

Unicorn



Investing with conviction

Sustainability & Stewardship Report

For the 12-month period ended 31 December 2024

This document is intended for Professional Investors and is not suitable for use by Retail Investors.



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I. Who we are

Unicorn Asset Management

Unicorn is an active investment manager established in 2000. Our goal is to provide long-term investment returns for our clients. Our approach to investment is that of a Co-Investor, not a speculator. We back management to deliver on their strategy for our clients over the long-term.

**Independent &
owner managed**

**Active investors with
a proven process**

**Well-resourced UK
specialist**

UK Equity Investing

Structural bias to Small & Mid-Caps & AIM

High conviction portfolios

*Long only, long term, no hedging & no overseas companies**

Excellent corporate access

Invested in ~200 U.K. PLCs

Sustainability: a Catalyst for Long-Term Resilience and Returns

Unicorn believes a committed approach to sustainability from management teams is a leading indicator of long-term value protection and creation, thereby improving their potential to deliver superior financial returns to our clients. Unicorn seeks companies that have integrated sustainability considerations into their business models to promote long-term resilience and adaptability.

** UK businesses are those incorporated or domiciled in the UK, have a significant part of their operations in the UK or are listed on stock exchanges in the UK.*



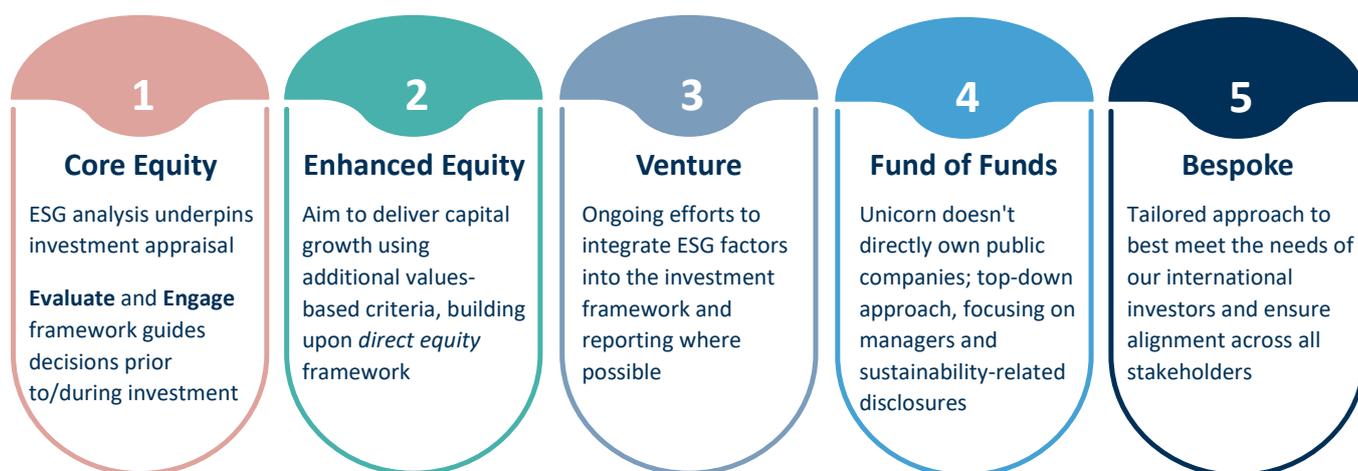
II. Process

Unicorn believes that a company’s commitment to responsible and sustainable operations and business practices serves as a key indicator of its potential for long-term value creation and preservation. Each Fund applies a specific sustainability-related evaluation and assessment of stock selection, which is then integrated throughout the investment process. This comprehensive approach involves in-depth analysis and active engagement to identify and mitigate downside risks and minimise potential financial vulnerabilities within a business. Furthermore, each stage of this evaluation and engagement process is thoroughly documented and can be made available upon request, ensuring transparency and accountability in investment practices.

Evaluate: detailed and thorough assessment of investee companies, research focuses on both quantitative and qualitative elements. All financially relevant and material ESG-related financial factors are considered for both existing and potential holdings

Engage: active engagement including regular meetings with senior management, site visits, and active voting. Unicorn benefits from strong corporate access enabling ongoing dialogue with investee companies

Differentiated Framework

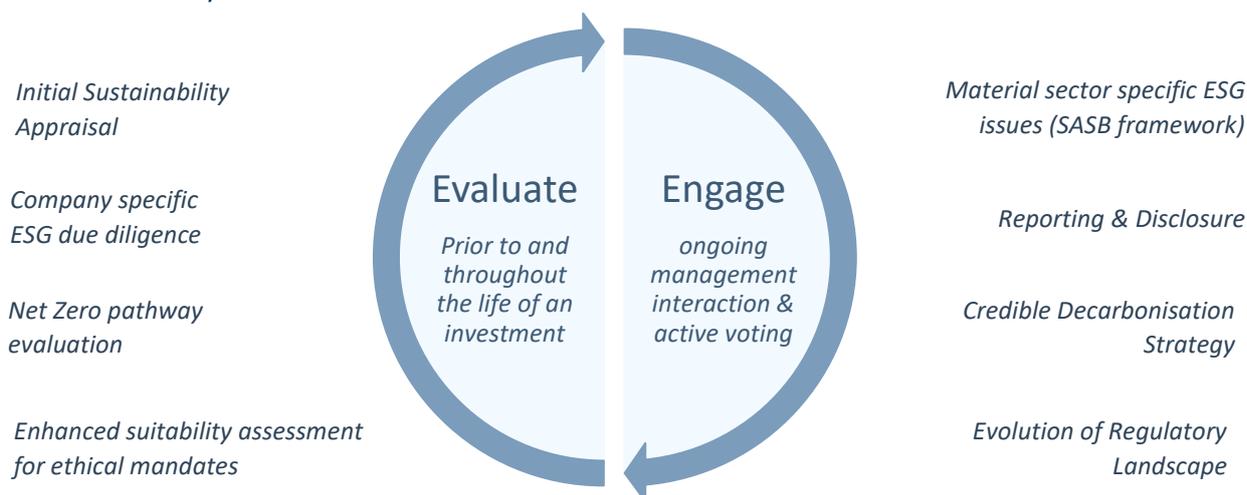


Unicorn employs a differentiated responsible investing framework to best address our ranging client needs and ensure the most appropriate evaluation for investee companies. Incorporating ESG-related financial risk assessment is essential for managing downside risk exposure, revealing underlying vulnerabilities that traditional financial analysis may overlook. Issues such as environmental liabilities, poor labour practices, or weak governance structures can lead to regulatory fines, operational disruptions, reputational damage, or financial loss. By identifying these risks early on, investors can mitigate potential losses, improve portfolio resilience, and avoid exposure to companies with unsustainable practices. Integrating ESG evaluation helps ensure that investments are not only aligned with long-term sustainability goals but are also safeguarded against unforeseen financial and operational challenges.



