

Unicorn Investment Funds

Authorised Corporate Director's Audited Annual Report & Financial Statements
for the year ended 30 September 2009

Long Report

unicorn 
— ASSET MANAGEMENT —

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Directory

Authorised Corporate Director of the Company:

Unicorn Asset Management Limited
First Floor Office
Preacher's Court
The Charterhouse
Charterhouse Square
London EC1M 6AU
(Authorised and Regulated by the Financial Services Authority)

Registrar:

Capita Financial Administrators
Limited
2 The Boulevard
City West One Office Park
Gelderd Road
Leeds LS12 6NT
(Authorised and Regulated by the Financial Services Authority)
(to 30 September 2009)

Phoenix Fund Services (UK) Limited
PO Box 10602
Chelmsford
Essex
CM1 9PD
(Authorised and Regulated by the Financial Services Authority)
(from 1 October 2009)

Depository of the Company:

HSBC Bank plc
8 Canada Square
London E14 5HQ
(Authorised and Regulated by the Financial Services Authority)

Administrator

Capita Financial Administrators
Registered Office:
Ibex House
42 – 47 Minorities
London EC3N 1DX
(Authorised and Regulated by the Financial Services Authority)
(to 30 September 2009)

Phoenix Fund Services (UK) Limited
PO Box 10602
Chelmsford
Essex
CM1 9PD
(Authorised and Regulated by the Financial Services Authority)
(from 1 October 2009)

Operating Address:

Capita Financial Administrators Limited
2 The Boulevard
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Geldard Road
Leeds LS12 6NT
(Authorised and Regulated by the Financial Services Authority)
(to 30 September 2009)

Phoenix Fund Services (UK) Limited
PO Box 10602
Chelmsford
Essex
CM1 9PD
(Authorised and Regulated by the Financial Services Authority)
(from 1 October 2009)

Auditor:

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU

Investment Manager:

Unicorn Asset Management Limited
First Floor Office
Preacher's Court
The Charterhouse
Charterhouse Square
London EC1M 6AU
(Authorised and Regulated by the Financial Services Authority)

General Information

Constitution

The Company is an Open-Ended Investment Company (OEIC) with variable capital, constituted under regulation 14 (authorisation) of the OEIC Regulations 2001, incorporated in England and Wales under Registered Number IC 000 143 and authorised by the Financial Services Authority with effect from 21 December 2001.

Authorised Status

The Company is an umbrella company as defined in the Financial Services Authority's Collective Investment Schemes Sourcebook (COLL Sourcebook) and therefore, subject to approval from the Financial Services Authority, different Sub-Funds may be formed by the Authorised Corporate Director (ACD). The assets of each Sub-Fund are treated as separate from those of every other Sub-Fund and will be invested in accordance with that Sub-Fund's own investment objective and policy.

Shareholders are not liable for the debts of the Company.

There are currently five Sub-Funds in existence, all of which are UCITS Schemes:

- Unicorn Free Spirit Fund
- Unicorn Mastertrust Fund
- Unicorn UK Smaller Companies Fund
- Unicorn UK Income Fund
- Unicorn Outstanding British Companies Fund

As a sub-fund is not a legal entity, none of the Sub-Funds are 'ring-fenced'. In the event of a Sub-Fund being unable to meet liabilities attributable to that Sub-Fund out of the assets attributable to it, the excess liabilities may have to be met out of the assets attributable to the other Sub-Funds.

If shares in respect of fewer than two Sub-Funds are in issue for a period of twenty four consecutive months, the ACD shall take such action as is necessary to change the category of the Company or cause shares in respect of more than one Sub-Fund to be in issue.

Share Classes and Types

Each Sub-Fund has two share classes available, Retail (A) shares and Institutional (B) shares. The Sub-Funds have both Income and Accumulation shares available in each share class.

The Free Spirit, Mastertrust, UK Smaller Companies and UK Income Funds only have Income shares currently in issue and the Outstanding British Companies Fund only has Accumulation shares currently in issue.

All distributable income, expenses and tax will be allocated to the share class in respect of which it was earned or incurred except where it cannot be considered attributable to any one share class, when it is normally allocated pro-rata to the value of the net assets attributable to each share class.

In the event of the winding up of the Company or any of its Sub-Funds, all share classes and share types have equal rights attached to them.

Minimum Investment

Except for the Outstanding British Companies Fund Institutional 'B' shares, the minimum initial investment that may be made for income and accumulation shares is £2,500. The minimum initial investment for the Outstanding British Companies Fund Institutional 'B' shares is £20,000. The subsequent minimum investment for all shares is £1,000.

ISA Status

During the year under review, all of the Sub-Funds met the requirements for the ISA qualification as determined by the Inland Revenue ISA Regulations.

To Buy or Sell Shares

Applications may be made by completing an application form and delivering it to the Registrar, Phoenix Fund Services (UK) Limited, PO Box 10602, Chelmsford, Essex CM1 9PD or by telephone between 9.00 am and 5.00 pm on any Business Day. The ACD may also, at its sole discretion, accept instructions by telephone or by facsimile on such terms as it may specify. Telephone applications should be made to the share dealers on 0845 026 4287 or through approved agents. Telephone instructions must be confirmed by delivering a duly completed and signed application form to the Registrar at the same address. Shares may be sold, either by telephoning the ACD's Order Desk on 0845 026 4287 between 9.00 am and 5.00 pm on any dealing day, or in writing, to Phoenix Fund Services (UK) Limited, PO Box 10602, Chelmsford, Essex CM1 9PD.

Risk Factors for all Sub-Funds

Past performance is not a guide to future performance. The price and the value of the shares, and the income from them, can go down as well as up. This investment is intended as a long-term investment.

In addition, the values in terms of the base currency of each Sub-Fund of investments that are not denominated in the base currency may rise and fall as a result of exchange rate fluctuations, which will have a related effect on the value of shares in the Sub-Fund.

General Information

Income

Distributions are paid on or before the annual income allocation date of 30 November.

Charges

The Authorised Corporate Director (ACD) may impose a charge on the sale of shares to investors. The maximum initial charge permitted is 5.5% of the amount invested by the prospective shareholder. The current charge is 5.5% on all share classes.

In addition, the ACD is entitled to be paid from each Sub-Fund an annual management charge not exceeding 2% per annum of the Net Asset Value of each Sub-Fund. The current charge is 1.5% for Retail Income and Accumulation (A) shares, 1.25% for Institutional Income (B) shares and 1% for Institutional Accumulation (B) shares.

All charges and operating expenses are allocated between capital and income in accordance with the investment objectives of the Sub-Funds and the Statement of Recommended Practice.

Equalisation

Equalisation is accrued income included in the price of shares issued during the accounting year which, after using monthly groupings to average, is refunded as part of a shareholder's first distribution/accumulation, resulting in the same rate of distribution/accumulation on all shares. As a capital repayment, it is not liable to Income Tax but must be deducted from the cost of shares for Capital Gains Tax purposes.

Taxation

The following is a brief summary of the taxation position relating to holdings in the Sub-Funds of the Company at the time of going to print. It should not be regarded as exhaustive and does not constitute legal or tax advice.

Levels and bases of taxation and relief from taxation are subject to Government legislation and may change. They will also depend on individual circumstances.

Transactions within the Sub-Funds are exempt from UK Capital Gains Tax realised on the disposal of investments.

Dividends from UK companies come with a tax credit and no further tax is payable by the Sub-Funds. The unfranked income received, and other types of income received by the Sub-Funds, after deducting allowable expenses, are subject to Corporation Tax at 20%.

The distribution of income will carry with it a tax credit at the prevailing rate. You will receive a tax voucher detailing the income earned and tax paid on your distribution. The tax credit will eliminate any further tax for lower or basic rate taxpayers. Higher rate taxpayers will be liable to further tax on their distribution.

You may also be liable to Capital Gains Tax on any gain on the disposal or part disposal of your investment.

Stamp Duty Charges

Stamp Duty Reserve Tax (SDRT) is applicable for certain deals in units of Unit Trusts and shares in Open-Ended Investment Companies (OEICs).

The liability for payment of this duty lies with the OEIC as a Company and with the Depositary. The Financial Services Authority Rules permit that payments of SDRT may be paid from the property of the respective Sub-Funds and that the Authorised Corporate Director may levy a SDRT provision against the individual purchase and sale of shares for payment into the Sub-Fund. SDRT provision would, if imposed, increase the cost of buying shares and reduce the proceeds of sales to the investor (up to a maximum of 0.5% of the value of the transaction). Only in the case of large deals will the ACD consider and potentially exercise, the right to impose an SDRT provision resulting in a charge on the investor. This policy will be kept under review.

Reports and Prospectus

Copies of the Prospectus and Report and Financial Statements may be obtained from the Registrar at the address shown at the beginning of this Report.

Report of the Authorised Corporate Director

Unicorn Free Spirit Fund

Objectives and Policy

The Unicorn Free Spirit Fund ('the Fund') aims to achieve long term capital growth through investment in a portfolio of UK equities.

The Sub-Fund has issued both Retail (A) and Institutional (B) shares.

Investment Manager's Report

For the twelve month period to 30 September 2009, the Fund's Retail (A) and Institutional (B) shares produced returns of 16.21% and 16.52% respectively. This compares favourably with the return on the benchmark index, the FTSE All-Share Index, of 10.80% over the same year (source: Financial Express bid to bid, total returns).

The Authorised Corporate Director declares a dividend for the year of 1.4635p for the Retail (A) Shares and 1.8367p for the Institutional (B) Shares, payable on 30 November 2009 to shareholders who were on the register as at 30 September 2009.

The year under review was extremely volatile for equity markets throughout the world. During the first five months of the period stock markets tumbled as demand for products and services fell and investors lost confidence. The full impact of the global financial crisis was felt throughout the UK, in all sectors of the economy. Conditions began to improve in March 2009 when, largely as a result of government intervention, it became clear that a complete failure of the financial system was unlikely. Investor confidence slowly returned and equity markets began to recover against the backdrop of a more stable economic environment.

Following a significant restructuring of the Fund last year it was pleasing to see performance improve in the year under review. The turnover of stocks within the Fund was also significantly lower during the period. In total eight stocks were sold completely and six new investments were made. This reduced the number of stocks held from 30 to 29. Of the eight holdings sold, three were the result of corporate activity.

New investments were made during the year in Ambrian Capital, an investment bank specialising in the natural resources sector, Arden Partners, a stockbroker, British Polythene, one of the UK's leading manufacturers of polythene products, Sigma Capital, a specialist fund management business and McBride, Europe's leading manufacturer of private label household & personal care products. An investment was also made in BPP, the professional education provider, following the announcement of a takeover approach. The holding was sold during the year upon completion of the deal. Encouragingly, all of the new investments had made a positive contribution to performance by the end of the year under review.

