

Unicorn AIM IHT & ISA Portfolio Service



Growth Portfolio

Q3 2020

The service aims to invest in a portfolio of 25-40 companies listed on the Alternative Investment Market (AIM), independently assessed as qualifying for Business Relief (BR).

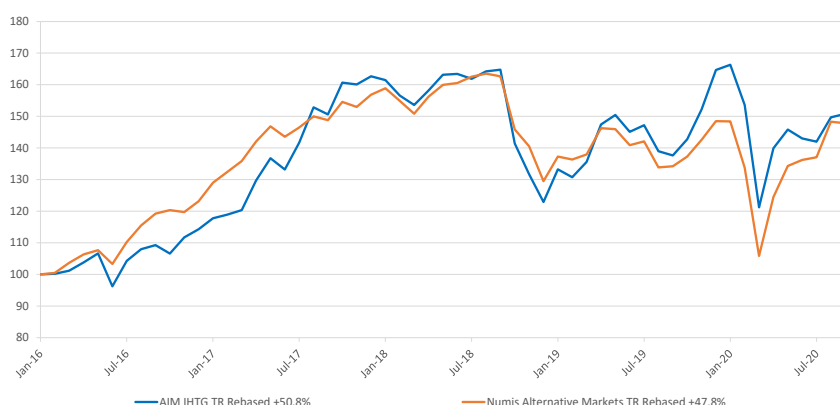
Investments will be made in companies that operate across a range of sectors in order to provide diversification.

- **Unicorn Asset Management has specialised in AIM investing since 2000, currently managing more than £400m in AIM stocks**
- **Simple, proven structure that aims to provide full IHT exemption once shares are held for two years**
- **Available in ISAs and direct investments**

Performance

	Q1	Q2	Q3	Q4	Calendar Year	Since 1 Feb 2016
2016	+1.2%*	-4.9%	+13.4%	+4.6%	+14.3%*	+50.8%*
2017	+5.3%	+10.7%	+13.1%	+8.0%	+42.3%	
2018	-5.6%	+6.4%	+0.8%	-25.4%	-24.4%	
2019	+10.3%	+7.0%	-5.1%	+19.5%	+34.0%	
2020	-26.4%	+18.0%	+5.4%		-8.4%	

% return rebased



Quarterly Manager Commentary

The AIM IHT Growth Portfolio service registered a total return of 5.4% in the third quarter of 2020. By comparison, the benchmark Numis Alternative Markets Index recorded a total return of 8.5% over the same period. Underlying portfolio returns for individual clients will vary depending on the timing of their investment.

UK equity markets generally underperformed other developed equity markets during the period driven in part by disproportionately large exposure to sectors that continue to be most severely impacted by the ongoing global pandemic. Despite the huge and continuing cost of attempting to combat the virus, the UK economy continued to recover throughout the period, as the most severe national lockdown measures were lifted. The resilience of this recovery is likely to be tested however, as rising infection rates are currently leading to the reintroduction of restrictions on a regional basis.

It has been a busy period in terms of company updates and, in general, we have been encouraged by the improving trends in trading since the full economic shutdown took effect earlier in the year. Share prices have generally reacted favourably to the reassurance provided by our investee companies regarding both underlying operating performance and financial strength.

Within the model portfolio, the largest positive total returns during the quarter were delivered by Alpha FX (+48.3%), Frontier Developments (+47.0%) and First Derivatives (+29.7%). Alpha FX, a foreign exchange risk management and payments specialist, released interim results in September, which reported on a 10% growth in revenues, despite the challenging market backdrop. Frontier Developments, a market leading developer of video games, released final results during the quarter, which were in line with previously upgraded expectations. Frontier saw a significant increase in demand for its computer games as lockdown measures took effect, while profitability has also improved given that

*Q1 2016 and Calendar Year 2016 exclude the month of January since the first monies received into the strategy were only fully invested for part of that period. Performance figures show the total return of the Unicorn AIM IHT & ISA Portfolio Service Growth Portfolios where the contribution of each portfolio to the total return is weighted by portfolio size. The returns take into account all portfolio management fees but do not include initial portfolio or adviser fees. Individual portfolios are excluded during months when a portfolio is being invested, during months when withdrawals are made, where the investor has died and all portfolios where the initial investment is less than the minimums quoted in the terms & conditions of the service. The performance figures have been calculated by WM Capital Management based on the bid prices of holdings at the end of each month. Fees are subject to change.

Product Details

Launch date

January 2016

Structure

Discretionary portfolio service

Minimum investment

Income portfolio £50,000

Growth portfolio £50,000

Weighted Average Market Cap

£539m

Initial charge (advised)

2.0% plus VAT

Annual management charge (advised)

1.5% plus VAT

Dealing fee

0.85% on stock purchases

Exit fee

1.0% (not payable on death)

Further Information - LightTower Partners

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Commentary Continued:

a larger proportion of its revenues are now derived from the sale of higher margin digital games rather than from physical discs.