Evaluate

Unicorn aims to invest in companies that exhibit a robust commitment to key principles of corporate governance, including accountability, transparency, integrity, stakeholder engagement, and prudent financial stewardship. In addition, Unicorn prioritises investments in companies that align with broader social and environmental themes. In the social sphere, these themes encompass social equity and inclusion, community engagement, health and wellness, and education and skills development. On the environmental front, Unicorn seeks companies advancing cleaner energy, environmental services, and resource efficiency.



The initial review also aims to prohibit investment in any company which is deemed to have inadequate considerations towards long-term business model sustainability. An examination of a company's harmful or detrimental characteristics within a sector context is also undertaken. Examples include but are not limited to: negative societal impact, corruption, ESG controversies. Illustrative examples include:

<p>UK-based company specialising in online auction marketplaces</p> <ul style="list-style-type: none"> ➤ <1% Group revenue from firearms, as found on one of their United States based auction sites (this remains the case) 	<p>Oil & gas exploration business</p> <ul style="list-style-type: none"> ➤ Climate risk management: high fossil fuel exposure and Weak Action on Climate Change ➤ High vulnerability to climate change (physical & transition risk) ➤ Weak emissions target & high physical risk level
<p>British multinational sports fashion retailer</p> <ul style="list-style-type: none"> ➤ Corporate governance issue: Corruption & Anti-competitive behaviour: ➤ CMA fines, collusions with football club to restrict competition in sales of branded sports kit ➤ FCA fines, pricing fixing retail products with sport organisations 	<p>British company making and developing defense technology solutions</p> <ul style="list-style-type: none"> ➤ Sector exposure concerns: expertise includes energetic systems, often used in: <ul style="list-style-type: none"> ○ Explosives: conventional/specialised including shaped charges and IEDs ○ Propellants: used in rockets, missiles, and propulsion system ○ Pyrotechnics: Includes flares, smoke grenades



To provide more sector specific KPIs, a more focused analysis is then conducted in line with the Sustainability Accounting Standards Board (SASB) framework, in order to evaluate companies that operate in various sectors in different ways. The table below presents the ESG data considerations we conduct for each individual company when assessing sustainability of the business model and operations. Sources of information include, but are not limited to: corporate filings, industry publications, government databases, third-party platforms, company meetings.

Sustainability Review Areas	Governance Review Areas
<p>Environmental:</p> <ul style="list-style-type: none"> • Systemic climate risk management (<i>Scope 1-3 emissions, transition strategy disclosure, climate resilience investment</i>) • Energy efficiency (<i>greenhouse gas emissions, carbon intensity</i>) • Waste efficiency (<i>total waste generated, recycling rates</i>) • Water efficiency (<i>water use, recycling rates, wastewater management</i>) • Environmental standards accreditation (<i>ISO 14001</i>) • Supply chain management (<i>% suppliers audited</i>) • Materials sourcing & efficiency (<i>% materials sourced from Certified or Responsible Suppliers</i>) • Non-compliance with environmental standards (<i>environmental litigation claims</i>) <p>Social:</p> <ul style="list-style-type: none"> • Labour practices (<i>employee turnover, employee engagement</i>) • Diversity and inclusion (<i>racial and gender diversity in the workforce</i>) • Customer privacy (<i>customer privacy breaches</i>) • Data security (<i>data security breaches</i>) • Product quality (<i>product recalls, penalties due to product safety issues</i>) • Health and safety (<i>Lost time injury frequency rate LTIFR, Total recordable incident rate, TRIR</i>) 	<ul style="list-style-type: none"> • Business ethics (<i>failures of professional integrity, such as bribery & corruption</i>) • Political activity (<i>lobby and political contributions</i>) • Remuneration (<i>disclosure of executive performance conditions and pay targets, ESG linked LTIPs</i>) • Charity & community activity (<i>community engagement activities</i>) • Risk management processes (<i>disclosure of key policies e.g. labour/modern slavery/health and safety/environmental/governance/sustainability policies</i>) • Regulatory compliance (<i>non-compliance incidents, penalties paid</i>) • Control frameworks (<i>Board composition & independence, board committees e.g. Remuneration/Risk/ESG/Audit</i>) • Financial reporting (<i>financial reporting standards compliance, ESG risk disclosure</i>) • Audit (<i>external auditor independence, non-audit fee as a % of total audit and audit related fee</i>)

* Further details can be evidenced on request

Engage

As long-term shareholders, Unicorn’s investment team benefits from privileged access to senior management and Boards of investee companies, facilitating meaningful engagement through ongoing dialogue and active voting. Engagement is integral to our investment process and ongoing appraisal, with regular (typically biannual) meetings to discuss strategic, operational, and governance matters, including material ESG issues. Progress on these issues is recorded and monitored, and we encourage companies



to enhance disclosure and reporting practices where necessary. Site visits further enable the team to assess ESG practices further. Additionally, Unicorn exercises voting rights on all resolutions, challenging management when recommendations conflict with our firmwide responsible investing standards or the interests of our investors. The firm's voting records are available on the firm's website. *The firm's SRD annual disclosures are further outlined in Section VII.*

Enhanced Ethical Approach

The Unicorn Ethical Income Fund and IHT Responsible Investment Funds build upon the Core Unicorn Investment Process by implementing a strict exclusionary screening for companies which generate strategic revenue from the excluded business areas as per the Fund's criteria. Strategic revenue can be defined as any business income, direct or indirect, that contributes to or advances precluded activities or demonstrably supports any of these business areas. Illustrative examples include:

- *Payments platform that facilitates gambling company payment transactions*
- *Logistics businesses who have customers selling cigarettes as part of their supply chain distribution*
- *Soft drink wholesalers that sell pre-mixed cocktails as part of their product range*

The Funds aim for zero investment exposure in these areas, with a maximum 5% strategic revenue exposure threshold. Any company deriving strategic income (direct or indirect) from these industries will be excluded from the Funds' investments. To learn more about the additional company scrutiny for the Unicorn UK Ethical Income Fund and Responsible AIM IHT & ISA portfolio services, please email esg@unicornam.com for further information.

In line with both the Ottawa Treaty and the Oslo Convention, Unicorn fully supports the international conventions on cluster munitions and controversial weapons including anti-personnel mines, cluster munitions and chemical & biological weapons. In line with our approach to responsible investing and our commitment to the UN PRI, we will not knowingly invest in any company that derives revenues from, or provides funding for, cluster munitions or controversial weapons – this exclusion parameter is imposed in relation to all of Unicorn's Funds or Mandates.



Stock Lending

Unicorn does not participate in stock lending.

Proprietary Research

Investment research is performed in house, which has been the case since the inception of Unicorn Asset Management in 2000. This approach demands thorough due diligence of all investments, which fosters an in depth understanding of company business models from an operational, financial and ESG perspective. This is especially important when investing in smaller companies where relevant information is often less readily available. Regular meetings with company management teams form an integral part of the proprietary appraisal of investments.