The worst performing stocks in the portfolio during the year were Augean, a specialist in hazardous waste management, and Supporta, a provider of domiciliary care services. The stocks fell in value by 54% and 37% respectively but despite this disappointing performance we remain confident in the long term prospects of both companies. During the year operational issues were addressed and both companies found themselves subject to failed bid approaches. We continue to believe that the investments are fundamentally undervalued and in anticipation of an improvement in the performance of both stocks the holding in Supporta was increased during the year and the investment in Augean was retained in full.

One of the strongest contributors to performance was Abacus (+192%), an electronic components distributor, which was acquired during the year by its American competitor Avnet. Pendragon (+328%), the car distribution group, Abcam (+85%), a developer and retailer of therapeutic antibodies and Microgen (+88%), a provider of software to the financial services sector also all performed exceptionally well.

At the year end the core portfolio consisted of robust, high margin and cash generative businesses with strong balance sheets and good long term growth potential. The Fund continues to have very limited exposure to the Banking, Housing or Consumer Goods sectors and remains focused on those businesses which operate in specialist markets and which are geographically diversified.

As at 30 September 2009, the Fund held investments in 29 companies. A full list of portfolio investments is shown on pages 33 to 35 of this Report. Information about the major purchases and sales over the last 12 months is shown on page 36.

Report of the Authorised Corporate Director

Unicorn Free Spirit Fund

Performance Record

Net Asset Value per share

The net asset values for the last three final accounting dates are:

Accounting Year	Retail (A) Shares†			Institutional (B) Shares#		
	Net Asset Value (£)	Net Asset Value per share (pence)	Number of Income Shares	Net Asset Value (£)	Net Asset Value per share (pence)	Number of Income Shares
2007	6,091,982	243.00	2,506,982	13,228,581	240.69	5,496,167
2008	2,783,719	163.16	1,706,179	5,005,713	161.49	3,099,765
2009	2,580,150	188.15	1,371,338	3,708,788	186.32	1,990,504

Distribution Record Calendar Year	Retail (A) Shares†	Institutional (B) Shares#	Total Expense Ratios		Retail (A) Shares		Institutional (B) Shares	
	(pence per share)	(pence per share)	Expense Type	30/09/09	30/09/08	30/09/09	30/09/08	
2004	0.4017	0.7357		%	%	%	%	
2005	0.4337	0.8899	ACD's periodic fee	1.50	1.50	1.25	1.25	
2006	0.6941	1.2952	Other expenses	0.40	0.11	0.40	0.11	
2007	0.5596	1.5320						
2008	2.1828	2.6822						
2009*	1.4635	1.8367	Total expense ratios	1.90	1.61	1.65	1.36	

Price Record Calendar Year	Retail (A) Shares†		Institutional (B) Shares#	
	Highest price (pence)	Lowest price (pence)	Highest price (pence)	Lowest price (pence)
2004	194.06	164.98	191.90	163.30
2005	220.26	187.52	218.12	185.40
2006	253.39	213.67	251.56	211.52
2007	263.21	216.59	265.05	218.57
2008	234.80	138.08	232.93	136.74
2009*	198.14	137.73	196.61	136.49

† Retail (A) Shares were first issued on 21 January 2002 at £1.00.

Institutional (B) Shares were first issued on 31 December 2001 at £1.00.

* To 30 September 2009.

Report of the Authorised Corporate Director

Unicorn Mastertrust Fund

Objectives and Policy

The Unicorn Mastertrust Fund ('the Fund') aims to achieve long term capital growth by investing in a wide range of listed investment companies.

The Sub-Fund has issued both Retail (A) and Institutional (B) shares.

Investment Manager's Report

Over the twelve month period ending 30 September 2009 the Fund's Retail (A) and Institutional (B) shares delivered returns of 18.31% and 19.01% respectively, placing Mastertrust in the top quartile of funds in the Active Managed sector. For the same year the returns on the benchmark index, the FTSE Equity Investment Instruments Index and the FTSE All-Share Index were 5.24% and 10.80% respectively (source: Financial Express Bid to Bid, Total Returns).

The Fund was invested in 34 companies at the year end. A full list of portfolio investments is shown on pages 38 and 39 of this report. Information about the major purchases and sales during the period is shown on page 40.

As mentioned at the interim stage, the year under review commenced shortly after the dramatic collapse of Lehman Brothers in September 2008. With financial markets already gripped by fear, this event sparked a further flight to the safety of government bonds and accelerated the process of de-leveraging, a process which continues today. The final three months of 2008 thus proved to be a particularly challenging period for equity investors in general and perhaps more so for those investing in investment companies where share price discounts typically

widen in falling markets. As 2008 drew to a close equity prices, having recorded average falls of around 50% from their highs of June 2007, had discounted a massive deterioration in the prospects for the global economy. The exceptionally wide discounts seen in many areas of the investment companies sector at that time encouraged your manager to invest in a number of funds that appeared to be priced for an even bleaker outcome.

Following its exclusion from the FTSE All-Share Index in the December 2008 annual review, an investment was made in 3i Quoted Private Equity at an average discount to stated net asset value in excess of 40%. During January 2009 we continued to identify value in deeply discounted investment companies where we believed that the long term prospects outweighed the medium term uncertainties in equity markets. New investments were made in Electra Private Equity, Strategic Equity Capital and following a poorly received set of results, 3i Group. In each case the purchase price equated to less than 50% of our estimate of the prevailing net asset value. 3i Quoted Private Equity has subsequently been acquired by its parent company, 3i Group, while the investments in Electra Private Equity, Strategic Equity Capital and 3i Group itself have each performed strongly since purchase. Elsewhere within the portfolio there have been notable performance contributions from a broad range of funds including Polar Capital Technology, BH Global, JPMorgan European Fledgeling, City Natural Resources, Fidelity Asian Values, Baillie Gifford Shin Nippon and Ambrian Capital which each delivered share price gains of more than 30% over the course of the twelve month period under review.

World equity markets began to recover in March 2009 and have barely paused for breath since then, with the UK market delivering its best quarterly performance in the third quarter of 2009 since the first three months of 1975.

Credit markets around the world have also continued to recover towards pre-Lehman levels and the consensus now appears to believe that the worst of the financial crisis has passed. Leading indicators have also improved over recent months and while it remains difficult to forecast the strength of the recovery in the UK economy, growth has resumed in many global markets. As the appetite for risk has increased, investment company discounts have once again narrowed. Although the incredibly deep discounts of late 2008 are no longer evident there is still plenty of value to be found in the sector and the process of rationalisation through corporate activity is likely to accelerate in the coming months.

Against a backdrop of an improving economic environment your manager believes that the internationally diversified exposure offered by a portfolio of investment companies represents an attractive investment proposition. Despite the rapid rise in valuations since March, equity markets remain relatively attractive and investment companies continue to offer the prospect of further discount narrowing and in turn further relative outperformance.

Report of the Authorised Corporate Director

Unicorn Mastertrust Fund

Performance Record

Net Asset Value per share

The net asset values for the last three final accounting dates are:

Accounting Year	Retail (A) Shares†			Institutional (B) Shares#		
	Net Asset Value (£)	Net Asset Value per share (pence)	Number of Income Shares	Net Asset Value (£)	Net Asset Value per share (pence)	Number of Income Shares
2007	4,916,920	233.36	2,107,011	7,245,454	205.06	3,533,340
2008	2,893,454	166.37	1,739,182	2,710,267	146.11	1,854,999
2009	2,631,239	196.84	1,336,717	2,239,539	173.88	1,288,000

Distribution Record Calendar Year	Retail (A) Shares†	Institutional (B) Shares#	Total Expense Ratios		Retail (A) Shares		Institutional (B) Shares	
	(pence per share)	(pence per share)	Expense Type	30/09/09	30/09/08	30/09/09	30/09/08	
				%	%	%	%	
2004	0.0383	0.3170						
2005	–	–	ACD's periodic fee	1.50	1.50	1.25	1.25	
2006	–	–	Other expenses	0.50	0.16	0.50	0.16	
2007	–	–						
2008	–	–	Total expense ratios	2.00	1.66	1.75	1.41	
2009*	–	–						

Price Record Calendar Year	Retail (A) Shares†		Institutional (B) Shares#	
	Highest price (pence)	Lowest price (pence)	Highest price (pence)	Lowest price (pence)
2004	159.23	133.78	138.95	116.72
2005	205.93	160.03	180.11	139.65
2006	231.86	202.10	203.49	176.95
2007	251.64	215.58	221.04	189.59
2008	221.79	125.17	195.07	110.34
2009*	199.16	121.62	175.93	107.28

† Retail (A) Shares were first issued on 21 January 2002 at £1.00.

Institutional (B) Shares were first issued on 31 December 2001 at £1.00.

* To 30 September 2009.

Report of the Authorised Corporate Director

Unicorn UK Smaller Companies Fund

Objectives and Policy

Unicorn UK Smaller Companies Fund ('the Fund') aims to achieve long-term capital growth by investing predominantly in shares in smaller UK companies where a smaller company is defined as a constituent of the Extended Hoare Govett Smaller Companies Index. In addition, the Fund may invest up to 20% of the portfolio value in companies not included in the above, including those listed on the Alternative Investment Market.

The Fund has issued both Retail (A) and Institutional (B) Shares.

Investment Manager's Report

For the twelve month period to 30 September 2009, the Fund's Retail (A) and Institutional (B) shares produced returns of +9.76% and +10.04% respectively. This compares with the return on the benchmark index, the Hoare Govett Smaller Companies Index (HGSC), of +27.51% over the same year.

The Authorised Corporate Director declares a dividend for the year of 0.0338p for the Retail (A) Shares and 0.3183p for the Institutional (B) Shares, payable on 30 November 2009 to shareholders on the register as at 30 September 2009.

During the year under review, equity markets around the world experienced high degrees of volatility. In the five month period from October 2008 to March 2009 markets continued to decline as the full impact of the global financial crisis was felt. Demand for products and services across almost all sectors of the UK economy temporarily collapsed and investors understandably developed an increased aversion to risk. From March onwards it slowly

became apparent that concerted government action had successfully averted the possibility of a complete failure of the financial system and that the economic outlook had stabilised. As sentiment improved and appetite for risk returned so equity markets began a sustained recovery.

The Fund was repositioned early in the year and performed well relative to its benchmark up until the point at which the equity market began its sustained rally in March 2009. In the following months the HGSC Index rallied extremely strongly. This recovery was predominantly driven by the share price performance of financially distressed companies which were able to successfully refinance their debt through fully underwritten and deeply discounted rights issues. In the first six months alone over £4bn of fresh capital was raised in this way for companies within the HGSC Index. Since the start of March, Index performance has also been driven by very significant returns from the Mining, Retail and Technology sectors. The Fund is defensively positioned and deliberately has limited exposure to heavily indebted companies and also avoids investing in speculative sectors such as Mining and Technology. Whilst underperformance is disappointing, your Fund Manager is confident that this is a short term phenomenon created by a unique set of circumstances. The Fund will continue to be managed in a prudent way and with a clear set of investment criteria. The objective remains to deliver steady capital growth and consistent upper quartile performance over the longer term.

