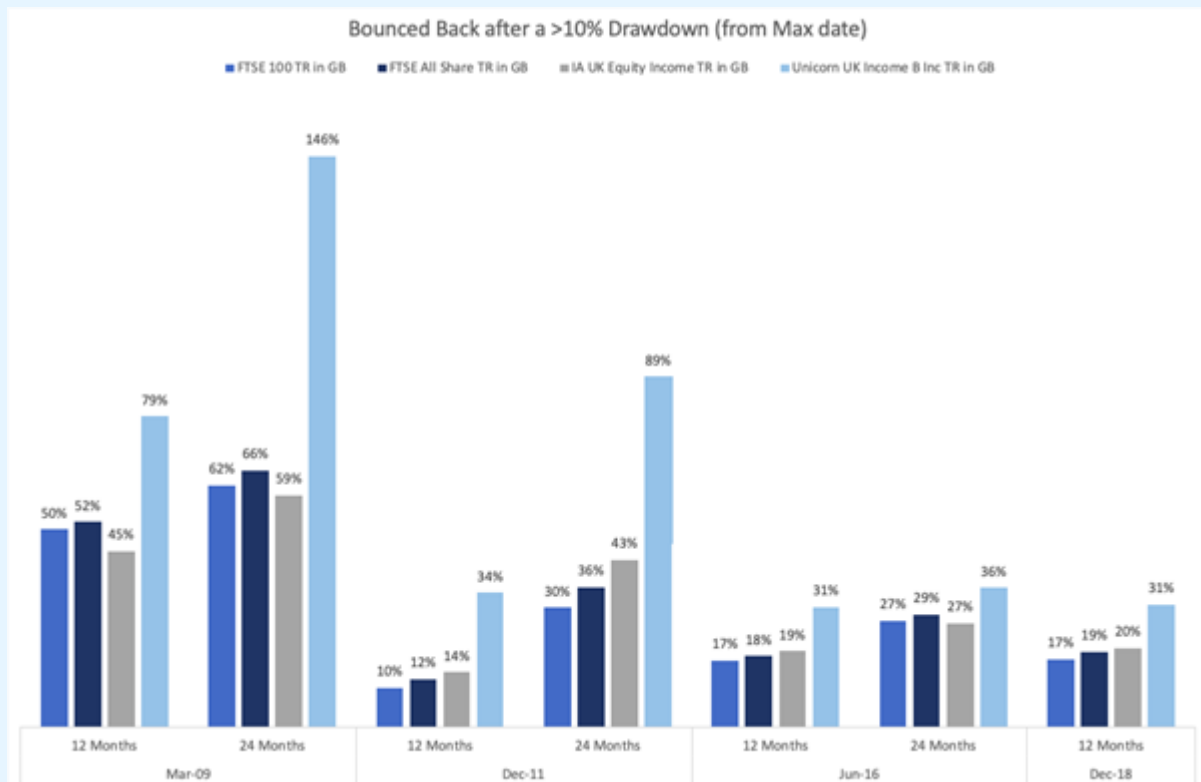


Unicorn UK Income Fund

In times of stress small and mid sized companies tend to be sold first with questions asked later. 2020 has been no different with Unicorn's Simon Moon & Fraser Mackersie seeing lots of oversold opportunities in businesses they know well. Whilst not the easiest to navigate times like this have historically proven very fruitful for the [Unicorn UK Income Fund](#) and the managers are confident this time will be no different.

When assessing the historic recovery of the Unicorn UK Income Fund following >10% market falls and the results, whilst not surprising, are stark.



Past performance is not a guide to future performance. The value of investments & the income from them may go down as well as up & investors may not get back the full amount of their original investment. Data from Financial Express Jan 2007 – April 2020

Historically the Fund has performed significantly better than the market after a significant fall as the chart above illustrates. This shows every drawdown of greater than 10% going back to January 2007 and the subsequent 12 and 24 month periods from the drawdown low¹.

On average the UK Income Fund has outperformed the IA sector by 19.4% on a 12-month basis and 47.4% on a 24-month basis post a drawdown of greater than 10%.

How do they see things going forward?

The UK markets have seen several high profile dividend cuts in recent weeks and the UK Income Fund is not immune to these trends as even well capitalised companies have prudently taken steps to preserve cash resources in the near term. The Unicorn UK Income Fund continues to provide a highly differentiated income stream for its investors and the managers believe that in contrast to the permanent rebasing of many dividends on the FTSE 100, well capitalised small and medium sized companies have the ability to resume payments promptly when economic conditions start to improve.



"Times like this are always hard for all investors, but they often present opportunities to create significant value over the long term. As high conviction active managers we are in a position to buy into share price weakness on a case by case basis where companies we know are offering much better prospects for the future than the market in general. Our focus in the near term has been to increase our position size in a number of existing holdings, which we have been able to fund through inflows and a small number of disposals where we felt the COVID 19 has had a permanent impact on the investment case and the longer term dividend outlook. In addition we also continue to monitor a growing watch

list of companies we don't currently own but which fall within the scope of our strict investment process" - Fraser Mackersie

The fundamentals of underlying holdings remain robust with low levels of net debt across the portfolio and it is the managers' belief that those with strong balance sheets should thrive once the economy opens back up as weaker competition leaves the market.

¹Data from Financial Express Jan 2007 – April 2020

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