



# UKML Webinar Investor Update

August 2021



Summary of 2021 YTD

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## 2021 year-to-date – a year of notable achievements (1)

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### Keystone

- First Keystone portfolio securitised in January into Hops Hill No.1
  - > £400m, highly successful
    - > Multiple times oversubscribed
    - > Improved pricing
  - > Approx. 16% yield
    - > Essentially “locked-in” for 3 years
    - > Little deleveraging expected on underlying 5-year loans
- Second portfolio now in ramp-up (Cornhill No.7)
  - > Grown to over £140m already – ahead of expectations
  - > A further c. £140m expected for the rest of the year
    - > Likely to be ready to securitise in Q2 2022
    - > Similar return profile to first transaction expected

## 2021 year-to-date – a year of notable achievements (2)

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### Coventry Portfolio Sales

- Both portfolio sales agreed in early February
  - > First sale completed earlier than expected at end Feb
  - > Second completed end May
- Improved pricing compared to initial estimates – but still at an initial cost
  - > Costs realised in stages through monthly NAVs
    - > Now fully absorbed
    - > Final elements of upside reflected in the most recent June NAV
- Effect of realising lower yielding portfolios whilst growing higher yielding pools will now flow into NAV

## 2021 year-to-date – a year of notable achievements (3)

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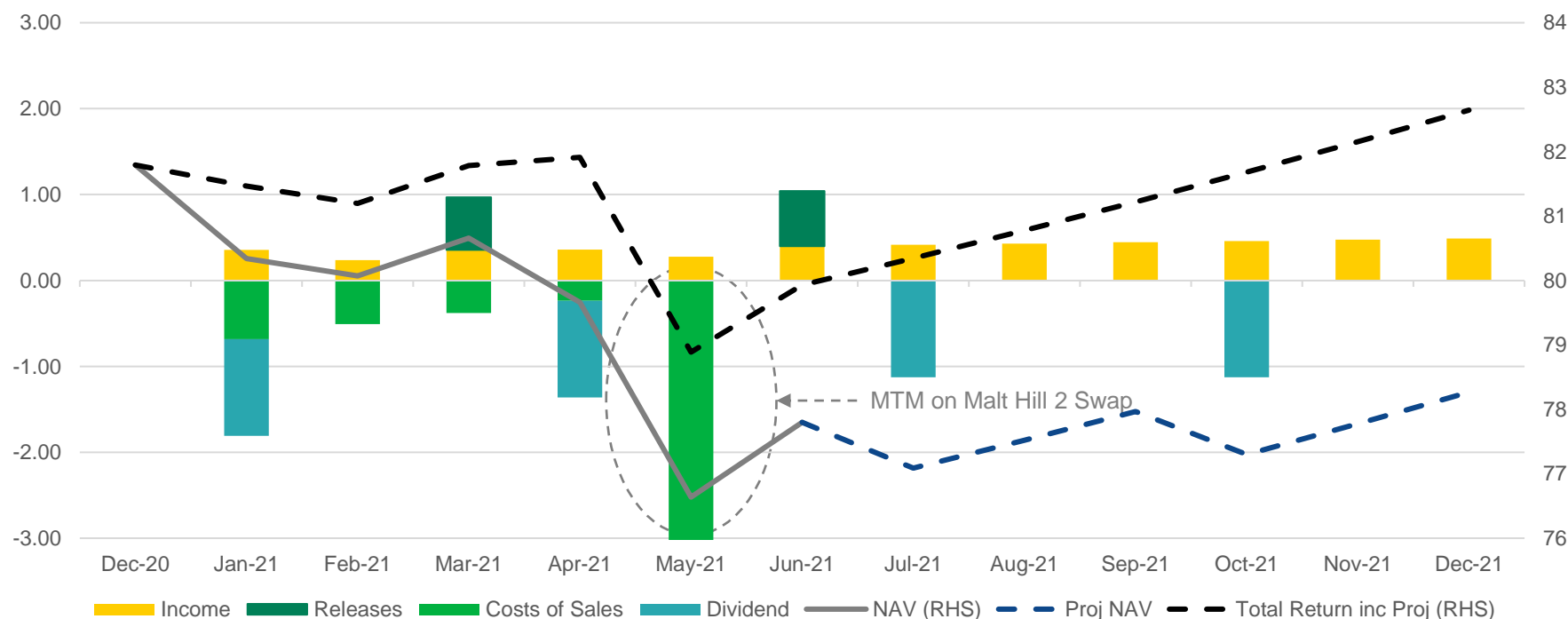
### Share Buybacks