As a consequence of the repositioning referred to above, the Fund has been subject to a higher than average level of trading activity over the past twelve months. Eleven stocks were disposed of completely, including Abacus and Concateno which were subject to corporate takeovers.

A number of new stocks were added to the portfolio during the year including Abcam, a leading manufacturer and

distributor of therapeutic antibodies, Ambrian Capital, an investment bank specialising in the natural resources sector, British Polythene, one of the UK's leading manufacturers of polythene products and Capital Pub Company, an owner and operator of freehold London pubs. The new investments have been identified as having significant potential for capital growth over the longer term and have performed well since being introduced to the portfolio.

From the established portfolio, the two biggest disappointments of the past twelve months were Augean and Supporta. Augean is a specialist in hazardous waste management which fell in value by 54% and Supporta is a provider of domiciliary care services, which saw its share price fall by 37%. Both of these businesses have had to contend with significant operational issues in recent times which now appear to have been largely resolved. Each company has also been the subject of a failed bid approach in the past year. The investments have been retained in the belief that they are fundamentally undervalued and in anticipation of improved trading performance.

During the year, major contributors to performance included Abcam (+85%), Brooks Macdonald (+80%), Microgen (+88%), Pendragon (+328%) and Sportingbet (+149%).

As at 30 September 2009, the Fund held investments in 29 companies. A full list of portfolio investments is shown on pages 42 to 44 of this Report. Information about the major purchases and sales over the last 12 months is shown on page 45.

Report of the Authorised Corporate Director

Unicorn UK Smaller Companies Fund

Performance Record

Net Asset Value per share

The net asset values for the last three final accounting dates are:

Accounting Year	Retail (A) Shares†			Institutional (B) Shares#		
	Net Asset Value (£)	Net Asset Value per share (pence)	Number of Income Shares	Net Asset Value (£)	Net Asset Value per share (pence)	Number of Income Shares
2007	2,918,318	212.20	1,375,280	7,782,394	202.83	3,836,941
2008	1,334,712	139.51	956,707	3,803,345	133.26	2,854,056
2009	1,248,998	153.09	815,844	3,417,397	146.33	2,335,434

Distribution Record Calendar Year	Retail (A) Shares†	Institutional (B) Shares#	Total Expense Ratios		Retail (A) Shares		Institutional (B) Shares	
	(pence per share)	(pence per share)	Expense Type	30/09/09	30/09/08	30/09/09	30/09/08	
				%	%	%	%	
2004	0.7875	1.1935						
2005	0.4218	0.8389	ACD's periodic fee	1.50	1.50	1.25	1.25	
2006	–	–	Other expenses	0.59	0.13	0.59	0.13	
2007	–	0.4745						
2008	1.0823	1.4449						
2009*	0.0338	0.3183	Total expense ratios	2.09	1.63	1.84	1.38	

Price Record Calendar Year	Retail (A) Shares†		Institutional (B) Shares#	
	Highest price (pence)	Lowest price (pence)	Highest price (pence)	Lowest price (pence)
2004	176.33	146.58	168.23	140.04
2005	169.49	145.86	161.61	139.21
2006	215.16	167.96	205.77	160.18
2007	228.39	186.40	218.61	178.25
2008	190.24	116.17	182.10	111.04
2009*	160.62	113.68	153.82	108.72

† Retail (A) Shares were first issued on 9 August 2002 at £1.00.

Institutional (B) Shares were first issued on 15 July 2002 at £1.00.

* To 30 September 2009.

Report of the Authorised Corporate Director

Unicorn UK Income Fund

Objectives and Policy

Unicorn UK Income Fund ('the Fund') aims to provide a high and rising income from a portfolio of UK equities.

The Sub-Fund has issued both Retail (A) and Institutional (B) shares.

Investment Manager's Report

In the twelve months to 30 September 2009, the Fund's Retail (A) and Institutional (B) shares produced returns of 34.58% and 34.79% respectively. These returns compare with an increase in the benchmark index, the FTSE All-Share Index, of 10.80% over the same year. (source: Financial Express Bid to Bid, Total Returns).

The Authorised Corporate Director declares dividends for the year of 3.2129p for the Retail (A) Shares and 3.2676p for the Institutional (B) Shares, payable on 30 November to shareholders who were on the register as at 30 September 2009.

The Fund was invested in 28 companies at the year end. A full list of the portfolio of investments is shown on pages 47 to 49 of the report. Information on purchases and sales is shown on page 50 of the report.

The managers are disappointed by the scale of the dividend cut which was caused by a significant change in market sentiment towards dividends. There were no special dividends, included within the income account, unlike the previous year where James Halstead, De La Rue and Bodycote paid specials. Despite being taken over Abacus did not pay a dividend and the takeover period was protracted. Pendragon did not pay a dividend however the

managers felt there was considerable capital upside and held the stock for an extended period to gain from this.

The manager adopts a flexible style to asset allocation between large and small capitalisation stocks concentrating on companies who are cash generative, profitable and pay dividends with experienced management teams.

Over the year the market has risen as investors confidence returned after a torrid time in the first half of the year following the near collapse of the banking system and resultant government cash inflows into the system. Commodity prices have stabilised and overseas earners are seen to be growing.

The Funds lack of exposure to financial stocks and UK consumer related stocks including retail and house building has served us well.

The main contributors to performance have been car distributor Pendragon (+328%), Abacus an electronic components distributor (+192%), RPC a packaging company (+106.7%), Devro a sausage skin manufacturer (+74.4%) and Microgen a provider of software to the financial services sector (+88.3%).

There were a number of complete sales during the year including Microgen, Snacktime, Provident Financial, ACP Capital, Office to Office and Abbey Protection. Pendragon has been partially sold on a number of occasions as investors realised it was not going bust and since then it has refinanced its bank debt. On a negative note Cattles our only financial stock was suspended during the year and has been fully written off.

A number of new holdings have been added to the portfolio including RPC a packaging manufacturer, Brewin Dolphin

the UK's largest private client stockbroker, Superglass an Insulation manufacturer, Harvey Nash an international recruitment company, Castings a UK based foundry business serving international clients, British Polythene Industries a manufacturer of packaging material and Havelock Europa an out of favour shop fitting business. The Fund has also bought into the property sector with the purchases of Mucklow which trades on a significant discount to its asset value and yields over 5% and Rugby estates which trades on a significant discount and is in the process of liquidating the portfolio to become a property manager.

Corporate activity has been almost non-existent during the year with the only deal completed Avnet's purchase of Abacus which became rather protracted. With fund raising capacity returning in the largest market capitalisation stocks and the fall in sterling we expect corporate activity to pick up especially as overseas companies attempt to gain market share in Europe.

At the year end the Fund remains focused on companies who operate in international markets and are export driven companies. We remain with very little exposure to the UK consumer where future tax rises are likely to bite.

Report of the Authorised Corporate Director

Unicorn UK Income Fund

Performance Record

Net Asset Value per share

The net asset values for the last three final accounting dates are:

Accounting Year	Retail (A) Shares†			Institutional (B) Shares#		
	Net Asset Value (£)	Net Asset Value per share (pence)	Number of Income Shares	Net Asset Value (£)	Net Asset Value per share (pence)	Number of Income Shares
2007	377,616	130.90	288,487	3,638,358	132.36	2,748,863
2008	223,985	84.39	265,432	1,579,472	85.62	1,844,753
2009	511,655	110.36	463,614	1,571,948	112.14	1,401,773

Distribution Record Calendar Year	Retail (A) Shares†	Institutional (B) Shares#	Total Expense Ratios		Retail (A) Shares		Institutional (B) Shares	
	(pence per share)	(pence per share)	Expense Type	30/09/09	30/09/08	30/09/09	30/09/08	
				%	%	%	%	
2004	1.4700	1.4694						
2005	4.1938	4.1999	ACD's periodic fee	1.50	1.50	1.25	1.25	
2006	4.7793	4.8057	Other expenses	1.26	0.21	1.26	0.21	
2007	6.9658	7.0259						
2008	6.1374	6.2250						
2009*	3.2129	3.2676	Total expense ratios	2.76	1.71	2.51	1.46	

Price Record Calendar Year	Retail (A) Shares†		Institutional (B) Shares#	
	Highest price (pence)	Lowest price (pence)	Highest price (pence)	Lowest price (pence)
2004	107.00	97.82	107.02	97.77
2005	126.00	107.22	126.50	107.37
2006	141.95	124.82	143.25	125.46
2007	154.52	116.38	156.09	117.74
2008	124.96	73.02	126.55	74.05
2009*	116.64	70.16	118.51	71.20

† Retail (A) Shares were first issued on 24 May 2004 at £1.00.

Institutional (B) Shares were first issued on 24 May 2004 at £1.00.

* To 30 September 2009.

Report of the Authorised Corporate Director

Unicorn Outstanding British Companies Fund

Objectives and Policy

The Unicorn Outstanding British Companies Fund ('the Fund') aims to achieve the highest predictable annual compounding rate of return over the long-term, where long-term is defined as being not less than five years, by investing in a collection of outstanding British companies, either fully listed or quoted on the Alternative Investment Market, with the least amount of economic, as distinct, from market price risk. Outstanding companies are those whose economics and risks are well understood, whose revenues, earnings and cash flows are predictable to a high degree of certainty, which sell products and services into growing markets, which have market leadership positions and lasting competitive strength, which generate high average and incremental returns on invested capital, which convert a high proportion of their earnings into free, distributable cash, which can show a consistent track record of operating performance, which are run by decent, experienced individuals, who manage their businesses with the goal of maximising owner-value, which operate with low core debt, which are not predominantly acquisition-led, which produce clean, intelligible financial statements. Up to 25% of the Fund will be invested in smaller faster growing companies with the remainder in more established businesses.

The Sub-Fund has issued both Retail (A) and Institutional (B) shares.

Investment Manager's Report

For the year ending 30 September 2009, the Fund's Retail (A) and Institutional (B) shares produced returns of 9.23% and 9.77% respectively. These returns compare with a rise in the benchmark index, the FTSE All-Share Index, of 10.80% over the same year (source: Unicorn Asset Management, Financial Express mid to mid, total returns).

As at 30 September 2009, the Fund held investments in 25 companies. A full list of portfolio investments is shown on pages 52 to 54 of this Report. Information about the major purchases and sales over the last 12 months is shown on page 55.

The Authorised Corporate Director declares a dividend for the year of 0.1193p for the Retail (A) Shares and 0.5405p for the Institutional (B) Shares, payable on 30 November 2009 to shareholders on the register as at 30 September 2009.

The Fund has continued to focus on companies which meet the majority of the investment manager's clearly defined criteria. These criteria are as follows: Companies must be well understood by the manager; have consistent operational performance and predictable earnings profiles; hold strong positions in growing markets; generate high returns on invested capital; convert a high proportion of earnings into cash; be run by experienced management teams who focus on delivering shareholder value; operate with low levels of core debt; not be predominantly acquisition-driven, and; produce clean and intelligible financial statements.

