UIL LIMITED

2020

REPORT AND ACCOUNTS

MANAGED BY ICM

A DIVERSE PORTFOLIO BY GEOGRAPHY AND SECTOR

WHY UIL LIMITED?

Resolute Mining Limited – Syama, fully automated underground mining control centre

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

IN THE YEAR TO 30 JUNE 2020

REVENUE EARNINGS PER ORDINARY SHARE	DIVIDENDS PER ORDINARY SHARE	NET ASSET VALUE ("NAV") TOTAL RETURN PER ORDINARY SHARE*	SHARE PRICE TOTAL RETURN PER ORDINARY SHARE*
9.77p	7.875p	(18.7)%	(7.1)%
(2019: 7.63p)	(2019: 7.500p)	(2019: 29.7%)	(2019: 18.8%)

* See Alternative Performance Measures on pages 109 and 110

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

UIL OFFERS ORDINARY SHAREHOLDERS:

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

HISTORICALLY SHAREHOLDERS HAVE RECEIVED:

- Very attractive total returns. NAV total return performance over the last three years has increased 25.0%, compared to a decrease of 4.6% in the FTSE All-Share total return Index
- Historic dividend yield of 4.4%

UIL'S INVESTMENT MANAGER

- ICM Limited 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 of identified investments
- Aligned interest with over 70.0% held by investors associated with ICM
- ICM offers significant sector expertise

PORTFOLIO STRENGTHS

- Technology
- Utilities and Infrastructure
- Finance
- Unlisted investments

UIL LIMITED

CONTENTS

PERFORMANCE

3 Current Year Performance
4 Group Performance Summary
5 Chairman's Statement
9 Top Ten Companies as at 30 June 2020
10 Geographical Investment Exposure
11 Performance Since Inception (14 August 2003)

STRATEGIC REPORT AND INVESTMENTS

13 Investment Managers' Report
19 Our Investment Approach
20 Macro Trends Affecting Our Portfolio
22 Ten Largest Holdings
28 ZDP Shares
30 Strategic Report
40 Investment Managers and Team

GOVERNANCE

43 Directors
44 Directors' Report
50 Corporate Governance Statement
55 Capital Structure
57 Directors' Remuneration Report
60 Audit & Risk Committee Report
63 Statement of Directors' Responsibilities

AUDIT

64 Independent Auditor's Report

FINANCIAL STATEMENTS

70 Accounts
76 Notes to the Accounts

ADDITIONAL INFORMATION

106 Notice of Annual General Meeting
108 Company Information
109 Alternative Performance Measures
111 Historical Performance

VixTech – Manchester Metrolink platform

FINANCIAL CALENDAR

Year End
30 June

Annual General Meeting ("AGM")
8 December 2020

Half Year
31 December

Dividends Payable
September, December, March and June

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".

CURRENT YEAR PERFORMANCE

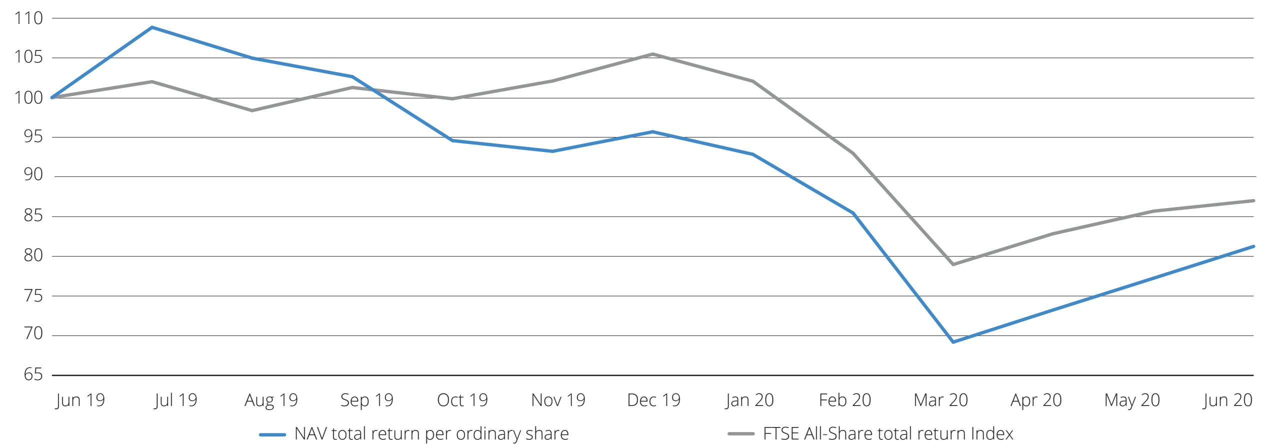
NAV TOTAL RETURN PER ORDINARY SHARE*	SHARE PRICE TOTAL RETURN PER ORDINARY SHARE*	NAV DISCOUNT AS AT 30 JUNE 2020*	GEARING*
(18.7)%	(7.1)%	39.4%	93.4%
(2019: 29.7%)	(2019: 18.8%)	(2019: 46.2%)	(2019: 63.7%)

REVENUE EARNINGS PER ORDINARY SHARE	DIVIDENDS PER ORDINARY SHARE	REVENUE YIELD*	DIVIDEND YIELD*
9.77p	7.875p	2.5%	4.4%
(2019: 7.63p)	(2019: 7.500p)	(2019: 2.2%)	(2019: 3.8%)

ORDINARY SHARES BOUGHT BACK	AVERAGE PRICE OF SHARES BOUGHT BACK	ONGOING CHARGES EXCLUDING PERFORMANCE FEES*	ONGOING CHARGES INCLUDING PERFORMANCE FEES*
2.3m	251.25p	2.1%	2.1%
(2019: 1.2m)	(2019: 180.40p)	(2019: 2.1%)	(2019: 5.1%)

*See Alternative Performance Measures on pages 109 and 110

TOTAL RETURN COMPARATIVE PERFORMANCE† (pence)
from 30 June 2019 to 30 June 2020



† Rebased to 100 as at 30 June 2019

Source: ICM and Bloomberg

GROUP PERFORMANCE SUMMARY

	30 June 2020	30 June 2019	% change 2020/19
NAV total return per ordinary share [1] (for the year) (%)	(18.7)	29.7	n/a
Share price total return per ordinary share [1] (for the year) (%)	(7.1)	18.8	n/a
Annual compound NAV total return [1] (since inception [2]) (%)	11.2	13.4	n/a
NAV per ordinary share [1] (pence)	292.79	369.57	(20.8)
Ordinary share price (pence)	177.50	199.00	(10.8)
Discount [1] (%)	39.4	46.2	n/a
Returns and dividends (pence)			
Revenue return per ordinary share	9.77	7.63	28.0
Capital return per ordinary share	(81.30)	75.34	(207.9)
Total return per ordinary share	(71.53)	82.97	(186.2)
Dividends per ordinary share	7.875 [3]	7.500	5.0
FTSE All-Share total return Index	6,465	7,431	(13.0)
Equity holders' funds (£m)			
Gross assets [4]	483.3	537.2	(10.0)
Bank and other debt	51.2	51.0	0.4
ZDP shares	180.5	159.9	12.9
Equity holders' funds	251.6	326.3	(22.9)
Revenue account (£m)			
Income	12.7	11.2	13.4
Costs (management and other expenses)	2.6	2.8	(7.1)
Finance costs	1.6	1.6	0.0
Financial ratios of the Group (%)			
Ongoing charges figure excluding performance fees [1]	2.1	2.1	n/a
Ongoing charges figure including performance fees [1]	2.1	5.1	n/a
Gearing [1]	93.4	63.7	n/a

(1) See Alternative Performance Measures on pages 109 and 110
(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 coronavirus ("Covid-19") pandemic has seen both a demand and supply shock and impacted most stakeholders. The last quarter of the UIL financial year 2020 has been challenging for investors. UIL's investment valuations were impacted by the market downturn declining in the year to 30 June 2020 by 10.1% to £489.0m, ahead of the FTSE All-Share total return Index which was down by 13.0% over the year. UIL's leveraged balance sheet meant that UIL's NAV total return declined 18.7%.

Since inception in August 2003, UIL has distributed £74.4m in dividends, invested £32.0m in ordinary share buybacks and made net returns of £253.5m for a total return of 498.9% (adjusted for the exercise of warrants and convertibles). This represents an annual compound NAV total return since inception of 11.2%. The annual compound total return for the FTSE All-Share Index over the same period was 6.7%.

On top of Covid-19, we continue to experience two broad opposing forces at work in global markets at the moment; social and political tensions, and central bank intervention. Central banks are focused on reflationary policies, providing liquidity, lowering interest rates and now decreasing average inflation targets. The prolonging of negative interest rates in the developed markets is a concern. We see negative interest rates as eroding value for savers and pension funds while increasing the long-term risk to global security.

The world has become more divided and polarised in its views. This has manifested itself in protests from Hong Kong, Minsk, Moscow, Beirut, London, Portland, Paris through to Santiago, although each has had different drivers, for example, independence for Hong Kong, the wealth gap in Santiago, climate change in London and Black Lives Matter in Portland. The focus is on a rebalance of social and political priorities and resources. Questions are being asked and headwinds rising. Some of this anger has developed into riots and caused significant disruption and is generating sharp policy changes. Most countries are seeing a rise in nationalism. The US election is itself a strong expression of these social and political divides.

There is also an accelerating expectation that businesses address questions around their approach to Environmental, Social and Governance ("ESG") outcomes.

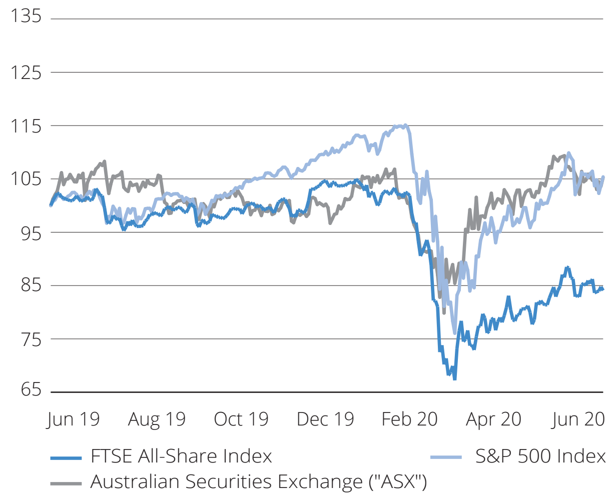
In the UK, Brexit, which crowded out discussions on most topics in the first half of the financial year remains uncertain in its detailed outcome. Over the year to 30 June 2020, Sterling weakened 2.9% against the US Dollar, reflecting this uncertainty.

Covid-19 has become a global pandemic that severely challenges us, and the impact globally cannot be emphasised enough. It has inflicted huge damage to the underlying economy and has disrupted health services, education, business and social activities. Governments have struggled to keep up with a rapidly changing situation. Covid-19 has impacted every continent and every community. More than this, it has exposed the stresses and weaknesses in our economies, politics and social fabric. The vulnerable have borne and continue to bear the greatest burden directly and indirectly from Covid-19.

Nearly everyone experienced first-hand a shift overnight from working in offices to working at home. This disrupted and challenged everybody's professional, social and personal lives. Our Investment Managers rightly focused on three issues. First, people; their employees, our investee boards, their staff, and the stakeholders. Ensuring the right processes and decisions were adopted and made. Second, ensuring that UIL and its investee companies focused on short term cashflow needs and that they had adequate funding. Third, ensuring that UIL and its investees could thrive where opportunities arise. While Covid-19 has challenged every weakness in businesses it has

We remain bottom-up investors looking for compelling value.

INDICES MOVEMENTS
from 30 June 2019 to 30 June 2020



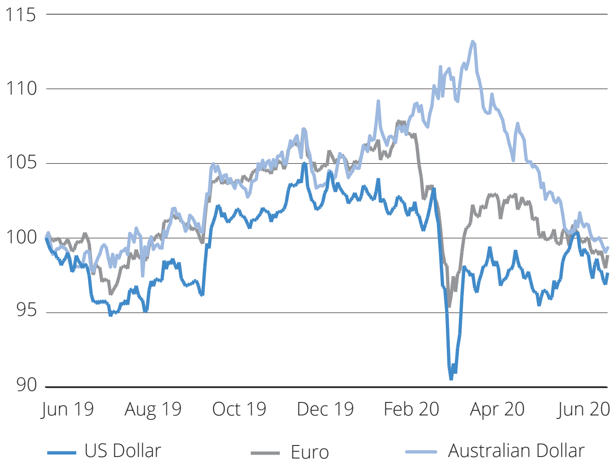
Rebased to 100 as at 30 June 2019 Source: Bloomberg

also accelerated change. The shift to working from home has no doubt augmented the adoption of digital platforms. We believe that UIL has risen to the challenges and emerged stronger. No doubt there are further challenges to come and UIL will address those in a similar manner.

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

A sense of urgency to address Covid-19 has been a big positive and the health service has responded at lightning speed. PPE, drug testing and virus testing have accelerated at a remarkable pace and large parts of the health service have gone online for initial consultations.

CURRENCY MOVEMENTS vs STERLING
from 30 June 2019 to 30 June 2020



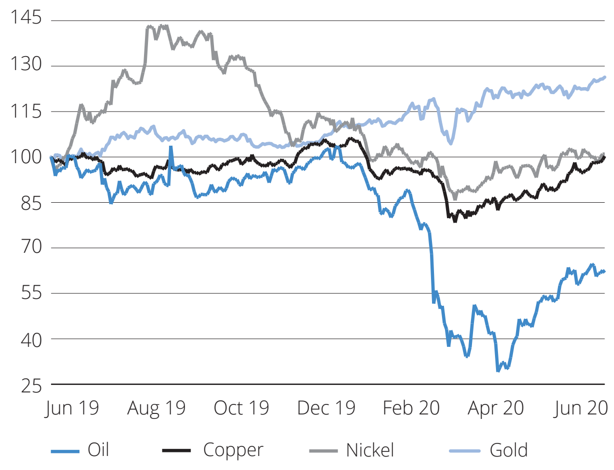
Rebased to 100 as at 30 June 2019 Source: Bloomberg

The growth of digital consumption has accelerated under Covid-19 as more people are working from home and more businesses are operating online. As a result, technology businesses have jumped in value significantly, a trend we noticed before and one that we continue to see accelerating.

The above social issues, from nationalism to the pandemic, remain to be resolved. However, communities have pulled together, and the human spirit has risen above this upheaval. Let us hope our leaders can deliver on these challenges.

The market turmoil that ensued following the global response to the pandemic has magnified the already rising market volatility. While the S&P Index was up 5.4% over the twelve months to 30 June 2020, its trading range was some 40.0%, having been up 15.1% at its peak in February 2020 and down 23.9% at its trough in March 2020. This volatility is reflected in most other indices. The FTSE All-Share total return Index was up 7.1% in January 2020, down 30.7% at its trough in March 2020 and has ended the year down 13.0%. Australia's ASX followed the US markets profile with a trading range of 20.0% and ending the year 5.3% up. Currencies showed unprecedented volatility with Sterling rising by 5.0% versus the US Dollar in December 2019 and falling by 9.5% in March 2020,

COMMODITIES MOVEMENTS
from 30 June 2019 to 30 June 2020



Rebased to 100 as at 30 June 2019 Source: Bloomberg

ending the year down 2.9%. Commodities have moved significantly with nickel being up 43.9% in September 2019 and ending the year up 1.1%. Oil was caught up in the pandemic demand shock and a power struggle between oil suppliers. Oil traded famously on the Houston exchange at negative values as oversupply and limited demand resulted in surplus oil. Oil ended the year down 38.2%.

The Investment Managers have set out in their report a more detailed overview on actions taken in 2020. But I would note UIL closely monitored cash while supporting investee companies where necessary. In particular, they committed to UIL's proportion of the Resolute Mining Limited ("Resolute") placing of AUD 95.0m and assisted Zeta Resources Limited ("Zeta") in stabilising Panoramic Resources Limited ("Panoramic") by supporting Panoramic's funding requirements and consequent restructuring. Panoramic was Zeta's largest investment. These have proved good decisions and both companies are stronger for UIL's support.

The impact of Covid-19 on UIL's balance sheet has been a sharp rise in indebtedness to 106.3% at the bottom of the market downturn in March. This has since reduced to 93.4% as at 30 June 2020. We set a gearing target of 100.0% back in 2014 and it is good to see UIL inside that target.

During the market turmoil, the UIL ordinary share discount widened out to over 45.0%. This is disappointing given the progress made towards a 20.0% discount target. Last year, in committing to a 20.0% discount, we noted UIL would step up its marketing, as well as continuing to buy back ordinary shares. During the market turmoil UIL stepped back from buying back and husbanded cash to better respond to the funding needs in its portfolio and the redemption of the 2020 ZDP shares. Once appropriate to do so, UIL intends to return to buying back shares and seeking to lower the discount to NAV.

UIL announced on 26 July 2019 that, partly as a result of ongoing buy backs, UIL shares held in public hands reduced to 25.0%, the minimum level required to stay listed on the Premium Segment of the Main Market. To enable further buybacks the Board put forward proposals to shareholders to transfer the listing of UIL's ordinary shares from the Premium Segment to the Specialist Fund Segment of the Main Market of the London Stock Exchange ("LSE"). These proposals were overwhelmingly approved by shareholders. On 5 November 2019, UIL's ordinary shares were admitted, by way of introduction, to a secondary listing on the Bermuda Stock Exchange ("BSX").

A key focus has been the corporate transactions by UIL and its wider group. Zeta was able to use the proceeds from the successful exit of Bligh Resources Limited ("Bligh"), to repay some of the loans to UIL. But the market turmoil impacted three other transactions underway: the offer for Ascendant Group Limited ("Ascendant") and the agreements to sell Optal Limited ("Optal") as well as Bermuda Commercial Bank Limited ("BCB"), which is held by Somers Limited ("Somers"). ICM remains focused on delivering all three corporate transactions. It is pleasing to see the Ascendant transaction set to complete in early November 2020.

UIL Finance issued 25.0m 2026 ZDP shares in March 2018, with a view to extending the ZDP redemption profile and lowering its cost of debt. As at 30 June 2020, the aggregate ZDP liability was £180.5m. Since this liability is across four ZDP issues it reduces the significance of each redemption payment. UIL held 11.9m 2026 ZDP shares as at 30 June 2019 and placed 9.5m of these in the year, leaving UIL holding 2.4m 2026 ZDP shares as at 30 June 2020. The Company's average funding costs as at 30 June 2020 reduced further to 5.2% from 5.5% as at 30 June 2019.

It is disappointing to see our four issues of ZDP shares trading at much higher gross redemption yields than last year and that the ZDP share market remains relatively depressed. The cover for the ZDP shares remains good, with the cover at the year-end for the 2026 ZDP shares over 1.81 times. Given all the market uncertainty there has not been the stability to offer 2028 ZDP shares to 2020 ZDP shareholders as a roll over option. Perhaps once stability returns this can be looked at in 2021. The 2020 ZDP shares are due to be repaid in full at the end of October 2020. Following this, the gearing of UIL will be reduced. The funding of the ZDP shares has come from a full exit from Ascendant, funded through Bermuda First Investment Company Limited ("BFIC"), a partial exit from One Communications Limited ("One Communications") and a number of other portfolio realisations. Both Ascendant and One Communications have been long-term strategic investments for UIL, and we wish them and their stakeholders good fortune for the future.

Pleasingly, revenue return for the year to 30 June 2020 was £8.5m, well ahead of the prior year of £6.8m, an increase of 24.4%. This resulted in revenue return earnings per share ("EPS") of 9.77p compared to the prior year's 7.63p, an increase of 28.0%. This is a very good outcome given all the challenges during the year to 30 June 2020.

In February 2020 the Board increased the quarterly dividend to 2.00p resulting in total dividends for the year to 30 June 2020 of 7.875p per share, an uplift of 5.0% which represents a yield on the closing share price as at 30 June 2020 of 177.50p of 4.4%. Looking forward, the Board expects to maintain the current dividend profile, and based on 2.00p per quarter this gives 8.00p for next year and a running yield of 5.0% based on the recent share price of 160.00p. Undistributed revenue reserves carried forward increased from £9.1m to £10.9m, equal to some 12.63p per share. The capital return for the year ended 30 June 2020 was negative £70.5m, mainly from the loss on investments.

COVID-19

The Covid-19 impact on UIL's portfolio is set out in the Investment Managers' Report on page 16. In response to the pandemic, the Board has suspended all travel and physical meetings, but has moved to holding regular video conference meetings to receive updates on the portfolio and performance from the Investment Managers. All interactions with UIL's service providers have been by video conference, where needed, including the audit process.

At the forthcoming AGM the Board is proposing to make a number of minor amendments to the Company's Bye-Laws, including changes to provide additional flexibility to hold meetings by telephone, electronic or other communication facilities. Further details are set out in the Directors' Report on page 47.

OUTLOOK

By any "normal metric" the global economies face unprecedented challenges today. The war on Covid-19 has taken its toll and continues to take its toll. Not many countries have re-opened their borders to travel and most have ongoing local shutdown responses to Covid-19 flareups, thereby limiting full recovery. Most nations have seen borrowings balloon over 100% of gross domestic product ("GDP"), interest rates trend to zero or negative and unemployment jump by 5% to 10%. Given this outlook the Board remains cautious.

It is pleasing to see most portfolio companies doing well in the circumstances. The Investment Managers' proactive approach has helped many of them.

Peter Burrows AO
Chairman
27 October 2020

TOP TEN COMPANIES AS AT 30 JUNE 2020

26.8%	14.5%	13.3%	13.0%	5.2%
Somers Limited	Zeta Resources Limited	Utilico Emerging Markets Trust plc	Resolute Mining Limited	Ascendant Group Limited
Financial Services	Resources	Investment Fund	Gold Mining	Electricity
A financial services investment platform, which primarily invests in the banking, wealth management and asset financing sectors.	A resources-focused investment holding company, which invests in a range of resource entities and base metals exploration and production companies.	A UK closed-end investment trust dedicated to investments in infrastructure, utility and related sectors including technology infrastructure in the emerging markets.	A gold mining and exploration company with operating mines in Africa. In addition, the company owns a gold mining project in Ghana.	The monopoly provider of energy and energy-related services in Bermuda. Ascendant is the parent company of Bermuda Electric Light Company Limited.

5.2%	5.0%	4.7%	4.2%	1.9%
Allectus Capital Limited	Optal Limited	Vix Tech Pte Limited	One Communications Limited	Orbital Corporation Limited
Technology	Technology	Technology	Telecommunications	Technology
A technology investment company with a value focused portfolio of listed and unlisted technology companies.	A global payment systems company which focuses primarily on the travel industry.	Designs, supplies and operates automated fare collection systems, intelligent transportation systems and passenger information display systems for the public transit industry.	A telecommunication holding company with operations in Bermuda and the Cayman Islands.	A manufacturer of integral propulsion systems for tactical unmanned aerial vehicles for military application.

