

# INGENIOUS ESTATE PLANNING (IEP) CLASSIC & CARE

Data as at 30 September 2021

Launch date	29 May 2014
Net Asset Value (NAV)	£199.09m

Target: Steady long-term return of 3-5% per annum, net of fees.

## Investment strategy

The Manager of IEP Classic & IEP Care invests into one or more Portfolio Companies that operate a trading strategy suited to the core objectives of achieving stable growth and capital preservation, within one or more of the following sectors: **real estate, media and infrastructure.**

## Portfolio summary



NAV per share:  
124.03p



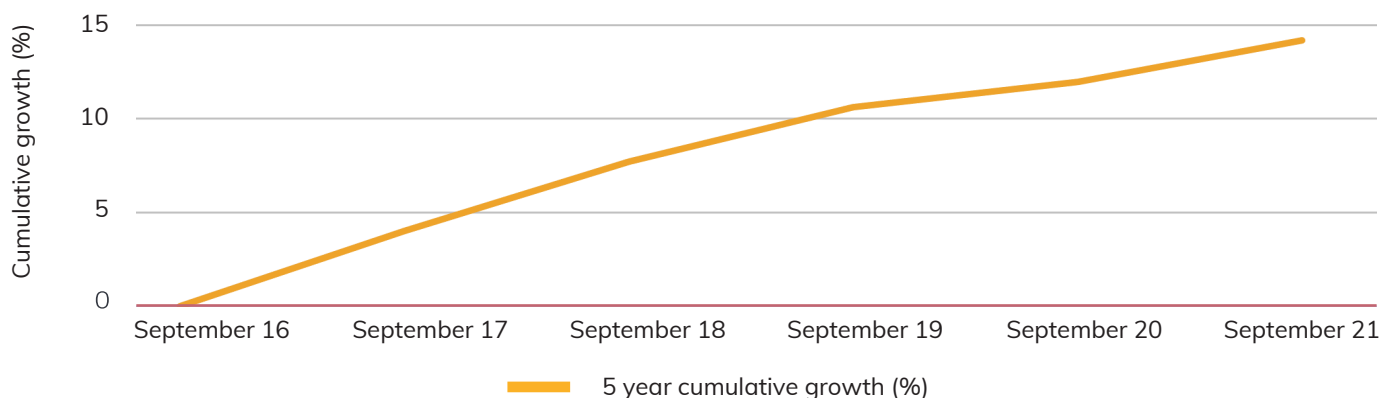
Trading share price:  
124.03p



Quarterly change:  
+0.54%

The valuations are for illustrative purposes only, and are calculated as per the Definitions section below. Actual returns on investment cannot be determined until a sale of shares is completed.

## 5 year growth



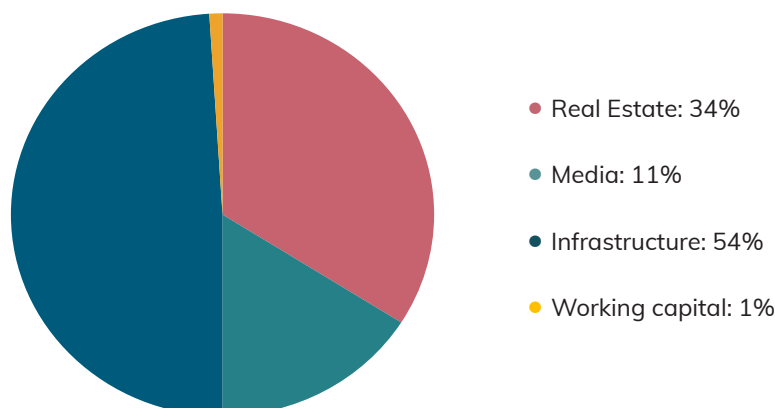
## Cumulative growth (%)

1 yr	3 yr	5 yr	Since inception	5 yr annualised returns
1.96	5.99	14.17	24.03	2.83

## Discrete annual growth (%)

September 2017	September 2018	September 2019	September 2020	September 2021
4.02	3.55	2.70	1.22	1.96

## IEP Classic asset allocation Q3 2021



## Sector commentary

In light of the global Covid-19 pandemic, we would like to reassure you that our experienced teams are continuing to actively manage your IEP investment during this period of uncertainty, working closely with all of IEP's commercial partners to mitigate any potential adverse impact of the pandemic.