In keeping with the long term investment philosophy, the level of trading activity was again very low. During the year there were no new additions to the portfolio, whilst partial disposals were made in Abcam, Bodycote, Dechra Pharmaceutical and Provident Financial in order to maintain appropriate weightings.

During a volatile year for stock markets generally, the Fund delivered a mixed performance relative to its benchmark. In the first half the portfolio demonstrated its defensive qualities as it again outperformed a falling market. However, from March 2009 onwards, investors regained an appetite for risk. As stock markets rallied there were an increasing number of fully underwritten, deeply discounted rights issues designed to repair the balance sheets of some of the

public markets most financially distressed companies. This so called 'dash for trash' has helped fuel the gains in the FTSE All-Share Index, which closed the year up 48% from its low point recorded on 3 March 2009. The Fund is defensively positioned and deliberately has limited exposure to heavily indebted companies. As a consequence the Fund did not quite match the performance of the index rally of the past six months, thus ending the year as whole with modest underperformance relative to its benchmark.

Whilst this underperformance is disappointing the investment team believes that the portfolio remains an attractive base from which to create value over the medium to long term. The operating performance of most of our investee businesses remains in line with our expectations. Companies such as Abcam (+85%), Domino Printing (+41%), Rolls Royce (+40%) and Serco (+40%), have performed particularly well during the year; whilst the most notable disappointments have come from Gooch & Housego (-37%) and Renishaw (-26%) which both issued profit warnings during the year specifically related to the global economic slowdown.

The rise in share prices combined with generally modest earnings growth has meant that the market as a whole has become significantly more highly valued in recent months. Many financially distressed companies have enjoyed a disproportionate rally in their share price following successful, but heavily discounted, equity fundraisings. The more prudently managed, dividend paying companies have lagged behind. In due course, we anticipate that institutional investors will rotate their focus away from high risk assets and back toward more sensibly managed businesses with strong cashflows, low levels of debt and sustainable growth prospects. We continue to seek out companies that fulfil precisely these characteristics and remain confident that the Fund will generate superior returns for investors over the longer term.

Report of the Authorised Corporate Director

Unicorn Outstanding British Companies Fund

Performance Record

Net Asset Value per share

The net asset values for the last three accounting dates are:

Accounting Year	Retail (A) Shares†			Institutional (B) Shares#		
	Net Asset Value (£)	Net Asset Value per share (pence)	Number of Accumulation Shares	Net Asset Value (£)	Net Asset Value per share (pence)	Number of Accumulation Shares
2007	1,697,093	105.69	1,605,770	1,829,949	105.88	1,728,254
2008	1,558,785	94.26	1,653,701	1,554,627	94.76	1,640,574
2009	1,516,416	102.96	1,472,842	1,374,264	104.02	1,321,136

Distribution Record Calendar Year	Retail (A) Shares†	Institutional (B) Shares#	Total Expense Ratios		Retail (A) Shares		Institutional (B) Shares	
	(pence per share)	(pence per share)	Expense Type	30/09/09	30/09/08	30/09/09	30/09/08	
				%	%	%	%	
2007	–	0.3850						
2008	0.9686	1.3296	ACD's periodic fee	1.50	1.50	1.00	1.00	
2009*	0.1193	0.5405	Other expenses	0.89	0.19	0.89	0.19	
			Total expense ratios	2.39	1.69	1.89	1.19	

Price Record Calendar Year	Retail (A) Shares†		Institutional (B) Shares#	
	Highest price (pence)	Lowest price (pence)	Highest price (pence)	Lowest price (pence)
2006	100.94	99.38	100.96	99.39
2007	110.76	99.75	110.89	99.84
2008	110.37	74.14	110.78	74.56
2009*	104.38	77.46	105.45	78.02

† Retail (A) Shares were first issued on 8 December 2006 at £1.00.

Institutional (B) Shares were first issued on 8 December 2006 at £1.00.

* To 30 September 2009.

Statement of the Authorised Corporate Director's Responsibilities

The Open-Ended Investment Companies Regulations 2001 (OEIC Regulations) and the Financial Services Authority's Collective Investment Schemes Sourcebook (COLL Sourcebook) require the Authorised Corporate Director (ACD) to prepare Financial Statements for each annual accounting period, which give a true and fair view of the financial position of the Company and of its net income and net gains for the year. In preparing the Financial Statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;

- comply with the disclosure requirements of the Statement of Recommended Practice (SORP) relating to the Financial Statement of Authorised Funds, as issued by the Investment Management Association (IMA);
- follow UK Generally Accepted Accounting Principles (UK GAAP) and applicable UK accounting standards;
- make judgements and estimates that are reasonable and prudent; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume the Company will continue in operation.

The ACD is responsible for keeping proper accounting records, which enable it to demonstrate that the Financial Statements as prepared, comply with the above requirements.

The ACD is responsible for the management of the Company in accordance with its Instrument of Incorporation, Prospectus and the Financial Services Authority Rules, and for ensuring that reasonable steps are taken for the prevention and detection of fraud and other irregularities.

Statement of the Depositary's Responsibilities in Respect of the Report and Accounts of the Scheme

The Depositary is under a duty to take into its custody or under its control all of the property of the scheme and to hold it in trust for the holders of shares. Under the rules in the Financial Services Authority's Collective Investment Schemes sourcebook relating to Reports it is also the duty of the Depositary to enquire into the conduct of the Investment Manager in the management of the scheme in each accounting period and to report thereon to shareholders in a report which shall contain the matters prescribed by the rules. A copy of the Depositary's report is set out below in this report.

Report of the Depositary to the Shareholders of the Unicorn Investment Funds ICVC ('the scheme')

Having carried out such procedures as we considered necessary to discharge our responsibilities as Depositary of the scheme it is our opinion, based on the information available and the explanations provided, that the Investment

Manager has not in all instances managed the scheme during the year, in accordance with the investment and borrowing powers and restrictions applicable to the scheme, and otherwise in accordance with the provisions of the Instrument of Incorporation and the rules in the Financial Services Authority's Collective Investment Schemes Sourcebook.

Listed below are some significant instances where the scheme, during the year was not managed in accordance with the provisions of the Instrument of Incorporation, the Prospectus and the rules in the Financial Services Authority's Collective Investment Schemes Sourcebook:

- Five material pricing errors occurred during the year;
- The de minimus provision for pricing errors was removed by the Depositary from Capita Financial Managers Limited on 7 April 2009;

- There were a number of immaterial pricing errors during the year and due to the removal of de minimus, two immaterial pricing errors required compensation to be paid by Capita Financial Managers Limited.
- Final Short Report and Accounts due to be issued on 30 November 2007 but not issued or made available to shareholders until 21 December 2007.
- Final Short Report and Accounts due to be issued on 30 November 2008 but not issued or made available to shareholders until 5 December 2008.

HSBC Bank Plc
London
19 January 2010

Report of the Independent Auditor to the Shareholders of Unicorn Investment Funds

We have audited the financial statements of Unicorn Investment Funds for the year ended 30 September 2009. These financial statements consist of the aggregated financial statements of the Company, which comprise the Statement of Total Return, the Statement of Change in Shareholders' Net Assets, the Balance Sheet, and notes 1 to 17, and for each of the Company's sub-funds the Statement of Total Return, Statement of Change in Shareholders' Net Assets, Portfolio Statement, Balance Sheet, Summary of Material Portfolio Changes, notes 1 to 17, and the Distribution Tables. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's shareholders, as a body, in accordance with regulation 67(2) of the Open-Ended Investment Companies Regulations 2001, and with Rule 4.5.12 of the Collective Investment Schemes sourcebook issued by the Financial Services Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Authorised Corporate Director and the Auditor

The Authorised Corporate Directors' responsibilities for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association, the Financial Services Authority's Collective Investment Schemes sourcebook, and the Instrument of Incorporation are set out in the Statement of the Authorised Corporate Director's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association, the Financial Services Authority's Collective Investment Schemes sourcebook, and the Instrument of Incorporation. We also report to you whether in our opinion the information given in the Authorised Corporate Director's Report (which comprises the Directory, the authorised status, the objectives and policy and the Investment Manager's Reports) is consistent with the financial statements, and whether we have been given all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In addition we report to you if, in our opinion, proper accounting records for the Company or a sub-fund have not been kept, or if the financial statements are not in agreement with those records.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises the Reports of the Authorised Corporate Director and the performance records. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Authorised Corporate Director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of the Company and each of the Sub-Funds as at 30 September 2009 and of the net income and net gains of the scheme property of the Company and each of the sub-funds for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association in December 2005, the Financial Services Authority's Collective Investment Schemes sourcebook, and the Instrument of Incorporation; and
- the information given in the Authorised Corporate Director's Report is consistent with the financial statements.

We have been given all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Grant Thornton UK LLP

Chartered Accountants and Registered Auditor
London, England
19 January 2010

Statement of Total Return
for the year ended 30 September 2009

	Notes	Aggregated		Free Spirit		Mastertrust		UK Smaller Companies		UK Income		Outstanding British Companies	
		30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000
Net gains/(losses) on investments	2	2,094	(12,054)	607	(4,612)	660	(2,940)	254	(2,929)	394	(1,162)	179	(411)
Other currency gains		–	1	–	–	–	1	–	–	–	–	–	–
Income	3	474	899	173	328	65	151	87	164	77	163	72	93
Expenses	4	(367)	(546)	(108)	(186)	(83)	(150)	(80)	(109)	(40)	(46)	(56)	(55)
Finance costs: Interest	6	–	(1)	–	–	–	–	–	(1)	–	–	–	–
Net income/(expense) before taxation		107	353	65	142	(18)	2	7	54	37	117	16	38
Taxation	5	–	–	–	–	–	–	–	–	–	–	–	–
Net income/(expense) after taxation		107	353	65	142	(18)	2	7	54	37	117	16	38
Total return before distributions		2,201	(11,701)	672	(4,470)	642	(2,938)	261	(2,875)	431	(1,045)	195	(373)
Finance costs:													
Distributions	6	(148)	(392)	(66)	(143)	–	–	(8)	(56)	(57)	(155)	(17)	(38)
Change in net assets attributable to shareholders		2,053	(12,093)	606	(4,613)	642	(2,938)	253	(2,931)	374	(1,200)	178	(411)

Statement of Change in Shareholders' Net Assets

for the year ended 30 September 2009

Notes	Aggregated		Free Spirit		Mastertrust		UK Smaller Companies		UK Income		Outstanding British Companies	
	30/09/09	30/09/08	30/09/09	30/09/08	30/09/09	30/09/08	30/09/09	30/09/08	30/09/09	30/09/08	30/09/09	30/09/08
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net assets at the start of the year	23,446	49,726	7,789	19,321	5,603	12,162	5,138	10,701	1,803	4,015	3,113	3,527
Movement due to issue and cancellation of shares:												
Amounts receivable on issue of shares	965	2,512	57	1,264	322	70	224	1,060	290	23	72	95
Amounts payable on cancellation of shares	(5,685)	(16,759)	(2,164)	(8,176)	(1,701)	(3,705)	(952)	(3,702)	(385)	(1,040)	(483)	(136)
Stamp Duty Reserve Tax	–	(12)	–	(7)	–	–	–	(5)	–	–	–	–
Dilution Levy	12	34	–	–	5	14	3	15	2	5	2	–
	(4,708)	(14,225)	(2,107)	(6,919)	(1,374)	(3,621)	(725)	(2,632)	(93)	(1,012)	(409)	(41)
Change in net assets attributable to shareholders (see Statement of Total Return above)	2,053	(12,093)	606	(4,613)	642	(2,938)	253	(2,931)	374	(1,200)	178	(411)
Retained distribution on Accumulation shares	9	38	–	–	–	–	–	–	–	–	9	38
6 Year Monies	1	–	1	–	–	–	–	–	–	–	–	–
Net assets at end of year	20,801	23,446	6,289	7,789	4,871	5,603	4,666	5,138	2,084	1,803	2,891	3,113

Notes to the Financial Statements are on pages 19 to 32.