Note: % of total investments

GEOGRAPHICAL INVESTMENT EXPOSURE

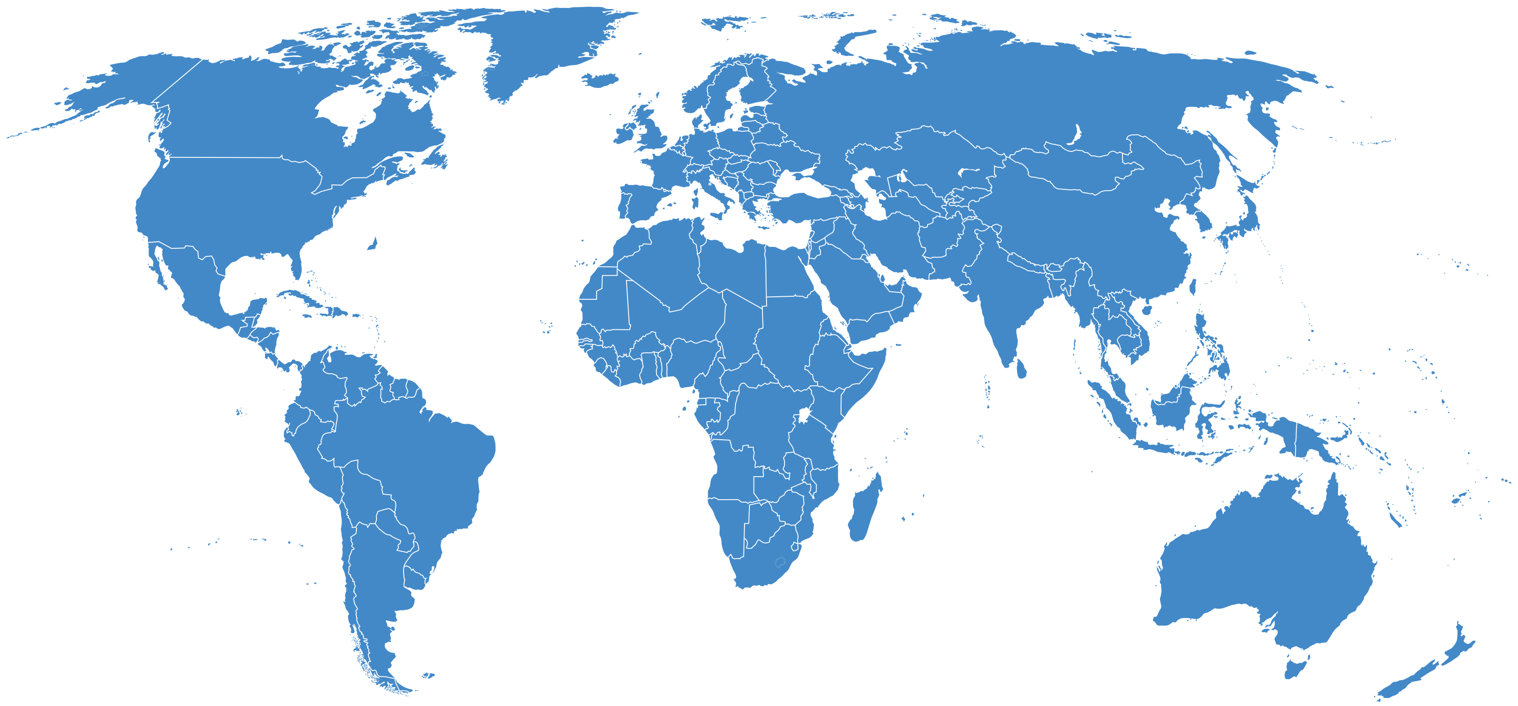
(% of total investments on a look through basis)

NORTH AMERICA	
June 2020	4.0%
June 2019	6.1%

UK AND CHANNEL ISLANDS	
June 2020	10.4%
June 2019	11.8%

EUROPE (EXCLUDING UK)	
June 2020	8.1%
June 2019	10.9%

ASIA	
June 2020	8.7%
June 2019	7.4%



LATIN AMERICA	
June 2020	4.6%
June 2019	6.5%

AFRICA	
June 2020	6.9%
June 2019	5.1%

BERMUDA	
June 2020	16.4%
June 2019	15.4%

AUSTRALIA & NEW ZEALAND	
June 2020	25.6%
June 2019	21.8%

GOLD MINING	
June 2020	15.3%
June 2019	15.0%

Source: ICM

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 *
11.2%	498.9%	10.1%	404.3%

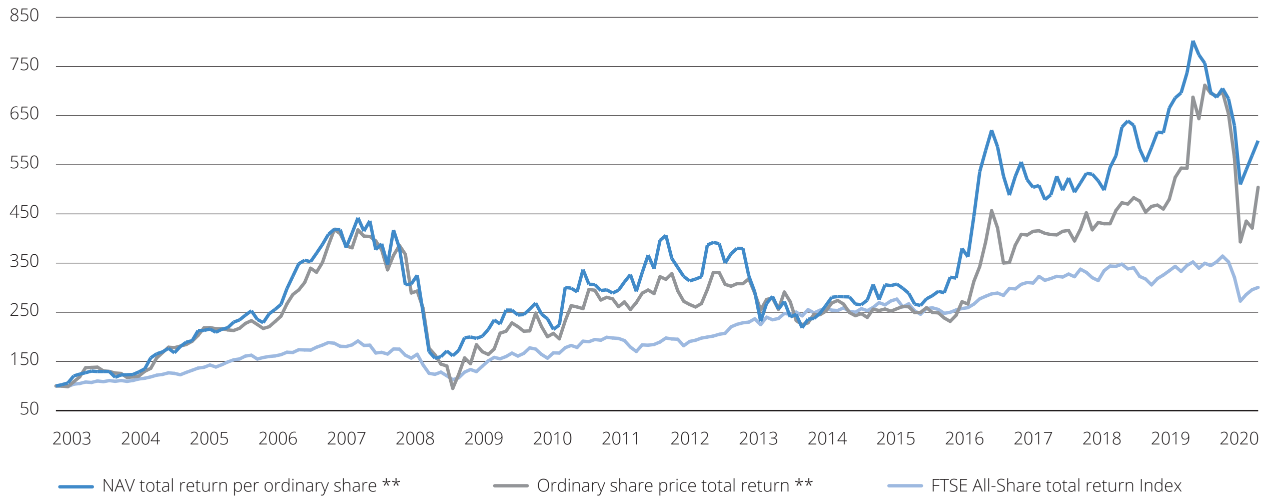
REVENUE EARNINGS PER ORDINARY SHARE	DIVIDENDS PER ORDINARY SHARE	DIVIDENDS PER ORDINARY SHARE COVER *	REVENUE RESERVES PER ORDINARY SHARE CARRIED FORWARD *
106.13p	82.83p	1.6x	12.63p

*See Alternative Performance Measures on pages 109 to 110

DIVIDENDS PAID OUT	VALUE OF ORDINARY SHARES BOUGHT BACK	ZDP SHARES ISSUED	ZDP SHARES REDEEMED
£74.4m	£32.0m	£383.9m	£326.1m

HISTORIC TOTAL RETURN PERFORMANCE † (pence)

since inception to 30 June 2020



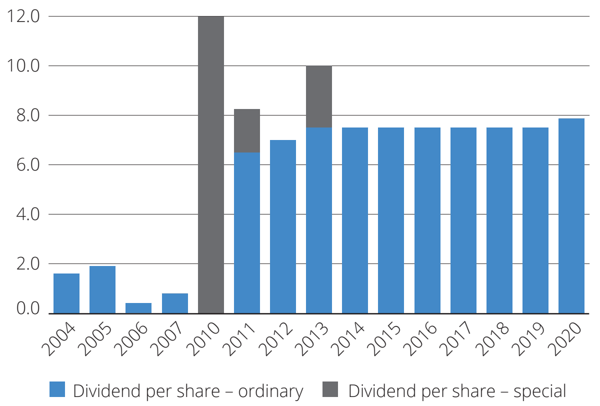
† Rebased to 100 as at 14 August 2003

** Adjusted for the exercise of warrants and convertibles

Source: ICM

DIVIDENDS PER ORDINARY SHARE (pence)

from 30 June 2004 to 30 June 2020

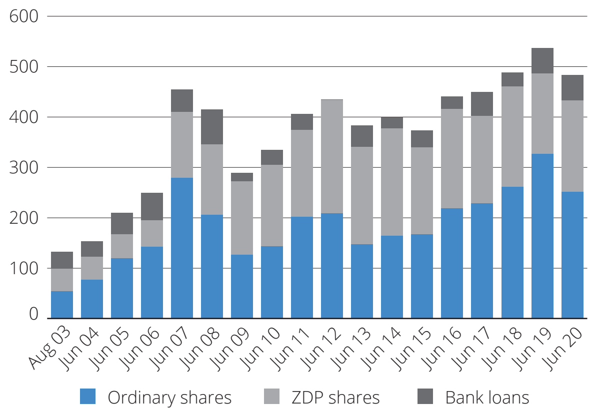


No dividends were paid between 2007 and 2010
2010 refers to a cash distribution

Source: ICM

ALLOCATION OF GROSS ASSETS (£m)

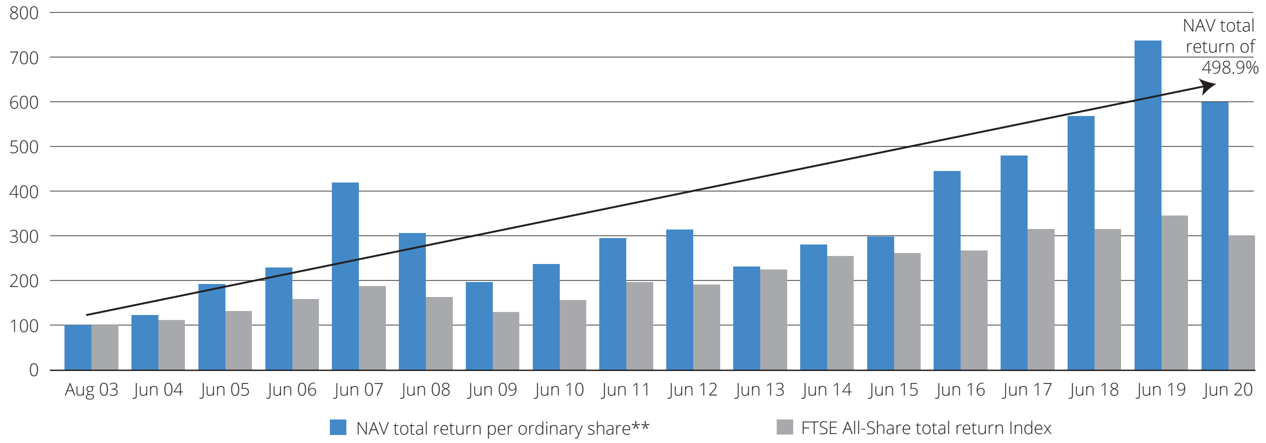
from 14 August 2003 to 30 June 2020



Source: ICM

CUMULATIVE TOTAL RETURN COMPARATIVE PERFORMANCE (pence)

from 14 August 2003 to 30 June 2020 (Rebased to 100 as at 14 August 2003*)



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

Source: ICM

INVESTMENT MANAGERS' REPORT

CHARLES JILLINGS
Investment Manager

The Covid-19 pandemic impact on UIL's NAV has been significant. UIL's NAV total return was negative 18.7% during the twelve months to 30 June 2020. This eroded all gains from the 2019 financial year and UIL's NAV per share ended the year at 292.79p. However, it was pleasing to see UIL's earnings and dividends rise over both 2019 and 2020, and over these two years, NAV total return increased by 5.3%.

It is worth noting several of UIL's investments trade at a discount. If Somers, Utilico Emerging Markets Trust plc ("UEM") and Zeta were valued at NAV, the UIL NAV would increase by 7.0% to 313.27p and many of UIL's metrics would rise as a result.

Covid-19 has caused unprecedented challenges for investors. Add the pandemic to a growing list of significant concerns around central bank intervention, populism, US/China frictions, Brexit, Black Lives Matter, climate change and investors have been besieged by a dynamic and difficult environment. Sorting out the facts from the noise has proved difficult. When the world's largest corporates struggle to project their next quarter's revenues, it is hard to be certain about the global economy. ICM has continued to be focused on its investments and the delivery of their individual opportunities, making sure they have both the right approach to risk while seeking opportunities that will thrive in this Covid-19 environment.

For many investee companies in UIL's direct and indirect portfolio these challenges have led to accelerated engagement with the executives by ICM. This has enabled ICM to further understand the position of the investee companies, and dynamically respond to their challenges and new opportunities. At times it meant going on a new journey together to achieve the best outcomes for the investee company. This could be encouraging a new strategy, furloughing of staff, or perhaps raising equity funding. Past stress tests were often inadequate as businesses were not prepared for either the scale or speed of change. It is pleasing to report that most investee companies have come through stronger.

For ICM it meant working hard to understand the changing environment and support investee teams seeking solutions to a myriad of issues. For UIL it meant taking hard decisions to back businesses needing funding and selling other investments. In particular, UIL continued to reduce its holding in Afterpay Limited ("Afterpay") into a rising share price and to fund Resolute and Zeta. Resolute had undertaken a corporate transaction to buy the Mako mine late in 2019. This resulted in Resolute taking over a lending facility to Mako with repayment penalties. This should have been refinanced from the combined cashflows of the Syama and Mako mines. Disappointingly the roaster at Syama failed and needed urgent repair, reducing production considerably. Resolute was forced to refinance the Mako lender and did this through an urgent placing. UIL stood its corner and invested over AUD 17.0m directly and indirectly. Resolute is now on a sounder financial footing.

In addition, Panoramic, Zeta's largest investment, was in the middle of a mine expansion which was halted due to Covid-19. This resulted in Panoramic's bankers seeking a repayment of their secured facility. UIL lent AUD 22.0m to Zeta so it could support the restructuring of Panoramic and take control of Horizon Gold Limited ("Horizon"), a gold mining opportunity originally controlled by Panoramic. Today Panoramic has a strong balance sheet, a new industry investor with strong operating capabilities and Zeta now holds 69.0% of Horizon which is expected to be an exciting long-term opportunity.

In order to respond to the above funding needs, UIL managed cashflows tightly. Backing its investee companies, meeting UIL day to day expenses and paying dividends were paramount. It is pleasing to see that this was achieved.

ICM is strongly of the view that the shift of workers and businesses online under the pandemic lockdowns globally has accelerated the digitalisation of governments, businesses and individuals. This shift ranges from doctors' surgeries going online, restaurants setting up internet delivery options and farmers offering produce online. This should offer many exciting investment opportunities. Businesses without internet reach or capability will face a challenging outlook, while many businesses have been agile and online and therefore have both an opportunity and a positive outlook.

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

INVESTMENT APPROACH

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

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

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

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

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

PORTFOLIO

The technology investments in UIL have been strong contributors over recent years. Afterpay was up by 143.2% during the year to 30 June 2020 and UIL realised much

Utilico Emerging Markets – Madagascar International Container Terminal in Toamasina

of the position contributing £47.2m to investments sold. Optal's valuation was marked down reflecting uncertainties over the corporate sale transaction, while Vix Tech Pte Limited's ("VixTech") valuation was marked up 50.0% reflecting its continued progress and return to EBITDA profitability.

Somers' share price was essentially flat during the year to 30 June 2020, but a highlight was the considerable strength at Resimac Group Limited which saw profits after tax, rise strongly. Share prices in most of the other Somers' investments weakened in the face of Covid-19 uncertainties, while the impact of a strong US Dollar saw FX losses at the Somers level.

Zeta's share price declined 52.1% during the period reflecting weakness in the wider resources sector. Resolute's share price fell by 15.7% reflecting concerns over operating performance despite rising gold prices. UEM declined 26.4% reflecting Covid-19's impact on the emerging markets together with very significant declines in the Brazilian Real (down 37.7%). UEM has some 26.0% of its portfolio invested in Brazil. UEM was also impacted by relative underperformance of utilities versus the market. Ascendant was unchanged reflecting the takeover offer from Algonquin Power & Utilities Corp. ("Algonquin"). Allectus Capital Limited ("Allectus") was largely unchanged reflecting its predominantly early stage investments. One Communications' valuation was reduced by 12.6% reflecting market uncertainties over the Covid-19 impact on their customer receivables. Orbital Corporation Limited ("Orbital") entered the top ten as a result of strong business performance and a

IN THE YEAR TO 30 JUNE 2020

AUSTRALIA & NEW ZEALAND REMAINS UIL'S LARGEST EXPOSURE AT 25.6%

↑ 3.8%

BERMUDA IS UIL'S SECOND LARGEST COUNTRY EXPOSURE AT 16.4%

↑ 1.0%

GOLD REMAINS UIL'S THIRD LARGEST EXPOSURE AT 15.3%

↑ 0.3%

UK IS UIL'S FOURTH LARGEST COUNTRY EXPOSURE AT 10.4%

↓ 1.4%

ASIA IS UIL'S FIFTH LARGEST EXPOSURE AT 8.7%

↑ 1.3%

THE REST OF EUROPE IS UIL'S SIXTH LARGEST EXPOSURE AT 8.1%

↓ 2.8%

Note: decreases/increases refer to the movement in the portolio percentage of the relevant country

SECTOR SPLIT OF INVESTMENTS

Financial Services
26.9%
(2019: 21.8%)

Infrastructure Investments
23.0%
(2019: 26.5%)

Technology
18.0%
(2019: 22.7%)

Gold Mining
15.3%
(2019: 15.0%)

Resources
11.9%
(2019: 9.4%)

Other
4.9%
(2019: 4.6%)

IN THE YEAR TO 30 JUNE 2020

INVESTED
£108.4m

REALISED
£103.2m

TOTAL REVENUE INCOME
£12.7m

LEVEL 1 & 2 INVESTMENTS*
£311.3m

LEVEL 3 INVESTMENTS*
£177.7m

LEVEL 3 % OF TOTAL PORTFOLIO
36.3%

* See note 9 to the accounts

Source: ICM

share price rise of 140.0%. These are all reviewed in the ten largest holdings section starting on page 23. Overall, the investment portfolio lost £60.0m in value.

As at 30 June 2020, the top ten investments accounted for 93.8% of the portfolio compared to 91.9% in the prior year. Concentration risk, however, is significantly reduced owing to each platform holding a number of underlying investments. It should be noted that for both sector and geographic analysis, we continue to present and discuss the portfolio on a look-through basis.

PLATFORM INVESTMENTS

UIL currently has four platform investments – Somers, UEM, Zeta and Allectus in the top ten holdings. These investments account for 59.8% of the total portfolio as at 30 June 2020 (prior year 54.4%). During the year to 30 June 2020, UIL made net investments of £28.8m, (prior year net withdrawals of £7.7m) to the platform investments.

These are reviewed under the ten largest holdings section starting on page 23.

PORTFOLIO ACTIVITY

During the year to 30 June 2020, UIL invested £108.4m and realised £103.2m, including net loans of £16.7m to Zeta, £7.5m to Somers, £4.8m to Allectus and £2.7m to VixTech, as well as investing a net of £5.0m in Resolute ordinary shares. UIL's realisations included sales of £47.2m from Afterpay.

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

DIRECT INVESTMENTS

UIL has six direct investments in its top ten holdings, namely: Resolute, Ascendant, Optal, VixTech, One Communications and Orbital.

These are also reviewed under the ten largest holdings section starting on page 23.

GEOGRAPHIC REVIEW

The geographical split of the portfolio, on a look-through basis, shows Australia increasing to 25.6% of UIL's total investments (30 June 2019: 21.8%) while most others reflect more modest movements.

SECTOR REVIEWS

Financial Services – 26.9% (30 June 2019: 21.8%)
Somers is UIL's largest investment, both in the financial services sector and in UIL's portfolio and accounted for 26.8% of UIL's total portfolio as at 30 June 2020 (30 June 2019: 21.8%).

Infrastructure Investments – 23.0% (30 June 2019: 26.5%)
Last year UIL amalgamated the infrastructure and utility sectors into one and this consists of Telecommunications, Infrastructure, Electricity, Road & Rail & Ports, Oil & Gas, Renewables, Water & waste and Airports.

Technology – 18.0% (30 June 2019: 22.7%)
UIL holds a number of investments in the technology sector, both directly and through Allectus (its sixth largest investment). Optal is UIL's seventh largest holding in the portfolio, VixTech is the eighth largest holding, and Orbital tenth. However, UIL's technology exposure reduced during the year following shares sold in Afterpay.

Gold Mining – 15.3% (30 June 2019: 15.0%)
UIL's largest investment in gold mining is in Resolute, which is held both directly by UIL (13.0% of the total portfolio) and indirectly through Zeta.

Resources (excl. gold mining) – 11.9% (30 June 2019: 9.4%)
UIL's largest investment in resources is Zeta, which accounted for 14.5% of the total portfolio as at 30 June 2020 (30 June 2019: 12.7%).

LEVEL 3 INVESTMENTS

UIL's investments in level 3 companies increased by 2.4% in the year to 30 June 2020 from 33.9% as at 30 June 2019 to 36.3%, mainly as a result of loans to Zeta.

COVID-19

As noted in the Chairman's Statement, the Board has suspended all travel and physical meetings, and moved to holding Board meetings by video conference.

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

BREXIT

Brexit risks for UIL are considered by both ICM and the Board of UIL. There are two identified risks, Sterling exchange rates and UK business disruption. UIL has a potential significant mismatch in its liabilities and assets in terms of UIL ZDP liabilities denominated in Sterling and its underlying investments in other currencies. To mitigate this, UIL has hedged £134.0m of the ZDP liability against various currencies in which UIL is invested, predominantly Australian Dollar, US Dollar and Euro into Sterling. This has resulted in a more balanced position for UIL's net assets. The FX contracts are spread over six months to reduce any long margin cash call if Sterling weakened significantly.

Within UIL's portfolio there are UK businesses which could see an impact from Brexit both in operations and assets. These businesses have taken steps to mitigate the day to day operating impact. We have judged the impact on UIL as not material at this stage. However, this is under constant review and consideration. Details of UIL's FX position are set out below and in note 12 to the accounts.

DERIVATIVES

UIL was for the most part inactive in stock market derivatives during the year, although it generated a gain in the capital account of £3.2m (30 June 2019: S&P options were traded within Global Equity Risk Protection Limited). The impact of Covid-19 was both quick and dramatic and the S&P index jumped higher in response, increasing the cost of buying S&P Put Options. No position is held at the year end.

During the year to 30 June 2020 there continued to be significant currency hedges in place in the portfolio. These hedges included AUD 67.1m, EUR 60.4m, CAD 52.5m and USD 29.0m as at 30 June 2020, and in the year resulted in a small gain of £0.1m (30 June 2019: loss of £6.9m).

GEARING

As a result of the sharp deterioration in markets in March 2020 UIL's gearing increased to 106.3%. Over recent months it has reduced to 93.4% as at 30 June 2020. UIL's target remains for gearing to be under 100.0%. UIL will redeem the 2020 ZDP shares in full which will result in a reduction in the ZDP shares in issue by some £60.4m to £126.5m. Together with bank debt of £50.0m the absolute level of debt would reduce substantially to £176.5m, from the debt as at 30 June 2020 of £231.7m.

The continuing reduction of financing costs, with the blended rate of debt reducing from 6.3% in June 2013 to 5.5% as at 30 June 2019 and 5.2% at 30 June 2020, is pleasing, although not surprising in the lower interest rate environment. This should continue as the 2020 ZDP shares, (currently compounding at 7.25%), are redeemed in full. In the twelve months to 30 June 2020 the finance costs were £11.9m, down 6.1% on the prior year's £12.7m. This should continue this year owing to lower average interest costs and lower debt levels.

ZDP SHARES

On a consolidated basis the ZDP shares increased from £159.9m to £180.5m, mainly as a result of compounding interest and as a result of placing out 2026 ZDP shares held by UIL for issue. UIL held 11.9m 2026 ZDP shares at market value as at 30 June 2019 and placed 9.5m of these in the twelve months. The balance of 2.4m 2026 ZDP shares is held by UIL as at 30 June 2020.

DEBT

Bank debt of £50.6m as at 30 June 2020 was drawn in Australian Dollars, Euros and Sterling. During the market sell off in March UIL requested a relaxation of certain loan covenants, which Scotiabank Europe PLC ("Scotiabank") granted for the period to 3 August 2020. These reduced covenants have now fallen away given asset recoveries and as at 30 June 2020 UIL was within the original covenant levels. We thank Scotiabank for their support.

Scotiabank's £50.0m committed senior secured multicurrency revolving facility was renewed in the year and matures on 30 September 2022.

REVENUE RETURNS

Revenue total income was up by 13.4% to £12.7m reflecting increased dividends and loan interest. Management and administration fees and other expenses were down by 5.6% at £2.6m (30 June 2019:

INVESTMENT MANAGERS' REPORT (continued)

£2.8m). Financing costs were largely unchanged at £1.6m (30 June 2019: £1.6m). Taxes were again nil.

Revenue profit was up 24.4% to £8.5m (30 June 2019: £6.8m) and EPS increased 28.0% to 9.77p (30 June 2019: 7.63p) driven by revenue return increases and a lower number of ordinary shares in issue following the buybacks during the year.

CAPITAL RETURNS

Capital total income was negative £60.2m (30 June 2019: positive £86.8m), eroding 69.3% of last year's gains. This represented losses on investments and foreign exchange losses.

There were no performance fees in the year to 30 June 2020 (30 June 2019: £8.5m).

Finance costs reduced by 7.0% to £10.3m (30 June 2019: £11.1m) reflecting the lower number of ZDP shares in issue and lower borrowing costs.

The resultant loss for the year to 30 June 2020 on the capital return was £70.5m (30 June 2019: profit £67.2m) and EPS loss was 81.30p (30 June 2019: profit 75.34p).