### Real Estate

The Real Estate strategy provides secured, asset-backed development and bridge loans in established markets across England.

House prices have continued to grow in the most recent quarter, although at a slower pace than the first half of the year, following removal of government stimulus such as the Stamp Duty holiday. The lack of supply of good quality housing should continue to support some house price growth to the end of the year, but at lower levels to those seen at the end of 2020. The industry continues to face upwards pressure on costs for both labour and particularly materials due to difficulties with supply chains, which is expected to persist into 2022. The Real Estate team continues to factor these price increases into contingency allocations within each project.

### Media

Two loans were fully repaid in the period. The first loan facilitated the production of Escape Plan 3, starring Sylvester Stallone who plays a security expert tasked to rescue the daughter of a business tycoon. The second loan facilitated the production of Skylin3s, the third film in the science fiction action, Skyline, trilogy. Both films are currently showing on Netflix.

Cinemas have been gradually opening up around the world following closures during the pandemic. It is hoped that long delayed blockbusters such as the new James Bond film will bring audiences back to cinemas. Film and television production is now back to full capacity, fuelled in part by the boom in streamer content. Productions are still dealing with the additional expenditure of necessary COVID-19 protocols and operational costs to minimise chances of a hiatus due to any COVID incidents. In general, we are favouring jurisdictions for productions, such as the UK, where local governments provide back-stop insurance in the event of additional costs incurred due to a COVID incident. The outlook for 2022 is looking very promising as the demand for filmed content continues unabated.

### Infrastructure

This quarter has seen significant disruption to the UK gas and electricity markets. Gas prices have rocketed due to a number of supply constraints. As a result, there has been a steep increase in UK power prices over the past few months. Whilst forward power prices, on which the valuations of the clean energy assets are partly based, have increased in the short/medium-term, long-term forecasts have softened reflecting the possibility of a significant increase in off-shore wind capacity and supply over time, in line with government statements. We continue to take a long-term view of the power prices based on all available market information.

**Number of loans: 30**

**Assets under management: £229.92m**

**Number of loans: 26**

**Assets under management: £49.50m**

**Number of loans and owned and operated equity: 20**

**Assets under management: £188.65m**

The solar assets have generated lower power than expected due to supply chain challenges in the current quarter, but this was offset by the increase in electricity prices. Operational improvements were also made, for example, around a third of the solar portfolio's Operations & Maintenance (O&M) contracts have been renegotiated, creating savings of c.£30K per annum. Furthermore, additional services have been agreed in the new wording, which will improve the assets' performance in line with the maturity of the industry. The large increase in variable power prices in the period has also offset the decrease in power generation at the wind farms of the portfolio. The plant generation performances were affected by wind speed variances, which were significantly lower than historically expected in the period. The Ingenious team continues to take a proactive approach to portfolio management, working closely with technical experts to implement the improvements identified across the solar and wind portfolios.

The anaerobic digestion portfolio continues to transit from the operational phase to optimisation. We have continued to work closely with our external partners in order to target steady state operation allowing us to achieve higher outputs. The technical review of the AD plants previously reported has been completed and resulted in a series of upgrades and optimisations being identified. The programme is being implemented at present and we are confident that the changes will allow the plants to perform at a much higher level with less downtime. We are also reviewing all plant contracts to maximise the value of electricity, gas, and green gas certificates in light of recent energy price increases.

## Definitions

### NAV per share:

The total assets of the company(ies), minus the liabilities, divided by the number of shares.

### Assets under management:

Total gross value of secured loans and owned and operated equity.

### Trading share price:

The value, at the current reporting date, at which investors enter and exit. The share price does not trade at a premium to the NAV per share, meaning the NAV per share and the Trading share price are the same.

## Important information

**This document is intended for Retail and Professional Investors resident in the UK. Investor statements are published on a quarterly basis in February, May, August and November.**

The illustrative valuations are based on cash invested, plus revenue recognised, less any costs incurred as at the date of the valuation.

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