Balance Sheets

as at 30 September 2009

	Notes	Aggregated		Free Spirit		Mastertrust		UK Smaller Companies		UK Income		Outstanding British Companies	
		30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000
Assets													
Portfolio of investments		20,494	22,919	6,267	7,663	4,887	5,606	4,581	5,012	1,957	1,713	2,802	2,925
Debtors	8	53	393	11	330	5	10	10	14	23	33	4	6
Cash and bank balances	9	670	924	88	204	–	8	297	287	187	231	98	194
Total current assets		723	1,317	99	534	5	18	307	301	210	264	102	200
Total assets		21,217	24,236	6,366	8,197	4,892	5,624	4,888	5,313	2,167	1,977	2,904	3,125
Liabilities													
Creditors	10	(286)	(487)	(20)	(287)	(17)	(21)	(214)	(124)	(22)	(43)	(13)	(12)
Distribution payable on Income shares	6	(126)	(303)	(57)	(121)	–	–	(8)	(51)	(61)	(131)	–	–
Bank overdrafts	9	(4)	–	–	–	(4)	–	–	–	–	–	–	–
Total current liabilities		(416)	(790)	(77)	(408)	(21)	(21)	(222)	(175)	(83)	(174)	(13)	(12)
Net assets attributable to shareholders		20,801	23,446	6,289	7,789	4,871	5,603	4,666	5,138	2,084	1,803	2,891	3,113

Notes to the Financial Statements are on pages 19 to 32.

Certification of Accounts by the Authorised Corporate Director, Unicorn Asset Management Limited

In accordance with the requirements of the Open-Ended Investment Companies Regulations 2001 and the Collective Investment Schemes Sourcebook issued by the Financial Services Authority, I hereby certify the report on behalf of the ACD, Unicorn Asset Management Limited.

P John
 Director of Unicorn Asset Management Ltd.
 19 January 2010

Notes to the Financial Statements

1 Accounting policies

a. Basis of accounting

The Financial Statements have been prepared in accordance with UK GAAP, under the historical cost convention, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Practice (SORP) relating to the Financial Statements of Authorised Funds, issued by the Investment Management Association (IMA) in December 2005.

b. Recognition of Income

Dividends on UK equities and preference stocks declared ex-dividend up to the accounting date are shown net of tax credits; dividends on overseas investments are shown gross. Bank and other interest receivable is included on an accruals basis.

c. Treatment of stock, special dividends and Scrip dividends

The ordinary element of stocks received in lieu of cash dividends is recognised as income based on the market value of the investments on the day they are quoted ex-dividend. Any enhancement above the cash dividend is treated as a capital gain on the investment. Special dividends are treated as either income or a repayment of capital depending on the facts of each particular case.

d. Treatment of expenses

Expenses (other than SDRT arising on the sales and repurchases of shares in the Company) are charged against income for all Sub-Funds.

e. Allocation of income and expense to multiple Share classes

All distributable income, expenses and tax will be allocated to the share class in respect of which it was earned or incurred except where it cannot be considered attributable to one share class, when it is normally allocated pro-rata to the value of the net assets attributable to each share class.

f. Distribution policy

Income produced by each Sub-Fund's investment decisions accumulates during each accounting year. If at the end of the year, income exceeds expenses the net income of that Sub-Fund is available to be distributed to its shareholders. Distributions are made annually and paid via bank transfer by 30 November.

For the UK Income Fund, the annual management charge is transferred to capital for the purposes of distribution, in line with the Sub-Fund's investment objective.

g. Basis of valuation of investments

Listed investments have been valued at closing bid prices excluding any accrued interest in the case of fixed interest securities, on the last business day of the accounting year.

Collective Investment Schemes are valued at quoted bid prices for dual priced funds and at quoted prices for single priced funds, on the last business day of the accounting year.

Notes to the Financial Statements

1 Accounting policies (continued)

Unlisted or suspended investments are valued by the Investment Manager taking into account, where appropriate, latest dealing prices, valuations from reliable sources, financial performance and other relevant factors.

h. Foreign currency

The values of assets and liabilities denominated in foreign currencies have been converted into sterling at the mid-market exchange rates prevailing at the end of the accounting year. Foreign currency transactions are translated into sterling at the exchange rate ruling at the date of the transaction.

i. Taxation/Deferred Taxation

The charge to Corporation Tax is based on the income of the Sub-Funds. Deferred Tax is provided using the liability method on all timing differences arising on the treatment of certain items for taxation and accounting purposes, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

2 Net gains/(losses) on investments

The net gains/(losses) on investments during the year comprise:

	Aggregated		Free Spirit		Mastertrust		UK Smaller Companies		UK Income		Outstanding British Companies	
	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000
Non-derivative securities	2,094	(12,054)	607	(4,612)	660	(2,940)	254	(2,929)	394	(1,162)	179	(411)
Net gains/(losses) on investments	2,094	(12,054)	607	(4,612)	660	(2,940)	254	(2,929)	394	(1,162)	179	(411)

Notes to the Financial Statements

3 Income

	Aggregated		Free Spirit		Mastertrust		UK Smaller Companies		UK Income		Outstanding British Companies	
	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000
UK Dividends	450	802	171	310	59	124	83	144	66	149	71	75
UK Unfranked dividends	19	35	–	–	6	17	3	11	10	7	–	–
Bank interest	5	61	2	18	–	9	1	9	1	7	1	18
Trail commission	–	1	–	–	–	1	–	–	–	–	–	–
Total income	474	899	173	328	65	151	87	164	77	163	72	93

Notes to the Financial Statements

4 Expenses

	Aggregated		Free Spirit		Mastertrust		UK Smaller Companies		UK Income		Outstanding British Companies	
	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000
Payable to the Authorised Corporate Director or associates of the Authorised Corporate Director:												
ACD's management charge	251	482	83	171	60	133	55	97	20	39	33	42
Payable to the Depositary or associates of the Depositary:												
Depositary's fee	60	18	13	6	13	5	12	4	11	1	11	2
Transaction charges	3	5	1	1	–	1	1	2	1	1	–	–
Safe custody fees	–	–	–	(1)	–	1	–	–	–	–	–	–
	63	23	14	6	13	7	13	6	12	2	11	2
Other expenses:												
FSA (rebate)/fee	(2)	–	–	–	(1)	–	(1)	–	–	–	–	–
Audit fees	21	22	5	5	6	5	5	6	–	–	5	6
Printing costs	10	–	1	(1)	1	2	3	(2)	3	1	2	–
FT listing expenses	15	16	3	3	3	3	3	3	3	3	3	4
Legal & professional fees	–	(2)	–	–	–	–	–	(2)	–	–	–	–
Tax fees	9	5	2	2	1	–	2	1	2	1	2	1
	53	41	11	9	10	10	12	6	8	5	12	11
Total expenses	367	546	108	186	83	150	80	109	40	46	56	55

The ACD currently stipulates the audit charge to be passed through all the Sub-Funds, apart from UK Income, where currently the ACD meets the entire charge, but future charging is subject to review.

The charges for Registration and Administration are met by the ACD.

Notes to the Financial Statements

5 Taxation

The tax assessed for the year is lower than the standard rate of corporation tax in the UK for an Open Ended Investment Company (20%) (2008 : 20%). The differences are explained below:

	Aggregated		Free Spirit		Mastertrust		UK Smaller Companies		UK Income		Outstanding British Companies	
	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000
Net income/(expense) before taxation	107	353	65	142	(18)	2	7	54	37	117	16	38
Theoretical tax at UK corporation tax rate of 20%	21	71	13	28	(3)	–	1	11	7	24	3	8
Effects of:												
Non-taxable UK dividends	(90)	(161)	(34)	(62)	(12)	(25)	(17)	(29)	(13)	(30)	(14)	(15)
Tax on special dividends	2	–	–	–	–	–	–	–	2	–	–	–
Excess management expenses	67	90	21	34	15	25	16	18	4	6	11	7
Actual tax charge for the year	–	–	–	–	–	–	–	–	–	–	–	–

Deferred Tax

	Aggregated		Free Spirit		Mastertrust		UK Smaller Companies		UK Income		Outstanding British Companies	
	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000
Excess management charge carried forward	4,143	3,805	2,055	1,950	601	523	1,058	980	312	290	117	62

At 30 September 2009 the Sub-Funds had a total surplus management expenses of £4,143,042 (30 September 2008 : £3,805,418) with a potential deferred tax asset of £828,608 (30 September 2008 : £761,084). It is unlikely that the Sub-Funds will generate sufficient taxable profits in the future to utilise these expenses and therefore, no Deferred Tax asset has been recognised.

Notes to the Financial Statements

6 Finance costs

Distributions and interest

After taking into account income received on the issue of shares, and income deducted on the cancellation of shares, the net distribution amount comprises:

	Aggregated		Free Spirit		Mastertrust		UK Smaller Companies		UK Income		Outstanding British Companies	
	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000
Final distribution – payable 30/11	126	303	57	121	–	–	8	51	61	131	–	–
Final accumulation	9	38	–	–	–	–	–	–	–	–	9	38
	135	341	57	121	–	–	8	51	61	131	9	38
Add: Income deducted on shares cancelled	22	54	9	22	–	–	–	7	5	25	8	–
Deduct: Income received on shares issued	(9)	(3)	–	–	–	–	–	(2)	(9)	(1)	–	–
Net distribution for the year	148	392	66	143	–	–	8	56	57	155	17	38
Interest	–	1	–	–	–	–	–	1	–	–	–	–
Total finance costs	148	393	66	143	–	–	8	57	57	155	17	38

Notes to the Financial Statements

7 Movement between net income/(expense) and distribution

	Aggregated		Free Spirit		Mastertrust		UK Smaller Companies		UK Income		Outstanding British Companies	
	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000
Net distribution for the year	148	392	66	143	–	–	8	56	57	155	17	38
Expenses transferred to capital	(23)	(39)	(1)	(1)	–	2	(1)	(2)	(20)	(38)	(1)	–
Transfer of deficit from income to capital	(18)	–	–	–	(18)	–	–	–	–	–	–	–
Net income/(expense) for the year	107	353	65	142	(18)	2	7	54	37	117	16	38

8 Debtors

	Aggregated		Free Spirit		Mastertrust		UK Smaller Companies		UK Income		Outstanding British Companies	
	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000
Amounts receivable for shares issued	9	3	–	–	–	–	–	–	9	3	–	–
Sales awaiting settlement	–	314	–	308	–	–	–	–	–	6	–	–
Dividends receivable	37	66	10	21	4	9	10	13	9	18	4	5
Accrued interest	–	2	–	–	–	–	–	–	–	1	–	1
Prepayments	7	8	1	1	1	1	–	1	5	5	–	–
Total debtors	53	393	11	330	5	10	10	14	23	33	4	6

Notes to the Financial Statements

9 Cash and Bank balances

	Aggregated		Free Spirit		Mastertrust		UK Smaller Companies		UK Income		Outstanding British Companies	
	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000
Capital bank balances	471	542	22	43	–	3	286	232	121	119	42	145
Income bank balances	199	382	66	161	–	5	11	55	66	112	56	49
Total cash and bank balances	670	924	88	204	–	8	297	287	187	231	98	194

	Aggregated		Free Spirit		Mastertrust		UK Smaller Companies		UK Income		Outstanding British Companies	
	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000
Bank Overdraft												
Capital bank balance	(4)	–	–	–	(4)	–	–	–	–	–	–	–
Total bank overdraft	(4)	–	–	–	(4)	–	–	–	–	–	–	–

Cash at bank earns interest at variable rates linked to LIBOR.