EXPENSE RATIO

The ongoing charges figure, excluding performance fees, was unchanged at 2.1% as at 30 June 2020. As there was no performance fee (accrued by UIL and by underlying investee funds) the ongoing charges figure including performance fee decreased from 5.1% to 2.1%.

All expenses are borne by the ordinary shareholders.

POST BALANCE SHEET EVENTS

On 6 August 2020, Somers announced it had terminated its agreement to sell BCB, originally announced in February 2019, following the receipt of multiple unsolicited offers which the Somers' board determined were superior to the first offer. It also stated that discussions continue with those parties as it works towards delivering a transaction which will benefit all of Somers and BCB's stakeholders.

On 27 January 2020, UIL announced that it had agreed to sell its holding in Optal to Wex Inc. On 7 May 2020, Wex Inc indicated that it believed that it was not legally required to complete the transaction, citing the material adverse effect of the pandemic on Optal's business. The sellers have challenged this in the UK Commercial Court. Preliminary hearings took place in September 2020, with the initial ruling on certain descriptive terms favouring Wex Inc's position. The case will now proceed to a full trial to determine whether Wex Inc must legally complete the agreed acquisition of Optal.

On 19 October 2020, UIL announced that all the remaining conditions for the sale of Ascendant to Algonquin had been satisfied and that the transaction will complete in mid-November 2020. UIL also announced that it had sold its direct holding of Ascendant shares to BFIC at the sale price of USD 33.3m.

In October 2020, UIL sold the majority of its holding in One Communications to One Communications' majority holder. The balance of One Communications' holding was sold to BFIC in October and BFIC paid USD 39.0m to UIL. This, together with the proceeds from the One Communications sale, other portfolio realisations and repayment of debt by Somers and Zeta will enable UIL to meet the 2020 ZDP shares redemption on time and in full.

Charles Jillings
ICM Investment Management Limited and ICM Limited
27 October 2020

OUR INVESTMENT APPROACH

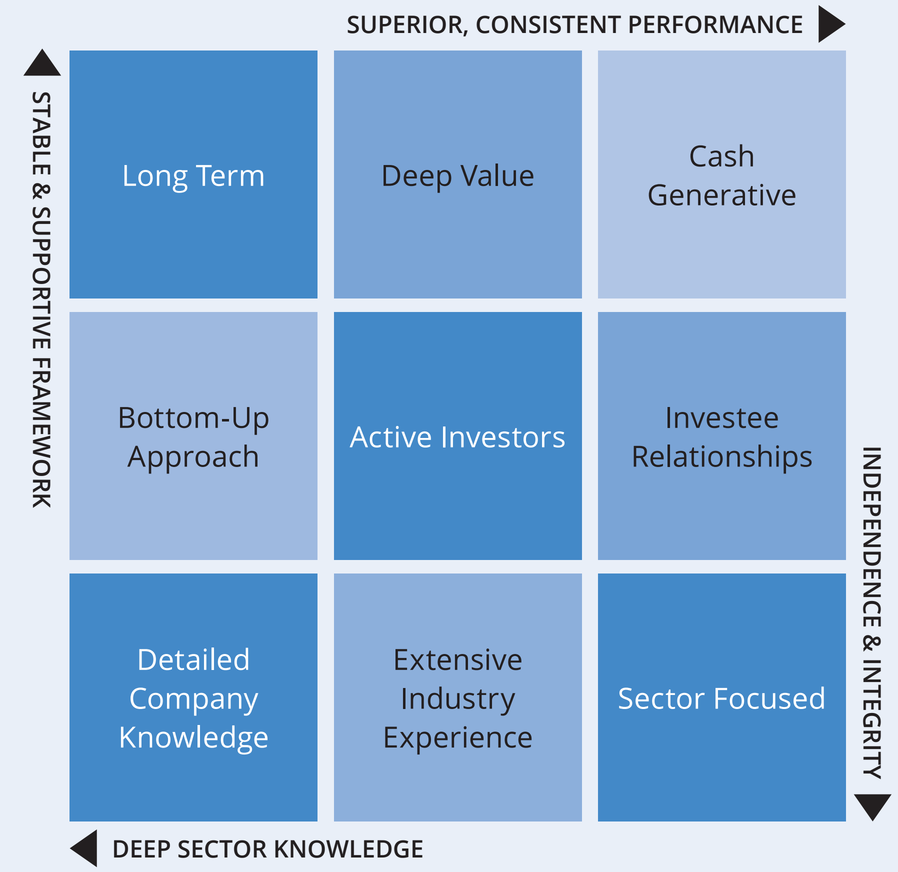
ICM is a long-term investor and generally operates focused portfolios with separate investment remits. ICM has several dedicated research teams who have deep knowledge and understanding in their specific sectors, which improves the ability to source and make solid investments. ICM has approximately USD 2.2bn of assets directly under management and is responsible indirectly for a further USD 19.6bn 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 ICM is unlikely to 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 a mix of attractive value at the time of investment. There is no desire to establish a "portfolio of must have investments", rather the investment portfolio comprises a series of bottom-up decisions.

We incorporate ESG factors into our investment process in four key ways.

- **Engagement** – We engage with the investee companies and visit businesses on location to further develop a comprehensive and long-term perspective.
- **Investigate** – Insights gained during these meetings are combined with in depth internal research. This enables us to gauge how ESG issues may impact an investment.
- **Integrate** – Given our long-term focus, we integrate the investee company's ESG profile into our investment decisions.
- **Participate** – We continually connect with investee companies' management teams through ongoing meetings as well as influencing best outcomes on key issues.



MACRO TRENDS AFFECTING OUR PORTFOLIO

GEOPOLITICS AND GLOBALISATION

- Increased political tensions and populism is leading to a rising level of nationalism and protectionism, unwinding several decades of global supply chain integration.
- Trade war between USA and China is resulting in higher tariffs and barriers to trade, negatively impacting global GDP and increasing non-productive friction in economies.
- 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 is resulting in significant shifts in transport and logistics value chains, and associated infrastructure.

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 continue to offer a more attractive investment landscape. Growing populism is challenging weaker institutions.
- The rise of social media and information exchange has elevated the importance of transparency. Opaque business practices face growing scrutiny.

ENVIRONMENTAL POLICY

- Climate change is now an accepted reality. 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.

RESOURCES

- Rise of electric vehicles and renewables expected to increase long term demand for several commodities, including nickel, copper, lithium, and graphite.
- Unprecedented increase in global government debt, low/negative interest rates, and record government spending driving gold investment as protection from flat money inflation.
- Excess global oil production capacity, combined with reduction in short term oil demand due to Covid-19, limits new development and puts downward pressure on oil prices.
- Heightened risk to global economy, and thus demand for industrial commodities, due to increased government, corporate and consumer debt levels and global pandemic.

FINANCIALS

- 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 online shopping.
- 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 artificial intelligence (AI), e.g. introduction of Open Banking will improve financial product efficiency.

DIGITALISATION

- 5G mobile and fibre broadband rollout presents opportunities for businesses and benefits to people driven by enhanced applications in sectors including e-commerce and logistics, e-government, online education, telemedicine, remote working, personal communications and multimedia content.
- Innovative solutions in financial technology (fintech) disintermediating traditional financial sector business models to 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.

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, railway, 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.

COVID-19 DISRUPTION

- Disruptions to both production and demand causing increased volatility.
- Several leading indicators suggested heightened risk of recession prior to Covid-19.
- Significant risk to a number of countries of additional or extended shutdowns from increasing cases or a "second wave".

TEN LARGEST HOLDINGS

Orbital – Flight Testing at Insitu Pacific

THE VALUE OF THE TEN LARGEST HOLDINGS REPRESENTS

93.8%

(2019: 91.9%) OF THE GROUP'S TOTAL INVESTMENTS

THE VALUE OF CONVERTIBLE SECURITIES REPRESENTS

0.0%

(2019: 6.7%) OF THE GROUP'S PORTFOLIO

THE VALUE OF FIXED INCOME SECURITIES REPRESENTS

15.0%

(2019: 11.9%) OF THE GROUP'S PORTFOLIO

THE TOTAL NUMBER OF COMPANIES INCLUDED IN THE PORTFOLIO IS

40

(2019: 42 COMPANIES)

1 SOMERS LIMITED

SHARE PRICE

↓2.0%

Sector	Financial Services
Fair Value £'000s	131,032*
% of total investments	26.8%

Somers is a financial services investment holding company, listed on the BSX and managed by ICM.

Somers shareholders' equity was USD 371.0m as at 30 June 2020 (30 June 2019: USD 343.1m) and reported a NAV per share of USD 17.61 up from USD 16.81 as at 30 June 2019. Somers declared dividends of 51.0c up from 50.0c in the prior year. During the twelve months to 30 June 2020 Somers' share price decreased slightly, but after adding back dividends recorded a gain of 1.4%. Somers is classified as an investment company under IFRS 10 and, accordingly, values its underlying investments at fair value. Somers' four largest investments, which make up 87.5% of its portfolio, are a 62.5% holding in Resimac Group Limited (a leading non-bank Australian financial institution, listed on the ASX, with AUD 14.9bn assets under management ("AUM")), a 100% shareholding in BCB (one of the four licensed banks in Bermuda), a 62.9% shareholding in PCF Group plc, a UK specialist bank listed on the LSE, and a 62.5% holding in Waverton Investment Management Limited (a UK wealth manager with over £9.0bn assets under influence). In August 2020, Somers announced it had terminated its agreement to sell BCB, originally announced in February 2020, following the receipt of multiple unsolicited offers which the Somers' board determined were superior to the first offer and that discussions continued with those parties.

In the year to 30 June 2020, UIL's shareholding in Somers increased by 3.4%.

2 ZETA RESOURCES

SHARE PRICE

↓52.1%

Sector	Resources
Fair Value £'000s	70,701*
% of total investments	14.5%

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

In the year ended 30 June 2020, Zeta's net assets fell by 52.4%. Zeta's share price closed the year at a premium of 6.4% (prior year: 0.1% discount) to net tangible assets per share. The commodity prices of Zeta's major underlying investments were mixed, with aluminium down 9.6%, gold up 26.4%, nickel up 1.0%, and copper up 0.3%. Operational difficulties at two of Zeta's largest investments, Panoramic and Resolute, resulted in falls in the share prices of those two investments despite the relevant commodity prices (nickel and gold respectively) being up over the year. As a leveraged commodity 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. In September 2019, Zeta renewed the buyback programme started in September 2018. As at 30 June 2020, 877,948 shares had been bought back during the year at an average price of AUD 0.36 per share. Zeta has a concentrated portfolio, having built up cornerstone shareholdings in bauxite, gold, nickel, and copper companies. During the year, Zeta increased its direct ownership of Horizon from 20.1% to 69.0%.

In the year to 30 June 2020, UIL's shareholding in Zeta was unchanged.

* includes equity and debt

TEN LARGEST HOLDINGS (continued)

3 UTILICO Emerging Markets Trust plc

SHARE PRICE

↓26.4%

Sector	Investment Fund
Fair Value £'000s	65,181
% of total investments	13.3%

UEM is a closed-end investment trust, managed by ICM and ICMIM, 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 LSE.

UEM invests predominantly in emerging markets with a focus on infrastructure and utility assets. Emerging markets have been impacted by the Covid-19 outbreak, which led to a broad-based sell-off in risk assets in early 2020. In the twelve months to 30 June 2020, UEM's NAV total return fell by 19.6%. A significant contributor to UEM's underperformance was the rapid depreciation in the Brazilian Real, which fell 37.7% versus Sterling, 25.9% of UEM's assets are based in Brazil.

Notwithstanding the economic impact of Covid-19, many of UEM's investee companies have continued to deliver resilient operational and financial metrics, including making dividend payments. UEM's portfolio is predominantly invested in relatively liquid, cash-generative companies and the UEM board has committed to maintaining quarterly dividend payments for the remainder of 2020.

During the period, UEM's share price fell by 26.4%, with the discount to NAV widening from 10.4% to 15.6%. Dividends per share increased to 7.575p from 7.200p. In the period under review UIL decreased its shareholding in UEM by 0.3%.

4 Resolute

SHARE PRICE

↓15.7%

Sector	Gold Mining
Fair Value £'000s	63,679
% of total investments	13.0%

Resolute is an Australian domiciled gold mining company with two operating mines: the Syama mine in southern Mali and the Mako mine in Senegal. In addition, the company owns the Bibiani gold mining project in Ghana. Resolute is listed on the ASX and the LSE.

Resolute's share price in the twelve months to 30 June 2020 decreased 15.7% despite significantly higher gold prices. Production in the financial year to 31 December 2019 of c. 385,000oz gold was slightly below earlier guidance of 400,000oz. Gold produced at Syama was in line with the previous financial year at 243,058oz. During the year, Resolute acquired the Mako gold mine in Senegal. In the five months of ownership to 31 December 2019, Mako produced 42,997oz with cash costs of USD 546 per ounce. At Ravenswood, gold produced was 54,486oz with cash costs of USD 1,209 per ounce. Ravenswood was sold on 31 March 2020, with total proceeds of up to AUD 300m partly dependent on future gold prices and production. Guidance for Resolute operations for the year ended 31 December 2020 has been set at 430,000 ounces at an all-in sustaining cost of USD 980 per ounce. During the year, Resolute completed an equity raising of AUD 195m, and successfully refinanced its Mako acquisition debt funding. As at 30 June 2020, Resolute had cash and bullion on hand of USD 87.5m, and total borrowings of USD 307m.

UIL's shareholding in Resolute increased 10.5% in the period under review.

5 ASCENDANT

EARNINGS

↑8.0%

Sector	Electricity
Fair Value £'000s	25,587
% of total investments	5.2%

Ascendant is listed on the BSX and owns 100% of Bermuda Electricity Light Company Limited ("BELCO"), Bermuda's sole electricity provider, and a number of other non-regulated energy related companies.

During the year, shareholders of Ascendant, including UIL, overwhelmingly approved the sale of Ascendant to Algonquin for USD 36.00 a share. Following the announcement in October 2020 that all the remaining conditions for the transaction had been satisfied it is expected that the transaction will complete in mid-November 2020.

For the year ended 31 December 2019, Ascendant reported core earnings from operations, before corporate expenses, of BMD 15.3m (2018: BMD 14.5m). Despite falling electricity sales from a weak economic environment, earnings at BELCO increased year on year by 8.0%. Earnings at AG Holdings Limited (the holding company for Ascendant's non-regulated businesses) increased by 36.0%. The increased earnings were partially offset by one-off restructuring costs and costs associated with the sale of the company to Algonquin. Post the year end BELCO completed and commissioned 56MW of replacement generation at its North Power Station which is the centre piece of its USD 250m capital plan.

UIL's shareholding in Ascendant increased during the year under review, following the special dividend distribution by BFIC to UIL.

6 ALLECTUS CAPITAL

SHAREHOLDING

↑10.2%

Sector	Technology
Fair Value £'000s	25,512
% of total investments	5.2%

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

Allectus invests on a high conviction, deep value basis in potentially disruptive technologies. Allectus focuses predominantly on early stage growth investments in fintech, AI, digital health, and other high conviction business models. In the year ended 30 June 2020, Allectus made a number of investments into multiple verticals including, Hoolah (Singapore based buy now, pay later provider), FloodMapp (SaaS predictive flood modelling solution), Adarga (AI based analytics platform for defence), Switch Automation (smart buildings/AI platform), FanAI (esports analytics and marketing), Automio (a SaaS legaltech platform) and AP Ventures (an investment vehicle created within the Afterpay group to monetise Afterpay related opportunities). Allectus successfully realised one investment, Pin Payments, which was sold to payments unicorn Checkout.com in early 2020.

In December 2019, a restructuring of the ownership of Allectus took place, converting the debt into equity.

UIL's shareholding in Allectus increased by 10.2% to 50.0% in the year to 30 June 2020.

7 Optal

VALUATION

↓45.1%

Sector	Technology
Fair Value £'000s	24,387
% of total investments	5.0%

Optal is an unlisted, UK domiciled developer of global payment systems and its key application is providing services to eNett, a virtual card payment solution for the travel industry.

In January 2020, Wex Inc, a US listed company agreed to buy both Optal and eNett for a combined sum of USD 1.7bn comprised of cash and shares. The deal was expected to close in the middle of 2020.

Following Covid-19, Wex Inc announced in May 2020 that it did not believe that it had to complete the deal on the original terms. The sellers disagree with this view and challenged Wex Inc in the UK courts. It is expected the dispute will be decided by the UK Commercial Court and this process is currently ongoing.

UIL's carrying valuation of Optal as at 30 June 2020 was reduced by 45.1% compared to last year's valuation and is at a discount to the expected proceeds from the deal if it completes on the original terms. UIL's shareholding in Optal was unchanged in the year to 30 June 2020.

8 VIX

% HOLDING
NO CHANGE

Sector	Technology
Fair Value £'000s	22,803
% of total investments	4.7%

VixTech is an unlisted, integrated payment solutions company in transport ticketing, with a global footprint. It has developed solutions for over 200 cities and regions, enabling millions of people worldwide to experience the convenience of low-cost, smartcard travel through integrated systems and processing billions of transactions per annum.

With over 30 years of industry experience, VixTech continues to be a leader in transport ticketing, implementing and managing automated fare collection, payments, access and passenger information systems for customers around the globe. VixTech's products are a cornerstone of the world's largest smartcard payment and billing systems and include previous flagship projects such as the Hong Kong Octopus Card, Singapore EZ-Link, Beijing ACC, and Melbourne Metcard.

VixTech has undertaken substantial restructuring over the last three years, with the business now beginning to see the benefits from new product roll outs. In June 2020, VixTech's balance sheet was recapitalised, resulting in VixTech now having a stronger tendering position when bidding for new projects, which should enhance its ability to win projects in the future. For the year ended 30 June 2020, revenues were USD 109.2m with EBITDA of USD 4.4m and UIL had no outstanding loans with VixTech. UIL's percentage holding in VixTech remained unchanged in the year to 30 June 2020.

9 One Communications

VALUATION

↓12.6%

Sector	Telecommunications
Fair Value £'000s	20,667
% of total investments	4.2%

One Communications is an integrated telecommunications holding company with operations in Bermuda and the Cayman Islands. One Communications is listed on the BSX and provides mobile telephone, fibre-based broadband, Pay TV, voice and IT services.

One Communications invested heavily in upgrading its network in recent years, with capital investment returning to more normal levels in 2019. One Communications' improved cashflows have been used to reduce debt, increase dividends and to buy back shares.

UIL values One Communications with reference to a peer telecommunications group. UIL's carrying valuation as at 30 June 2020 reduced by 12.6% compared to last year, primarily due to lower profit assumptions in the near term. Tourism is a large component of Bermuda's economy and the dominant industry in the Cayman Islands. The drop in tourist numbers will clearly have a negative impact on the economies of these islands for some time.

UIL's shareholding in One Communications was unchanged in the year to 30 June 2020.

10 Orbital UAV

SHARE PRICE

↑140.0%

Sector	Technology
Fair Value £'000s	9,479
% of total investments	1.9%

Orbital is listed on the ASX and is a manufacturer of integral propulsion systems for unmanned aerial vehicles which are used for military surveillance purposes.

Orbital's key customers are Insitu (a division of Boeing), Textron Systems and Northrup Grumman. Based in Perth, Australia, Orbital also has opened an assembly and service plant in Oregon, USA.

Orbital's share price responded positively during the year, gaining 140.0% on news of new orders, new products, and new customers. Orbital's revenues more than doubled for the year to 30 June 2020 compared to its prior financial year. UIL has held shares in Orbital for several years.

UIL's shareholding in Orbital was unchanged in the year to 30 June 2020.

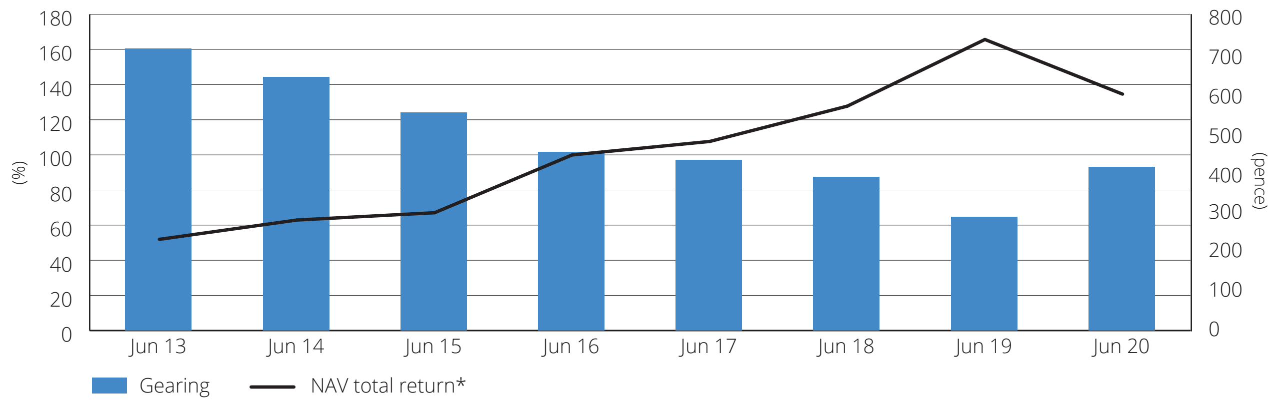
ZDP SHARES

ZDP shares[1] (pence)	30 June 2020	30 June 2019	% change 2020/19
2020 ZDP shares			
Capital entitlement[2] per ZDP share	151.23	141.01	7.2
ZDP share price	152.00	149.50	1.7
2022 ZDP shares			
Capital entitlement[2] per ZDP share	127.59	120.03	6.3
ZDP share price	126.50	132.00	(4.2)
2024 ZDP shares			
Capital entitlement[2] per ZDP share	113.13	107.97	4.8
ZDP share price	105.50	114.00	(7.5)
2026 ZDP shares			
Capital entitlement[2] per ZDP share	111.21	105.89	5.0
ZDP share price	92.25	107.50	(14.2)

(1) Issued by UIL Finance, a wholly owned subsidiary of UIL
(2) See pages 55 and 56

GEARING/NAV TOTAL RETURN

from 30 June 2013 to 30 June 2020



*Rebased to 100 as at 14 August 2003

Source: ICM

TOTAL BORROWINGS

	Jun 2013 £'000s	Jun 2014 £'000s	Jun 2015 £'000s	Jun 2016 £'000s	Jun 2017 £'000s	Jun 2018 £'000s	Jun 2019 £'000s	Jun 2020 £'000s
2014 ZDP	72,705	76,138						
2016 ZDP	72,734	77,928	83,493	61,327				
2018 ZDP	47,957	58,427	62,816	67,548	72,622	50,858		
2020 ZDP			26,132	28,134	48,704	51,940	55,387	59,087
2022 ZDP				40,352	52,452	55,873	59,499	63,407
2024 ZDP						29,408	31,582	33,250
2026 ZDP						11,275	13,474	24,791
Total	193,396	212,493	172,441	197,361	173,778	199,354	159,942	180,535
Bank and other debt	42,732	25,649	34,362	24,987	47,846	28,495	50,971	54,660
Total debt	236,128	238,142	206,803	222,348	221,624	227,849	210,913	235,195

Source: ICM

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

	Jun 2013	Jun 2014	Jun 2015	Jun 2016	Jun 2017	Jun 2018	Jun 2019	Jun 2020
2014 ZDP	3.19	3.96						
2016 ZDP	1.82	2.08	2.95	5.13				
2018 ZDP	1.32	1.47	1.80	2.68	3.51	6.50		
2020 ZDP			1.52	2.18	2.38	3.71	4.92	4.23
2022 ZDP				1.60	1.72	2.44	2.97	2.58
2024 ZDP						1.84	2.42	2.11
2026 ZDP						1.63	2.08	1.81

*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 AND BANK AND OTHER DEBT AS AT 30 JUNE 2020	GEARING AS AT 30 JUNE 2020	TOTAL DEBT INCREASED DURING THE YEAR	BLENDED RATE OF DEBT
£235.2m	93.4%	11.5%	5.2%

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 reflected in the market price.

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 ("JPMEL") which acts as the Company's Depositary under the AIFM Directive 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 reflected in the market price. 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.

Historically UIL has invested a significant proportion of its gross assets in existing infrastructure, utility and related sectors but, following the change in mandate in 2007, this direct exposure has reduced as UIL has, in addition, invested in other sectors. UIL has been reclassified in the Association of Investment Companies ("AIC") database as a "Flexible Investment".

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 listed platform companies; and
- 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.

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 will 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).