Third Party Providers

Specialist ESG service providers may be utilised to provide supplementary independent analysis of investee companies. ESG research produced by third parties is only used as an indicative guide, and to inform, support and challenge our internal ESG assessment of a company. We work proactively with third party providers, often sharing our expertise to help inform and improve their assessment of companies that do not form part of their standard ESG coverage.

Corporate Governance

Unicorn invests in UK Companies and actively targets investment in those companies that employ strong corporate governance practices. Unicorn is committed to exercising responsible ownership. Our conviction is that companies which adopt best practice in corporate governance, will be more successful in their core activities and their ability to deliver enhanced returns for shareholders over the long term.

Corporate governance is the system by which companies are directed and controlled. Boards of directors are responsible for the governance of their companies. The shareholders' role in governance is to appoint the directors and the auditors and to satisfy themselves that an appropriate governance structure is in place. The responsibilities of the board include setting the company's strategic aims, providing the leadership to put them into effect, supervising the management of the business and reporting to shareholders on their stewardship. The board's actions are subject to laws, regulations and the shareholders in general meetings.



Venture Capital Trust

Unicorn AIM VCT remains focused on advancing ESG integration throughout its investment process. While this framework is at an earlier stage compared to our direct equity responsible investing approach, we conduct ESG due diligence assessments for all VCT holdings, evaluating material environmental, social, and governance factors on a case-by-case basis. Further details can be provided on request.

Key priorities for the Unicorn AIM VCT in 2024 included improving the transparency and comprehensiveness of sustainability and climate-related disclosures in annual reporting, as well as fostering the development of more robust decarbonisation strategies and improved systemic risk management practices. Unicorn remains mindful that while many of the portfolio companies are not required to report on emissions, there has been continued emphasis to formalise targets wherever feasible. Unicorn has been encouraged by investee companies within the Company continuing to remain open and supportive of engagement regarding ESG matters.

Although our firmwide Net Zero commitment does not formally extend to the VCT, we actively monitor the emissions footprint and Scope 1, 2, and 3 emissions disclosures of all fund holdings. We are encouraged by the ongoing efforts of investee companies to establish credible decarbonisation strategies where feasible, supporting effective systemic risk management. Notably, approximately 41% of investee companies with a market value above £1 million have made formal commitments to net-zero alignment within the VCT as at 31 December 2024. General engagements refer to general meetings (typically biannual) with investee management to discuss more general strategy, operational, governance, and ESG issues. Strategic engagement refers to focused engagement to embed sustainability, advance decarbonisation, formalise reporting, and address any material sustainability-related strategic and/or operational issues.

120

General engagements

24

Strategic engagements

Source: Unicorn Asset Management, ISS Proxy Exchange. Data is for the 12 months ended 31 December 2024

Unicorn recognises the importance of stewardship and shareholder engagement within the VCT, which remains integral to the investment process. Regular meetings with company management teams provide the Manager with a valuable forum for dialogue, monitoring and appraisal of investee companies. Unicorn AIM VCT reported 18 strategic engagements with investee companies and 6 site visits over the period. Illustrative examples include, but are not limited to:



- **AB Dynamics:** an automotive testing specialist, faced audit delays raising regulatory, market, and governance concerns. Non-compliance risks penalties and erodes investor confidence. The engagement addressed delay causes, audit process strength and identifying measures for future mitigation. Following the engagement, the company confirmed its intention to change auditors in FY25 to address these issues.
- **Ixico:** a global neuroimaging provider, participated in an ESG framework discussion with Unicorn to enhance the understanding of its sustainability-related risks and opportunities. The company strengths emphasised focus on diversity, flexible working, and strong governance aligned with the QCA Code. No major environmental risks were identified, but future priorities highlighted to senior management include: net-zero goals, TCFD adoption, and climate targets. ESG data lacks external verification despite reporting Scope 1, 2, and 3 emissions.

Unicorn AIM VCT also continues to see opportunities to allocate capital to innovative, early-stage businesses, which have commercial models aligned with environmental, social and/or governance themes. Recent illustrative examples include but are not limited to:

- **Incanthera** is a UK-based dermatology and oncology company focused on developing innovative therapies for autoimmune diseases. The Company's mission focuses on improving patient lives and reducing healthcare costs. Through successful drug development, there is greater potential to reduce the long-term healthcare costs associated with managing autoimmune diseases.
- **Equipmake** is a British engineering and manufacturing company which specialises in electric drivetrain systems for commercial vehicles. Equipmake focuses on developing innovative and efficient electric drivetrain systems, including motors, inverters, and battery packs. Their solutions are designed to meet the growing demand for electric commercial vehicles and support the transition to a more sustainable transportation sector.

Unicorn AIM VCT actively exercises its voting rights to ensure investee companies operate in the best interests of the Company's shareholders. For the financial year ending 30 September 2024, the Investment Manager voted on 951 resolutions, opposing management on 46 occasions, representing 5% of total votes. The resolutions opposed primarily related to corporate governance matters, particularly director elections and remuneration. To promote transparency, the full voting history is published on the Unicorn Asset Management website.

951

Resolutions

46

Votes against resolutions

Source: Unicorn Asset Management, ISS Proxy Exchange. Data is for the 12 months ended 31 September 2024



Mastertrust

The Unicorn Mastertrust Fund aims to achieve long-term capital growth by investing in a range of UK listed Investment Companies. An investment trust is a public limited company that aims to make money by investing in other companies. Owning shares in an investment trust is a way of investing in a variety of different companies.

Given the structure of this investment fund, Unicorn is not the direct shareholder or owner of the public companies within the trusts. Consequently, the responsible investing approach remains at a preliminary stage in its development. Unlike our firm-wide, bottom-up ESG methodology, this fund adopts a top-down approach. This involves evaluating the investment managers themselves and conducting case-by-case reviews in the following areas:

➤ ***Firmwide approach to responsible investing***

- Purpose, strategy and culture
- ESG considerations (risk management, integration, exclusions)

➤ ***Sustainability related disclosure***

- TCFD reporting
- Stewardship code
- SASB framework

➤ ***Partnerships and Initiatives***

- PRI signatory
- Net Zero Asset Manager Initiative (NZAMI)

Sustainability-related metrics

<i>PRI Signatory</i>	<i>68%</i>
<i>Adopts TCFD Reporting</i>	<i>55%</i>
<i>NZAMI Signatory</i>	<i>17%</i>
<i>ESG Considerations</i>	<i>92%</i>
<i>Exclusions based ESG criteria considerations</i>	<i>21%</i>

Source: Unicorn Asset Management, Company Filings. Data is for the 12 months ended 31 December 2024. All figures are % NAV excluding cash