Notes to the Financial Statements

10 Creditors

	Aggregated		Free Spirit		Mastertrust		UK Smaller Companies		UK Income		Outstanding British Companies	
	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000	30/09/09 £'000	30/09/08 £'000
Amounts payable for shares cancelled	20	211	–	207	2	4	1	–	17	–	–	–
Purchases awaiting settlement	199	208	–	58	–	–	199	110	–	40	–	–
Accrued expenses	67	68	20	22	15	17	14	14	5	3	13	12
Total creditors	286	487	20	287	17	21	214	124	22	43	13	12

Notes to the Financial Statements

11 Related party transactions

Management fees paid to the ACD, Unicorn Asset Management Limited, are shown in Note 4 and details of the shares issued and cancelled by the ACD are shown in the Statement of Change in Shareholders' Net Assets. The balance due to the ACD at the year end in respect of management charges was, Free Spirit Fund £7,148 (2008 : £10,343), Mastertrust Fund £5,257 (2008 : £7,140), UK Smaller Companies £5,077 (2008 : £6,435), £2,100 (2008 : £2,271) for UK Income Fund and £2,938 (2008 : £3,663) for the Outstanding British Companies Fund.

Unicorn Asset Management Limited (the ACD), held shares in each of the Sub-Funds as follows:

	30 September 2009	30 September 2008
	%	%
Outstanding British Companies Fund – 'B' Shares	16.10	12.97

Unicorn AIM VCT Plc, a company for which Unicorn Asset Management Limited acts as investment manager, held shares in the Sub-Funds as follows:

	30 September 2009	30 September 2008
	%	%
Free Spirit Fund – 'B' shares	25.33	16.27
Mastertrust Fund – 'B' shares	63.91	44.38
UK Smaller Companies Fund – 'B' shares	46.27	37.86
UK Income Fund – 'B' shares	23.74	18.04
Outstanding British Companies Fund – 'B' shares	34.56	27.83

Unicorn AIM VCT II Plc, a company for which Unicorn Asset Management Limited acts as investment manager, held shares in the Sub-Funds as follows:

	30 September 2009	30 September 2008
	%	%
Free Spirit Fund – 'B' shares	–	20.97
Mastertrust Fund – 'B' shares	–	30.21
UK Smaller Companies Fund – 'B' shares	43.71	57.62
UK Income Fund – 'B' Shares	76.25	81.96

Notes to the Financial Statements

11 Related party transactions (continued)

Philip John a director of Unicorn Asset Management Limited (the ACD), held shares in the following Sub-Funds:

	30 September 2009	30 September 2008
	%	%
Free Spirit Fund – ‘B’ shares	0.64	0.26

Mastertrust Fund is invested in 223,000 shares of the Acorn Income Fund (2008 : 123,000 shares) which is advised by Unicorn Asset Management Limited.

For further details see Unicorn Mastertrust Fund’s Portfolio Statement on pages 38 and 39.

Bank deposits held by the Depositary at the year end are shown in note 9.

In addition, the Sub-Funds receive interest on bank balances held by the Depositary. The amounts received into the Sub-Funds are shown in note 3, to the Financial Statements, of which £10,263 (2008 : £20,610) for the Free Spirit Fund, £4,095 (2008 : £8,880) for the Mastertrust Fund, £10,410 (2008 : £12,866) for the UK Smaller Fund, £8,308 (2008 : £17,904) for the UK Income Fund and £3,344 (2008 : £5,432) for the Outstanding British Companies Fund remains unpaid at the year end.

Notes to the Financial Statements

12 Derivatives and Other Financial Instruments

In pursuing their investment objectives set out on pages 4, 6, 8, 10 and 12, the Sub-Funds may hold a number of financial instruments, these comprise:

- equity and non-equity shares, fixed income securities and floating rate securities. These are held in accordance with the Sub-Fund's investment objectives and policies;
- cash, liquid resources and short-term debtors and creditors that arise directly from its operations; and
- shareholders' funds which represent investors' monies that are invested on their behalf.

Notes to the Financial Statements

13 Risks of Financial Instruments

The main risks arising from the Sub-Fund's financial instruments are market, foreign currency, interest rate, liquidity and credit risk. The ACD reviews (and agrees with the Depositary) policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the year to which these Financial Statements relate.

- Market risk – This arises mainly from uncertainty about future prices of investment holdings and financial instruments held. It represents the potential loss the Sub-Funds might suffer through holding market positions in the face of price movements.

The Investment Portfolios are monitored daily by the ACD in pursuance of the investment objective and policy of each Sub-Fund on pages 4, 6, 8, 10 and 12. Adherence to investment guidelines and to investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the Regulations mitigates the risk of excessive exposure to any particular type of security or issuer.

- Foreign currency risk – The Sub-Funds have little exposure to foreign currency risk. The three principal areas where foreign currency risk could impact on the Sub-Funds are: movements in exchange rates affecting the value of investments; short-term timing differences such as exposure to exchange rate movements during the year between an investment, purchase or sale, is entered into and the date when settlement of the transaction occurs; and movements in exchange rates affecting income received in a foreign currency and converted into Sterling on the day of receipt.

There is no foreign currency exposure in Free Spirit, UK Smaller Companies and Outstanding British Companies Sub-Funds (2008 : none) and is insignificant in the Mastertrust and UK Income Sub-Funds (2008 : none).

- Interest rate risk – The Sub-Funds have little exposure to interest rate risk as none of the financial assets are interest bearing other than cash deposits which are on floating rates. Cash at bank earns interest at variable rates linked to LIBOR. The Sub-Funds have no interest bearing financial liabilities apart from bank overdrafts.
- Liquidity risk – The main liability of the Sub-Funds is the redemption of any shares that investors wish to sell. The Sub-Funds assets comprise readily realisable securities, which can be easily sold. There are no borrowings or borrowing facilities apart from bank overdrafts, or unlisted securities and therefore, is little exposure to liquidity risk.
- Credit risk – This arises from certain transactions in securities which the Sub-Funds enter into that expose it to the risk that the counter-party will not deliver the investment (purchase) or cash (sale) after the Company has fulfilled its responsibilities.

The Company only buys and sells investments through stockbrokers that have been approved by the ACD as an acceptable counter-party. These are reviewed on an ongoing basis.

- Fair value of financial assets and financial liabilities. There is no material difference between the value of the financial assets and the financial liabilities, as shown in the Balance Sheet, and their fair value.

Notes to the Financial Statements

14 Dilution Levy

The ACD may charge a dilution levy on deals of 1% or more of the size of the Sub-Fund or £15,000 whichever is the lower, or in any other case where the ACD is of the opinion that the interest of the shareholders require the imposition of a dilution levy. Dilution levy charged is credited to shareholders' funds.

15 Capital Commitments and Contingent Liabilities

As at 30 September 2009, there were no contingent liabilities or capital commitments (2008 : none).

16 Post Balance Sheet Events

With effect from Thursday 1 October 2009, Unicorn Investment Funds will be administered by Phoenix Fund Services (UK) Limited.

Phoenix Fund Services (UK) Limited
PO Box 10602
Chelmsford
Essex
CM1 9PD

17 Portfolio Transaction Costs

	Aggregated	Free Spirit	Mastertrust	UK Smaller	UK Income	Outstanding British
	30/09/09	30/09/09	30/09/09	Companies	30/09/09	Companies
	£'000	£'000	£'000	30/09/09	£'000	30/09/09
				£'000		£'000
Analysis of Total Purchase Costs						
Purchases in year before transaction costs	3,731	879	807	1,196	849	–
Commissions	10	3	2	3	2	–
Stamp duty and other charges	16	4	2	6	4	–
Gross purchases total	3,757	886	811	1,205	855	–
Analysis of Total Sales Costs						
Sales in year before transaction costs	8,201	2,896	2,159	1,894	988	264
Commissions	(16)	(6)	(3)	(4)	(2)	(1)
Total Sales Net of Transaction Costs	8,185	2,890	2,156	1,890	986	263

Unicorn Free Spirit Fund: Portfolio Statement

as at 30 September 2009

Holding	Investment	Market value £'000	Percentage of Net Assets
	Electronic & Electrical Equipment – 4.98% (11.00%)		
107,500	Domino Printing Sciences	313	4.97
6,156,215	Eurodis Electron*	1	0.01
		<hr/>	
		314	4.98
	Financial Services – 19.48% (15.88%)		
550,000	Ambrian Capital	182	2.89
75,000	Arden Partners	80	1.28
160,000	Charles Taylor Consulting	352	5.60
100,000	Clerkenwell Ventures	24	0.38
182,342	Invocas Group	49	0.78
368,750	Private & Commercial Financial Group	22	0.35
1,400,000	Sigma Capital Group	217	3.45
533,333	Tenon Group	299	4.75
		<hr/>	
		1,225	19.48
	Fixed Line Telecommunications – 0.00% (1.06%)		
		–	–
	General Retailers – 4.21% (0.86%)		
700,000	Pendragon	264	4.21
	Health Care Equipment & Services – 0.00% (4.11%)		
		–	–
	Household Goods & Home Construction – 3.04% (1.74%)		
100,000	McBride	191	3.04
	General Industrials – 1.68% (0.00%)		
45,836	British Polythene Industries	105	1.68
	Industrial Engineering – 3.24% (4.70%)		
19,495	Spirax-Sarco Engineering	204	3.24

Unicorn Free Spirit Fund: Portfolio Statement

as at 30 September 2009

Holding	Investment	Market value £'000	Percentage of Net Assets
<i>(continued)</i>			
	Non Life Insurance – 0.00% (4.14%)	–	–
	Oil Equipment, Services & Distribution – 1.63% (1.47%)		
244,000	KBC Advanced Technologies	102	1.63
	Pharmaceuticals & Biotechnology – 5.53% (5.03%)		
40,000	Abcam	348	5.53
	Real Estate Investment & Services – 0.87% (3.47%)		
420,000	Eatonfield Group	54	0.87
	Software & Computer Services – 10.03% (7.06%)		
135,000	Allocate Software	80	1.27
385,000	Microgen	281	4.47
120,000	Phoenix IT Group	270	4.29
		631	10.03
	Support Services – 38.44% (37.86%)		
503,946	Augean	212	3.36
165,000	Begbies Traynor	178	2.83
53,304	Hargreaves Services	400	6.36
980,000	Harvey Nash Group	451	7.17
100,000	Mears Group	291	4.62
250,000	Nationwide Accident Repair Services	203	3.22
91,000	RWS Holdings	273	4.34
2,570,000	Supporta	411	6.54
		2,419	38.44
	Technology Hardware & Equipment – 6.52% (0.00%)		
446,000	Xaar	410	6.52

Unicorn Free Spirit Fund: Portfolio Statement

as at 30 September 2009

Holding	Investment	Market value £'000	Percentage of Net Assets
<i>(continued)</i>			
	Portfolio of Investments – 99.65% (98.38%)	6,267	99.65
	Net Other Assets – 0.35% (1.62%)	22	0.35
	Net Assets	6,289	100.00

Note: The percentages in brackets show the equivalent sector distributions as at 30 September 2008.