The Company has a £50.0m committed senior secured multicurrency revolving facility with Scotiabank which expires on 30 September 2022; as at 30 June 2020 the facility was fully drawn. Further details are included in note 13 to the accounts.

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 2020 are set out in the attached accounts. The dividends in respect of the year, which total 7.875p, 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 and 110.

30 June	2020	2019
NAV total return (%)	(18.7)	29.7
FTSE All-Share total return Index (%)	(13.0)	0.6
Share price (pence)	177.50	199.00
Discount to NAV (%)	39.4	46.2
Percentage of issued shares bought back during the year (based on opening share capital) (%)	2.7	1.4
Revenue EPS (pence)	9.77	7.63
Ongoing charges figure – excluding performance fees (%)	2.1	2.1

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 111 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 25.6% to 56.1% and an average discount of 35.8%. 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. A total of 2,344,075 ordinary shares were bought back and cancelled during the year, representing 2.7% of the Company's opening issued share capital.

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 a first quarterly dividend of 1.875p per share and second, third and fourth quarterly dividends of 2.0p per share in respect of the year ended 30 June 2020. The fourth quarterly dividend was declared on 24 August 2020 and paid on 25 September 2020 to shareholders on the register as at 4 September 2020. The total dividend for the year was 7.875p per share (2019: 7.50p 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 our unlisted investments which are stated at fair value. As at 30 June 2020, 36.3% 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 30 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 2018).

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 is UIL's most commonly used valuation methodology and 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 30 to the accounts sets out more details on UIL's unlisted investments and the valuation methodologies adopted.

VALUATION IMPACT OF COVID-19

The approach to valuations as at 30 June 2020 was substantially consistent with UIL's normal process and valuation policy and the investment portfolio was valued on a fair value basis, in line with IPEV guidance. However, the Covid-19 pandemic has created a significant degree of uncertainty and the valuation methodology for unlisted investments has been enhanced to address this issue. A broader range of inputs and approaches to determine fair value was considered and, where appropriate, adjustments have been made to valuations based on the anticipated severity of the Covid-19 impact on the individual business. It needs to be emphasised that this is a very unusual event, which is still evolving, and therefore there remains an elevated degree of uncertainty in the valuations generated as at 30 June 2020. UIL's valuation approach is consistent with the IPEV special valuation guidance, issued in March 2020, addressing the valuation approach during the Covid-19 pandemic.

PRINCIPAL RISKS AND RISK MITIGATION

During the year ended 30 June 2020, 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.

The Board considers carefully the Company's principal and emerging risks and uncertainties. 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. Emerging risks are considered at each Audit & Risk Committee meeting. As required by the AIC Code of Corporate Governance, the Board has undertaken a robust assessment of the principal risks facing the Company. Following the emergence of Covid-19, the Audit & Risk Committee reviewed the emerging risks arising and associated mitigating actions to address increased market risks, operational risks and gearing risks.

The principal risks and uncertainties currently faced by the Company and the controls and actions to mitigate those risks, are described below.

KEY RISK FACTORS

INVESTMENT RISK:	**The risk that the investment strategy does not achieve long-term positive total returns for the Company's shareholders.**	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 sound balance sheets, good cash flows, the ability to pay and sustain dividends, good asset bases and market conditions. The political risks associated with investing in these 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.
MARKET RISK:	**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.** **(Risk level increased in response to Covid-19)**	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, 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.

KEY STAFF RISK:	**Loss by the Investment Managers of key staff could affect investment returns.**	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.
DISCOUNT RISK:	**The Company's shares may trade at a discount to their NAV and a widening discount may undermine investor confidence in the Company.**	The Board monitors the price of the Company's shares in relation to their NAV and the discount at which they trade. The Board may buy back shares if there is a significant overhang of stock in the market; it is focused on reducing the discount of the ordinary shares, targeting a discount to NAV of approximately 20% over the medium term.
OPERATIONAL RISK:	**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.** **(Risk level increased in response to Covid-19)**	The Company's main service providers are listed on page 108. The Audit & Risk Committee monitors the performance and controls (including business continuity procedures) of the service providers at regular intervals. Most of UIL's investments are held in custody for the Company by JPMorgan Chase Bank N.A., Jersey with title documents for a small number of investments also being held securely by Waverton Investment Management Limited ("Waverton"). JPMEL, the Company's depositary services provider, also monitors the movement of cash and assets across the Company's accounts. The Audit & 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. The Board reviews the overall performance of the Investment Managers and all the other service providers on a regular basis. The risk of cybercrime is high, as it is with most organisations, but the Board regularly seeks assurances from the Investment Managers and other service providers on the preventative steps that they are taking to reduce this risk.
GEARING RISK:	**Whilst the use of gearing 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.** **(Risk level increased in response to Covid-19)**	The ordinary shares rank behind bank debt and ZDP shares, making them a geared instrument. The gearing level is high due to the capital structure of the balance sheet. As at 30 June 2020, gearing on net assets, including bank loans, any overdrafts and ZDP shares, was 93.4% (30 June 2019: 63.7%). The Board reviews the level of gearing at each Board meeting. 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.
REGULATORY RISK:	**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.**	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.

CORONAVIRUS

The Board has identified the emergence and spread of Covid-19 as a risk facing the Company and its investee companies. The Board has reviewed the business continuity plans of each of the Company's principal service providers in relation to the steps being taken to combat the spread of the virus and will continue to monitor developments as they occur. The Chairman's Statement and the Investment Managers' Report provide further discussion in relation to Covid-19 and its effects on markets and the Company's portfolio.

BREXIT

The Board has considered whether Brexit poses a discrete risk to the Company. As the Company reports in Sterling and a substantial proportion of the Company's portfolio companies are priced in foreign currencies, sharp movements in exchange rates can affect the NAV (see "market risk" above). The strategy pursued over recent years of hedging the ZDP liability in full, should provide resilience and foreign exchange contracts are spread over a number of months to reduce any one month cash call if Sterling weakened significantly. Within UIL's portfolio there are UK businesses which could see an impact from Brexit both in operations and assets. These businesses have taken steps to mitigate the day to day operating impact and therefore the impact of Brexit on UIL is not considered to be material. However, the Board will continue to keep Brexit under regular review and consideration.

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 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 £226.0m ultimate liability in respect of the 2020, 2022 and 2024 ZDP share issues and its bank debt. The Board is satisfied that it operates an effective risk management process and has concluded a robust assessment of the principal risks facing the Company, including the impact of Covid-19. 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 has specifically considered the UK's departure from the European Union and can see no scenario that it believes would affect the going concern status or viability of the Company. The Board has also considered the uncertainty surrounding the potential duration of the Covid-19 pandemic, its impact on the global economy and the prospects for the Company's portfolio holdings and has concluded that it is unlikely to affect the 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 from January 2020 to April 2020. This was then flexed to include two further scenarios; first a material weakening in Sterling, the Company's reporting currency, and then a scenario which provided for a further fall in the market values of its investments. The assumptions also included a reduced level of portfolio realisations when compared with previous years. 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 Companies Act 2006 in the UK. 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. The Directors confirm that they have considered Section 172 when making decisions during the year under review.

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. 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 its Investment Managers and 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 50 to 54. 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE 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. In conjunction with assessing the financial, macro and political drivers when making and monitoring an investment, the Investment Managers therefore embed ESG opportunities and risks into their investment process. ESG factors are built into their bottom-up in-depth analysis, however the Investment Managers do not decide whether to make an investment decision on ESG grounds alone.

ESG factors help to enhance the investment team's understanding of a company, as these factors affect a company's business model and its long-term ability to generate sustainable returns. The integration of ESG factors therefore has broadened the Investment Managers' understanding of an investment and enables the investment team to fully question a company's investment potential from a number of perspectives.

The Investment Managers have integrated ESG practices into their fundamental analysis and monitor these on an ongoing basis throughout the investment period to ensure that there are no material changes. Where necessary, the Investment Managers will question and challenge a portfolio company's management team directly to ensure that the investee companies are fully onboarding ESG considerations. In particular, the Investment Managers recognise that governance factors are fundamental to an investment.

As part of ensuring a solid corporate governance framework is enforced within an investment opportunity, the Investment Managers will seek to exercise all voting rights attached to shares held by the Company. The Investment Managers review all resolutions and will vote accordingly, and the Board periodically receives a report on instances where the Investment Managers have voted against the recommendation of an investee company's management on any resolution.

The concept of responsible investing has always been one of the founding pillars of UIL's and its predecessor's investment process, therefore taking into consideration ESG risks and opportunities is not a new phenomenon.

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. 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 four 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 53.

GREENHOUSE GAS EMISSIONS

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

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 38.

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 27 October 2020.

By order of the Board
ICM Limited
Company Secretary

27 October 2020

INVESTMENT MANAGERS AND TEAM

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 £15.9BN OF ASSETS IN SUBSIDIARY INVESTMENTS. ICM HAS OVER 65 STAFF BASED IN OFFICES IN BERMUDA, CAPE TOWN, DUBLIN, LONDON, 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 utility, investment, mining and technology sectors. He is currently a non-executive director of listed companies Resimac Group Limited and West Hamilton Holdings 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 water, waste and financial services sectors. He is currently a director of Somers Limited and Waverton Investment Management Limited.

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

UTILITIES & INFRASTRUCTURE

Jacqueline Broers, who 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 Groocock, who has been involved in the running of UIL and UEM since February 2011. Mr Groocock is focused on the utilities sector worldwide with particular emphasis on emerging markets. Prior to joining the investment team Mr Groocock had nine years of experience in sell side equity research, covering telecoms stocks at ABN AMRO, Oriel Securities and Investec. Mr Groocock qualified as a CFA charterholder in 2005.

Mark Lebbell, who 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 Lebbell is focused on the communications sector worldwide with particular emphasis on emerging markets. Mr Lebbell is an associate member of the Institute of Engineering and Technology.

FIXED INCOME

Gavin Blessing, joined ICM in 2012. He has over twenty 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 and subsequently as head of credit origination at ISTC in Dublin, Ireland. 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.

RESOURCES

Dugald Morrison, is responsible for Australasia and in addition is focused on the resources sector worldwide. 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. He is a non-executive director of Resimac New Zealand. Mr Morrison is a member of the New Zealand Institute of Directors.

TECHNOLOGY

Jason Cheong, heads up ICM's technology investing activities. He is the portfolio manager for Allectus Capital Limited, having worked in private equity, investment banking and corporate law in Australia and the United Kingdom. Prior to joining ICM, he was an investment manager at Brookfield Asset Management. Mr Cheong is a qualified solicitor, admitted to practice in Australia.

FINANCIAL SERVICES

Alasdair Younie is a director of ICM. Mr Younie is responsible for the day to day running of the Somers Group and its Bermuda investments portfolio. Mr Younie has extensive experience in financial markets and corporate finance. He worked for six years within the corporate finance department of Arbuthnot Securities Limited in London. He is a director of Ascendant Group Limited, Bermuda Commercial Bank Limited, Bermuda First Investment Company 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 several private companies.

OPERATIONS

Brad Goddard has over thirty years' experience in international markets and finance and their related operations with the ICM Group. He has been involved with UIL since its inception and prior to that, he was involved with The Special Utilities Investment Trust plc. Mr Goddard is currently working closely with Somers' investee companies to achieve greater operational synergies across the Somers Group.

ACCOUNTING

Werner Van Kets has managed various operational and financial aspects of ICM Corporate Services (Pty) Ltd since its inception, which provides accounting and other corporate support services to the ICM group. His previous work experience includes Deloitte (South Africa) and Credit Suisse in London. Mr Van Kets is a qualified chartered accountant.

COMPANY SECRETARY, ICM LIMITED

Alastair Moreton, a chartered accountant, joined the team in 2017 to provide company secretarial services to the Company and UEM. He has over thirty years' experience in corporate finance with Samuel Montagu, HSBC, Arbuthnot Securities and 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 a non-executive director and chairman of the audit committee of Caledonia Investments plc. A chartered accountant, his previous roles included chief financial officer of Control Risks Group, chief financial officer of Nex Group plc (formerly ICAP plc) and chief financial officer of Hiscox plc. Prior to Hiscox, he held various 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.

CHRISTOPHER SAMUEL*

Christopher Samuel, who was appointed a Director in November 2015, was Chief Executive of Ignis Asset Management until mid-2014, when it was taken over by Standard Life. He has some twenty five years of board level experience in the investment management sector. He is currently chairman of Blackrock Throgmorton Trust plc, JP Morgan Japanese Investment Trust plc and Quilter Financial Planning Limited as well as a non-executive director of Alliance Trust PLC and Sarasin LLP. Mr Samuel is a Chartered Accountant.

DAVID SHILLSON

David Shillson, LLM (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 significant experience acting 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

The Directors present the Annual Report and Accounts of the Company for the year ended 30 June 2020.

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.

UIL has also appointed JPMEL as its depositary 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 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 also considers the ongoing administrative requirements of the Company and assesses the services provided.

SAFE CUSTODY OF ASSETS

During the year ended 30 June 2020, most of UIL's investments were held in custody for the Company by JPMorgan Chase Bank N.A., Jersey (the "Custodian") with title documents for a small number of investments also being held securely by Waverton. 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 30 to the accounts.

DIVIDENDS

A dividend of 1.875p per share was paid on 20 December 2019, two dividends of 2.0p per share were paid on 27 March 2020 and 26 June 2020 and a dividend of 2.0p per share was declared on 24 August 2020 and paid on 25 September 2020 to shareholders on the register as at 4 September 2020. In aggregate, the four interim dividends in respect of the year amount to 7.875p 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. 31.0% of the total portfolio as at 30 June 2020 is in Level 1 investments which, in most circumstances, could likely be sold to meet funding requirements, if necessary. The Board has considered the impact of Covid-19 and 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 29 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 five non-executive Directors who oversee and monitor the activities of the Investment 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 50 to 54, 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 43. 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.

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 2020 the issued ordinary share capital of the Company and the total voting rights were 85,939,314 ordinary shares. As at the date of this report the issued share capital and total voting rights were 85,939,314 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 2020 the Company purchased 2,344,075 shares for cancellation. The current authority to repurchase shares was granted to Directors on 7 November 2019 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 up to 5% new shares 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 62,335,821 ordinary shares (72.5% of UIL's issued share capital) which included the holding of General Provincial Life Pension Fund Limited (54,851,533 ordinary shares (63.8%)).

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 14 resolutions. Resolutions 1 to 13 (inclusive) will be proposed as ordinary resolutions and resolution 14 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 2020.

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 9 (inclusive) – Election and re-election of Directors

The biographies of the Directors are set out on page 43 and are incorporated into this report by reference.

Resolution 5 relates to the 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 6 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 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 Chris Samuel who was appointed on 16 November 2015. Mr Samuel's extensive experience in the investment management industry and as chairman of other investment companies means that he brings in-depth knowledge and expertise in investment matters to his role on the Board.

Resolution 9 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 10 and 11 – 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 12 – 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 12,880,000 ordinary shares (equivalent to 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 2021.

Ordinary Resolution 13 – Amendments to the Company's Bye-laws

The Board is proposing to make a number of minor amendments to the Company's Bye-laws. The restrictions imposed by governments in response to the Covid-19 pandemic has presented challenges for the Board to hold physical meetings. To provide additional flexibility, the Board proposes to amend the provision in relation to Board and committee meetings held by telephone, electronic or other communication facilities so that if all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is located. Other proposed changes relate primarily to correcting typographical errors.

The proposed new Bye-laws (marked to show the proposed changes) will be available for inspection on the Company's website at www.uil.limited from the date of this report until the conclusion of the Annual General Meeting or a copy may be requested by writing to the Company Secretary at the Company's registered office. The proposed new Bye-laws (marked to show the proposed changes) will also be available for inspection at the place of the forthcoming Annual General Meeting for at least 15 minutes before and during that Annual General Meeting.

Special Resolution 14 – 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 £429,000 of relevant securities (equivalent to 4,290,000 ordinary shares of 10p each, representing approximately 5% of its ordinary shares in issue 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 2021 unless renewed prior to that date at an earlier general meeting.

Resolution 14 is a Special Resolution and will require the approval of a 75% majority of votes cast in respect of it.

AGM ARRANGEMENTS

In light of the ongoing Covid-19 situation and measures in place to prevent the spread of the virus, shareholders are asked not to attend the AGM in person. Voting on all resolutions will be conducted on a poll and shareholders are therefore strongly encouraged to register their votes in advance of the AGM by submitting proxy forms to the Company's registrar, appointing the chairman of the meeting as their proxy to ensure their votes are counted.

RECOMMENDATION

The Board considers that each of the resolutions to be proposed at the Annual General Meeting 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

27 October 2020

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

Five non-executive directors (NEDs)

CHAIRMAN:
Peter Burrows

KEY OBJECTIVES:

- to set strategy, values and standards;
- to provide leadership within a framework of prudent and effective controls which enable risk 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
All the independent Directors CHAIRMAN: Stuart Bridges	All the independent Directors CHAIRMAN: Stuart Bridges	The Board as a whole performs this function	The Board as a whole performs this function

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 LR9.8.6 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. The AIC Code is available from the Association of Investment Companies' website at www.theaic.co.uk.

COMPLIANCE WITH THE AIC CODE

During the year ended 30 June 2020, the Company complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as 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. Although the Board has currently suspended all travel and physical meetings, Board meetings may often 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.

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 (appointed 2 October 2019)	2/2	2/2	0/0
Alison Hill	3	3	1
Warren McLeland (retired 30 September 2019)	1/1	n/a	n/a
Christopher Samuel	3	3	1
David Shillson	3	n/a	n/a
Eric Stobart (retired 30 September 2019)	1/1	1/1	1

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 currently chaired by Mr Bridges, who took over from Mr Stobart following his retirement during the year. 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 currently chaired by Mr Bridges following Mr Stobart's retirement during the year, 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 2020, 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 2020 or subsequently up to the date of this report. The Board has reviewed and accepted the Investment Managers' anti-bribery and corruption and "whistleblowing" policies.

BOARD DIVERSITY, APPOINTMENT, RE-ELECTION AND TENURE

The Board as a whole undertakes the responsibilities which would otherwise be assumed by a nomination committee. It considers the size and structure of the Board, including the balance of expertise and skills brought by individual Directors. It has regard to board diversity and recognises the value of progressive refreshing of and succession planning for, company boards and such matters are discussed by the Board as a whole at least annually. The Board also seeks to have Directors in different jurisdictions who understand the key influences on businesses in their area, whether they are economic, political, regulatory or other issues. The Board's policy on diversity, including gender, is to take this into account during the recruitment process. Any new appointment is considered on the basis of the skills and experience that the individual would bring to the Board, regardless of gender or other forms of diversity, and therefore no targets have been set against which to report. As at the date of this report, the Board consists of four men and one woman.

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. During the year ended 30 June 2020, the Board undertook a process, using an external recruitment agency, to recruit a new Director and the preferred candidate, Mr Stuart Bridges, was appointed to the Board on 2 October 2019.

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 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

27 October 2020

Since inception, UIL has created a NAV total return for shareholders of 498.9%

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

ORDINARY SHARES

The number of ordinary shares in issue, and the voting rights, as at 30 June 2020 was 85,939,314 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.

2020 ZDP SHARES

39,000,000 2020 ZDP shares were in issue as at 30 June 2020. The 2020 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on winding up) and the 2022, 2024 and 2026 ZDP shares but rank behind the bank debt for capital repayment of 154.90p per 2020 ZDP share on 31 October 2020. The capital repayment is equivalent to a redemption yield of 7.25% per annum based on the initial capital entitlement of 100.00p.

2022 ZDP SHARES

50,000,000 2022 ZDP shares were in issue as at 30 June 2020. The 2022 ZDP shares rank for payment in priority to the ordinary shares (save for any undistributed revenue profit on winding up) and the 2024 and 2026 ZDP shares but rank behind the bank debt and the 2020 ZDP shares for capital repayment of 146.99p per 2022 ZDP share on 31 October 2022. The capital repayment is equivalent to a redemption yield of 6.25% per annum based on the initial capital entitlement of 100.00p.

2024 ZDP SHARES

30,000,000 2024 ZDP shares were in issue as at 30 June 2020. 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 ZDP shares but rank behind the bank debt, the 2020 and the 2022 ZDP shares 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 2020, of which 2,403,294 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) but rank behind the bank debt, the 2020, 2022 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.

BANK DEBT

As at 30 June 2020, UIL had a £50.0m multi-currency loan facility provided by Scotiabank, secured against the Company's assets by way of a debenture, which was fully drawn.

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 debt such that they represent a geared instrument. For every £100 of gross assets of the Company as at 30 June 2020, the ordinary shares could be said to be interested in £53.12 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 1.9%.

The interest cost of UIL's bank debt, combined with the annual accruals in respect of ZDP shares, represents a blended rate of 5.2% as at 30 June 2020.

Based on their final entitlement of 154.90p per share, the final entitlement of the 2020 ZDP shares was covered 4.23 times by gross assets as at 30 June 2020. Should the gross assets fall by 76.4% over the remaining life of the 2020 ZDP shares, then the 2020 ZDP shares would not receive their final entitlement in full. Should gross assets fall by 88.8% the 2020 ZDP shares would receive no payment at the end of their life.

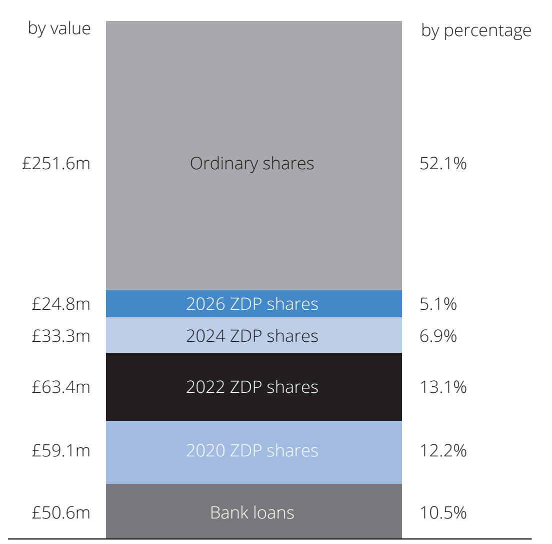
Based on their final entitlement of 146.99p per share, the final entitlement of the 2022 ZDP shares was covered 2.58 times by gross assets as at 30 June 2020. Should the gross assets fall by 61.2% over the remaining life of the 2022 ZDP shares, then the 2022 ZDP shares would not receive their final entitlement in full. Should gross assets fall by 76.4%, equivalent to an annual fall of 46.1%, the 2022 ZDP shares would receive no payment at the end of their life.

Based on their final entitlement of 138.35p per share, the final entitlement of the 2024 ZDP shares was covered 2.11 times by gross assets as at 30 June 2020. Should the gross assets fall by 52.7% 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 61.2%, equivalent to an annual fall of 19.6%, 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 1.81 times by gross assets as at 30 June 2020. Should the gross assets fall by 44.9% 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 52.7%, equivalent to an annual fall of 11.1%, the 2026 ZDP shares would receive no payment at the end of their life.

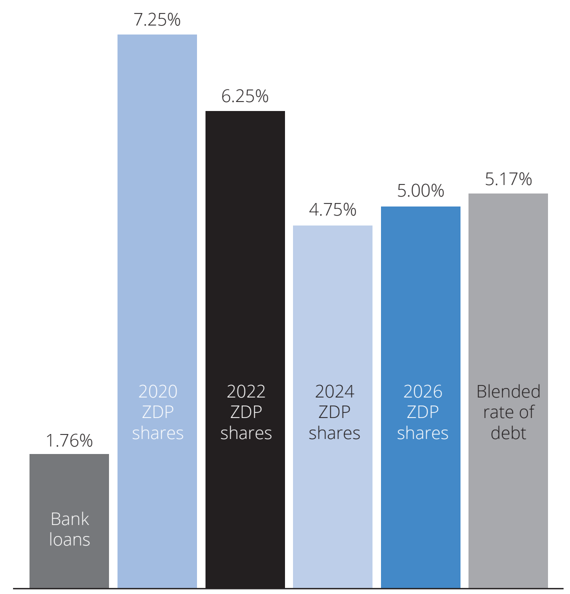
SPLIT OF GROSS ASSETS

as at 30 June 2020



CONSOLIDATED FUNDING COST STRUCTURE

as at 30 June 2020



DIRECTORS' REMUNERATION REPORT

The Board presents the report on Directors' remuneration for the year ended 30 June 2020. 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. Ordinary resolutions for the approval of the remuneration policy and 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 fees payable to the Chairman and Directors were reviewed and increased with effect from 1 July 2019 such that the fees payable to Directors were £34,000 per annum, the fees payable to the chairman of the Audit & Risk Committee were £44,000 and the fees payable to the Chairman of the Board were £46,000 in the year ended 30 June 2020.

