

Unicorn AIM IHT & ISA Portfolio Service



Income 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 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
- Yield 2-4% p.a. paid quarterly

Product Details

Launch date

April 2016

Structure

Discretionary portfolio service

Minimum investment

Income portfolio £50,000
Growth portfolio £50,000

Weighted Average Market Cap

£319m

Income Payments

Made within 28 days from the end of each quarter

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)

Performance

	Q1	Q2	Q3	Q4	Calendar Year	Since 1 May 2016
2016	N/A	-6.3%*	+13.9%	+0.3%	+6.9%*	+15.9%
2017	+6.0%	+5.2%	+3.1%	+5.5%	+21.3%	
2018	-1.6%	+2.2%	-1.7%	-13.9%	-15.0%	
2019	+6.2%	+7.3%	-5.3%	+12.5%	+21.4%	
2020	-25.1%	+13.6%	+1.8%		-13.4%	

% return rebased



Quarterly Manager Commentary

The AIM IHT Income Portfolio registered a total return of +1.8% 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.

A principal reason for the IHT Income Portfolio's underperformance relative to the benchmark index over the third quarter was the exceptionally strong performance of ASOS, which is not held in the IHT portfolio service, but which contributed meaningfully to index performance. Additionally, the IHT Income Portfolio's long held positions in Young & Co's Brewery and Johnson Service Group weighed on relative portfolio performance as their share prices continued to decline during the third quarter.

The top performing shares were: Belvoir Group (+31.4%), a leading national lettings agent, reported strong interim results during the period. Tight control over costs, combined with a sharp recovery in property transactions during May and June allowed profitability to bounce back strongly. The fact that trading recovered to pre-Covid levels encouraged the Belvoir

*Q2 2016 and Calendar Year 2016 exclude the month of April 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 Income 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.

Further Information - Lighttower Partners

T: 020 7071 3940

E: investor-relations@lighttowerpartners.co.uk

W: www.lighttowerpartners.co.uk

Commentary Continued:

Board to propose a reinstated interim dividend alongside a supplementary dividend, which provides shareholders with some compensation for the cancelled dividend related to the previous financial year. Somero Enterprises (+30.9%), a manufacturer of advanced levelling equipment for the construction industry, reported robust interim results in spite of disruption to trading from COVID-19 during the period. A restoration of dividend payments, including a deferred final dividend was also proposed, reflecting management's confidence in the outlook. Animalcare Group (+19.0%), a veterinary medicines group, also released solid interim results during the period, which reported on a growth in sales within the Production Animals division offsetting weaker demand from the Companion Animals division.

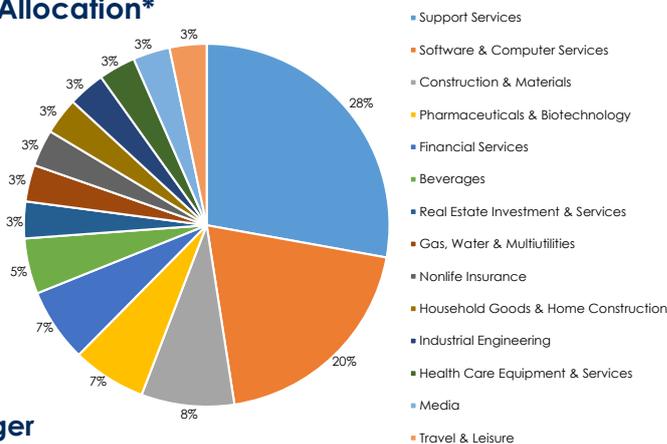
The largest detractors from performance were: Young & Co's Brewery (-22.9%), a brewery and pub chain, saw its share price decline due to investors' continued pessimism over the short-term outlook for the pub sector as a whole. Johnson Service Group (-22.2%), a textile rental and cleaning business, announced 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. NWF Group (-7.7%), a specialist agricultural and distribution business, reported that trading had been in line with management expectations during its seasonally quiet first quarter.

Top Five Holdings*

Company	Sector
Emis Group	Software & Computer Services
lomart Group	Software & Computer Services
James Halstead	Construction & Materials
Nichols	Beverages
RWS Holdings	Support Services

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

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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



Curtis Banks is a leading administrator of self-invested pension products, principally SIPPs and SSAs, with over £28 billion of assets under administration. Its business model is based on fixed rate fees, which means that income is predictable and typically recurring in nature. A robust balance sheet and a consistent track record of cash generation enables the group to pay a progressively growing dividend. The company's founders Christopher Banks and Rupert Curtis remain significant shareholders in the company.

Price (p): 208.00

Market cap (£m): 137.38

Data from London Stock Exchange - 23/10/20

Investment Advisers

Chris Hutchinson



Max Ormiston