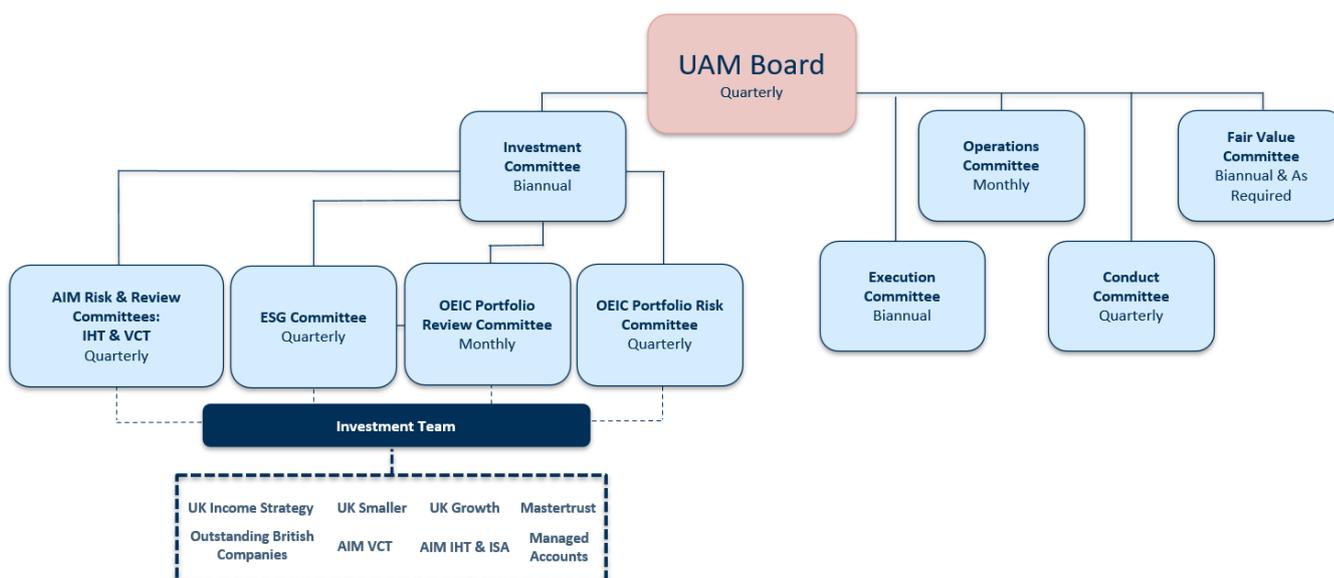


III. Responsibility and Oversight

Unicorn’s approach to responsible investing is fully embraced by its Board of Directors, who act as the Firm's governing body. Consideration toward ESG factors supports Unicorn’s investment philosophy and this approach is applied across the business, considering the differing needs and practicalities of each strategy. Unicorn continues to allocate increased resources to support further development within this area. The ESG team has since expanded to include a Head of Sustainability, an ESG Risk Executive, and an ESG Associate, all operating under the oversight of the ESG Committee.

Unicorn’s differentiated Responsible Investing Framework is implemented by the group’s Head of Sustainability and wider ESG team, which is overseen by the ESG Committee. The ESG Committee comprises: Head of Sustainability, ESG Risk Executive, ESG Associate, Director of Operations, Risk Officer, members of the investment team, Compliance Manager and Compliance Officer.

Unicorn’s Committee Reporting Structure



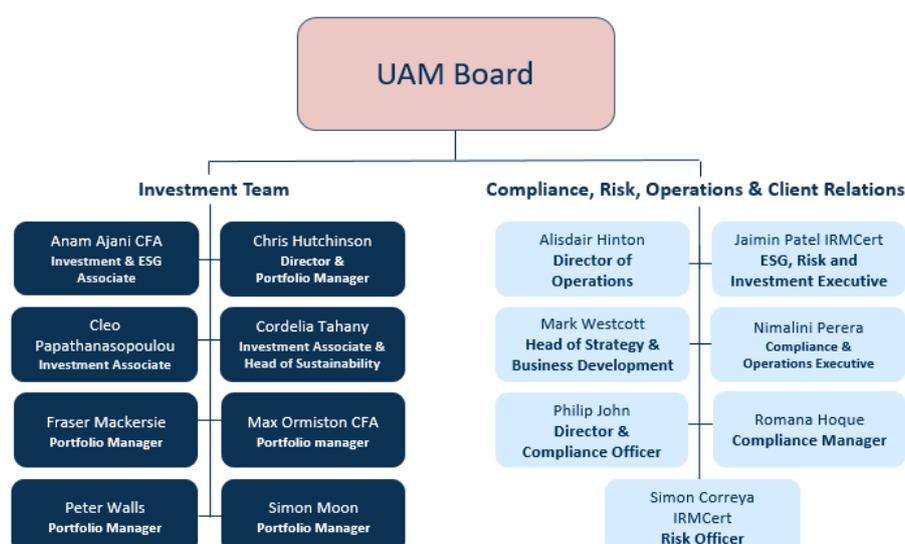
Adherence to the Firm's ESG investing and stewardship approach is assessed as part of the firm's Compliance Monitoring Programme. Responsible Investing Framework and Stewardship policies are reviewed and formally signed off on an annual basis. All staff members understand and are supportive of Unicorn’s commitment to responsible investing.



IV. Accountability Mechanisms

The ESG team produces a quarterly ESG report detailing interactions with the management teams of investee companies and providing a record of Unicorn’s voting history and any other notable ESG engagements. The report and meeting minutes are then circulated and discussed by the ESG Committee, as a formal agenda item. Any required actions arising from the ESG Committee meetings are implemented as soon as is practicable.

Unicorn’s Organisation Structure



United Nations Principles of Responsible Investment

Unicorn is a signatory of the United Nations Principles of Responsible Investment (UN PRI) and seeks to adhere to the six principles, which are to:

- 1. Incorporate environmental, social and governance (ESG) issues into investment analysis and decision-making processes**

How we adhere:

- Integrated firmwide ESG approach, places the responsibility for ESG evaluation and assessment onto Unicorn’s investment team – ESG integration remains an integral part of the investment process. Companies which fail this assessment are precluded from investment or divested (*Evaluate & Engage*)
- Additional screening criteria and increased prudence is applied to explicitly Responsible & Ethical portfolios (*Enhanced Ethical Approach*)

- 2. Be active owners and incorporate ESG issues into our ownership policies and practices**

How we adhere:



- Engage directly with the Senior Management and Board of Directors of investee companies through regular meetings and other channels of corporate access
- Actively vote on all resolutions

3. Seek appropriate disclosure on ESG issues by the entities in which we invest

How we adhere:

- Assess the ESG framework and disclosure of a company prior to investment and on an ongoing basis
- Encourage investee companies to improve disclosure where necessary

4. Promote acceptance and implementation of the Principles within the investment industry

How we adhere:

- Attend and participate in industry events, which promote sustainable and responsible investment
- Engage with third party ratings agencies sharing knowledge and understanding of investee companies

5. Work together to enhance our effectiveness in implementing the Principles

How we adhere:

- The ESG team provide oversight of ESG issues and maintain the relevance of the firm's approach
- Continue to review and improve our approach where necessary

6. Report on our activities and progress towards implementing the Principles

How we adhere:

- Quarterly formal ESG Report produced and discussed at ESG Committee meetings (independent and separate from the Portfolio Review Committee)
- ESG findings are reviewed and challenged at board level
- The firm's voting records are available on the firm's website. *The firm's SRD annual disclosures are further outlined in Section VII.*

Net Zero Asset Managers Initiative

Unicorn is a signatory of the *Net Zero Asset Managers Initiative (NZAMI)*, an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to support investing aligned with net zero emissions by 2050 or sooner. As of 31 December 2024, the initiative holds more than 325 signatories with USD 57.5 trillion in AuM, with Unicorn Asset Management already ahead of our initial target for 2030, with 72.3% of total assets under management across our open-ended funds are already aligned either ahead or in line with Net Zero transition.