The review in respect of the year ending 30 June 2021 has resulted in no increases being applied to the annual fees as detailed in the table below.

Year ending 30 June	2021 £'000s	2020* £'000s	2019* £'000s
Chairman	46.0	46.0	45.0
Directors	34.0	34.0	33.3
Chairman of Audit & Risk Committee	44.0	44.0	43.0

*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 7 November 2019. Of the votes cast, 99.97% were in favour and 0.03% 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 22 November 2017. Of the votes cast, 99.95% were in favour and 0.05% were against. A resolution to approve the remuneration policy will be put to shareholders at the forthcoming AGM.

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 2020.

Director[(1)]	2020 £	2019 £
Peter Burrows[(2)]	23,000	45,000
Stuart Bridges (appointed 2 October 2019)	33,000	–
Alison Hill	34,000	33,250
Warren McLeland (retired 30 September 2019)	8,500	33,250
Christopher Samuel	34,000	33,250
David Shillson	34,000	33,250
Eric Stobart (retired 30 September 2019)	11,000	43,000
Total	177,500	221,000

(1) The Directors' entitlement to fees is calculated in arrears
(2) Peter Burrows waived £23,000 of his £46,000 entitlement for the year

The annual percentage change in Directors' remuneration for the past year is (48.9)% for Mr Burrows, 2.3% for Ms Hill, Mr McLeland, Mr Samuel, Mr Shillson and Mr Stobart and not applicable for Mr Bridges since he was appointed during the year.

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 2020 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	2020 £'000s	2019 £'000s	CHANGE £'000s
Aggregate Directors' emoluments	178	221	(43)
Aggregate dividends	6,711	6,689	22
Aggregate share buybacks	5,892	2,185	3,707

DIRECTORS' BENEFICIAL SHARE INTERESTS (AUDITED)

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

As at 30 June	2020	2019
Peter Burrows	799,617	739,617
Stuart Bridges[(1)]	11,896	n/a
Alison Hill[(1)]	63,815	47,358
Warren McLeland[(2)]	n/a	71,237
Christopher Samuel	205,045	100,000
David Shillson[(1)]	105,305	88,848
Eric Stobart[(2)]	n/a	50,000

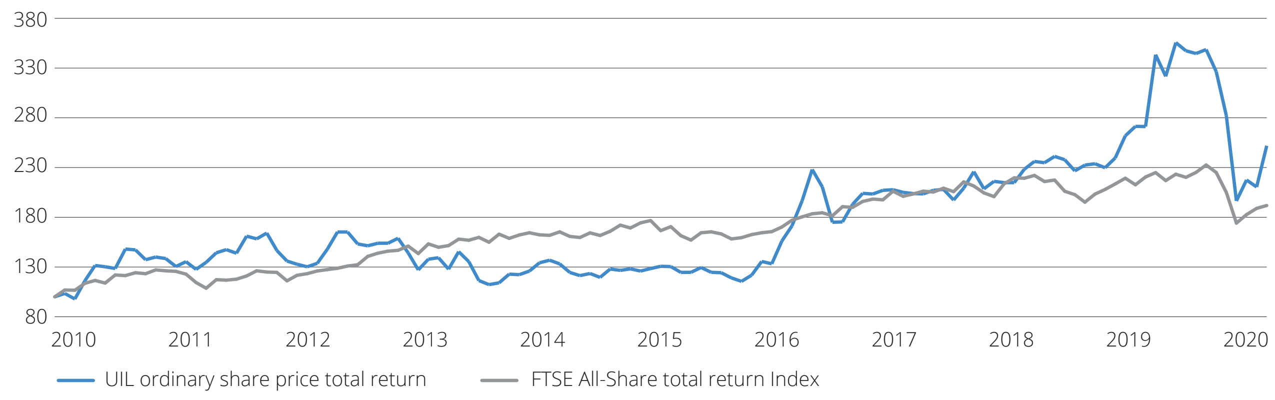
(1) Since the year end, Mr Bridges, Ms Hill, Mr Samuel and Mr Shillson have each acquired, respectively, a further 6,080, 4,698, 2,505 and 4,698 ordinary shares
(2) Retired as a Director on 30 September 2019. Mr McLeland and Mr Stobart held, respectively, 78,513 and 50,000 ordinary shares as at that date

COMPANY PERFORMANCE

The graph below compares, for the ten years ended 30 June 2020, the ordinary share price total return (see page 109) to the FTSE All-Share total return Index (Sterling adjusted).

SHARE PRICE TOTAL RETURN

from June 2010 to June 2020 (rebased to 100 at 30 June 2009)



Source: ICM

On behalf of the Board
Peter Burrows
Chairman

27 October 2020

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 2020.

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 Auditors' 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 approve the half yearly and annual results. Representatives of the Investment Managers attend all meetings.

COMPOSITION

During the year ended 30 June 2020, 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 auditors' 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 auditors;
- 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 this year and his predecessor, Mr Jonathan Martin, acted as audit partner since 2017. 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 and each non-audit service is reviewed by the Committee to consider if it is appropriate to be provided by the auditor based on the nature and circumstances of the non-audit work. Non-audit fees paid to KPMG by the Company amounted to £7,500 for the year ended 30 June 2020 (2019: £5,000) and related to the review of the half yearly accounts; and KPMG were engaged to perform a transaction service review for an estimated fee of £10,000. In addition, KPMG have provided a non-audit service to Allectus (a subsidiary of the Company) during the year in relation to financial and tax due diligence services for a fee of approximately £206,000. The Committee has considered the threats to independence from the provision of this service and concluded that since appropriate safeguards exists 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.

SIGNIFICANT AREA	HOW ADDRESSED
Going concern	The accounts have been prepared on a going concern basis. As part of its assessment of going concern, the Audit & Risk Committee reviewed the Investment Managers' forecasts of liquidity for a period of at least twelve months from the date of approval of the accounts and considered a series of stress tests and scenarios reflecting severe stock market and currency volatility as set out in note 29 to the accounts.
Value of level 3 investments and valuation of investment in Somers	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 and Somers is valued as set out in note 30(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 Somers, and it discusses and challenges the valuations with the Investment Managers. It considers market comparables and discusses any proposed revaluations with the Investment Managers.

ACCOUNTING MATTERS AND SIGNIFICANT AREAS

For the year ended 30 June 2020 the accounting matters that were subject to specific consideration by the Audit & Risk Committee and consultation with KPMG where necessary were as follows:

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 2020 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.

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 2020, 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

27 October 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES in respect of the Report and Accounts

The Directors are responsible for preparing the 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 International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 IFRSs as adopted by the EU;
- 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 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, 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.

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 includes a fair review of the development and performance of the business and the position of the issuer 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

27 October 2020

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 2020 which comprise 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 Flow, 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 2020 and of the Group's and parent Company's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

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 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. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview		
Materiality: group financial statements as a whole	£4.9m (2019: £5.4m) 1% (2019: 1%) of total assets	
Coverage	100% (2019:100%) of group total assets	
Key audit matters		**vs 2019**
Recurring risks	Valuation of level 3 investments and valuation of investment in Somers Limited	▲
Event driven	**New:** Going concern	▲

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

Key audit matters are those matters that, in our professional judgment, 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. These matters were 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 these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows :

	The risk	Our response
Valuation of level 3 investments and valuation of investment in Somers Limited ***(£177.6 million; 2019: £184.4 million)*** ***Investments in Somers (£113.5million; 2019: £108.7million)*** *Refer to page 61 (Audit Committee Report), page 77 (accounting policy) and pages 82, 101 to 103 (financial disclosures).*	***Subjective valuation:*** ***Valuation of level 3 investments*** As at 30 June 2020, 36% (2019: 34%) of the Group's total assets (by value) is held in level 3 investments where no quoted market price is available. Unlisted investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines, by using measurements of value such as prices of recent orderly transactions, earnings multiples, and net assets. ***Valuation of investments in Somers Limited*** As at 30 June 2020, a further 23.0% (2019: 19.9%) of the Group's total assets (by value) is held in investments in Somers Limited ("Somers") equity which is valued by the Group using an inactive price/ stale price. We have included valuation of investments in Somers in this key audit matter as the shares are not actively traded, increasing the risk that the listed price does not represent fair value. The effect of both of these matters is that, as part of our risk assessment, we determined that the valuation of level 3 investments and the investment in Somers Limited, have a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements note 30 discloses the range/sensitivity estimated by the Group.	Our procedures were performed on level 3 investments of the Group in addition to the Group's investments in Somers Limited and (where appropriate) the underlying level 3 investments of Somers Limited. Our procedures included: **Historical comparisons:** Assessment of investment realisations in the period where relevant, comparing; (i) actual sales proceeds to prior year end valuations; (ii) repayments of debt investments to repayment timeline expectations previously communicated by management; (iii) current year fair values to management narrative of expectations communicated in previous periods, to understand the reasons for significant variances and determine whether they are indicative of bias or error in the Group's approach to valuations. A retrospective review of prior period audited accounts, in comparison to prior period management accounts included as key inputs to valuations is also undertaken to assess the accuracy of management information provided. Our historical comparison procedures on the underlying level 3 investments within Somers Limited were limited to comparing the methodology underpinning the valuation of the Somers underlying investments to that used in the most recent Somers audited financial statements and understanding the reason for variances, determining whether they are indicative of bias or error in the approach to valuation. **Methodology choice:** 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 for the Group's investments in Level 3 securities, investment in Somers Limited and the underlying investments of Somers Limited. **Our valuation experience:** Challenging the investment manager on key judgements affecting investee company valuations, such as discount factors, the choice of benchmark for earnings multiples and the discount between Somers' NAV and its listed price. . We compared key underlying financial data inputs to external sources, investee company audited accounts and management information as applicable. 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 occurred subsequent to the year end up until the date of this audit report.

	The risk	Our response (continued)
		Our valuation experience: 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. **Our corporate finance expertise**: We used the expertise of KPMG Corporate Finance to assess the reasonableness of the valuation methodology, including the impact of COVID-19, for a selection of level 3 investments, including within the Somers Limited portfolio. **Assessing transparency:** Consideration of the appropriateness, in accordance with relevant accounting standards, of the disclosures in respect of level 3 investments and the investment in Somers Limited and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions.
Going concern *Refer to pages 45 and 46 (Directors Report), page 61 (Audit Committee Report), page 76 (accounting policy) and page 95 (financial disclosures).*	**Disclosure quality** The financial statements explain how the Board has formed a judgement that it is appropriate to adopt the going concern basis of preparation for the Group and parent Company. That judgement is based on an evaluation of the inherent risks to the Group's and Company's business model and how those risks might affect the Group and Company's financial resources or ability to continue operations over a period of at least a year from the date of approval of the financial statements. The risks most likely to adversely affect the Group and Company's available financial resources over this period were: – The quantum and expected timing of payment of liabilities as they fall due, including bank loans and the 2020 tranche of Zero dividend preference shares (ZDPs) and access to liquid assets; and – Potential future market driven reductions in liquid assets and adverse foreign exchange movements. The risk for our audit was whether or not those risks were such that they amounted to a material uncertainty that may have cast significant doubt about the ability to continue as a going concern. Had they been such, then that fact would have been required to have been disclosed.	Our procedures included: **Test of details:** Evaluated whether the assumptions associated with future potential changes in the valuation of liquid assets are realistic and achievable and consistent with the matters identified in the audit. **Sensitivity analysis:** We considered sensitivities over the level of available liquid financial resources indicated by the Group's financial forecasts, taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively. We also considered reverse stress scenarios to consider the level of reduction in the valuation of liquid investments at which point the Group would be unable to meet its liabilities as they fall due; and **Assessing transparency:** Assessing the going concern disclosure to ensure it adequately covers the assessment that management has performed to support the going concern of the Group and parent Company.

We continue to perform procedures over valuation of listed investments. However, following the reduction in the valuation of listed investments, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

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

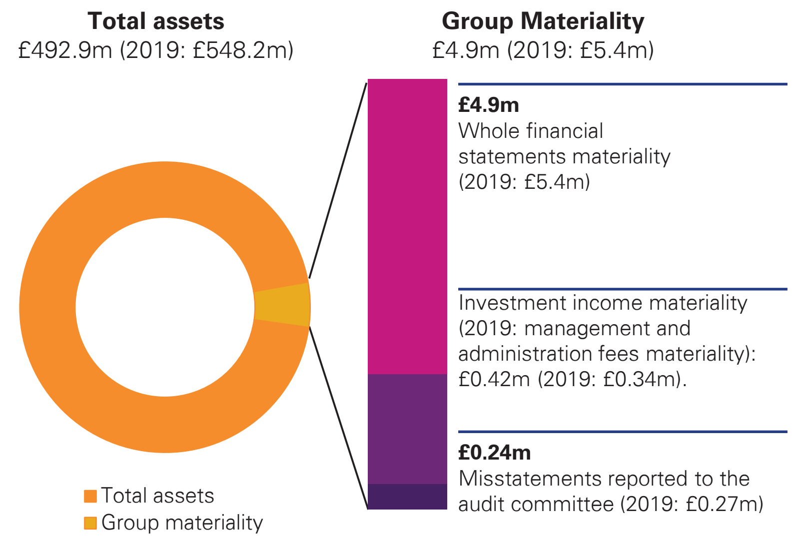
Materiality for the Group's financial statements as a whole was set at £4.9 million (2019: £5.4 million), determined with reference to a benchmark of total assets, of which it represents 1% (2019: 1%).

In addition, we applied materiality of £0.42 million (2019: £0.34 million) to Investment and other income (2019: management and administration fees) for which we believe misstatements of lesser amounts than materiality for the financial statements as a whole could 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 £4.9 million (2019: £5.4 million).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.24 million (2019: £0.27 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group team performed the audit of the Group as if it was a single aggregated set of financial information. The audit was undertaken to the materiality level specified above and was performed by a single audit team.



4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Company's and the Group'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").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. 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 absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the Company will continue in operation.

We identified going concern as a key audit matter (see section 2 of this report). Based on the work described in our response to that key audit matter, we are required to report to you if we have anything material to add or draw attention to in relation to the directors' statement in Note 1 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 a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in this respect.

5. 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

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the Viability statement on page 37 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 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 judgments 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 report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and 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; or
- 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.

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 of the Financial Conduct Authority in relation to those matters. Under the terms of our engagement we are required to report to you if the Corporate Governance Statement does not properly disclose a departure from the provisions of the UK Corporate Governance Code specified for our review.

We have nothing to report in these respects.

6. 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.

7. 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 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

27 October 2020

GROUP INCOME STATEMENT

Notes	for the year to 30 June			2020			2019
		Revenue return £'000s	**Capital return £'000s**	**Total return £'000s**	Revenue return £'000s	Capital return £'000s	Total return £'000s
9	(Losses)/gains on investments	**–**	**(60,006)**	**(60,006)**	–	90,402	90,402
12	Gains/(losses) on derivative financial instruments	**–**	**3,286**	**3,286**	–	(6,871)	(6,871)
	Foreign exchange (losses)/gains	**–**	**(3,469)**	**(3,469)**	–	3,306	3,306
2	Investment and other income	**12,684**	**–**	**12,684**	11,184	–	11,184
	Total income/(loss)	**12,684**	**(60,189)**	**(47,505)**	11,184	86,837	98,021
3	Management and administration fees	**(1,426)**	**–**	**(1,426)**	(1,587)	(8,538)	(10,125)
4	Other expenses	**(1,184)**	**(10)**	**(1,194)**	(1,178)	(8)	(1,186)
	Profit/(loss) before finance costs and taxation	**10,074**	**(60,199)**	**(50,125)**	8,419	78,291	86,710
5	Finance costs	**(1,602)**	**(10,312)**	**(11,914)**	(1,600)	(11,093)	(12,693)
	Profit/(loss) before taxation	**8,472**	**(70,511)**	**(62,039)**	6,819	67,198	74,017
6	Taxation	**(1)**	**–**	**(1)**	(9)	–	(9)
	Profit/(loss) for the year	**8,471**	**(70,511)**	**(62,040)**	6,810	67,198	74,008
7	**Earnings per ordinary share – pence**	**9.77**	**(81.30)**	**(71.53)**	7.63	75.34	82.97

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			2020			2019
		Revenue return £'000s	**Capital return £'000s**	**Total return £'000s**	Revenue return £'000s	Capital return £'000s	Total return £'000s
9	(Losses)/gains on investments	**–**	**(60,078)**	**(60,078)**	–	90,800	90,800
12	Gains/(losses) on derivative financial instruments	**–**	**3,286**	**3,286**	–	(6,871)	(6,871)
	Foreign exchange (losses)/gains	**–**	**(3,469)**	**(3,469)**	–	3,306	3,306
2	Investment and other income	**12,684**	**–**	**12,684**	11,184	–	11,184
	Total income/(loss)	**12,684**	**(60,261)**	**(47,577)**	11,184	87,235	98,419
3	Management and administration fees	**(1,426)**	**–**	**(1,426)**	(1,587)	(8,538)	(10,125)
4	Other expenses	**(1,184)**	**(10)**	**(1,194)**	(1,178)	(8)	(1,186)
	Profit/(loss) before finance costs and taxation	**10,074**	**(60,271)**	**(50,197)**	8,419	78,689	87,108
5	Finance costs	**(1,602)**	**(10,643)**	**(12,245)**	(1,600)	(12,082)	(13,682)
	Profit/(loss) before taxation	**8,472**	**(70,914)**	**(62,442)**	6,819	66,607	73,426
6	Taxation	**(1)**	**–**	**(1)**	(9)	–	(9)
	Profit/(loss) for the year	**8,471**	**(70,914)**	**(62,443)**	6,810	66,607	73,417
7	**Earnings per ordinary share – pence**	**9.77**	**(81.76)**	**(71.99)**	7.63	74.68	82.31

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 2020

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance as at 30 June 2019	**8,828**	**16,103**	**233,866**	**32,069**	**26,312**	**9,090**	**326,268**
	(Loss)/profit for the year	**–**	**–**	**–**	**–**	**(70,511)**	**8,471**	**(62,040)**
8	Ordinary dividends paid	**–**	**–**	**–**	**–**	**–**	**(6,711)**	**(6,711)**
17	Shares purchased by the Company	**(234)**	**(5,658)**	**–**	**–**	**–**	**–**	**(5,892)**
	Balance as at 30 June 2020	**8,594**	**10,445**	**233,866**	**32,069**	**(44,199)**	**10,850**	**251,625**

for the year to 30 June 2019

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance as at 30 June 2018	8,949	18,167	233,866	32,069	(40,886)	8,969	261,134
	Profit for the year	–	–	–	–	67,198	6,810	74,008
8	Ordinary dividends paid	–	–	–	–	–	(6,689)	(6,689)
17	Shares purchased by the Company	(121)	(2,064)	–	–	–	–	(2,185)
	Balance as at 30 June 2019	8,828	16,103	233,866	32,069	26,312	9,090	326,268

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 2020

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance as at 30 June 2019	**8,828**	**16,103**	**233,866**	**32,069**	**26,325**	**9,090**	**326,281**
	(Loss)/profit for the year	**–**	**–**	**–**	**–**	**(70,914)**	**8,471**	**(62,443)**
8	Ordinary dividends paid	**–**	**–**	**–**	**–**	**–**	**(6,711)**	**(6,711)**
17	Shares purchased by the Company	**(234)**	**(5,658)**	**–**	**–**	**–**	**–**	**(5,892)**
	Balance as at 30 June 2020	**8,594**	**10,445**	**233,866**	**32,069**	**(44,589)**	**10,850**	**251,235**

for the year to 30 June 2019

Notes		Ordinary share capital £'000s	Share premium account £'000s	Special reserve £'000s	Non-distributable reserve £'000s	Capital reserves £'000s	Revenue reserve £'000s	Total £'000s
	Balance as at 30 June 2018	8,949	18,167	233,866	32,069	(40,282)	8,969	261,738
	Profit for the year	–	–	–	–	66,607	6,810	73,417
8	Ordinary dividends paid	–	–	–	–	–	(6,689)	(6,689)
17	Shares purchased by the Company	(121)	(2,064)	–	–	–	–	(2,185)
	Balance as at 30 June 2019	8,828	16,103	233,866	32,069	26,325	9,090	326,281

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

STATEMENTS OF FINANCIAL POSITION

Notes	as at 30 June	Group 2020 £'000s	Group 2019 £'000s	Company 2020 £'000s	Company 2019 £'000s
	Non-current assets				
9	Investments	**488,997**	543,794	**491,280**	556,430
	Current assets				
11	Other receivables	**3,579**	748	**3,579**	748
12	Derivative financial instruments	**111**	436	**111**	436
	Cash and cash equivalents	**258**	3,177	**258**	3,177
		3,948	4,361	**3,948**	4,361
	Current liabilities				
13	Loans	**(51,146)**	(50,971)	**(51,146)**	(50,971)
14	Other payables	**(4,248)**	(9,491)	**(63,335)**	(9,491)
12	Derivative financial instruments	**(5,391)**	(1,483)	**(5,391)**	(1,483)
15	Zero dividend preference shares	**(59,087)**	–	**–**	–
		(119,872)	(61,945)	**(119,872)**	(61,945)
	Net current liabilities	**(115,924)**	(57,584)	**(115,924)**	(57,584)
	Total assets less current liabilities	**373,073**	486,210	**375,356**	498,846
	Non-current liabilities				
16	Other payables	**–**	–	**(124,121)**	(172,565)
15	Zero dividend preference shares	**(121,448)**	(159,942)	**–**	–
	Net assets	**251,625**	326,268	**251,235**	326,281
	Equity attributable to equity holders				
17	Ordinary share capital	**8,594**	8,828	**8,594**	8,828
18	Share premium account	**10,445**	16,103	**10,445**	16,103
19	Special reserve	**233,866**	233,866	**233,866**	233,866
20	Non-distributable reserve	**32,069**	32,069	**32,069**	32,069
21	Capital reserves	**(44,199)**	26,312	**(44,589)**	26,325
22	Revenue reserve	**10,850**	9,090	**10,850**	9,090
	Total attributable to equity holders	**251,625**	326,268	**251,235**	326,281
23	**Net asset value per ordinary share – pence**	**292.79**	369.57	**292.34**	369.58

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

Approved by the Board on 27 October 2020 and signed on its behalf by

Peter Burrows
Chairman

STATEMENTS OF CASH FLOWS

for the year to 30 June	Group 2020 £'000s	Group 2019 £'000s	Company 2020 £'000s	Company 2019 £'000s
(Loss)/profit before taxation	**(62,039)**	74,017	**(62,442)**	73,426
Adjust for non-cash flow items:				
Losses/(gains) on investments	**60,006**	(90,402)	**60,078**	(90,800)
(Gains)/losses on derivative financial instruments	**(3,286)**	6,871	**(3,286)**	6,871
Foreign exchange losses/(gains)	**3,469**	(3,306)	**3,469**	(3,306)
Non-cash flows on income	**(6,323)**	(3,390)	**(6,323)**	(3,390)
(Increase)/decrease in accrued income	**(709)**	941	**(709)**	941
(Increase)/decrease in other debtors	**(2,122)**	10	**(2,122)**	10
(Decrease)/increase in creditors	**(8,757)**	3,344	**(8,757)**	3,344
ZDP shares finance costs	**10,312**	11,093	**–**	–
Intra-group loan account finance costs	**–**	–	**10,643**	12,082
Tax on overseas income	**(1)**	(9)	**(1)**	(9)
Cash flows from operating activities	**(9,450)**	(831)	**(9,450)**	(831)
Investing activities:				
Purchases of investments	**(81,698)**	(58,875)	**(81,698)**	(59,776)
Sales of investments	**82,812**	102,243	**93,093**	103,833
Purchases of derivatives	**–**	(6,410)	**–**	(6,410)
Sales of derivatives	**7,519**	–	**7,519**	–
Cash flows from investing activities	**8,633**	36,958	**18,914**	37,647
Cash flows before financing activities	**(817)**	36,127	**9,464**	36,816
Financing activities:				
Equity dividends paid	**(6,711)**	(6,689)	**(6,711)**	(6,689)
Movements on loans	**(2,137)**	22,862	**(2,137)**	22,862
Cash flows from issue of ZDP shares	**10,281**	1,590	**–**	–
Cash flows from redemption of ZDP shares	**–**	(52,095)	**–**	(51,194)
Cash paid for ordinary shares purchased for cancellation	**(5,892)**	(2,185)	**(5,892)**	(2,185)
Cash flows from financing activities	**(4,459)**	(36,517)	**(14,740)**	(37,206)
Net decrease in cash and cash equivalents	**(5,276)**	(390)	**(5,276)**	(390)
Cash and cash equivalents at the beginning of the year	**3,177**	(53)	**3,177**	(53)
Effect of movement in foreign exchange	**(1,157)**	3,620	**(1,157)**	3,620
Cash and cash equivalents at the end of the year	**(3,256)**	3,177	**(3,256)**	3,177
Comprised of:				
Cash	**258**	3,177	**258**	3,177
Bank overdraft	**(3,514)**	–	**(3,514)**	–
Total	**(3,256)**	3,177	**(3,256)**	3,177

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 and traded on the Specialist Fund Segment of the Main Market of the London 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 29) in accordance with IFRS, 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 and to the extent that they have been adopted by the European Union.