First Derivatives, a specialist software and IT consultancy business, released final results during the period, which reported on solid growth for the financial year ended 29 February 2020. The group also announced a strategic partnership with Tata Consultancy Services and released a positive AGM statement, which confirmed strong trading had continued in the current financial, helped by an 8% increase in software sales.

The largest negative share price move was delivered by Johnson Service Group (-22.1%). Johnson Service Group, a textile rental and cleaning business, announced interim results that reported on an extremely challenging period for the group, during which it has had to 'mothball' facilities that provide laundry services to the hotel and restaurant sector. Management have taken steps to strengthen the balance sheet however, thereby ensuring that the business is well placed to react quickly once demand for its services recovers.

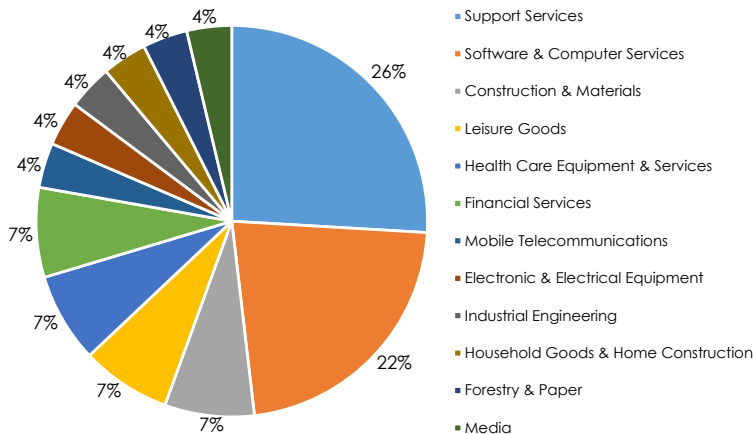
Market conditions during the final quarter of calendar year 2020 are likely to remain unpredictable given the many risks, which include; the re-introduction of lockdown measures, ongoing BREXIT negotiations and an upcoming US election. Notwithstanding these uncertainties, the portfolio companies are generally in good financial health and, in many cases, are benefitting from an acceleration in the structural trends that underpin their prospects for growth.

Top Five Holdings*

Company	Sector
Gamma Communications	Mobile Telecommunications
RWS Holdings	Support Services
GB Group	Software & Computer Services
Breedon Group	Construction & Materials
Frontier Developments	Leisure Goods

Source: Unicorn Asset Management as at 30/09/20

Sector Allocation



Manager

WM Capital Management Limited (WM) is the Discretionary Investment Manager responsible for the day to day management of investor portfolios.

WM is authorised and regulated by the Financial Conduct Authority and is recorded in the Register under reference number 601025.

Investment Adviser

Unicorn Asset Management Limited (Unicorn) is an independently owned company that has specialised in AIM and UK smaller companies since its inception in 2000.

Unicorn is authorised and regulated by the Financial Conduct Authority and is recorded in the Register under reference number 192164.

Important Notice

*typical allocation for new investors

This document is an advertisement and not a prospectus. It 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. Any decision to invest in the Unicorn AIM Inheritance Tax Portfolio Service should be made solely by reference to, and strictly in accordance with, the information contained in the terms and conditions, brochure, Investor Agreement and Application Form.

This document should not be regarded as constituting advice in respect of legal, taxation, investment or any other matters. Prospective investors are advised to consult their financial adviser before considering any investment. The value of an investment, and any income from it, can fall as well as rise as result of market and currency fluctuations and you may not get back the amount originally invested. Investment in the securities of smaller and/or medium sized companies can involve greater risk than is customarily associated with investment in larger, more established companies. The market for securities in smaller companies is often less liquid than that for securities in larger companies, meaning above average price movements both positive and negative can be expected. The tax benefits of investing in AIM companies are subject to changes in legislation and may not continue in the same form. Tax treatment will also depend on individual circumstances and may be subject to change in the future.

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

Company Case Study



Advanced Medical Solutions (AMS) is a leading developer and manufacturer of products for the global advanced wound care, surgical and wound closure markets. AMS owns a portfolio of products across a range of medical niches in which it has developed market leading positions allowing it to command attractive margins. Its largest product set, for example, is a skin-adhesive product called Liquiband, which is used to close wounds and minimise adverse surgical outcomes. The company has attractive growth opportunities in under-represented international markets and also through driving market share in adjacent high value segments through new product releases. During the pandemic, the amount of elective surgery being undertaken worldwide has reduced. Hospitals have also seen lower levels of activity in their A&E departments and, as a result, AMS has experienced a decline in demand for most of its key products and its share price has fallen as a result. The lower market value of the business represented an excellent opportunity to buy into a high-quality, market leading business. AMS is well placed to benefit from a return to more normal levels of elective surgery, while continuing to deliver attractive earnings growth over the medium to long term.

Price (p): 220.50

Market cap (£m): 471.46

Data from London Stock Exchange - 23/10/20

Investment Advisers

Chris Hutchinson



Alex Game