- *Initial target:* By 2030, 50% of total AuM across our open-ended funds (excluding Mastertrust Fund of investment trusts) is committed to be managed in line with net zero (meeting the criteria to be considered aligned with Net Zero by 2050, ***IEA 2050 Net Zero Scenario***)



- *Baseline year performance for the target metric(s):* The assets under management currently meeting the criteria to be considered aligned to net zero represent 26% of total assets (baseline year 2021)
- *Additional information:* Scope 1 and 2 are the current basis for the targets. In our view, Scope 3 data coverage is not yet sufficient, but we intend to include Scope 3 over time.

<i>% weight of total AuM across open-ended funds</i>	64%
<i>% weight of total AuM aligned with Net Zero (excluding cash)</i>	59%
<i>% investee companies aligned with Net Zero across open-ended funds</i>	72%

Source: Unicorn Asset Management, data is for the 12 months ended 31 December 2024



V. Risk Management

Unicorn Asset Management defines risk as any factor that could impede the organisation from achieving its long-term business objectives, complying with legal or regulatory obligations, jeopardising potential opportunities, compromising our commitment to customer best interests, or resulting in unfavourable investor outcomes.

Our risk management framework is deliberately structured to proactively identify critical risks and strategically determine the most effective course of action for controlling or mitigating them. The process consists of five primary steps: identifying the risks at hand; assessing their potential impact and likelihood; making informed decisions on appropriate approaches to control or mitigate the identified risks in order to reduce or eliminate their potential impact or likelihood; closely monitoring and comprehensively reporting on the effective management of these risks.



The risks that have been identified, along with their corresponding risk ratings, controls, and actions, are meticulously recorded in the Risk Register. This allows a comprehensive overview of the most significant risks faced by Unicorn Asset Management, which can then be evaluated in alignment with the organisation's risk appetite. Consequently, it becomes possible to ascertain whether further measures are necessary to effectively mitigate these risks.



Continuous and regular monitoring of the identified risks is imperative to evaluate the efficacy of the risk identification, measurement, and management processes. This ongoing assessment allows for a clear understanding of whether the level and severity of risk are trending upward or downward.

The Board of Unicorn Asset Management plays a pivotal role in shaping the organisation's risk culture. This culture encompasses the collective awareness, attitudes, and behaviours of all employees with regard to risk management. The Board is committed to ensuring that appropriate resources and importance are allocated to risk management initiatives. They actively promote a positive and risk-aware culture among managers, which then filters throughout the entire company. Each staff member is made aware of their responsibility in risk management through compulsory annual training, regardless of their role, as it remains integral to the day-to-day operations of the organisation, even as a smaller firm.

Unicorn Asset Management identifies and responds to market-wide and systemic risks by conducting thorough analysis of market trends and monitoring various economic indicators. Through the annual Internal Capital Adequacy and Risk Assessment (“ICARA”) Unicorn has been able to identify any systemic and market-wide risks to which it, its clients or the market may be exposed because of the activities it undertakes and to assess whether and to what extent the firm may be required to hold additional capital to mitigate the impact of any risks identified. The process seeks to ensure that the firm can remain financially viable throughout the economic cycle and is able to address potential material harms that result from our activities and to ensure that the firm is able to conduct an orderly wind down whilst minimising harm to our clients or other market participants.

The firm has assessed the potential harms arising from identified risks, categorising them as risks to the client, risks to the firm, and risks to the market. For risks to the client, key concerns include unsuitable investments, where client portfolios may be exposed to assets or asset classes that breach investment mandates or fund objectives, potentially leading to poor outcomes or losses. This risk is mitigated through employing skilled portfolio managers and utilising software systems that prevent or detect non-permissible trades. Another identified risk is poor product design or governance, which could result in clients investing in unsuitable products or experiencing unexpected losses. This risk is managed through a robust Product Governance framework, including product launch and review processes, target market monitoring, and key performance indicator reviews.



For risks to the firm, core concerns involve reputational and operational risks, including regulatory breaches, IT systems vulnerabilities, and cyber security threats. Regulatory risks, such as censure or criticism, could damage the firm's reputation, reducing assets under management and revenue. These risks are mitigated through comprehensive policies, compliance monitoring, and external oversight.

For risks to the market, the firm (operating as an active investment manager) faces potential market abuse risks, such as staff engaging in practices that could harm the firm's reputation, reduce assets under management, and impact market integrity. To mitigate this, all staff undergo market abuse training, and the firm enforces controls, policies, and procedures to prevent and detect such behaviour. Through these measures, the firm seeks to manage risks across all identified categories effectively.

At Unicorn, we understand the importance of diversification in protecting our clients' investments against market-wide risks. That's why our portfolios are carefully constructed to ensure a balanced and resilient approach. Furthermore, we work closely with other industry participants such as trade associations, contributing to the enhancement of industry best practice and regulatory engagement to promote a well-functioning financial system. By staying informed and taking proactive measures, we at Unicorn are committed to safeguarding our clients' investments and contributing to the overall stability of the financial system. The Portfolio Risk Committee is responsible for monitoring levels of portfolio risk. For the purposes of this committee, "Risk" is defined as those other than risk of stock selection. The Committee is responsible for setting investment risk tolerances and monitoring adherence to tolerance levels. The Portfolio Risk Committee is responsible for ensuring the effectiveness of the ongoing investment risk framework and reviewing portfolio risks in comparison to other UAM funds and portfolios with similar objectives and benchmarks, where applicable. Its responsibilities include identifying significant contributors, both positive and negative, to risk; assessing stock ownership at the company level; and analysing stock-level contributions to portfolio risk, including liquidity and pricing factors. Additionally, the committee evaluates sector overweights and underweights relative to relevant benchmarks, monitors investment tolerance levels and capacity limits, and reviews overall portfolio liquidity and associated risks. It is also responsible for redemption risk performance monitoring, conducting scenario analyses to evaluate portfolios against potential external factors, and performing stress tests of portfolio liquidity against historical risk events. Climate risk metrics are also discussed and monitored within Portfolio Risk Committee meetings.



