A 1LD United Kingdom

Authorised and regulated in the UK by the Financial Conduct Authority

### COMPANY BANKER

The Bank of Nova Scotia, London Branch  
201 Bishopsgate, 6th Floor, London EC2M 3NS  
United Kingdom

### LEGAL ADVISOR TO THE COMPANY

(as to English law)

Norton Rose Fulbright LLP  
3 More London Riverside, London SE1 2AQ  
United Kingdom

### LEGAL ADVISOR TO THE COMPANY

(as to Bermuda law)

Conyers Dill & Pearman Limited  
Clarendon House, 2 Church Street, Hamilton HM 11,  
Bermuda

### AUDITOR

KPMG LLP  
15 Canada Square, London E14 5GL, United Kingdom  
Member of the Institute of Chartered Accountants in England and Wales

### DEPOSITARY SERVICES PROVIDER

J.P. Morgan Europe Limited  
25 Bank Street, Canary Wharf, London E14 5JP  
United Kingdom

Authorised in the UK by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

### CUSTODIAN

JPMorgan Chase Bank N.A. – Jersey Branch  
JPMorgan House, Grenville Street, St Helier  
Jersey JE4 8QH

Regulated by the Jersey Financial Services Commission

### REGISTRAR

Computershare Investor Services (Bermuda) Limited  
5 Reid Street, Hamilton HM 11, Bermuda  
Telephone number 0370 707 1196

### REGISTRAR TO THE DEPOSITARY INTERESTS AND CREST AGENT

Computershare Investor Services PLC  
The Pavilions, Bridgwater Road, Bristol BS99 6ZY  
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 flow, 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 30 June 2023 the ordinary share price was 145.00p (2022: 187.50p) and the NAV per ordinary share was 199.87p (2022: 260.89p), the discount was therefore 27.5% (2022: 28.1%).

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

	<i>page</i>	2023 £'000s	2022 £'000s
Bank overdraft	89	7,872	3,835
Cash and cash equivalents	74	(5,234)	(8)
Loans	74	42,691	51,080
ZDP shares	90	94,589	140,813
Total debt		139,918	195,720
Net assets attributable to equity holders	74	167,581	218,740
Gearing		83.5%	89.5%

**NAV per ordinary share** – the value of the Group's net assets divided by the number of ordinary shares in issue (see note 23 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.

Year to 30 June 2023	Dividend rate (pence)	NAV (pence)	Share price (pence)
30-Jun-22	n/a	260.69	187.50
30-Sep-22	2.00	258.73	188.50
23-Dec-22	2.00	233.15	155.00
31-Mar-23	2.00	214.13	128.50
26-Jun-23	2.00	201.89	143.50
30-Jun-23	n/a	199.87	145.00
Total return		(20.6%)	(18.5%)

Year to 30 June 2022	Dividend rate (pence)	NAV (pence)	Share price (pence)
30-Jun-21	n/a	431.51	268.00
30-Sep-21	2.00	387.13	267.00
23-Dec-21	2.00	372.95	245.00
31-Mar-22	2.00	370.02	240.00
30-Jun-22	2.00	260.69	187.50
30-Jun-22	n/a	260.69	187.50
Total return		(38.1%)	(27.6%)



## ALTERNATIVE PERFORMANCE MEASURES (continued)

**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 reinvested 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.

	NAV (pence)	2023 Share price (pence)	NAV (pence)	2022 Share price (pence)
<b>Total return</b>				
NAV 14 August 2003 (pence)	99.47	85.67	99.47	85.67
Total dividend, warrants and CULS adjustment factor	2.2105	2.7620	2.1336	2.6203
NAV/Share price at year end (pence)	199.87	145.00	260.69	187.50
Adjusted NAV/Share price at 30 June (pence)	441.81	400.49	556.63	491.30
Total return since inception	344.2%	367.5%	459.6%	473.5%

**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.

	NAV	2023 Share price	NAV	2022 Share price
Annual compound NAV total return since inception	7.8%	8.1%	9.5%	9.7%

**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 NAV 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.

<b>Ongoing charges calculation (including and excluding performance fees)</b>	page	2023 £'000s	2022 £'000s
Management and administration fees	70	758	852
Other expenses	70	977	819
Expenses suffered within underlying funds		3,935	5,221
Total expenses for ongoing charges calculation		5,670	6,892
Average weekly NAV of the Group		200,431	306,929
Ongoing Charges		2.8%	2.2%

**Revenue yield** – represents the ratio of total income in the year over average gross assets in the year.

	page	2023 £'000s	2022 £'000s
Income	70	10,229	9,879
Average Gross assets		357,505	491,667
Revenue yield		2.9%	2.0%

**Dividend yield** – represents the ratio of dividends per ordinary share over closing ordinary share price.

	page	2023 pence	2022 pence
Dividends per ordinary shares	4	8.000	8.000
Ordinary share price	4	145.00	187.50
Dividend yield		5.5%	4.3%