- Two portfolio sales led to two tenders
  - > March and June
    - > £20m each - £40m total as previously indicated
    - > Total of 53.33m shares repurchased
  - > Dividend requirement reduced by approx. 23%
  - > Whilst higher yielding portfolios increase income
    - > Monthly income on Keystone pools is around 8x-10x that on Coventry pools

# Cashflows

- The portfolio sales created a mark-to-market cost in the short term
  - > But enabled the £40m of buybacks, thereby reducing the dividend requirement
  - > Plus retained capital to allow investment in far higher yielding Keystone pools
  - > These form the cornerstone of our reshaped portfolio – designed to rebuild NAV into the future

2021 NAV Performance & Income Generation



**Past performance is not a reliable indicator of future performance.** Performance data does not take into account any commissions and costs charged when shares of the fund are purchased and sold. The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

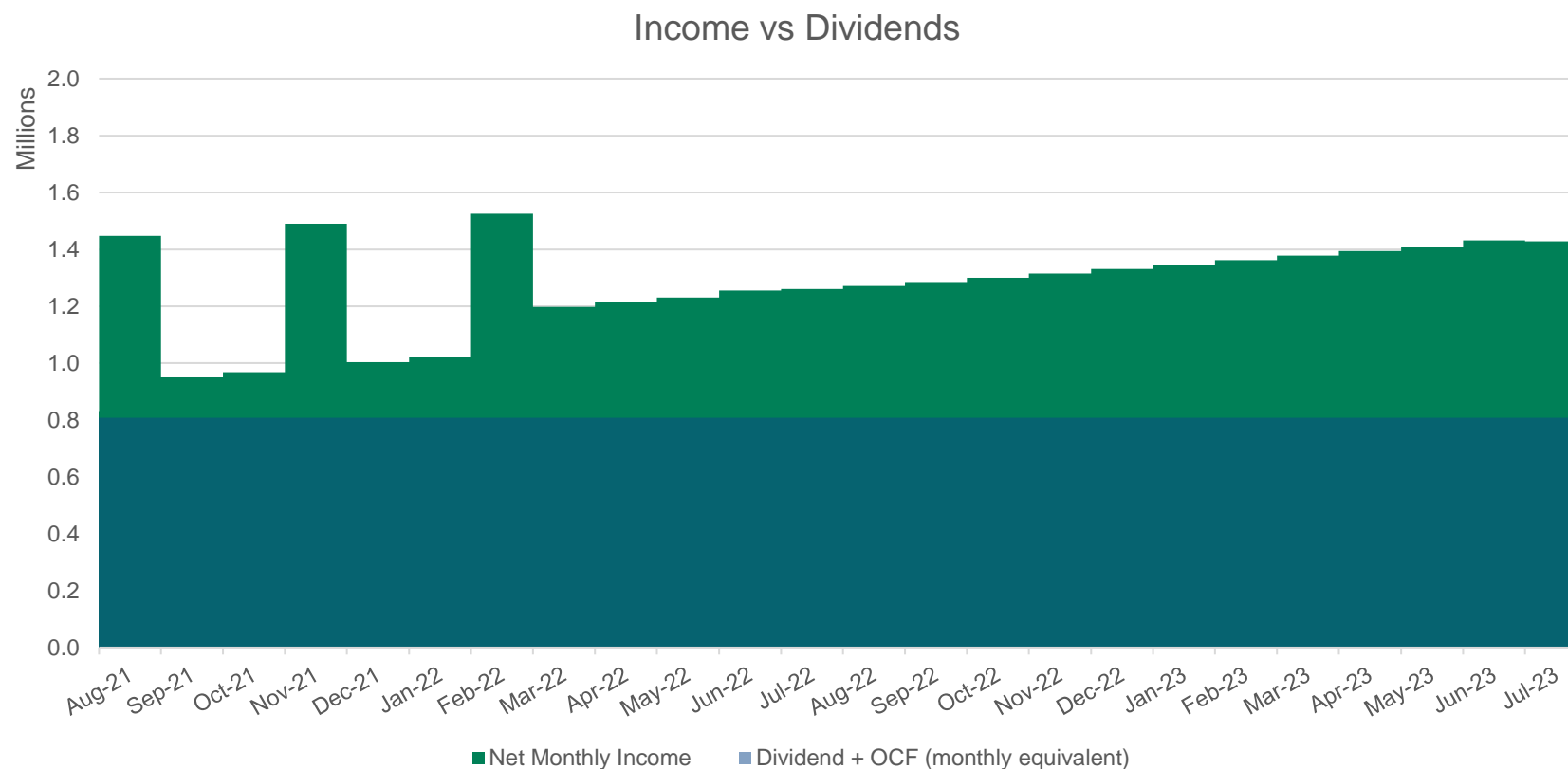


What's to come...in '21

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## Income Growth & Dividend Cover

- Dividends fully covered by income – and growing
  - > Keystone origination will add around £20,000 to £25,000 each month to net income
- Consistent NAV growth is the foremost target
  - > Creating room for dividend policy consideration in the future



**Based on projected cashflows; projected performance is not a guarantee of future performance.** The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