VI. Our engagement approach

Active Ownership

Our engagement approach is driven by our investment philosophy for the long-term value creation of our clients' assets that have been entrusted to us. We are active (not passive or activist) investors. Unicorn defines engagement as any dialogue with purpose with those in a position to resolve an issue, usually the board and executives. Unicorn's targeted approach across all of the funds focuses on two key areas:

Strategic engagement where we can have tangible influence, focusing primarily on further embedding sustainability into investee companies' business models, developing credible decarbonisation agendas, formalising reporting standards, and managing any strategic or operational issues.

General engagements with investee companies on a regular basis, typically biannual, meetings with investee company management teams, face to face meetings or calls with management, in order to discuss their strategic and operational approach. These meetings, or site visits, also provide a platform to discuss any governance structure and/or ESG issues where necessary.

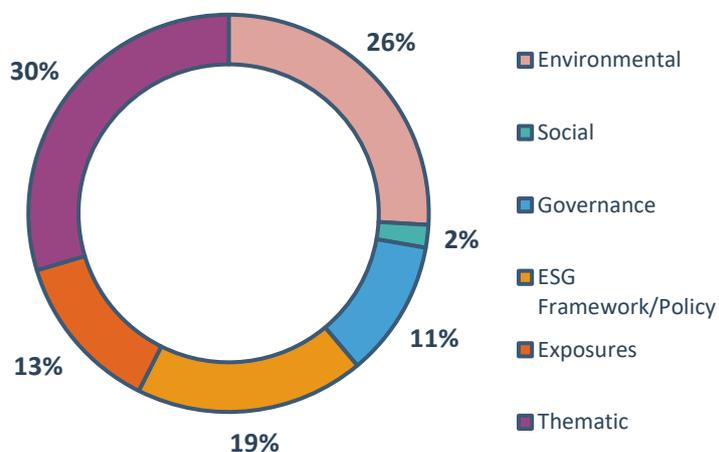
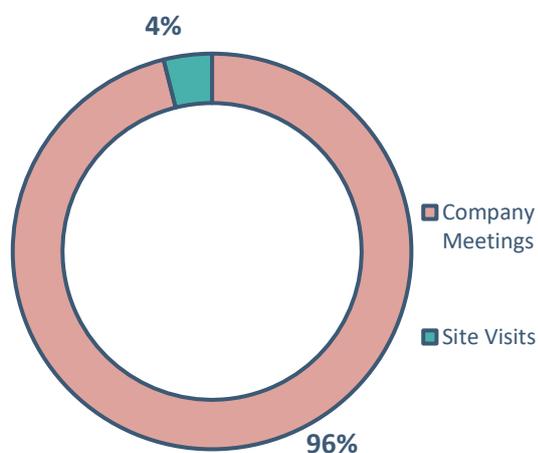
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General engagements

54

Strategic engagements

Engagement by category



Figures taken at Group Level for the twelve months ended 31 December 2024, includes holdings and non-holdings



Over the twelve months ending 31 December 2024, Unicorn participated in 393 engagements (Group Level). The majority of these engagements were initiated to provide ongoing support and guidance to our investee companies in enhancing their transparent and comprehensive sustainability-related financial reporting. Additionally, Unicorn placed emphasis on prioritising voting activities with companies to address systemic risk management, particularly in relation to climate change and cybersecurity issues. This effort aimed to advance the development of credible decarbonisation agendas underpinned by practical carbon reduction initiatives. Unicorn maintains an internal database, accessible to all staff, to document and track all engagement interactions, progress, and outcomes.

Collaboration

We do not typically collaborate with other investors as part of an engagement strategy but will do so if we deem necessary in order to serve the best interests of our clients.

Engagement escalation

The identification of any significant controversies, or evidence of poor ESG practices, which result in a failure to meet firmwide ESG standards, which will result in the exclusion of that potential investment from any of Unicorn's Funds. If an investee becomes incompatible with the firm's ESG philosophy, the relevant Investment Manager will be expected to disinvest, and will aim to sell that holding within 90 days of being made aware of the information. In general terms, we give management and boards time to adequately respond to our questions before voting on critical issues. Repeated instances where engagement is ineffective or companies are not committed to change, we may choose to disinvest as a last resort.



Recent Case Studies

Case Study: Financial Services

A specialist asset management firm that invests in early-stage technology and regional businesses. It provides venture capital, private equity, and debt funding, along with strategic support to help companies grow.

The company was being considered for inclusion in the Unicorn UK Ethical Income Portfolio. To ensure compliance with our UK Ethical Income Fund Responsible Investing policy, we conducted comprehensive research and engaged specialist third-party providers to carry out due diligence on the firm.

The review revealed that one of the firm's portfolio companies, Native Antigen — a supplier to the in vitro diagnostics industry — had previously conducted animal testing for one of its products (SARS-CoV-2 (B.1.1.7 + E484K) Stabilised Spike Glycoprotein, His-Strep-Tag (HEK293)). Given that animal welfare is a key exclusion criterion for the UK Ethical Income Fund, this finding necessitated further investigation.

Following additional discussions with our third-party specialists and further internal reviews, it was concluded that, while Native Antigen's activities involve animal testing, the firm itself, as an asset manager, does not directly engage in business practices that breach our exclusion policies. Since the firm's exposure to these activities is indirect, arising through its portfolio investments, Unicorn determined that the firm aligns with the principles of the UK Ethical Income Fund. Consequently, the decision was made to add the company to the Fund's holdings.

Case Study: Industrials

A UK-based engineering company specialising in precision measurement, metrology, and healthcare technologies. Its core products include coordinate measuring machines, industrial automation tools, and 3D printing systems, serving industries like aerospace, automotive, and healthcare.

As part of the due diligence process for potential inclusion in the Unicorn UK Ethical Income Portfolio, a comprehensive evaluation was conducted to ensure alignment with our UK Ethical Income Fund Responsible Investing policy. This review, supported by third-party specialists, identified two key areas of concern.

Firstly, the company had provided 3D printing technology for projects involving the development of spinal implants, which were later tested on animals by research collaborators to evaluate their effectiveness. Whilst they were not directly involved in the animal testing, its technology was integral to the manufacturing process of the implants used in these studies. Secondly, the company has notable links to



the defence sector, having received government funding for additive manufacturing projects related to aerospace and defence applications. Its technologies are also used by the Royal Air Force and in collaborations with defence-focused companies such as BAE Systems.

While these exposures are not core to business' operations, the lack of formal policies addressing these issues and the potential for continued involvement were considered incompatible with the responsible investing principles of Unicorn's UK Ethical Income Fund. As a result, the decision was made not to include the stock in the portfolio.