All investments are in ordinary shares or common stock listed on recognised stock exchanges unless otherwise stated.

* Suspended security.

Unicorn Free Spirit Fund: Summary of Material Portfolio Changes

for the year ended 30 September 2009

Purchases (note 17)	Cost (£'000)	Sales (note 17)	Proceeds (£'000)
Sigma Capital Group	183	Abacus Group	442
McBride	156	Clerkenwell Ventures	321
Ambrian Capital	154	Concateno	305
BPP Holdings	102	Abbey Protection	259
British Polythene Industries	80	Abcam	258
Allocate Software	62	Microgen	197
Supporta	56	Spirax-Sarco Engineering	179
Arden Partners	35	Domino Printing Sciences	147
Abacus Group	34	Property Recycling Group	141
Kingston Communications (Hull)	24	Tenon Group	130
		Kingston Communications (Hull)	115
		BPP Holdings	108
		Wren Homes Group	78
		Phoenix IT Group	62
		Nationwide Accident Repair Services	51
		Smiths News	36
		Private & Commercial Financial Group	30
		Pendragon	20
		Harvey Nash Group	11
Total cost of all purchases :	886	Total proceeds from all sales :	2,890

Note: The summary of material portfolio changes identifies all of the purchases and sales during the year.

Unicorn Free Spirit Fund: Distribution Table
for the year ended 30 September 2009

Distribution in pence per share

Final dividend	Net Income	Equalisation	Payment date 30 November 2009	Payment date 30 November 2008
Retail (A) Shares				
Group 1	1.4635	–	1.4635	2.1828
Group 2	0.9659	0.4976	1.4635	2.1828

	Net Income	Equalisation	Payment date 30 November 2009	Payment date 30 November 2008
Institutional (B) Shares				
Group 1	1.8367	–	1.8367	2.6822
Group 2	1.0447	0.7920	1.8367	2.6822

Group 1 – Shares created prior to 1 October 2008.

Group 2 – Shares created on or after 1 October 2008.

Unicorn Mastertrust Fund: Portfolio Statement

as at 30 September 2009

Holding	Investment	Market value £'000	Percentage of Net Assets
Equity Investment Instruments – 77.10% (83.51%)			
250,000	ACP Mezzanine	32	0.66
125,000	Baillie Gifford Japan	199	4.09
125,000	Baillie Gifford Shin Nippon	163	3.35
27,500	BH Global	267	5.47
60,000	British Empire Securities & General	259	5.31
11,500	Candover Investments	65	1.34
125,000	City Natural Resources High Yield	203	4.16
33,065	Directors' Dealing	104	2.14
20,000	Equest Investments Balkans	46	0.94
100,000	F&C Private Equity	115	2.36
65,000	Fidelity Asian Values	103	2.11
25,000	Henderson Eurotrust	130	2.66
125,000	International Biotechnology	164	3.37
35,000	JP Morgan European Fledgling	242	4.96
190,000	Jupiter European Opportunities	327	6.71
33,469	Manchester & London	103	2.12
100,000	Montanaro UK Smaller Companies	224	4.60
35,000	North Atlantic Smaller Companies	289	5.93
100,000	Polar Capital Technology	230	4.73
292,768	Prelude Trust*	–	–
81,000	Premier Energy & Water	125	2.56
62,500	Renaissance US Growth	154	3.17
100,000	SR Europe	204	4.19
60,000	SR Europe Investment Sub Shares	8	0.17
		3,756	77.10
Financial Services – 6.98% (7.21%)			
300,000	Ambrian Capital	99	2.03
225,000	Aurora Russia	94	1.94
300,000	LMS Capital	146	3.01
		339	6.98

Unicorn Mastertrust Fund: Portfolio Statement
as at 30 September 2009

Holding	Investment	Market value £'000	Percentage of Net Assets
<i>(continued)</i>			
Real Estate Investment Trusts – 1.68% (1.84%)			
45,000	Alpha Tiger Property	28	0.57
250,000	Real Estate Opportunities	54	1.11
		82	1.68
Investment Entities – 14.57% (7.48%) (Ineligible for inclusion in FTSE indices)			
223,000	Acorn Income	230	4.71
25,000	Electra Private Equity	306	6.28
116,591	New Star	73	1.50
225,000	Strategic Equity Capital	101	2.08
		710	14.57
Portfolio of Investments – 100.33% (100.04%)		4,887	100.33
Net Other Liabilities – -0.33% (-0.04%)		(16)	(0.33)
Net Assets		4,871	100.00

Note: The percentages in brackets show the equivalent sector distributions as at 30 September 2008.
All investments are in ordinary shares or common stock listed on recognised stock exchanges unless otherwise stated.

* Suspended security.

Unicorn Mastertrust Fund: Summary of Material Portfolio Changes

for the year ended 30 September 2009

Purchases (note 17)	Cost (£'000)	Sales (note 17)	Proceeds (£'000)
3i Group	210	3i Group	477
3i Quoted Private Equity	203	Electric & General	313
Electra Private Equity	196	3i Quoted Private Equity	292
Acorn Income	99	Standard Life Equity Income	199
New Star	60	Directors' Dealing	184
Strategic Equity Capital	43	Osprey Smaller Companies Income Fund	176
		JP Morgan Japanese Investment Trust	139
		Henderson Eurotrust	104
		Standard Life UK Smaller Companies	89
		Henderson TR Pacific	85
		Electra Private Equity	57
		Ingenious Media Active Capital	40
		Aberforth Split Level	1
Total cost of all purchases :	811	Total proceeds from all sales :	2,156

Note: The summary of material portfolio changes identifies all of the purchases and sales during the year.

Unicorn Mastertrust Fund: Distribution Table
for the year ended 30 September 2009

Distribution in pence per share

Final dividend	Net Income	Equalisation	Payment date 30 November 2009	Payment date 30 November 2008
Retail (A) Shares				
Group 1	–	–	–	–
Group 2	–	–	–	–

	Net Income	Equalisation	Payment date 30 November 2009	Payment date 30 November 2008
Institutional (B) Shares				
Group 1	–	–	–	–
Group 2	–	–	–	–

Group 1 – Shares created prior to 1 October 2008.
Group 2 – Shares created on or after 1 October 2008.

Unicorn UK Smaller Companies Fund: Portfolio Statement
as at 30 September 2009

Holding	Investment	Market value £'000	Percentage of Net Assets
	Electronic & Electrical Equipment – 8.33% (9.52%)		
58,000	Domino Printing Sciences	169	3.61
11,005,660	Eurodis Electron*	1	0.03
75,000	Gooch & Housego	93	1.99
137,000	Xaar	126	2.70
		<hr/>	
		389	8.33
		<hr/>	
	Equity Investment Instruments – 0.41% (1.66%)		
77,134	Advanced AIM Value Realisation Company	19	0.41
		<hr/>	
	Financial Services – 23.66% (19.26%)		
225,000	Ambrian Capital	74	1.59
125,000	Arden Partners	134	2.87
60,000	Brooks Macdonald Group	231	4.95
81,009	Charles Taylor Consulting	178	3.82
75,000	Mattioli Woods	159	3.41
143,750	Private & Commercial Finance Group	9	0.18
2,060,000	Sigma Technology Group	319	6.84
		<hr/>	
		1,104	23.66
		<hr/>	
	General Industrials – 3.57% (0.00%)		
72,400	British Polythene Industries	167	3.57
		<hr/>	
	General Retailers – 3.64% (0.78%)		
450,000	Pendragon	170	3.64
		<hr/>	
	Health Care Equipment & Services – 8.02% (8.37%)		
625,000	Advanced Medical Solutions	178	3.82
52,000	Care U.K.	196	4.20
		<hr/>	
		374	8.02
		<hr/>	

Unicorn UK Smaller Companies Fund: Portfolio Statement
as at 30 September 2009

Holding	Investment	Market value £'000	Percentage of Net Assets
<i>(continued)</i>			
	Household Goods & Home Construction – 0.00% (2.15%)	–	–
	Media – 0.00% (2.89%)	–	–
	Non Life Insurance – 0.00% (4.27%)	–	–
	Pharmaceuticals & Biotechnology – 4.20% (3.18%)		
22,500	Abcam	196	4.20
	Real Estate Investment & Services – 0.00% (2.48%)	–	–
	Software & Computer Services – 14.01% (13.13%)		
370,000	Allocate Software	218	4.67
350,000	Microgen	256	5.48
80,000	Phoenix IT Group	180	3.86
		654	14.01
	Support Services – 21.73% (25.40%)		
165,747	Acal	186	3.98
391,950	Augean	164	3.52
350,000	Harvey Nash Group	161	3.45
152,000	Nationwide Accident Repair	123	2.64
562,241	OpSec Security Group	124	2.65
1,600,000	Supporta	256	5.49
		1,014	21.73

Unicorn UK Smaller Companies Fund: Portfolio Statement
as at 30 September 2009

Holding	Investment	Market value £'000	Percentage of Net Assets
<i>(continued)</i>			
Travel & Leisure – 10.60% (4.47%)			
225,000	Capital Pub Company (The)	162	3.47
4,950,000	Discover Leisure	54	1.17
400,000	Sportingbet	278	5.96
		<hr/>	
		494	10.60
		<hr/>	
	Portfolio of Investments – 98.17% (97.56%)	4,581	98.17
	Net Other Assets – 1.83% (2.44%)	85	1.83
		<hr/>	
	Net Assets	4,666	100.00
		<hr/>	

Note: The percentages in brackets show the equivalent sector distributions as at 30 September 2008.
All investments are in ordinary shares or common stock listed on recognised stock exchanges unless otherwise stated.