There have been no significant changes to the accounting policies during the year to 30 June 2020.

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 October 2019, 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 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 or quoted on any secondary market.

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 103).

(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 2020, 2022, 2024 and 2026 at a redemption value, including accrued capitalised returns (see note 15) of 154.90 pence per share, 146.99 pence per share, 138.35 pence per share and 151.50 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 deemed cancelled for Group purposes. The Company has agreed to place UIL Finance in sufficient funds to enable UIL Finance to pay the capital entitlements 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.

(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) 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

NOTES TO THE ACCOUNTS (continued)

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 dividends unless it has revenue and other reserves (excluding share capital and share premium) which together have a positive value exceeding the cost of the dividend and 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 30(d). The fair value of unquoted (level three) investments, as disclosed in note 9, represented 36.3% of total investments as at 30 June 2020.

Details of the subsidiaries are set out in note 10. The Board has reviewed the classification and characteristics of the subsidiaries and except for UIL Finance determined that where the subsidiaries carry on business as investment companies they do not fall under s32 of IFRS 10 as providing services that relate to UIL's investment activities. UIL has therefore not consolidated these subsidiaries and measures them at fair value through profit and loss in accordance with IFRS 9.1.

2. INVESTMENT AND OTHER INCOME

			2020			2019
Group and Company	**Revenue £'000s**	**Capital £'000s**	**Total £'000s**	Revenue £'000s	Capital £'000s	Total £'000s
Investment income:						
Dividends*	**8,209**	**–**	**8,209**	8,622	–	8,622
Interest*	**4,463**	**–**	**4,463**	2,487	–	2,487
	12,672	**–**	**12,672**	11,109	–	11,109
Other income:						
Underwriting commission	**8**	**–**	**8**	–	–	–
Interest on cash and short-term deposits	**4**	**–**	**4**	75	–	75
Total income	**12,684**	**–**	**12,684**	11,184	–	11,184

*Includes scrip income of £6,827,000 (2019: £3,390,000)

3. MANAGEMENT AND ADMINISTRATION FEES

			2020			2019
Group and Company	**Revenue £'000s**	**Capital £'000s**	**Total £'000s**	Revenue £'000s	Capital £'000s	Total £'000s
Payable to:						
ICM/ICMIM – management fee, secretarial fees	**1,152**	**–**	**1,152**	1,198	–	1,198
– performance fee	**–**	**–**	**–**	–	8,538	8,538
Administration fees	**274**	**–**	**274**	389	–	389
	1,426	**–**	**1,426**	1,587	8,538	10,125

The Company has appointed ICM Investment Management Limited ("ICMIM") as its Alternative Investment Fund Manager and joint portfolio manager with ICM Limited ("ICM"), for which they are entitled to a management fee and a performance fee. The aggregate fees payable by the Company are apportioned between the joint portfolio managers as agreed by them.

The relationship between ICMIM and ICM is compliant with the requirements of the EU Alternative Investment Fund Managers Directive and also such other requirements applicable to ICMIM by virtue of its regulation by the Financial Conduct Authority.

The annual management fee is 0.5% per annum based on total assets less current liabilities (excluding borrowings and excluding the value of all holdings in companies managed or advised by the Investment Managers or any of its subsidiaries from which it receives 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 2020, the attributable shareholders' funds were below the high watermark 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 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

Group and Company	2020 Revenue £'000s	2020 Capital £'000s	2020 Total £'000s	2019 Revenue £'000s	2019 Capital £'000s	2019 Total £'000s
Auditor's remuneration (see note 4A)	**88**	**–**	**88**	88	–	88
Broker and consultancy fees	**49**	**–**	**49**	88	–	88
Custody fees	**65**	**–**	**65**	277	–	277
Directors' fees for services to the Company						
(see Directors' Remuneration Report on pages 57 to 59)	**178**	**–**	**178**	221	–	221
Travel expenses	**77**	**–**	**77**	171	–	171
Professional and legal fees	**179**	**–**	**179**	55	–	55
Migration costs to Specialist Fund Segment	**232**	**–**	**232**	–	–	–
Sundry expenses	**316**	**10**	**326**	278	8	286
	1,184	**10**	**1,194**	1,178	8	1,186

4A. AUDITOR'S REMUNERATION

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

Group Auditor – KPMG LLP Group and Company Annual Audit Fees	2020 £'000s	2019 £'000s
Audit of the Group and Company's annual financial statements	**80**	83
Other non-audit services – review of interim financial statements	**8**	5
Total auditor's remuneration for the year	**88**	88

KPMG engaged in other non-audit services to perform a transaction service review. The estimated fee was £10,000.

5. FINANCE COSTS

Group	2020 Revenue £'000s	2020 Capital £'000s	2020 Total £'000s	2019 Revenue £'000s	2019 Capital £'000s	2019 Total £'000s
Loans and bank overdrafts	**1,602**	**–**	**1,602**	1,600	–	1,600
ZDP shares	**–**	**10,312**	**10,312**	–	11,093	11,093
	1,602	**10,312**	**11,914**	1,600	11,093	12,693

Company	2020 Revenue £'000s	2020 Capital £'000s	2020 Total £'000s	2019 Revenue £'000s	2019 Capital £'000s	2019 Total £'000s
Loans and bank overdrafts	**1,602**	**–**	**1,602**	1,600	–	1,600
Intra-group loan account	**–**	**10,643**	**10,643**	–	12,082	12,082
	1,602	**10,643**	**12,245**	1,600	12,082	13,682

6. TAXATION

Group and Company	2020 Revenue £'000s	2020 Capital £'000s	2020 Total £'000s	2019 Revenue £'000s	2019 Capital £'000s	2019 Total £'000s
Overseas taxation	**1**	**–**	**1**	9	–	9

Except as stated above, profits of the Company and subsidiaries for the year are not subject to any taxation within their countries of residence (2019: same).

7. EARNINGS PER ORDINARY SHARE

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

	Group 2020 £'000s	Group 2019 £'000s	Company 2020 £'000s	Company 2019 £'000s
Revenue	**8,471**	6,810	**8,471**	6,810
Capital	**(70,511)**	67,198	**(70,914)**	66,607
Total	**(62,040)**	74,008	**(62,443)**	73,417
	Number	Number	**Number**	Number
Weighted average number of shares in issue during the year for earnings per share calculations	**86,733,371**	89,198,019	**86,733,371**	89,198,019

8. DIVIDENDS

Group and Company	Record date	Payment date	2020 £'000s	2019 £'000s
2018 Fourth quarterly of 1.875p	07-Sep-18	21-Sep-18	**–**	1,678
2019 First quarterly of 1.875p	07-Dec-18	21-Dec-18	**–**	1,678
2019 Second quarterly of 1.875p	08-Mar-19	29-Mar-19	**–**	1,678
2019 Third quarterly of 1.875p	07-Jun-19	28-Jun-19	**–**	1,655
2019 Fourth quarterly of 1.875p	06-Sep-19	27-Sep-19	**1,655**	–
2020 First quarterly of 1.875p	06-Dec-19	20-Dec-19	**1,618**	–
2020 Second quarterly of 2.000p	06-Mar-20	27-Mar-20	**1,719**	–
2020 Third quarterly of 2.000p	05-Jun-20	26-Jun-20	**1,719**	–
			6,711	6,689

The Directors declared a fourth quarterly dividend in respect of the year ended 30 June 2020 of 2.00p per share which was paid on 25 September 2020 to all ordinary shareholders on the register at close of business on 4 September 2020. The total cost of the dividend, which has not been accrued in the results for the year to 30 June 2020, is £1,719,000 based on 85,939,314 ordinary shares in issue.

9. INVESTMENTS

Group	2020 Level 1 £'000s	2020 Level 2 £'000s	2020 Level 3 £'000s	2020 Total £'000s	2019 Level 1 £'000s	2019 Level 2 £'000s	2019 Level 3 £'000s	2019 Total £'000s
Investments brought forward								
Cost	116,607	154,152	197,982	468,741	133,874	143,581	148,352	425,807
Gains/(losses)	88,614	48	(13,609)	75,053	78,351	11,504	(22,287)	67,568
Valuation	205,221	154,200	184,373	543,794	212,225	155,085	126,065	493,375
Movements in the year:								
Transfer between levels*	1,044	(2,643)	1,599	–	(5,064)	2,524	2,540	–
Purchases at cost	15,956	24,547	67,938	108,441	7,774	3,892	66,799	78,465
Sales								
proceeds	(54,013)	(433)	(48,786)	(103,232)	(83,605)	(135)	(34,708)	(118,448)
(losses)/gains on investments	(16,803)	(15,736)	(27,467)	(60,006)	73,891	(7,166)	23,677	90,402
Valuation at 30 June	151,405	159,935	177,657	488,997	205,221	154,200	184,373	543,794
Analysed at 30 June								
Cost	127,930	156,666	216,524	501,120	116,607	154,152	197,982	468,741
Gains/(losses)	23,475	3,269	(38,867)	(12,123)	88,614	48	(13,609)	75,053
Valuation	151,405	159,935	177,657	488,997	205,221	154,200	184,373	543,794

*Transfers due to the changes in liquidity and delisting of investee companies (2019: transfers due to the changes in liquidity and delisting of investee companies)

The Group received £103,232,000 (2019: £118,448,000) from investments sold in the year. The book cost of these investments when they were purchased was £76,062,000 (2019: £35,531,000). 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

Disposals in level 3 investments includes £22.4m related to repayment of capital and £20.4m 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	2020 Level 1 £'000s	2020 Level 2 £'000s	2020 Level 3 £'000s	2020 Total £'000s	2019 Level 1 £'000s	2019 Level 2 £'000s	2019 Level 3 £'000s	2019 Total £'000s
Investments brought forward								
Cost	116,607	166,073	197,982	480,662	167,711	143,581	148,352	459,644
Gains/(losses)	88,614	763	(13,609)	75,768	79,683	11,504	(22,287)	68,900
	205,221	166,836	184,373	556,430	247,394	155,085	126,065	528,544
Movements in the year:								
Transfer between levels*	1,044	(2,643)	1,599	–	(18,619)	16,079	2,540	–
Purchases at cost	15,956	24,547	67,938	108,441	8,673	3,892	66,799	79,364
Sales								
proceeds	(54,013)	(10,714)	(48,786)	(113,513)	(105,845)	(1,725)	(34,708)	(142,278)
(losses)/gains on investments	(16,803)	(15,808)	(27,467)	(60,078)	73,618	(6,495)	23,677	90,800
Valuation at 30 June	151,405	162,218	177,657	491,280	205,221	166,836	184,373	556,430
Analysed at 30 June								
Cost	127,930	159,069	216,524	503,523	116,607	166,073	197,982	480,662
Gains/(losses)	23,475	3,149	(38,867)	(12,243)	88,614	763	(13,609)	75,768
Valuation	151,405	162,218	177,657	491,280	205,221	166,836	184,373	556,430

*Transfers due to the changes to liquidity and delisting of investee companies (2019: transfers due to the changes to liquidity and delisting of investee companies)

The Company received £113,513,000 (2019: £142,278,000) from investments sold in the year. The book cost of these investments when they were purchased was £85,580,000 (2019: £58,346,000). 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

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 2020 £'000s	Group 2019 £'000s	Company 2020 £'000s	Company 2019 £'000s
Gains on investments sold	27,170	82,917	27,933	83,932
(Losses)/gains on investments held	(87,176)	7,485	(88,011)	6,868
Total (losses)/gains on investments	(60,006)	90,402	(60,078)	90,800

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	2020 % of ordinary shares held	2019 % of ordinary shares held
3DMeditech Pty Ltd ("3DMedi")	Australia	59,048	**27.0**	27.0
DTI Group Ltd ("DTI")	Australia	103,193,989	**30.8**	25.3
Elevate Platform Limited ("Elevate")	UK	812,766	**31.0**	31.1
Orbital Corporation Limited	Australia	23,627,904	**30.5**	30.5
Serkel Solutions Pty Ltd ("Serkel")	Australia	10,510	**33.3**	–
SmileStyler Solutions Pty Ltd ("SmileStyler")	Australia	1,151,434	**24.0**	23.0
Somers Limited	Bermuda	9,351,652	**44.4**	44.3
Vix Tech Pte. Limited	Singapore	82,674,632	**39.8**	39.8

Transactions with associated undertakings

3DMedi	UIL capitalised interest of AUD 0.1m and exchanged its resulting loan balance of AUD 0.6m with 3DMedi for 158,704 SmileStyler shares and 10,510 Serkel shares held by 3DMedi in June 2020 as full settlement for the loan.
DTI	UIL increased its holding in DTI by subscribing for 30.3m shares through a rights issue and a further 16.0m shares as a result of UIL underwriting the rights issue. A further 2.4m shares were purchased on the market.
Elevate	Pursuant to a loan agreement dated 1 January 2019 under which UIL has agreed to loan monies to Elevate, UIL advanced to Elevate £1.0m. As at 30 June 2020, the balance of the loan and interest outstanding was £1.6m. The loan bears interest at an annual rate of 6.0% and is repayable on 31 December 2023.
Orbital	Pursuant to a loan agreement dated 1 March 2019 under which UIL has agreed to loan monies to Orbital, UIL advanced to Orbital USD 1.5m and capitalised interest of USD 95k. The loan was fully repaid on 22 June 2020. The USD 3.0m loan facility remained in place until 1 September 2020 and bears interest at an annual rate of USD three months Libor plus 6.0%.
Serkel	UIL received 10,510 Serkel shares from 3DMedi in June 2020 as part settlement for a loan that 3DMedi had with UIL.
SmileStyler	UIL received 158,704 SmileStyler shares from 3DMedi in June 2020 as part settlement for a loan that 3DMedi had with UIL.
Somers	Somers paid a dividend of USD 4.6m to UIL and UIL received 309,535 ordinary shares as part of a dividend reinvestment program. Pursuant to loan agreements dated 1 September 2016 (USD loan), 22 June 2018 (GBP loan), 5 September 2019 (AUD loan) and 4 December 2019 (CAD loan), under which UIL has agreed to loan monies to Somers, UIL advanced to Somers loans of USD 1.0m, £1.3m, AUD 7.5m and CAD 4.2m, Somers repaid CAD 1.9m and UIL received interest of USD 65k, £126k, AUD 113k and CAD 88k. As at 30 June 2020, the balance of the loans and interest outstanding was USD 4.4m, £8.4m, AUD 7.5m and CAD 2.3m. With the exception of the CAD loan, which bears interest at an annual rate of 10.0%, the loans bear interest at an annual rate of 6.0% and are repayable on not less than twelve months' notice.
VixTech	Pursuant to a loan agreement dated 1 December 2016 under which UIL has agreed to loan monies to VixTech, UIL advanced to VixTech USD 3.4m. In June 2020, UIL had its full loan of USD 26.9m with VixTech converted into equity, receiving 26,931,974 VixTech shares in the transaction.

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:

Company	Country of registration and incorporation	Class of instrument held	2020 % of class of instrument held	2019 % of class of instrument held
Ascendant Group Limited	Bermuda	Ordinary Shares	**8.8**	1.7
One Communications Limited	Bermuda	Ordinary Shares	**13.1**	12.6
Optal Limited	United Kingdom	Ordinary Shares	**5.3**	5.3
Resolute Mining Limited	Australia	Ordinary Shares	**9.1**	12.0
Utilico Emerging Markets Trust plc	United Kingdom	Ordinary Shares	**16.3**	16.0

10. SUBSIDIARY UNDERTAKINGS

The following was a subsidiary undertakings of the Company at 30 June 2020 and 30 June 2019.

	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.

	Country of registration and incorporation	2020 Number of ordinary shares held	2020 Holding and voting rights %	2019 Number of ordinary shares held	2019 Holding and voting rights %
Allectus Capital Limited*	Bermuda	**100**	**50.0**	477,720	39.8
Bermuda First Investment Company Limited	Bermuda	**1,891,195**	**94.2**	1,891,195	94.2
Coldharbour Technology Limited	United Kingdom	**29,660,694**	**96.5**	23,660,694	95.6
Energy Holdings Ltd	Bermuda	**100**	**100.0**	100	100.0
Global Equity Risk Protection Limited ("GERP")	Bermuda	**–**	**–**	3,920	100.0
Newtel Holdings Limited ("Newtel")	Jersey	**115,920**	**100.0**	115,920	100.0
UIL Holdings Pte Ltd	Singapore	**100**	**100.0**	100	100.0
Zeta Resources Limited	Bermuda	**172,286,916**	**60.0**	172,286,916	60.0

* 2019: associated undertaking

Transactions with subsidiaries held as investments

Allectus	On 1 July 2019, as part of a share capital reorganisation, UIL's debt of USD 23.2m was converted into equity of Allectus and UIL also purchased an additional 52 ordinary shares for USD 5k which increased UIL's holding from 39.8% to 50.0% of the ordinary shares. In addition to the above, pursuant to a loan agreement dated 1 September 2016 under which UIL has agreed to loan monies to Allectus, UIL advanced to Allectus a loan of USD 6.2m. On 23 June 2020 the full loan was converted to equity in the form of contributed surplus. The loan is interest free and is converted into equity on an annual basis at 30 June each year.
BFIC	BFIC paid a dividend of USD 25.5m to UIL (UIL received in specie 746,524 Ascendant shares at USD 34.20 per share in settlement of the dividend). Pursuant to a loan agreement dated 3 July 2017 under which UIL has agreed to loan monies to BFIC, UIL advanced to BFIC USD 0.8m and received interest of USD 15k. As at 30 June 2020, the balance of the loan was USD 0.8m. The loan bears interest at an annual rate of 6.0% and is repayable on not less than twelve months' notice.
Coldharbour	UIL exercised 6,000,000 Coldharbour warrants at a cost of £3.0m. UIL received a loan of £0.5m from Coldharbour on 27 May 2020. The loan remains outstanding as at 30 June 2020 (see note 13).
Energy Holdings Ltd	There were no transactions during the year.
GERP	The GERP-Utilico Segregated Account owned by UIL was terminated and the 3,920 Class A shares were cancelled on 6th May 2020.
Newtel	Newtel repaid £0.1m of its working capital loan to UIL and paid interest of £16k. As at 30 June 2020 the loan balance was £5.2m and is repayable on demand.
UIL Holdings Pte Ltd	There were no transactions during the year.
Zeta	Pursuant to loan agreements dated 1 September 2016 (AUD loan) and 1 May 2018 (CAD loan), under which UIL has agreed to loan monies to Zeta, UIL advanced to Zeta loans of AUD 62.6m and CAD 5.9m and received from Zeta a repayment of AUD 40.3m, and capitalised interest of AUD 2.3m and CAD 1.5m. As at 30 June 2020, the balance of the loans and interest outstanding was AUD 64.7m and CAD 30.5m. 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 twelve months' notice.

11. OTHER RECEIVABLES – CURRENT ASSETS

Group and Company	2020 £'000s	2019 £'000s
Margin account	**2,104**	–
Accrued income	**1,433**	724
Prepayments and other debtors	**42**	24
	3,579	748

12. DERIVATIVE FINANCIAL INSTRUMENTS

			2020			2019
Group and Company	**Current assets £'000s**	**Current liabilities £'000s**	**Net current assets/ (liabilities) £'000s**	Current assets £'000s	Current liabilities £'000s	Net current assets/ (liabilities) £'000s
Forward foreign exchange contracts	**111**	**(5,391)**	**(5,280)**	436	(1,483)	(1,047)

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:

Group and Company	2020 £'000s	2019 £'000s
Valuation brought forward	**(1,047)**	(586)
Net settlements	**(7,519)**	6,410
Gains/(losses)	**3,286**	(6,871)
Valuation carried forward	**(5,280)**	(1,047)

13. LOANS – CURRENT LIABILITY

Group and Company	2020 £'000s	2019 £'000s
Bank Loans		
AUD 69m part repaid June 2020	**–**	38,046
CAD 20.0m repaid March 2020	**–**	12,026
USD 1.1m repaid July 2020	**–**	899
AUD 12.9m rolled over August 2020	**7,177**	–
AUD 12.9m rolled over October 2020	**7,177**	–
AUD 11.0m repayable December 2020	**6,151**	–
EUR 5.6m rolled over August 2020	**5,068**	–
EUR 5.6m rolled over October 2020	**5,068**	–
EUR 5.6m repayable December 2020	**5,068**	–
GBP 5.0m rolled over August 2020	**5,000**	–
GBP 5.0m rolled over October 2020	**5,000**	–
GBP 5.1m repayable December 2020	**4,937**	–
Loan from Coldharbour repayable July 2020	**500**	–
	51,146	50,971

The Company has a committed loan facility of £50,000,000 from Scotiabank expiring on 30 September 2022. 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. Scotiabank has a floating charge over the assets of the Company in respect of amounts owing under the loan facility.

On 27th May 2020 the Company received a short term loan from Coldharbour which has been repaid since the year end. The loan had an interest rate of 4%.

14. OTHER PAYABLES – CURRENT LIABILITY

	Group		Company	
	2020 £'000s	2019 £'000s	**2020 £'000s**	2019 £'000s
Bank overdraft	**3,514**	–	**3,514**	–
Intra-group loans	**–**	–	**59,087**	–
Accrued finance costs	**63**	159	**63**	159
Accrued expenses	**671**	9,332	**671**	9,332
	4,248	9,491	**63,335**	9,491

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

15. ZDP SHARES

ZDP shares – current liabilities	2020 £'000s	2019 £'000s
2020 ZDP shares	**59,087**	–
ZDP Shares – non-current liabilities		
2020 ZDP shares	**–**	55,387
2022 ZDP shares	**63,407**	59,499
2024 ZDP shares	**33,250**	31,582
2026 ZDP shares	**24,791**	13,474
	121,448	159,942
Total ZDP shares liabilities	**180,535**	159,942

Authorised ZDP shares of the Company at 30 June 2020 and 30 June 2019 are as follows:	Number	£'000s
2018 ZDP shares	**53,072,561**	**3,148**
2020 ZDP shares	**50,000,000**	**3,026**
2022 ZDP shares	**78,117,685**	**4,154**
2024 ZDP shares	**76,717,291**	**2,917**
2026 ZDP shares	**25,000,000**	**2,500**

2020	Number	2020 £'000s	Number	2022 £'000s	Number	2024 £'000s	Number	2026 £'000s	Total £'000s
Balance as at 30 June 2019	**39,000,000**	**55,387**	**50,000,000**	**59,499**	**30,000,000**	**31,582**	**13,079,465**	**13,474**	**159,942**
Issue of ZDP shares	**–**	**–**	**–**	**–**	**–**	**–**	**9,517,241**	**10,281**	**10,281**
Finance costs (see note 5)	**–**	**3,700**	**–**	**3,908**	**–**	**1,668**	**–**	**1,036**	**10,312**
Balance as at 30 June 2020	**39,000,000**	**59,087**	**50,000,000**	**63,407**	**30,000,000**	**33,250**	**22,596,706**	**24,791**	**180,535**

2019	Number	2018 £'000s	Number	2020 £'000s	Number	2022 £'000s	Number	2024 £'000s	Number	2026 £'000s	Total £'000s
Balance as at 30 June 2018	32,455,269	50,858	39,000,000	51,940	50,000,000	55,873	30,000,000	29,408	11,579,465	11,275	199,354
Issue of ZDP shares	–	–	–	–	–	–	–	–	1,500,000	1,590	1,590
Redemption of 2018 ZDP shares	(31,892,465)	(51,194)	–	–	–	–	–	–	–	–	(51,194)
ZDP shares purchased by the Company	(562,804)	(901)	–	–	–	–	–	–	–	–	(901)
Finance costs (see note 5)	–	1,237	–	3,447	–	3,626	–	2,174	–	609	11,093
Balance as at 30 June 2019	–	–	39,000,000	55,387	50,000,000	59,499	30,000,000	31,582	13,079,465	13,474	159,942

UIL held 11,920,535 2026 ZDP shares as at 30 June 2019 intra group. In the year UIL sold 9,517,241 2026 ZDP shares in the open market, receiving £10.3m. UIL held 2,403,294 2026 ZDP shares intra group as at 30 June 2020.