Case Study: Industrials

A UK-based manufacturer specialising in advanced carbon and ceramic materials, was reviewed for potential exposure to animal testing. An analysis of its product safety sheets revealed that at least three of the over 1,000 documents included language indicating the potential use of animal testing. Unicorn directly engaged with the company, raising three follow-up questions, to which the company provided detailed responses. Unicorn determined that the potential for future animal testing and the absence of a company-wide policy on this matter were incompatible with the responsible investing principles of the UK Ethical Income Fund. Therefore, the decision was made to exit the company's holding from the Fund.



VII. Our proxy voting approach

Unicorn will, to the extent we are authorised to do so by our clients, exercise proxy votes at all shareholder meetings. We regard proxy voting as a means to bring about change. Share interests carry ownership rights and responsibilities and we recognise that as institutional investors, we play a key role in relation to stewardship. It is an overriding principle of Unicorn's engagement with investee companies combined with its responsibility to maximise returns for the funds that it manages that this right is exercised.

It is important to note, that Unicorn acts as an agent on behalf of its clients and is not the beneficial owner of the investee company's shares and recognise we have a duty to act in the best interests of its clients. Our voting policy is designed to protect and enhance shareholders' long-term economic interests. Voting decisions are made by our Fund Managers and are based on their knowledge, and research of, the investee company concerned. All voting decisions are undertaken in-house and in accordance with corporate governance guidelines and in alignment with our firmwide ESG framework.

Where contentious issues arise in relation to Shareholder Resolutions at company meetings, Unicorn will usually contact the management of the investee company in order to exchange views and give management teams the opportunity to articulate their position. The long-term nature of the relationships that we develop with the Boards and senior management of investee companies typically enable us to resolve any concerns that we may have over strategy, the management of risk or governance practices. However, in the event of an unsatisfactory explanation of contentious issues, Unicorn will vote against the recommended proposals put forward by the investee company Board. Unicorn's voting records can be found on our website.

Key proxy voting figures

99.6%

Of meetings voted at

272

Votable meetings

17.3%

With at least 1 vote not in favour

139

Votes against Mgmt and/or Policy

99.6%

Of proposals voted at

3,000

Proposals

Source: Unicorn Asset Management, ISS Proxy Exchange. Data is for the 12 months ended 31 December 2024



Managing conflicts of interest

Unicorn has implemented conflicts of interest procedures to ensure the appropriate handling of proxy voting decisions where there is a potential conflict of interest. The guiding principle of Unicorn's conflicts of interest policy is simple: – to exercise our right to vote in the best interests of the clients on whose behalf we are managing funds.

The key steps in this process include the prior identification of potential conflicts, cross-referenced against any available third-party proxy voting recommendations and record-keeping of the voting rationale. Unicorn recognises that there is a potential conflict of interest when it votes for a resolution proposed by a company with which its staff have a material interest or personal relationship. In this context, the fund manager has a duty to disclose any actual or potential conflict of interest relating to the vote.

In the situation where the vote is in accordance with its internal guidelines and that of the independent research, there is unlikely to be a conflict. However, when it votes contrary to the guidelines, then the position is reviewed by the Compliance Officer and a recommendation made to the Board who has final say.

Proxy Advisor

We use an external proxy-research and vote-execution service provided by Institutional Shareholder Services (ISS). ISS delivers its benchmark research and Unicorn's custom policy research based on our internal voting policy; we take these into consideration when making a vote decision in the best interest of shareholders (which may differ from ISS recommendations). Consistent with our obligations under SRDii, we continue to review and monitor ISS's operating policies and procedures to ensure that they provide the best possible proxy research services.

Non-Voting Share Class

Non-voting stock can offer some advantages including but not limited to, the ability for management to pursue long-term strategic goals without short-term pressures from some shareholders and the division of voting power between informed versus uninformed investors. Unicorn is an independent professional asset manager and therefore believe active ownership through voting represents the most direct avenue to express opinion and fulfil our duty of responsible stewardship. The purchase of non-voting shares may only be considered under the specific scenario where a takeover is deemed highly probable. In such an instance, both voting and non-voting shares would likely be acquired at an identical price, resulting in potential uplift to the discounted class of shares.



Voting case study: Liontrust Asset Management

Company operates as an equities fund management group in the United Kingdom, providing management services for a range of investment funds, which are aimed at both professional investors and advisors.

- **Proposal:** the Board is seeking shareholder approval to acquire GAM Holding AG for a consideration of 0.0589 of the Company's shares per GAM share, which was valued at approximately CHF 100.5m in aggregate at announcement.
- **Process:** In order to get comfortable that the deal would not be value destructive to shareholders Unicorn had several meetings with senior management and brokers in order to get further details and understanding behind the proposed transaction.
- **Strategic rationale:**
 - The meeting circular states that the acquisition of GAM will lead to the creation of a global asset manager with GBP 53bn assets under management on a pro forma basis. Moreover, the Company notes that it expects the proposed acquisition to accelerate its development by meeting all of its seven strategic objectives, and significantly enhance earnings in relation to adjusted diluted earnings per share for the financial year ending 31 March 2025 and in future years.
 - Other positives of the proposed acquisition highlighted by the Company include:
 - A broadening of its fund range and asset classes.
 - An expansion of distribution globally.
 - An increase of the Company's physical presence in Europe.
 - The provision of Asian and US offices.
 - A broader client base for the combined group's funds globally.
 - The addition of experienced investment teams, including nine fund managers rated between A to AAA by Citywire.
- **Outcome:** Unicorn voted in line with Management and ISS in support of the transaction as Company provided a compelling rationale for the acquisition and the valuation appeared reasonable, warranting support for the transaction.



Unicorn’s significant votes

We have provided a summary of our most significant votes over the period, including rationales for our voting decision, as per the Shareholder Rights Directive II (“SRDII”) requirements. Unicorn describes the following significant: material holdings where we hold greater than five percent of issued equity for a company; those of a thematic nature (e.g., climate change); items that have a material impact on shareholder value; and significant corporate transactions that may have a material impact on future company performance, for example approval of a merger.