**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	2023	2022
Revenue reserves (£'000s)	74	11,735	12,846
Number of ordinary shares in issue at 30 June	91	83,842,918	83,842,918
Revenue reserves per ordinary share carried forward (pence)		14.00	15.32

## HISTORICAL PERFORMANCE

at 30 June	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
NAV per ordinary share (pence)	<b>199.87</b>	260.89	431.51	292.79	369.57	291.79	252.86	241.12	169.00	165.84
Ordinary share price (pence)	<b>145.00</b>	187.50	268.00	177.50	199.00	174.50	164.00	130.75	117.00	128.00
Discount (%)	<b>27.5</b>	28.1	37.9	39.4	46.2	40.2	35.1	45.8	30.8	22.8
<b>Returns and dividends (pence)</b>										
Revenue return per ordinary share	<b>6.68</b>	8.35	9.98	9.77	7.63	6.67	6.38	6.23	7.84	7.03
Capital return per ordinary share	<b>(59.70)</b>	(171.68)	133.81	(81.30)	75.34	38.96	12.46	68.45	2.47	19.85
Total return per ordinary share	<b>(53.02)</b>	(163.33)	143.79	(71.53)	82.97	45.63	18.84	74.68	10.31	26.88
Dividends per ordinary share	<b>8.000<sup>1</sup></b>	8.000	8.000	7.875	7.500	7.500	7.500	7.500	7.500	7.500
FTSE All-Share Index total return	<b>8,611</b>	7,981	7,852	6,465	7,431	7,389	6,777	5,737	5,614	5,471
<b>ZDP shares<sup>2</sup> (pence)</b>										
<i>2022 ZDP shares</i>										
Capital entitlement <sup>3</sup> per ZDP share	<b>n/a</b>	143.98	135.56	127.59	120.03	113.01	106.37	100.12	n/a	n/a
ZDP share price	<b>n/a</b>	144.00	139.50	126.50	132.00	124.50	119.50	104.50	n/a	n/a
<i>2024 ZDP shares</i>										
Capital entitlement <sup>3</sup> per ZDP share	<b>130.04</b>	124.14	118.51	113.13	107.97	103.10	n/a	n/a	n/a	n/a
ZDP share price	<b>123.50</b>	122.50	120.50	105.50	114.00	107.50	n/a	n/a	n/a	n/a
<i>2026 ZDP shares</i>										
Capital entitlement <sup>3</sup> per ZDP share	<b>128.75</b>	122.62	116.78	111.21	105.89	100.87	n/a	n/a	n/a	n/a
ZDP share price	<b>114.50</b>	115.50	116.00	92.25	107.50	102.25	n/a	n/a	n/a	n/a
<i>2028 ZDP shares</i>										
Capital entitlement <sup>3</sup> per ZDP share	<b>113.02</b>	106.87	101.60	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ZDP share price	<b>96.50</b>	99.00	100.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Equity holders' funds (£m)</b>										
Gross assets <sup>4</sup>	<b>304.9</b>	410.6	544.4	483.3	537.2	488.3	449.7	440.7	373.4	399.1
Loans	<b>42.7</b>	51.1	48.5	51.1	51.0	27.8	47.8	24.7	34.4	22.2
ZDP shares	<b>94.6</b>	140.8	132.1	180.5	159.9	199.4	173.8	197.4	172.4	212.5
Equity holders' funds	<b>167.6</b>	218.7	363.8	251.6	326.3	261.1	228.1	218.6	166.6	164.4
<b>Revenue account (£m)</b>										
Income	<b>10.2</b>	9.9	11.6	12.7	11.2	10.6	10.7	10.5	11.2	10.4
Costs (management and other expenses)	<b>1.7</b>	1.7	2.1	2.6	2.8	2.8	2.9	1.9	1.8	2.1
Finance costs	<b>2.9</b>	1.1	1.0	1.6	1.6	1.6	1.8	1.7	1.1	0.9
<b>Financial ratios of the Group (%)</b>										
Ongoing charges figure <sup>5</sup> (excluding performance fee)	<b>2.8</b>	2.2	2.3	2.1	2.1	2.2	2.1	3.3	2.0	2.2
Gearing <sup>5</sup>	<b>83.5</b>	89.5	48.8	93.4	63.7	87.3	97.2	101.6	124.1	144.4

(1) The fourth quarterly dividend of 2.00p has not been included as a liability in the accounts

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

(3) See pages 28 and 29

(4) Gross assets less current liabilities excluding loans

(5) See Alternative Performance Measures on pages 109 to 111

## A DIVERSE PORTFOLIO BY GEOGRAPHY AND SECTOR

### UK CONTACT

PO Box 208  
Epsom Surrey  
KT18 7YF

Telephone: +44 (0)1372 271486

[www.uil.limited](http://www.uil.limited)

### REGISTERED OFFICE

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Hamilton HM 11  
Bermuda



UIL News



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