2020 ZDP shares

Based on the initial entitlement of a 2020 ZDP share of 100p on 31 July 2014, a 2020 ZDP share will have a final capital entitlement at the end of its life on 31 October 2020 of 154.90p equating to a 7.25% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2020 ZDP share as at 30 June 2020 was 151.23p (2019: 141.01p).

2022 ZDP shares

Based on the initial entitlement of a 2022 ZDP share of 100p on 23 June 2016, a 2022 ZDP share will have a final capital entitlement at the end of its life on 31 October 2022 of 146.99p equating to a 6.25% per annum gross redemption yield. The capital entitlement (excluding issue costs) per 2022 ZDP share as at 30 June 2020 was 127.59p (2019: 120.03p).

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 2020 was 113.13p (2019: 107.97p).

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 2020 was 111.21p (2019: 105.89p).

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 the Company or its parent company 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:

(i) the 2020 ZDP shares shall rank in priority to the 2022 ZDP shares, the 2024 ZDP shares and the 2026 ZDP shares;

(ii) the 2022 ZDP shares shall rank in priority to the 2024 ZDP shares and the 2026 ZDP shares; and

(iii) the 2024 ZDP shares shall rank in priority to the 2026 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	2020 £'000s	2019 £'000s
Intra-group loans	**124,121**	172,565

UIL has agreed to place UIL Finance in sufficient funds to enable UIL Finance to pay the accrued capital entitlement of each class of ZDP share on their respective redemption dates. The amount owed in the accounts as at 30 June 2020 is £180,535,000 (current liability: £59,087,000 and non-current liability: £121,448,000) (2019: non-current liability: £172,565,000) is 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**

2020	**Total shares in issue Number**	**Total shares in issue £'000s**
Balance at 30 June 2019	**88,283,389**	**8,828**
Purchased for cancellation	**(2,344,075)**	**(234)**
Balance at 30 June 2020	**85,939,314**	**8,594**

2019	Total shares in issue Number	Total shares in issue £'000s
Balance at 30 June 2018	89,493,389	8,949
Purchased for cancellation	(1,210,000)	(121)
Balance at 30 June 2019	88,283,389	8,828

During the year the Company bought back for cancellation 2,344,075 (2019: 1,210,000) ordinary shares at a total cost of £5,892,000 (2019: £2,185,000). No further 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	**2020 £'000s**	2019 £'000s
Balance brought forward	**16,103**	18,167
Purchase of ordinary shares	**(5,658)**	(2,064)
Balance carried forward	**10,445**	16,103

This is a non-distributable reserve arising on the issue of share capital.

19. SPECIAL RESERVE

Group and Company	**2020 £'000s**	2019 £'000s
Balance brought forward and carried forward	**233,866**	233,866

The special reserve can be used to purchase the Company's own shares in accordance with Bermuda law. The reserve will not constitute winding up revenue profits in the event of the Company's liquidation, but it constitutes a reserve under Bermuda law for assessing the sufficiency of reserves for the purpose of making dividend payments to ordinary shareholders

20. NON-DISTRIBUTABLE RESERVE

Group and Company	**2020 £'000s**	2019 £'000s
Balance brought forward and carried forward	**32,069**	32,069

The non-distributable reserve constitutes a reserve for the purpose of assessing the sufficiency of reserves for the purpose of making dividend payments to ordinary shareholders.

21. CAPITAL RESERVES

		2020				2019
Group	**Capital reserve (arising on investments sold) £'000s**	**Capital reserve (arising on investments held) £'000s**	**Capital reserves total £'000s**	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	Capital reserves total £'000s
Gains on investments sold	**27,170**	**–**	**27,170**	82,917	–	82,917
(Losses)/gains on investments held	**–**	**(87,176)**	**(87,176)**	–	7,485	7,485
Gains/(losses) on derivative financial instruments sold	**7,519**	**–**	**7,519**	(6,410)	–	(6,410)
Losses on derivative financial instruments held	**–**	**(4,233)**	**(4,233)**	–	(461)	(461)
Foreign exchange (losses)/gains	**(3,469)**	**–**	**(3,469)**	3,306	–	3,306
Performance fee (see note 3)	**–**	**–**	**–**	(8,538)	–	(8,538)
Other capital charges	**(10)**	**–**	**(10)**	(8)	–	(8)
ZDP shares finance charges	**(10,312)**	**–**	**(10,312)**	(11,093)		(11,093)
	20,898	**(91,409)**	**(70,511)**	60,174	7,024	67,198
Balance brought forward	**(61,201)**	**87,513**	**26,312**	(121,375)	80,489	(40,886)
Balance as at 30 June	**(40,303)**	**(3,896)**	**(44,199)**	(61,201)	87,513	26,312

	2020			2019		
Company	**Capital reserve (arising on investments sold) £'000s**	**Capital reserve (arising on investments held) £'000s**	**Capital reserves total £'000s**	Capital reserve (arising on investments sold) £'000s	Capital reserve (arising on investments held) £'000s	Capital reserves total £'000s
Gains on investments sold	**27,933**	**–**	**27,933**	83,932	–	83,932
(Losses)/gains on investments held	**–**	**(88,011)**	**(88,011)**	–	6,868	6,868
Gains/(losses) on derivative financial instruments sold	**7,519**	**–**	**7,519**	(6,410)	–	(6,410)
Losses on derivative financial instruments held	**–**	**(4,233)**	**(4,233)**	–	(461)	(461)
Foreign exchange (losses)/gains	**(3,469)**	**–**	**(3,469)**	3,306	–	3,306
Performance fee (see note 3)	**–**	**–**	**–**	(8,538)	–	(8,538)
Other capital charges	**(10)**	**–**	**(10)**	(8)	–	(8)
Intra-group loan account finance charges	**(10,643)**	**–**	**(10,643)**	(12,082)	–	(12,082)
	21,330	**(92,244)**	**(70,914)**	60,200	6,407	66,607
Balance brought forward	**(48,396)**	**74,721**	**26,325**	(108,596)	68,314	(40,282)
Balance as at 30 June	**(27,066)**	**(17,523)**	**(44,589)**	(48,396)	74,721	26,325

Group and Company

Included within the capital reserve movement for the year is £515,000 (2019: £19,507,000) of dividend receipts recognised as capital in nature, £27,000 (2019: £15,000) of transaction costs on purchases of investments and £46,000 (2019: £54,000) of transaction costs on sales of investments.

22. REVENUE RESERVE

	Group		Company	
	2020 £'000s	2019 £'000s	**2020 £'000s**	2019 £'000s
Amount transferred to revenue reserve	**8,471**	6,810	**8,471**	6,810
Dividends paid in the year	**(6,711)**	(6,689)	**(6,711)**	(6,689)
Balance brought forward	**9,090**	8,969	**9,090**	8,969
Balance as at 30 June	**10,850**	9,090	**10,850**	9,090

23. NET ASSET VALUE PER ORDINARY SHARE

NAV per ordinary share is based on net assets at the year end of £251,625,000 for the Group and £251,235,000 for the Company (2019: £326,268,000 for the Group and £326,281,000 for the Company) and on 85,939,314 ordinary shares in issue at the year end (2019: 88,283,389).

24. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group

				Non-cash flow changes		
2020	**Balance as at 30 June 2019 £'000s**	**Transactions in the year £'000s**	**Cash flows £'000s**	**Foreign exchange movement £'000s**	**Finance costs £'000s**	**Balance as at 30 June 2020 £'000s**
Bank loans	**50,971**	**–**	**(2,637)**	**2,312**	**–**	**50,646**
Coldharbour loan	**–**	**–**	**500**	**–**	**–**	**500**
ZDP shares	**159,942**	**–**	**10,281**	**–**	**10,312**	**180,535**
Dividends paid	**–**	**6,711**	**(6,711)**	**–**	**–**	**–**
Repurchase of shares for cancellation	**–**	**5,892**	**(5,892)**	**–**	**–**	**–**
	210,913	**12,603**	**(4,459)**	**2,312**	**10,312**	**231,681**

				Non-cash flow changes		
2019	Balance as at 30 June 2018 £'000s	Transactions in the year £'000s	Cash flows £'000s	Foreign exchange movement £'000s	Finance costs £'000s	Balance as at 30 June 2019 £'000s
Bank loans	27,795	–	22,862	314	–	50,971
ZDP shares	199,354	–	(50,505)	–	11,093	159,942
Dividends paid	–	6,689	(6,689)	–	–	–
Repurchase of shares for cancellation	–	2,185	(2,185)	–	–	–
	227,149	8,874	(36,517)	314	11,093	210,913

Company

				Non-cash flow changes		
2020	**Balance as at 30 June 2019 £'000s**	**Transactions in the year £'000s**	**Cash flows £'000s**	**Foreign exchange movement £'000s**	**Finance costs £'000s**	**Balance as at 30 June 2020 £'000s**
Bank loans	**50,971**	**–**	**(2,637)**	**2,312**	**–**	**50,646**
Coldharbour loan	**–**	**–**	**500**	**–**	**–**	**500**
Intra-group loans	**172,565**	**–**	**–**	**–**	**10,643**	**183,208**
Dividends paid	**–**	**6,711**	**(6,711)**	**–**	**–**	**–**
Repurchase of shares for cancellation	**–**	**5,892**	**(5,892)**	**–**	**–**	**–**
	223,536	**12,603**	**(14,740)**	**2,312**	**10,643**	**234,354**

					Non-cash flow changes		
2019	Balance as at 30 June 2018 £'000s	Transactions in the year £'000s	Cash flows £'000s	Non-cash flows on issues of ZDP shares £'000s	Foreign exchange movement £'000s	Finance costs £'000s	Balance as at 30 June 2019 £'000s
Bank loans	27,795		22,862	–	314	–	50,971
Intra-group loans	233,918		(51,194)	(22,241)	–	12,082	172,565
Dividends paid	–	6,689	(6,689)	–	–	–	–
Repurchase of shares for cancellation	–	2,185	(2,185)	–	–	–	–
	261,713	8,874	(37,206)	(22,241)	314	12,082	223,536

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 63.83% of UIL's shares. Union Mutual Pension Fund Limited ("UMPF") holds 4.92% of UIL's shares and General Provincial Company Limited ("GPC") holds 3.67% of UIL's shares. The ultimate parent undertaking of GPLPF, UMPF and GPC is Somers Isles Private Trust Company Limited ("SIPTCL") as trustee of various trusts of which Mr Duncan Saville is a beneficiary.

Subsidiaries of UIL:

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

Associated undertakings:

3DMedi, DTI, Elevate, Orbital, Serkel, SmileStyler, Somers and VixTech.

Subsidiaries of the above subsidiaries and associated undertakings:

Allectus: CHIPS AG, Global Equity Risk Protection Limited ("GERP-ACL"), Metricus Pty Ltd, Own Solutions AC Ltd, Perfect Channel Limited, Snapper Services Ltd, Trustlink (Pty) Ltd, Unity Holdings Ltd, Vix Resources Pty Ltd, and VixNet Africa (Pty) Ltd.

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

Somers: BCB, PCF Group plc, Resimac Group Limited, Waverton Investment Management Group Limited, and West Hamilton Holdings Limited.

Key management entities and persons:

ICM and ICMIM and the board of directors of ICM, Alasdair Younie, Charles Jillings, Duncan Saville and of ICMIM, Charles Jillings and Sandra Pope. ICM Investment Research Limited and ICM Corporate Services (Pty) Ltd are wholly owned subsidiaries of ICM.

Persons exercising control of UIL:

The Board of UIL.

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

Companies controlled by key management persons:

Azure Limited, Mitre Investments Limited, Permanent Investment Limited ("PIL") and Permanent Mutual Limited ("PML").

The following transactions were carried out during the year to 30 June 2020 between the Company and its related parties above:

UIL Finance

Loans from UIL Finance to UIL of £172.6m as at 30 June 2019 increased by £10.6m, to £183.2m as at 30 June 2020. The loans are repayable on the ZDP share repayment date to which the relevant loan relates.

Allectus, BFIC, Coldharbour, Energy Holdings, GERP, Newtel, UIL Holdings Pte Ltd and Zeta

Transactions are disclosed in note 10.

3DMedi, Allectus, DTI, Elevate, Orbital, Serkel, SmileStyler, Somers and VixTech

Transactions are disclosed in note 9.

Subsidiaries of the above subsidiaries and associated undertakings

There were no transactions in the year to 30 June 2020 with any of the subsidiaries of the above subsidiaries and associated undertakings.

Key management entities and persons

ICM and ICMIM are joint portfolio managers of UIL. Other than investment management fees, secretarial costs and performance fees as set out in note 3, and reimbursed expenses included within note 4 of £55,000 (2019: £108,000), there were no other transactions with ICM or ICMIM or ICM Investment Research Limited and ICM Corporate Services (Pty) Ltd, both wholly owned subsidiaries of ICM. At the year-end £243,000 (2019: £310,000) remained outstanding to ICM and ICMIM in respect of management and company secretarial fees and £ nil (2019: £8,538,000) in respect of performance fees.

Mr Younie is a director of Bermuda Commercial Bank Limited, BFIC, GERP, PIL, PML, Somers and West Hamilton Holdings Limited. Mr Jillings is a director of Allectus, GERP, PIL, PML, Somers and Waverton. Mr Jillings received dividends from UIL of £27,125. Mr Saville is a director of Allectus, BFIC, GPLPF, GERP, Newtel Holdings Limited, PIL, PML, Resimac Group Limited, VixTech, West Hamilton Holdings Limited and Zeta Energy Pte Ltd. There were no other transactions in the year between UIL and Alasdair Younie, Charles Jillings, Duncan Saville and Sandra Pope.

The Board

As detailed in the Directors' Remuneration Report on page 58, the Board received aggregate remuneration of £177,500 (2019: £221,000) included within "Other expenses" in note 4 for services as Directors. As at 30 June 2020, £36,500 (2019: £25,000) remained outstanding to the Directors. In addition to their fees, the Directors received dividends totalling £91,137 (2019: £76,131) during the year. There were no other transactions during the year between the Board and UIL.

Companies controlled by key management persons:

PIL and PML

PML received dividends of £387,467 from UIL. There were no other transactions between the Company and PIL or between the Company and PML in the year.

SIPTCL

See note 25. There were no transactions between SIPTCL and the Company in the year.

Other

Azure Limited received dividends of £45,885 from UIL, GPLPF received dividends of £4,250,994 from UIL, UMPF received £156,340 from UIL, GPC received £63,000 from UIL and Mitre Investments Limited received dividends of £202,863 from UIL. There were no other transactions between companies controlled by key management and UIL in the year.

UIL entered into a CFD contract to purchase the economic rights attaching to shares of S&C Engine Group with PML. UIL paid USD 2.2m, being the full and fair value of those shares. UIL bears the risk of the movement in fair value of the shares and is entitled to receive any dividends paid by S&C Engine Group. The CFD contract has a maturity date of twelve months after the first trade date being 4 December 2019 unless agreed by both parties to terminate the contract earlier. There were no other transactions in the year with the companies controlled by key management persons and UIL.

27. CONTINGENT LIABILITIES

UIL is a co-guarantor for the repayment of a USD 6.7m loan that Bank of Butterfield has provided to VixTech. The loan is repayable by VixTech in August 2022. It is not expected that UIL will incur any liability.

28. 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.

29. GOING CONCERN

Notwithstanding that the Group has reported net current liabilities of £115,924,000 as at 30 June 2020 (2019: £57,584,000), the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Board's going concern assessment has focussed on the forecast liquidity of the Group for twelve months from the date of approval of the financial statements. This analysis assumes that the Company will meet some of its short term obligations through the sale of listed securities, which represented 31% of the Company's total portfolio as at 30 June 2020. As part of this assessment the Board has considered a severe but plausible downside that reflects the impact of Covid-19 and an assessment of the Company's ability to meet its liabilities as they fall due (including the loan liabilities in note 13 and the 2020 ZDP liability in note 15), assuming a significant reduction in asset values and accompanying currency volatility.

The severe but plausible downside assumes a breach of bank loan covenants leading to the repayment of bank loan liabilities and a significant reduction in asset values in line with that experienced during the emergence of the Covid-19 pandemic from January 2020 to April 2020. The Board also considered reverse stress testing to identify the reduction in the valuation of liquid investments that would cause the Group to be unable to meet its net current liabilities, being primarily the bank loan of £50,646,000 and the 2020 tranche of the ZDP shares of £60,411,000. The Board is confident that the reduction in asset values implied by the reverse stress test is not plausible even in the current volatile environment.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve 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.

30. 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 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, Euro and US Dollar. The exchange rates applying against Sterling as at 30 June and the average rates for the year were as follows:

	2020	**Average**	2019
AUD – Australian Dollar	**1.7946**	**1.8802**	1.8136
BMD – Bermuda Dollar	**1.2356**	**1.2607**	1.2727
EUR – Euro	**1.1001**	**1.1403**	1.1176
USD – US Dollar	**1.2356**	**1.2607**	1.2727

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:

2020	**AUD £'000s**	**BMD £'000s**	**EUR £'000s**	**USD £'000s**	**Other £'000s**	**Total £'000s**
Other receivables	**10,529**	**–**	**–**	**27,770**	**375**	**38,674**
Cash and cash equivalents	**–**	**–**	**–**	**249**	**9**	**258**
Derivative financial instruments – liabilities	**(37,353)**	**–**	**(54,949)**	**(51,181)**	**(31,167)**	**(174,650)**
Short-term borrowings	**(23,084)**	**–**	**(15,203)**	**–**	**–**	**(38,287)**
Net monetary liabilities	**(49,908)**	**–**	**(70,152)**	**(23,162)**	**(30,783)**	**(174,005)**
Investments	**97,251**	**46,254**	**24,387**	**171,839**	**21,806**	**361,537**
Net financial assets	**47,343**	**46,254**	**(45,765)**	**148,677**	**(8,977)**	**187,532**

2019	AUD £'000s	BMD £'000s	EUR £'000s	USD £'000s	Other £'000s	Total £'000s
Other receivables	349	–	–	37	240	626
Cash and cash equivalents	–	–	–	50	20	70
Derivative financial instruments – liabilities	(79,782)	–	(23,304)	(66,520)	(3,897)	(173,503)
Short-term borrowings	(38,046)	–	–	(899)	(12,026)	(50,971)
Net monetary liabilities	(117,479)	–	(23,304)	(67,332)	(15,663)	(223,778)
Investments	176,463	27,727	43,726	166,136	14,892	428,944
Net financial assets	58,984	27,727	20,422	98,804	(771)	205,166

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:

				2020				2019
Weakening of Sterling	**AUD £'000s**	**BMD £'000s**	**EUR £'000s**	**USD £'000s**	AUD £'000s	BMD £'000s	EUR £'000s	USD £'000s
Income Statement								
Revenue profit for the year	**102**	**825**	**–**	**8**	212	2,354	–	4
Capital profit/(loss) for the year	**5,260**	**5,139**	**(5,085)**	**16,520**	6,515	3,081	2,269	10,974
Total profit/(loss) for the year	**5,362**	**5,964**	**(5,085)**	**16,528**	6,727	5,435	2,269	10,978
NAV per share								
Basic – pence	**6.24**	**6.94**	**(5.92)**	**19.23**	7.62	6.16	2.57	12.43

				2020				2019
Strengthening of Sterling	**AUD £'000s**	**BMD £'000s**	**EUR £'000s**	**USD £'000s**	AUD £'000s	BMD £'000s	EUR £'000s	USD £'000s
Income Statement								
Revenue loss for the year	**(102)**	**(825)**	**–**	**(8)**	(212)	(2,354)	–	(4)
Capital (loss)/profit for the year	**(5,260)**	**(5,139)**	**5,085**	**(16,520)**	(6,515)	(3,081)	(2,269)	(10,974)
Total (loss)/profit for the year	**(5,362)**	**(5,964)**	**5,085**	**(16,528)**	(6,727)	(5,435)	(2,269)	(10,978)
NAV per share								
Basic – pence	**(6.24)**	**(6.94)**	**5.92**	**(19.23)**	(7.62)	(6.16)	(2.57)	(12.43)

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:

	2020			2019		
	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	**2,362**	**2,362**	**–**	3,177	3,177	–
Bank overdraft	**(3,514)**	**(3,514)**	**–**	–	–	–
Borrowings	**(51,146)**	**(51,146)**	**–**	(50,971)	(50,971)	–
	(52,298)	**(52,298)**	**–**	(47,794)	(47,794)	–
Exposure to fixed rates						
ZDP shares	**(180,535)**	**(59,087)**	**(121,448)**	(159,942)	–	(159,942)
Net exposures						
At period end	**(232,833)**	**(60,739)**	**(172,094)**	(207,736)	(47,794)	(159,942)
Maximum in year	**(236,730)**	**(60,970)**	**(175,760)**	(227,202)	(50,911)	(176,291)
Minimum in year	**(204,203)**	**(37,439)**	**(166,764)**	(197,523)	(40,259)	(157,264)

	Total £'000s	**Exposure to floating interest rates £'000s**	**Fixed interest rates £'000s**	Total £'000s	Exposure to floating interest rates £'000s	Fixed interest rates £'000s
Net exposures						
Maximum in year	**(236,770)**	**(57,123)**	**(179,647)**	(227,202)	(27,848)	(199,354)
Minimum in year	**(207,736)**	**(47,794)**	**(159,942)**	(197,523)	(40,259)	(157,264)

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 borrowings is at ruling market rates (2019: same). 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.

	2020		2019	
	Increase in rate £'000s	**Decrease in rate £'000s**	Increase in rate £'000s	Decrease in rate £'000s
Revenue profit for the year	**(1,046)**	**1,046**	(956)	956
Capital profit for the year	**–**	**–**	–	–
Total profit for the year	**(1,046)**	**1,046**	(956)	956
NAV per share				
Basic – pence	**(0.12)**	**0.12**	(0.11)	0.11

Other market risk exposures

The portfolio of investments, valued at £488,997,000 as at 30 June 2020 (2019: £543,794,000) is exposed to market price changes. The Group enters into currency and 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 10 and 15 respectively. The Investment Managers have operated 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.

Based on the portfolio of investments at the Statement of Financial Position date, and assuming other factors, including derivative financial instrument exposure, 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:

	2020		2019	
	Increase in value	**Decrease in value**	Increase in value	Decrease in value
Income Statement capital profit for the year (£'000s)	**97,799**	**(97,799)**	108,759	(108,759)
NAV per share				
Basic – pence	**113.80**	**(113.80)**	123.19	(123.19)

(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, 18 as at 30 June 2020 (20 as at 30 June 2019); the liquid nature of the portfolio of investments; the geographical and sector diversity of the portfolio (see pages 10 and 15 respectively); and the existence of an on-going loan facility agreement. 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 £50.0m as set out in note 13 and ZDP share liabilities of £180.5m 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:

	2020				2019			
	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	**3,514**	**–**	**–**	**3,514**	–	–	–	–
Other creditors	**734**	**–**	**–**	**734**	9,491	–	–	9,491
Derivative financial instruments	**203,425**	**–**	**–**	**203,425**	173,503	–	–	173,503
Loans	**17,765**	**33,444**	**–**	**51,209**	–	51,173	–	51,173
ZDP shares	**–**	**60,411**	**149,234**	**209,645**	–	–	195,226	195,226
	225,438	**93,855**	**149,234**	**468,527**	182,994	51,173	195,226	429,393

(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:

		2020		2019
Current assets	**30 June £'000s**	**Maximum exposure in the year £'000s**	30 June £'000s	Maximum exposure in the year £'000s
Cash at bank	**258**	**5,267**	3,177	8,399
Margin account	**2,104**	**2,104**	–	–
Financial assets through profit and loss				
Investments in debt instruments	**75,265**	**105,038**	101,392	109,283
Derivatives (forward foreign exchange contracts)	**198,145**	**198,145**	173,503	199,244
Derivatives (S&P options)	**–**	**24,270**	–	–

None of the Group's financial assets are past due or impaired. The Group's principal custodian is JPMorgan Chase Bank N.A.– Jersey Branch. Waverton acts as custodian for unquoted investments. UIL has an indirect interest in Waverton.