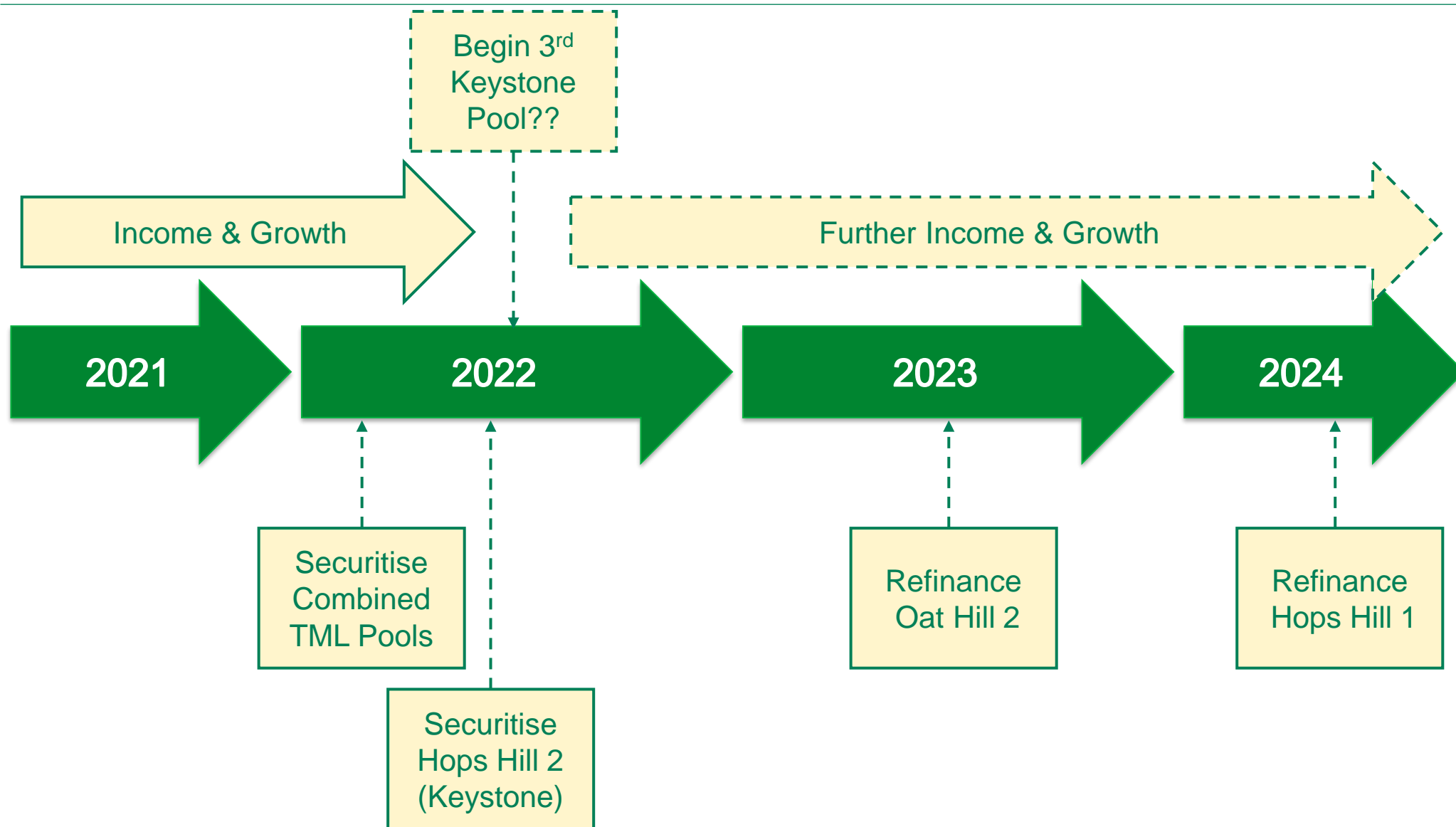




2022 and beyond...

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# Future Milestones





Conclusion

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## Conclusion – The Future

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- Our view of UKML's future is now very simple: **Income and Growth**
- Simply nothing but stable income growth between now and Feb next year
  - > Then refinancing of existing portfolios as required to re-lock-in leverage, further income and returns
  - > And securitise new origination as pools reach critical mass
- We believe we have built a solid foundation for future successful UKML securitisations and warehouse negotiations
- Portfolio value continues to grow
  - > Assets are performing well; funding markets look set to remain healthy and much of future income is locked-in
  - > In our view, revaluation still not recognised in the share price
  - > But the NAV will recognise future income growth through the rest of the year and beyond
- We've completed the portfolio goals we set out to achieve at the end of last year
  - > And can now concentrate on:

### **Delivering consistent, sustainable income and growth into the future**

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## UK Mortgages Limited performance

Cumulative performance	1 month	3 months	6 months	1 year	3 years	5 years