Company Name	Meeting Date	Meeting Type	Qualification
Smart Metering Systems	22-Jan-24	Special	Approve Recommended Cash Acquisition of Smart Metering Systems by Sienna Bidco Ltd
Smart Metering Systems	22-Jan-24	Court	Approve Scheme of Arrangement
Tribe Technology	26-Mar-24	Annual	Authorise Board to Fix Remuneration of Auditors
Tribe Technology	26-Mar-24	Annual	Authorise Issue of Equity
Tribe Technology	26-Mar-24	Annual	Authorise Issue of Equity without Pre-emptive Rights
Oxford BioDynamics	27-Mar-24	Annual	Accept Financial Statements and Statutory Reports
Oxford BioDynamics	27-Mar-24	Annual	Re-elect Matthew Wakefield as Director
Directa Plus	27-Jun-24	Annual	Re-elect Giulio Cesareo as Director
Directa Plus	27-Jun-24	Annual	Re-elect Giorgio Bonfanti as Director
Directa Plus	27-Jun-24	Annual	Authorise Market Purchase of Ordinary Shares
Directa Plus	27-Jun-24	Special	Authorise Issue of Equity in Connection with the Fundraising
Directa Plus	27-Jun-24	Special	Approve Waiver of Rule 9 of the Takeover Code
Directa Plus	27-Jun-24	Special	Authorise Issue of Equity without Pre-emptive Rights in Connection with the Fundraising
SkinBio Therapeutics	27-Dec-24	Annual	Re-elect Stuart Ashman as Director
SkinBio Therapeutics	27-Dec-24	Annual	Re-elect Martin Hunt as Director
SkinBio Therapeutics	27-Dec-24	Annual	Re-elect Catherine Prescott as Director
SkinBio Therapeutics	27-Dec-24	Annual	Re-elect Manprit Singh Randhawa as Director

Source: Unicorn Asset Management, ISS Proxy Exchange. Data is for the 12 months ended 31 December 2024

Unicorn’s proxy voting history is available on the company website. Unicorn’s approach to proxy voting is set out in detail in [Unicorn Asset Management’s Voting Policy document](#).

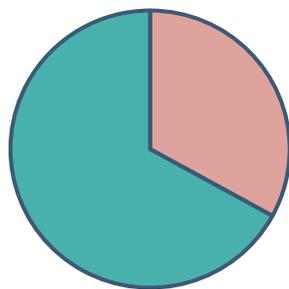


VIII. Client and beneficiary needs

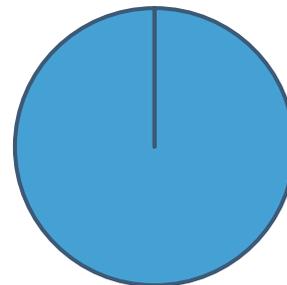
As institutional investors, we have a duty to act in the best long-term interests of our beneficiaries. In this fiduciary role, Unicorn believes that ESG issues can impact portfolio investment performance and seek to apply the following principles outlined by the PRI to better align investors with broader objectives of society.

- *Incorporation of ESG issues into investment analysis and the decision-making process (as outlined in Section II)*
- *Be active owners and incorporate ESG issues into our ownership policies and practices*
- *Seek appropriate disclosure on ESG issues by the entities in which we invest*
- *Promote acceptance and implementation of the Principles within the investment industry*
- *Work together to enhance our effectiveness in implementing the Principles*
- *Report on our activities and progress towards implementing the Principles*

Client Base by type and geography (Group Level)



■ Retail ■ Institutional



■ UK

An institutional investor is defined as a professional client under the COBS 3: Client Categorisations within the FCA Handbook. Data as of 31 December 2024.

AuM Breakdown

8.8 years

*Average holding period**

Equity only

Asset Class

UK only

Geography

**Average holding period calculated as combined score across all Unicorn assets, as of 31 December 2024*



IX. Stewardship

Stewardship aims to promote the long-term success of companies in such a way that the ultimate providers of capital also prosper. Unicorn believes that good governance of the companies in which we invest is an essential part of creating shareholder value and achieving sound investment performance for our clients. Unicorn is committed to ensuring that it always operates and makes decisions based on the best long-term interests of its clients.

This policy describes how Unicorn Asset Management applies the twelve Principles of the UK Stewardship Code which was adopted by the Financial Reporting Council (FRC) in September 2020, in line with the FCA's requirements under COBS 2.2.3.

PRINCIPLE 1: Signatories' purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

As outlined in Sections I, X & XI.

PRINCIPLE 2: Signatories' governance, resources and incentives support stewardship.

As outlined in Sections II, III, IV & XI.

PRINCIPLE 3: Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

As outlined in Sections VII.

PRINCIPLE 4: Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

As outlined in Sections V.

PRINCIPLE 5: Signatories review their policies, assure their processes and assess the effectiveness of their activities.

As outlined in Sections III & IV.



PRINCIPLE 6: Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

As outlined in Section VIII.

PRINCIPLE 7: Signatories systematically integrate stewardship and investment, including material environmental, social and governance issues, and climate change, to fulfil their responsibilities.

As outlined in Sections II, III & IV.

PRINCIPLE 8: Signatories monitor and hold to account managers and/or service providers.

As outlined in Sections II, III & IV.

PRINCIPLE 9: Signatories engage with issuers to maintain or enhance the value of assets.

As outlined in Sections II, VI & VII.

PRINCIPLE 10: Signatories, where necessary, participate in collaborative engagement to influence issuers.

As outlined in Section VI.

PRINCIPLE 11: Signatories, where necessary, escalate stewardship activities to influence issuers.

As outlined in Section VI.

PRINCIPLE 12: Signatories actively exercise their rights and responsibilities.

As outlined in Sections VI & VII.



X. Our purpose, culture and values

Our purpose

We founded our business in London in 2000, with the aim of delivering positive financial outcomes to our clients. Unicorn believes a committed approach to sustainability from management teams is a leading indicator of long-term value protection and creation, thereby improving their potential to deliver superior financial returns to our clients.

Our culture and values

Unicorn's culture embodies our overriding value: act with integrity. High ethical standards are critical to maintaining the public's trust in financial markets and in the investment profession. This value, as adopted from the CFA Code of Ethics and Standards of Professional Conduct, underpins and informs every decision that we make at Unicorn. We emphasise three key areas of focus for our cultural integration.



As a business with a single location in London and a team of less than 20 people, our environmental footprint remains minimal. Our primary impact regarding climate stability remains within our investment activities and decisions. We continue to assess and expand our knowledge of the extent of our environmental impact and work to reduce it across all areas of the business.

The Company supports the principle of equal opportunities and opposes discrimination on the grounds of sex, age, sexual orientation, marital status, race, ethnic origin, religious belief or disability. Being a



committed equal opportunities employer, the Company will take every possible step to ensure that employees are treated equally and fairly in respect of these matters. All policies and practices will conform to the principle of equal opportunities in terms of recruitment, selection, training, promotion, career development, discipline, redundancy and dismissal.

Unicorn Asset Management believes that its most valuable resource is its employees. The continued success of the company depends upon having highly motivated people with proper skills in the right job at the right time. We are committed to continue to sponsor professional qualifications and providing training to support employees in fulfilling their roles and their personal development.

As an FCA regulated firm, staff are subject to the Regulator's Conduct Rules specific to their role within the firm. In addition, standards of behaviour and conduct are set out in our Code of Ethics which has been adopted from the CFA. As a team employing several members of the CFA we agree with and promote the standards to which they aspire.

Unicorn is committed to following the principles of the UK Corporate Governance Code ("the Code"). Published by the Financial Reporting Council ("FRC") <https://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code> . The Code sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability, and relations with shareholders.

Internal lines of reporting within the company and the roles and the responsibilities of the team can be seen clearly in the governance organisation chart. The board has conferred several delegated authorities upon its sub committees which each have Terms of Reference setting out their purpose.



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