

# UIL

## Announcement of 2028 privatisation plans

On 8 October 2024, UIL Limited (UIL) announced plans to take the company private after the redemption of the 2028 zero dividend preference (ZDP) shares. UIL's board has decided that despite holding a selection of potentially exciting investments, recent disappointing performance has meant that the company no longer has the scale to build up a sufficiently diversified portfolio. Also, given that UIL has a limited free float, there is not enough liquidity in its ordinary shares, and its broad investment mandate is out of favour with investors. Therefore, the company will be taken private and its stock exchange listings cancelled following the redemption of the October 2028 ZDP shares. In the absence of unforeseen circumstances, the annual dividend of 8.0p per share will continue to be paid while UIL remains a listed company.

UIL's portfolio holds a range of interesting opportunities, including the recently merged Waverton Investment Management Group and London & Capital Group. However, without sufficient scale and liquidity, the investment managers, UIL's majority shareholder and the board have decided to take the company private. UIL will be managed over the next four years, with a view to realising sufficient capital to enable the redemption of the 2028 ZDP shares and UIL's minority shareholders to exit.

It is also proposed to simplify the platform structures. This is likely to result in Somers and Zeta Resources, which are the two largest portfolio holdings, being merged into UIL. These consolidations will occur on a NAV-to-NAV basis. The merger would increase UIL's asset base but decrease the percentage of UIL's share base held by minority holders due to UIL's majority shareholder's current holdings in Somers and Zeta.

UIL also aims to provide an annual cost-effective opportunity for minority shareholders to exit a significant proportion of their shares at a c 20% discount to NAV. Starting in H225, this will provide liquidity for minority shareholders before the 2028 privatisation, while UIL also plans to continue market buy backs of its ordinary and ZDP shares. These actions are designed to improve liquidity in UIL's shares, provide a wider choice for ordinary shareholders to exit, while maintaining a dividend yield until 2028 for shareholders who prefer regular income. They also provide improved asset cover for the outstanding ZDP shareholders.

As a first step to simplify the platform structure, on 12 July 2024, UIL and General Provincial Life Pension Fund, who together hold 95.0% of the outstanding share capital in Zeta Resources, formally notified Zeta that they were considering acquiring the remaining 5% of its share base, at or near ZETA's NAV at the time the offer was made.

We will provide more details about UIL's plans in our upcoming review note.

### Investment companies Global value

9 October 2024

**Price** **96.0p**  
**Market cap** **£80m**  
**Total assets** **£230m**

NAV\* 153.4p

Discount to NAV 37.4%

\*Including income. At 7 October 2024.

Yield 8.3%

Ordinary shares in issue 83.8m

Code/ISINs UTL/BMG917071026

Primary exchange LSE

AIC sector Flexible Investment

52-week high/low 132.0p 96.0p

NAV\* high/low 207.2p 149.7p

\*Including income

### Fund objective

UIL's objective is to maximise shareholder returns by identifying and investing in investments worldwide where the estimated underlying value is not fully recognised. The company's investment performance is benchmarked against the broad UK equity market. UIL is a member of the AIC flexible investment sector.

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