* Suspended Security.

Unicorn UK Smaller Companies Fund: Summary of Material Portfolio Changes

for the year ended 30 September 2009

Purchases (note 17)	Cost (£'000)	Sales (note 17)	Proceeds (£'000)
Care U.K.	199	System C Healthcare	353
British Polythene Industries	149	Clerkenwell Ventures	239
Capital Pub Company (The)	140	Concateno	209
Abcam	140	Abacus Group	203
Sigma Technology Group	139	Abbey Protection	177
Arden Partners	131	Dechra Pharmaceuticals	162
Discover Leisure	70	Ebiquity	125
Ambrian Capital	67	Property Recycling	124
Allocate Software	57	Wren Homes Group	81
Supporta	45	Jelf Group	74
Brooks Macdonald Group	35	Private & Commercial Finance Group	50
Augean	33	Skywest Airlines	42
		Domino Printing Sciences	28
		Advanced AIM Value Realisation Company pref	18
		Advanced AIM Value Realisation Company	5
Total cost of all purchases	1,205	Total proceeds from all sales	1,890

Note: The summary of material portfolio changes identifies all of the purchases and sales during the year.

Unicorn UK Smaller Companies Fund: Distribution Table
for the year ended 30 September 2009

Distribution in pence per share

Final dividend	Net Income	Equalisation	Payment date 30 November 2009	Payment date 30 November 2008
Retail (A) Shares				
Group 1	0.0338	–	0.0338	1.0823
Group 2	–	0.0338	0.0338	1.0823
Institutional (B) Shares				
Group 1	0.3183	–	0.3183	1.4449
Group 2	0.1819	0.1364	0.3183	1.4449

Group 1 – Shares created prior to 1 October 2008.

Group 2 – Shares created on or after 1 October 2008.

Unicorn UK Income Fund: Portfolio Statement
as at 30 September 2009

Holding	Investment	Market value £'000	Percentage of Net Assets
Construction & Materials – 7.37% (2.16%)			
10,000	James Halstead	46	2.19
300,000	Superglass Holdings	108	5.18
		<hr/>	
		154	7.37
<hr/>			
Electronic & Electrical Equipment – 8.20% (13.48%)			
37,500	Domino Printing Sciences	109	5.24
11,163	Renishaw	62	2.96
		<hr/>	
		171	8.20
<hr/>			
Equity Investment Instruments – 0.61% (2.15%)			
100,000	ACP Mezzanine	13	0.61
<hr/>			
Financial Services – 6.30% (12.91%)			
40,000	Brewin Dolphin Holdings	65	3.13
65,250	Cattles*	–	–
30,000	Charles Taylor Consulting	66	3.17
		<hr/>	
		131	6.30
<hr/>			
Food & Drug Retailers – 0.00% (0.26%)			
		–	–
<hr/>			
Food Producers – 6.50% (4.33%)			
100,000	Devro	135	6.50
<hr/>			
General Industrials – 10.30% (0.00%)			
40,000	British Polythene Industries	92	4.42
50,000	RPC Group	123	5.88
		<hr/>	
		215	10.30
<hr/>			

Unicorn UK Income Fund: Portfolio Statement
as at 30 September 2009

Holding	Investment	Market value £'000	Percentage of Net Assets
<i>(continued)</i>			
General Retailers – 3.80% (4.46%)			
210,000	Pendragon	79	3.80
Household Goods & Home Construction – 1.78% (0.00%)			
100,000	Havelock Europa	37	1.78
Industrial Engineering – 16.65% (5.29%)			
35,255	Bodycote	59	2.82
20,000	Castings	38	1.80
45,000	Fenner	66	3.18
20,000	IMI	89	4.30
14,000	Weir Group (The)	95	4.55
		347	16.65
Industrial Transportation – 3.44% (4.82%)			
65,000	Stobart Group	72	3.44
Non Life Insurance – 0.00% (4.65%)			
		–	–
Real Estate Investment & Services – 4.75% (0.00%)			
25,000	A&J Mucklow Group	74	3.57
10,399	Rugby Estates	25	1.18
		99	4.75
Software & Computer Services – 1.41% (7.68%)			
27,500	Maxima Holdings	29	1.41

Unicorn UK Income Fund: Portfolio Statement
as at 30 September 2009

Holding	Investment	Market value £'000	Percentage of Net Assets
<i>(continued)</i>			
Support Services – 22.81% (32.84%)			
90,277	Acal	101	4.85
57,300	Diploma	99	4.76
175,000	Harvey Nash Group	81	3.86
380,000	Macfarlane Group	70	3.38
400,000	Supporta	64	3.07
35,000	VP	60	2.89
		<hr/>	
		475	22.81
		<hr/>	
	Portfolio of Investments 93.92% (95.03%)	1,957	93.92
	Net Other Assets 6.08% (4.97%)	127	6.08
		<hr/>	
	Net Assets	2,084	100.00
		<hr/>	

Note: The percentages in brackets show the equivalent sector distributions as at 30 September 2008.
All investments are in ordinary shares or common stock listed on recognised stock exchanges unless otherwise stated.

* Suspended security.

Unicorn UK Income Fund: Summary of Material Portfolio Changes

for the year ended 30 September 2009

Purchases (note 17)	Cost (£'000)	Sales (note 17)	Proceeds (£'000)
Superglass Holdings	109	Abacus Group	188
Fenner	96	Pendragon	182
British Polythene Industries	90	Microgen	149
Harvey Nash Group	77	Provident Financial	103
IMI	63	Smiths News	93
Weir Group (The)	62	Abbey Protection	68
RPC Group	59	Office2Office	52
VP	58	Diploma	35
A&J Mucklow Group	57	Stobart Group	31
Brewin Dolphin Holdings	50	Renishaw	26
Havelock Europa	40	Bodycote	24
Castings	35	Fenner	18
Rugby Estates	30	ACP Capital	7
Domino Printing Sciences	29	Snacktime	6
		Weir Group (The)	4
Total cost of all purchases:	855	Total proceeds from all sales:	986

Note: The summary of material portfolio changes identifies all of the purchases and sales during the year.

Unicorn UK Income Fund: Distribution Table
for the year ended 30 September 2009

Distribution in pence per share

Final dividend	Net Income	Equalisation	Payment date 30 November 2009	Payment date 30 November 2008
Retail (A) Shares				
Group 1	3.2129	–	3.2129	6.1374
Group 2	–	3.2129	3.2129	6.1374

	Net Income	Equalisation	Payment date 30 November 2009	Payment date 30 November 2008
Institutional (B) Shares				
Group 1	3.2676	–	3.2676	6.2250
Group 2	2.6663	0.6013	3.2676	6.2250

Group 1 – Shares created prior to 1 October 2008.

Group 2 – Shares created on or after 1 October 2008.

Unicorn Outstanding British Companies Fund: Portfolio Statement
for the year ended 30 September 2009

Holding	Investment	Market value £'000	Percentage of Net Assets
	Aerospace & Defence – 10.24% (7.83%)		
30,695	Rolls-Royce Group	144	5.00
11,350	Ultra Electronics Holdings	152	5.24
		<hr/>	
		296	10.24
		<hr/>	
	AIM – 8.58% (6.14%)		
28,500	Abcam	248	8.58
		<hr/>	
	Chemicals – 7.19% (6.35%)		
5,750	Johnson Matthey	80	2.76
16,810	Victrix	128	4.43
		<hr/>	
		208	7.19
		<hr/>	
	Electronic & Electrical Equipment – 9.63% (9.78%)		
43,760	Domino Printing Sciences	127	4.40
32,992	Gooch & Housego	41	1.42
19,920	Renishaw	110	3.81
		<hr/>	
		278	9.63
		<hr/>	
	Financial Services – 2.03% (4.05%)		
6,500	Provident Financial	59	2.03
		<hr/>	
	General Retailers – 3.24% (3.55%)		
16,080	Dignity	93	3.24
		<hr/>	
	Health Care Equipment & Services – 6.57% (7.18%)		
275,000	Advanced Medical Solutions	78	2.71
17,030	Synergy Healthcare	112	3.86
		<hr/>	
		190	6.57
		<hr/>	

Unicorn Outstanding British Companies Fund: Portfolio Statement
for the year ended 30 September 2009

Holding	Investment	Market value £'000	Percentage of Net Assets
<i>(continued)</i>			
Household Goods & Home Construction – 4.21% (3.46%)			
3,975	Reckitt Benckiser Group	121	4.21
Industrial Engineering – 11.95% (10.93%)			
38,190	Bodycote	64	2.20
12,410	Rotork	140	4.85
13,550	Spirax-Sarco Engineering	142	4.90
		346	11.95
Pharmaceuticals & Biotechnology – 3.07% (5.34%)			
20,716	Dechra Pharmaceuticals	89	3.07
Support Services – 25.81% (25.31%)			
8,012	De La Rue	72	2.49
6,010	Homeserve	96	3.31
50,000	Mears Group	145	5.02
21,750	Paypoint	98	3.39
34,800	RPS Group	78	2.70
47,004	RWS Holdings	141	4.88
23,045	Sercu Group	116	4.02
		746	25.81
Travel & Leisure – 4.43% (4.03%)			
61,000	Goals Soccer Centres	128	4.43

Unicorn Outstanding British Companies Fund: Portfolio Statement
for the year ended 30 September 2009

Holding	Investment	Market value £'000	Percentage of Net Assets
<i>(continued)</i>			
	Portfolio of Investments – 96.95% (93.95%)	2,802	96.95
	Net Other Assets – 3.05% (6.05%)	89	3.05
	Net Assets	2,891	100.00

Note: The percentages in brackets show the equivalent sector distributions as at 30 September 2008.
All investments are in ordinary shares or common stock listed on recognised stock exchanges unless otherwise stated.

Unicorn Outstanding British Companies Fund: Summary of Material Portfolio Changes for the year ended 30 September 2009

Sales (note 17)	Proceeds (£'000)
Abcam	83
Dechra Pharmaceuticals	82
Provident Financial	70
Bodycote	26
Rolls-Royce Group C	3
Total proceeds from all sales:	264

Note : The summary of material portfolio changes identifies all of the sales during the year. No purchases were made during the year.

Unicorn Outstanding British Companies Fund: Distribution Table
for the year ended 30 September 2009

Distribution in pence per share

Final dividend	Net Income	Equalisation	Payment date 30 November 2009	Payment date 30 November 2008
Retail (A) Shares				
Group 1	0.1193	–	0.1193	0.9686
Group 2	–	0.1193	0.1193	0.9686
Institutional (B) Shares	Net Income	Equalisation	Payment date 30 November 2009	Payment date 30 November 2008
Group 1	0.5405	–	0.5405	1.3296
Group 2	0.5405	–	0.5405	1.3296

Group 1 – Shares created prior to 1 October 2008.

Group 2 – Shares created on or after 1 October 2008.