(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:

	2020 £'000s	2019 £'000s
2020 ZDP shares	**59,280**	58,305
2022 ZDP shares	**63,250**	66,000
2024 ZDP shares	**31,650**	34,200
2026 ZDP shares	**21,523**	14,060

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 cost of recent investment or last funding round, listed peer comparison or peer group multiple, dividend yield or net assets as appropriate. Where applicable, the Directors have considered observable data and events to underpin the valuations. A discount has been applied, where appropriate, to reflect both the unlisted nature of the investments and business risks.

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 of Covid-19 on the valuations, the performance of the investee companies before the outbreak of Covid-19, the projected short-term impact on their ability to generate earnings and cash flow and also a longer-term view of their ability to recover and perform against their investment cases. The impact on the valuations has been varied and largely linked to their relevant sectors and this has been reflected in the level of sensitivities applied.

The Directors consider that for Optal, one of the Company's larger investments, on account of its exposure to the travel and global payments sectors, the impact of Covid-19 is more challenging to predict. It is therefore likely that uncertainty is greater and, accordingly a wider range of sensitivities has been applied.

Zeta Bermuda incorporated

UIL has provided various loans to Zeta and, as at 30 June 2020 carried these loans at £54.4m. The loans have a residual cost of £51.7m.

Valuation inputs: Gross asset to gross debt cover of 1.8 times.

Valuation methodology: UIL has entered into a number of loan facilities with Zeta. These unsecured facilities carry fixed interest rates between 7.3% and 7.5% and are repayable upon UIL giving Zeta not less than twelve months' notice. At year end balances of AUD 64.7m and CAD 30.5m were drawn down on these facilities. UIL utilises a discounted cash flows valuation technique to estimate the fair value of these loans. In the prior year, a discounted cash flow valuation technique was not utilised by UIL as the Directors considered that the fair value of the loans was equal to the par value.

Sensitivities: Should Zeta's assets increase/decline by 20% there would be no impact on UIL's loans to Zeta.

Allectus Bermuda incorporated

Valuation inputs: Market value for portfolio of investments.

Valuation methodology: UIL has used the portfolio's NAV and carried its investment at USD 31.5m (£25.5m). Residual cost of £22.3m. Allectus' 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 together both Allectus' sector and the economic impact of Covid-19 up to 30 June 2020 in Allectus' portfolio valuations and assessed that the valuation uncertainty associated with Covid-19 was at the lower end of the risk spectrum.

Sensitivities: Should the value of Allectus move by 10% the gain or loss would be USD 3.2m (£2.6m).

Optal UK incorporated

Valuation inputs: 14.1 times estimated 2022 EBITDA. Unlisted and time discounts applied giving a post discount multiple of 8.9 times.

Valuation methodology: Based on a peer group valuation of 14.1 times estimated 2022 EBITDA resulting in a valuation of

EUR 554.6m. A 22.0% discount was applied to this multiple based on an assessment of differences between Optal and its comparable peers, and incorporates liquidity, relative company size, product range, and growth potential. UIL holds a 5.3% equity interest in Optal and, as at 30 June 2020, carried this investment at EUR 26.8m (£24.4m). Residual cost of £13.8m. The EBITDA estimates, EBITDA multiples, option exercise assumptions and discounts applied are directly linked to the future earnings potential of the travel and global payments industries and will therefore include assumptions on areas such as the duration of social distancing measures and individual government actions, and their potential impacts on the travel industry. Whilst the quoted multiples should reflect the Covid-19 impact, the impact of Covid-19 on future earnings is more challenging to predict and it is likely that uncertainty is greater and, thus, additional EBITDA sensitivities have been applied.

In January 2020, UIL announced that it had agreed to sell its holding in Optal to Wex Inc and in May 2020, Wex Inc indicated that it believed that it was not legally required to complete the transaction, citing the material adverse effect of Covid-19 on Optal's business. The sellers have challenged this in the UK Commercial Court. Preliminary hearings took place in September 2020 and the case will now proceed to a full trial to determine whether Wex Inc must legally complete the agreed acquisition of Optal. UIL's valuation of Optal as at 30 June 2020 is carried at a discount to the expected proceeds from the deal if it completes on the original terms.

Sensitivities: Optal is ungeared. Should the 2022 EBITDA move by: EUR 5.0m the gain or loss would be EUR 2.2m (£2.0m); EUR 10.0m the gain or loss would be EUR 4.3m (£3.9m); or EUR 20.0m the gain or loss would be EUR 8.6m (£7.8m). Should the peer group multiple ascribed to Optal's EBITDA move by 1.0, the change in valuation would be EUR 1.6m (£1.5m) while a 2.0 movement in the multiple would result in a EUR 3.3m (£3.0m) change in valuation.

VixTech Singapore incorporated

Valuation inputs: 16.3 times estimated 2021 EBITDA. Discount of 25.0% applied.

Valuation methodology: VixTech has been valued based on peer comparisons and in particular EV/EBITDA. Listed peer valuations averaged 16.3 times for 2021. Based on an estimated 2021 EBITDA for the year to 30 June 2021, and after applying a 25.0% unlisted discount, the valuation is USD 70.8m. The 25.0% discount was based on an assessment of differences between VixTech and its comparable peers and incorporates liquidity, debt profile, product range, and business model development stage. The Directors, having considered the VixTech's industry (the provision of payment solutions to the transport ticketing sector), the developing nature of the business, and that the quoted multiples and earnings should reflect the economic impact of Covid-19 up to 30 June 2020, assessed that the valuation uncertainty associated with Covid-19 was of a medium risk level. UIL holds a 39.8% equity interest in VixTech and, as at 30 June 2020, carried this investment at USD 28.2m (£22.8m). Residual cost of £28.1m.

Sensitivities: Should the 2021 EBITDA of VixTech move by: USD 1.0m, the gain or loss in valuation for UIL would be USD 4.9m (£3.9m); or USD 2.0m, the gain or loss in valuation for UIL would be USD 9.7m (£7.9m). Should the peer group multiple ascribed to VixTech's EBITDA move by: 1.0, the gain or loss in valuation for UIL would be USD 1.7m (£1.4m); or 3.0, the gain or loss in valuation for UIL would be USD 5.2m (£4.2m).

One Communications Bermuda incorporated

Valuation inputs: 7.7 times estimated 2020 maintainable EBITDA. 23% unlisted discount applied.

Valuation methodology: The One Communications shares were deemed not to trade in an active market and One Communications has been valued based on peer comparisons and in particular EV/EBITDA. Listed peer valuations average 7.7 times for 2020 resulting in a valuation of USD 195.6m. The 23.0% discount applied was based on an assessment of differences between One Communications and its comparable peers and incorporates liquidity, geography, and growth potential. It also includes approximately 5.0% relating to increased Covid-19 valuation uncertainty. As disclosed in note 31, subsequent to the year end, UIL reached an agreement on the sale of a substantial portion of its holding in One Communications and as such the Directors consider the valuation uncertainty associated with Covid-19 to be low. UIL holds a 13.1% equity interest in One Communications and, as at 30 June 2020, carried this investment at USD 25.5m (£20.7m). Residual cost of £21.4m.

Sensitivities: Should the EBITDA of One Communications move by USD 3.0m the gain or loss in valuation would be USD 2.3m (£1.9m). Should the peer group multiple ascribed to One Communications's EBITDA move by 1.0 the change in valuation for UIL would be USD 3.4m (£2.8m).

Somers Bermuda incorporated

UIL has provided various loans to Somers and, as at 30 June 2020, carried these loans at £17.5m. The loans have a residual cost of £17.1m.

Valuation inputs: Gross asset to gross debt cover of 6.1 times.

Valuation methodology: UIL has entered into a number of loan facilities with Somers. These unsecured facilities carry fixed interest rates between 6.0% and 10.0% and are repayable upon UIL giving Somers not less than twelve months' notice. At year end, balances of £8.4m, AUD 7.5m, USD 4.4m and CAD 2.3m were drawn down on these facilities. UIL utilises a discounted cash flows valuation technique to estimate the fair value of these loans. In the prior year, a discounted cash flow valuation technique was not utilised by UIL as the Directors considered that the fair value of the loans was equal to the par value.

Sensitivities: Somers had gross asset to gross debt cover of 6.1 times as at 30 June 2020. UIL therefore considers that no reasonably possible change in Somers' assets would result in a change in the value of UIL's loans to Somers.

BFIC Bermuda incorporated

Valuation inputs: Market value for portfolio of investments.

Valuation methodology: UIL has used the portfolio's NAV and carried its investments at USD 3.6m (£2.9m). Residual cost of £0.6m. A substantial majority of BFIC's portfolio consists of Ascendant shares and as disclosed in note 31, subsequent to the year end it was announced that all the remaining conditions for the sale of Ascendant to Algonquin had been satisfied and it is expected that the transaction will complete in mid-November 2020. As such valuation uncertainty associated with Covid-19 is low.

Sensitivities: Should the value of BFIC fall by 10% the gain or loss would be USD 0.4m (£0.3m)

Other unlisted companies

Valuation methodology: UIL has a further 16 unlisted holdings valued below £2.5m each. These holdings were valued using a variety of methods, including; EV/EBITDA multiple, EV/Revenue multiple, discounted cash flows, fair value of the underlying net assets, and cost of recent investments adjusted for events subsequent to acquisition that impact fair value. The total value of these 16 holdings was £9.5m as at 30 June 2020.

Sensitivities: If the value of all these lower valued investments moved by 10.0%, this would have an impact on the investment portfolio value of £1.0m or 0.2%. A 20.0% change would have an impact on the investment portfolio value of £1.9m or 0.4%.

Level 2 financial instruments

Somers Bermuda incorporated

Somers is UIL's largest investment with a value of £131.0m as at 30 June 2020 accounting for 26.8% of UIL's total portfolio. This investment consists of £113.5m of equity and £17.5m of loans provided to Somers. UIL's equity investment in Somers is valued based on Somers' listed share price of USD 15.00 per share. The market for Somers' shares was considered inactive as at 30 June 2020 and the investment is classified as level 2.

Somers is a financial services investment holding company, listed on the Bermuda Stock Exchange. It is classified as an investment company under IFRS 10 and, accordingly, values its underlying investments at fair value.

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. Its portfolio valuation and share price is therefore linked to the expected future performance of these sectors including assumptions around the expected impact of Covid-19. Somers' four largest investments, which make up 87.5% of its portfolio, are a 62.5% holding in Resimac Group Limited, a nonbank Australian financial institution, a 100.0% shareholding in BCB, a Bermuda bank, a 62.9% shareholding in PCF Group plc, a UK specialist bank, and a 62.5% holding in Waverton Investment Management Group Limited, a UK wealth manager.

Somers reported an unaudited NAV per share of USD 17.61 as at 30 June 2020. This NAV included Somers' valuation of its holding in Resimac of AUD 1.24 per share. Had Somers utilised Resimac Group Limited's listed share price of AUD 1.00 per share, its 30 June 2020 NAV would have been USD 15.59.

Due to the low level of transactional volume in Somers shares and the impact a change in the share price could have on UIL's carrying value, sensitivity figures have been calculated for a range of share price movements that UIL considers reasonably possible based on observations of market conditions and historic trends in the stock.

Sensitivities: Somers is valued based on its listed share price of USD 15.00. This represents a 3.8% discount to Somers' NAV (utilising Resimac Group Limited's listed share price) of USD 15.59. Should the Somers' share price decrease by: USD 1.00 per share the loss would be USD 9.4m (£7.6m); USD 2.00 the loss would be USD 18.7m (£15.1m); or USD 3.00 the loss would be USD 28.1m (£22.7m). Should the Somers' share price increase by USD 1.00 per share the gain would be USD 9.4m (£7.6m).

(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. Bank loans are set out in note 13. ZDP shares are set out in note 15.

NOTES TO THE ACCOUNTS (continued)

31. SUBSEQUENT EVENTS

During the year, shareholders of Ascendant, including UIL, overwhelmingly approved the sale of Ascendant to Algonquin for USD 36.00 a share. On 19 October 2020, UIL announced that all the remaining conditions for the sale of Ascendant to Algonquin had been satisfied and that the transaction will complete in mid-November 2020. UIL also announced that it had sold its direct holding of Ascendant shares to BFIC at the sale price of USD 33.3m.

On 27 January 2020, UIL announced that it had agreed to sell its holding in Optal to Wex Inc. On 7 May 2020, Wex Inc indicated that it believed that it was not legally required to complete the transaction, citing the material adverse effect of the pandemic on Optal's business. The sellers have challenged this in the UK Commercial Court. Preliminary hearings took place in September 2020, with the initial ruling on certain descriptive terms favouring Wex Inc's position. The case will now proceed to a full trial to determine whether Wex Inc must legally complete the agreed acquisition of Optal.

In October 2020, UIL sold the majority of its holding in One Communications to One Communications' majority holder. The balance of One Communications' holding was sold to BFIC in October and BFIC paid USD 39.0m to UIL.

OTHER FINANCIAL INFORMATION (UNAUDITED)

ALTERNATIVE INVESTMENT FUND MANAGERS DIRECTIVE ("AIMFD")

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:

		2020		2019
Leverage exposure	**Gross method**	**Commitment method**	Gross method	Commitment method
Maximum permitted limit	**425%**	**425%**	425%	425%
Actual	**251%**	**251%**	215%	215%

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 Tuesday, 8 December 2020 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 13, as ordinary resolutions and, in the case of resolution 14, 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 2020, 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 2020.
4. To approve the Company's dividend policy to pay four interim dividends per year.
5. To elect Mr S Bridges as a Director.
6. To re-elect Mr P Burrows as a Director.
7. To re-elect Ms A Hill as a Director.
8. To re-elect Mr C Samuel as a Director.
9. To re-elect Mr D Shillson as a Director.
10. 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.
11. To authorise the Directors to determine the auditor's remuneration.

SPECIAL BUSINESS

Ordinary resolutions

12. 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 12,880,000 (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 2021 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.
13. That the Company's Bye-laws produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the Bye-laws of the Company with effect from the conclusion of the meeting in substitution for, and to the exclusion of, the existing Bye-laws of the Company.

Special resolution

14. 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 4,290,000 Ordinary Shares, equivalent to approximately 5% 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 2021 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

27 October 2020

NOTES

1. Only the holders of ordinary shares registered on the register of members of the Company at close of business on 4 December 2020 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 4 December 2020 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 4 December 2020.

   Alternatively, shareholders can vote or appoint a proxy electronically by visiting 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 4 December 2020. 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 Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not later than 5:00 pm (GMT) on 3 December 2020 or give an instruction via the CREST system as detailed below.
7. CREST members who wish to vote through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. 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 service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by not later than 5:00 pm (GMT) on 3 December 2020. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy 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, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system 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 Proxy 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 85,939,314 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 report are 85,939,314.

COMPANY INFORMATION

DIRECTORS
Peter Burrows, AO (Chairman)
Stuart Bridges
Alison Hill
Christopher Samuel
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 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
Scotiabank Europe PLC
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 by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority

CUSTODIAN
JPMorgan Chase Bank N.A.
JPMorgan House, Grenville Street, St Helier
Jersey JE4 8QH

REGISTRAR
Computershare Investor Services (Bermuda) Limited
5 Reid Street, Hamilton HM 11, Bermuda
Telephone 0370 707 4040

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 2020 the ordinary share price was 177.50p and the NAV per ordinary share was 292.79p, the discount was therefore 39.4%.

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

	page	**2020 £'000s**	2019 £'000s
Bank overdraft	*87*	**3,514**	–
Cash and cash equivalents	*74*	**(258)**	(3,177)
Bank loans	*87*	**50,646**	50,971
Coldharbour loan	*87*	**500**	–
ZDP shares	*88*	**180,535**	159,942
Total debt		**234,937**	207,736
Net assets attributable to equity holders	*74*	**251,625**	326,268
Gearing	*4*	**93.4%**	63.7%

NAV per ordinary share – the value of the Group's net assets divided by the number of ordinary shares in issue (see note 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 2020	**Dividend rate (pence)**	**NAV (pence)**	**Share price (pence)**
30-Jun-19	**n/a**	**369.57**	**199.00**
27-Sep-19	**1.875**	**379.77**	**254.00**
20-Dec-19	**1.875**	**343.46**	**247.00**
27-Mar-20	**2.000**	**257.03**	**140.00**
26-Jun-20	**2.000**	**278.36**	**175.00**
30-Jun-20	**n/a**	**292.79**	**177.50**
Total return		**-18.7%**	**-7.1%**

Year to 30 June 2019	Dividend rate (pence)	NAV (pence)	Share price (pence)
30-Jun-18	n/a	291.79	174.50
21-Sep-18	1.875	305.61	183.50
21-Dec-18	1.875	280.64	171.50
29-Mar-19	1.875	335.31	177.50
28-Jun-19	1.875	369.57	199.00
30-Jun-19	n/a	369.57	199.00
Total return		29.7%	18.8%

NAV/share price total return since inception – the return to shareholders calculated on a per ordinary share basis by adding dividends paid in the period and adjusting for the exercise of warrants and Convertible Unsecured Loan Stock ("CULS") in the period to the increase or decrease in the NAV/share price in the period. The dividends are assumed to have been 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.

Total return	**2020 NAV (pence)**	**2020 Share price (pence)**	2019 NAV (pence)	2019 Share price (pence)
NAV 14 August 2003 (pence)	**99.47**	**85.67**	99.47	85.67
Total dividend, warrants and CULS adjustment factor	**2.0347**	**2.4338**	1.9839	2.3374
NAV/Share price at year end (pence)	**292.79**	**177.50**	369.57	199.00
Adjusted NAV/Share price at 30 June (pence)	**595.74**	**432.00**	733.18	465.13
Total return since inception	**498.9%**	**404.3%**	637.1%	443.0%

ALTERNATIVE PERFORMANCE MEASURES (continued)

Annual compound NAV/share price total return since inception – the annual return to shareholders using the same basis as NAV/ share price total return since inception.

	2020 NAV (pence)	2020 Share price (pence)	2019 NAV (pence)	2019 Share price (pence)
Annual compound NAV total return since inception	**11.2%**	**10.1%**	13.4%	11.2%

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.

Ongoing charges calculation (excluding performance fees)	*page*	**2020 £'000s**	2019 £'000s
Management and administration fees	*70*	**1,426**	1,587
Other expenses		**939**	1,178
Expenses suffered within underlying funds		**3,555**	3,188
Total expenses for ongoing charges calculation		**5,920**	5,953
Average weekly NAV of the Group		**287,788**	285,326
Ongoing Charges	*4*	**2.1%**	2.1%

Ongoing changes calculation (including performance fees)	*page*	**2020 £'000s**	2019 £'000s
Management and administration fees	*70*	**1,426**	10,125
Other expenses		**939**	1,178
Expenses suffered within underlying funds		**3,555**	3,188
Total expenses for ongoing charges calculation		**5,920**	14,491
Average weekly NAV of the Group		**287,788**	285,326
Ongoing Charges	*4*	**2.1%**	5.1%

Revenue yield – represents the ratio of total income in the year over average gross assets in the year.

	page	**2020 £'000s**	2019 £'000s
Income	*70*	**12,684**	11,184
Average Gross assets		**514,311**	497,867
Revenue yield		**2.5%**	2.2%

Dividend yield – represents the ratio of dividends per ordinary share over closing ordinary share price.

	page	**2020 £'000s**	2019 £'000s
Dividends per ordinary shares	*4*	**7.875**	7.500
Ordinary share price	*4*	**177.50**	199.00
Dividend yield		**4.4%**	3.8%

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	**2020**	2019
Revenue reserves (£'000s)	*74*	**10,850**	9,090
Number of ordinary shares in issue at 30 June	*90*	**85,939,314**	88,283,389
Revenue reserves per ordinary share carried forward (pence)		**12.63**	10.30

Dividend per ordinary share cover – represents revenue reserves per ordinary share carried forward over the dividends per ordinary share

	page	**2020**	2019
Revenue reserves per ordinary share carried forward (pence)		**12.63**	10.30
Dividends per ordinary shares	*4*	**7.875**	7.500
Dividend per ordinary share cover		**1.6x**	1.4x

HISTORICAL PERFORMANCE

at 30 June	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**	**2013[1]**	**2012**	**2011**
NAV per ordinary share (pence)	**292.79**	369.57	291.79	252.86	241.12	169.00	165.84	148.33	209.67	201.63
Ordinary share price (pence)	**177.50**	199.00	174.50	164.00	130.75	117.00	128.00	130.00	144.00	147.25
Discount (%)	**39.4**	46.2	40.2	35.1	45.8	30.8	22.8	12.4	31.3	27.0
Returns and dividends (pence)										
Revenue return per ordinary share	**9.77**	7.63	6.67	6.38	6.23	7.84	7.03	12.06	11.99	7.65
Capital return per ordinary share	**(81.30)**	75.34	38.96	12.46	68.45	2.47	19.85	(63.65)	2.73	26.05
Total return per ordinary share	**(71.53)**	82.97	45.63	18.84	74.68	10.31	26.88	(51.59)	14.72	33.70
Dividend per ordinary share	**7.875[2]**	7.500	7.500	7.500	7.500	7.500	7.500	10.000[3]	7.000	8.250
FTSE All-Share total return Index	**6,465**	7,431	7,389	6,777	5,737	5,614	5,471	4,837	4,101	4,234
ZDP shares [4] (pence)										
2020 ZDP shares										
Capital entitlement [5] per ZDP share	**151.23**	141.01	131.52	122.64	114.35	106.61	n/a	n/a	n/a	n/a
ZDP share price	**152.00**	149.50	142.50	140.38	130.00	122.38	n/a	n/a	n/a	n/a
2022 ZDP shares										
Capital entitlement [5] per ZDP share	**127.59**	120.03	113.01	106.37	100.12	n/a	n/a	n/a	n/a	n/a
ZDP share price	**126.50**	132.00	124.50	119.50	104.50	n/a	n/a	n/a	n/a	n/a
2024 ZDP shares										
Capital entitlement [5] per ZDP share	**113.13**	107.97	103.10	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ZDP share price	**105.50**	114.00	107.50	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2026 ZDP shares										
Capital entitlement [5] per ZDP share	**111.21**	105.89	100.87	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ZDP share price	**92.25**	107.50	102.25	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Equity holders' funds (£m)										
Gross assets [6]	**483.3**	537.2	488.3	449.7	440.7	373.4	399.1	383.0	434.5	408.7
Bank debt	**50.6**	51.0	27.8	47.8	24.7	34.4	22.2	42.5	0.0	30.9
ZDP shares	**180.5**	159.9	199.4	173.8	197.4	172.4	212.5	193.4	224.4	172.8
Other debt	**0.5**	–	–	–	–	–	–	–	1.2	3.5
Equity holders' funds	**251.6**	326.3	261.1	228.1	218.6	166.6	164.4	147.1	208.9	201.5
Revenue account (£m)										
Income	**12.7**	11.2	10.6	10.7	10.5	11.2	10.4	16.2	15.9	11.9
Costs (management and other expenses)	**2.6**	2.8	2.8	2.9	1.9	1.8	2.1	3.2	3.0	2.9
Finance costs	**1.6**	1.6	1.6	1.8	1.7	1.1	0.9	0.8	0.8	2.0
Financial ratios of the Group (%)										
Ongoing charges figure [7] (excluding performance fee)	**2.1**	2.1	2.2	2.1	3.3	2.0	2.2	1.8	1.7	2.0
Gearing [7]	**93.4**	64.6	87.3	97.2	101.6	124.1	144.4	160.4	108.0	102.8

1. Restated on adoption of IFRS10 Consolidated Financial Statements
2. The fourth quarterly dividend of 2.00p has not been included as a liability in the accounts
3. Includes the special dividend of 2.50p per share
4. Issued by UIL Finance, a wholly owned subsidiary of UIL
5 .See pages 55 and 56
6. Gross assets less current liabilities excluding loans
7. See Alternative Performance Measures on pages 109 and 110

A DIVERSE PORTFOLIO BY GEOGRAPHY AND SECTOR

UK CONTACT
PO Box 208
Epsom Surrey
KT18 7YF

Telephone: +44 (0)1372 271486

www.uil.limited

UIL LIMITED