I Gross Acc Shares	-3.79%	-2.93%	-3.22%	2.92%	7.59%	9.62%

Discrete performance	YTD	2020	2019	2018	2017	2016	Since Inception*
I Gross Acc Shares	-3.64%	6.63%	3.32%	2.67%	1.93%	-1.39%	9.02%

Rolling performance	05.20-05.21	05.19-05.20	05.18-05.19	05.17-05.18	05.16-05.17
I Gross Acc Shares	2.92%	3.17%	1.32%	3.03%	-1.11%

**Past performance is not a reliable indicator of future performance.** The performance figures shown are in GBP on a mid-to-mid basis inclusive of net reinvested income and net of all fund expenses. Performance data does not take into account any commissions and costs charged when shares of the fund are issued and redeemed. The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. \*Inception date: 6 July 2015.

Source: TwentyFour, 31 May 2021

## UKML Risks

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### Key Risks

- All financial investment involves risk. The value of your investment isn't guaranteed, and its value and income will rise and fall. Investors may not get back the full amount invested.
- The fund can invest in portfolios of mortgages or the equivalent risk. The lenders of such products may not receive in full the amounts owed to them by underlying borrowers, affecting the performance of the fund.
- Prepayment risks also vary and can impact returns.
- The fund employs leverage, which may increase volatility of the Net Asset Value.



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