
UNICORN AIM IHT & ISA PORTFOLIO SERVICE

RESPONSIBLE PORTFOLIO SUPPLEMENT



Unicorn AIM IHT & ISA Portfolio Service

Responsible Investment Portfolios

Responsible Investment Portfolio Options

Responsible Investment is a key priority for both WM Capital and Unicorn Asset Management. All Unicorn AIM IHT & ISA Portfolios will only invest in businesses that meet the high standards put in place by Unicorn's Responsible Investment Policy.

The policy details how environmental, social and governance issues are incorporated into the analysis of businesses prior to and during investment.

Copies of the policy are available on [WM Capital Management's website](#) or on request from LightTower Partners.

Unicorn Asset Management is a signatory to the UN PRI.

We recognise, however, that some investors wish to go further and require strict sector limits and/or exclusions alongside a robust responsible investment policy. We therefore offer two additional portfolio options, which overlay business involvement analysis and ESG attributes to assess a company's suitability for inclusion in the Responsible Growth Focus & Responsible Dividend Focus portfolios.

The Non-Negotiable - Unicorn's Approach To Responsible Stock Selection

Unicorn's integrated approach to Responsible Investment, places responsibility for ESG analysis onto Unicorn's investment team. The application and adherence of the policy is overseen by the firm's Ethical Officer who reports to Unicorn's Ethical Committee.

All Unicorn AIM IHT & ISA Portfolios follow Unicorn Asset Management's Responsible Investment Policy and benefit from their three stage ESG approach.

(1) Exclude	Remove companies or sectors from the investable universe
(2) Assess	Identify ESG controversies and assess future strategy
(3) Engage	Through regular company meetings and active voting

Further information can be found in the Unicorn Asset Management Responsible Investment Policy.

Exclude

In line with both the Ottawa Treaty and the Oslo Convention, Unicorn fully supports the international conventions on cluster munitions and controversial weapons including; anti-personnel mines, cluster munitions and chemical & biological weapons. This is in line with Unicorn's approach to responsible investment and our commitment to the UN PRI.

Direct equity investments in certain sectors, such as Oil & Gas and Mining are excluded from the investable universe. These sectors typically do not exhibit the financial characteristics demanded by our disciplined investment process and have also historically demonstrated greater exposure to ESG controversies.

Assess

In addition to a detailed investment appraisal, an ESG review of all potential investments will be conducted by the fund manager and Ethical Officer, prior to introduction to any portfolio. The review has a pass or fail outcome, thereby prohibiting investment in any company which is deemed to have inadequate considerations towards ESG issues. The review covers the following areas:

- Prohibited sectors
- ESG controversies
- Environmental policies
- Sustainability policies
- Health and safety policies
- Social value policies
- Human rights policies
- Corporate governance policies

Engage

Engagement is a key component of our investment process and ongoing investment appraisal. Unicorn hold regular, typically bi-annual, meetings with investee company management teams in order to discuss their strategic, operational and governance approach. ESG issues and concerns are raised and discussed as an integral part of these meetings. These are recorded and the progress against such issues are monitored.

Unicorn also actively engage with third party ESG rating providers to inform and enhance their understanding of investee companies especially for smaller companies where ratings agencies can leverage Unicorn's in-depth understanding of the company business models.

Going Further: Responsible Growth Focus & Responsible Dividend Focus Portfolios

In addition to the wider responsible investment approach, the Unicorn AIM IHT & ISA Portfolio Service Responsible Portfolios apply two further assessments to businesses when considering their inclusion in the “Responsible” Portfolios looking at Business Involvement & ESG Controversies.

No company will be held in the “Responsible” Portfolios that is not already held in the Growth or Dividend Portfolios on its own investment merit.

Business Involvement

The Unicorn AIM IHT & ISA Responsible Portfolios will only invest in companies which do not derive strategic revenues from the following business areas:

Business Involvement	Tolerance
Adult entertainment	Zero tolerance
Alcohol	5% revenue threshold
Animal welfare	Zero tolerance
Defence & weapons	5% revenue threshold
Nuclear power	5% revenue threshold
Genetic engineering	Zero tolerance
Gambling	Zero tolerance
Tobacco manufacture	Zero tolerance

This allows the investor to not only be comfortable that they are investing in a portfolio of well managed businesses with strong ESG credentials but also to be sure that those businesses are not generating revenues from areas with which they may not be comfortable.

ESG Controversies

This assessment identifies cases which may have a reputational risk for a company. Controversies are organised into three pillars (Environmental, Social and Governance) and are measured according to 28 underlying ‘Key Performance Indicators’. Any controversies are highlighted via the ‘flagging system’. Significant controversies, as measured by the award of a “Red Flag”, are excluded from the portfolio.

Both the Business Involvement & ESG Controversies Assessments are provided by Unicorn in collaboration, where possible, with specialist providers of independent analysis of Unicorn’s investee companies. Unicorn are mindful of the limitations of third party providers, both in terms of coverage and in terms of detailed understanding of company business models. The quality and breadth of coverage and understanding is particularly inconsistent further down the market cap scale.

For these reasons, ESG research produced by third parties is only used as an indicative guide, and to inform and support Unicorn Asset Management’s internal ESG assessment of a company. The application and adherence of the policies is overseen by the firm’s Ethical Officer who reports to Unicorn’s Ethical Committee.

Important Information

This document has been issued and approved by WM Capital Management Limited and constitutes a financial promotion under Section 21 of the Financial Services and Markets Act 2000 for Retail & Professional Clients. It should not be regarded as constituting advice in respect of legal, taxation, investment or any other matters.

WM Capital Ltd is authorised and regulated by the Financial Conduct Authority and recorded in the Register under reference no 601025.

Your capital is at risk and you may not get back the full amount invested and the tax treatment of your investments depend on your personal circumstances and may be subject to change. Past performance is not a reliable indicator of future results.

The availability of tax reliefs depends on investee companies maintaining their qualifying status.

Investments quoted on AIM are likely to have higher volatility and liquidity risk than securities on the London Stock Exchange Official List.

We recommend that you seek independent investment and tax advice before investing in our products.

Telephone calls may be monitored and/or recorded for regulatory, legal and training purposes.

Contact Details

This product is not suitable for all investors and potential investors should consult an FCA authorised person or an appropriately qualified tax adviser before making an application and if they have any questions.

FCA authorised advisers/brokers should contact LightTower on the details below if they have any questions. Please be aware, however, that LightTower is not authorised to provide financial advice.

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