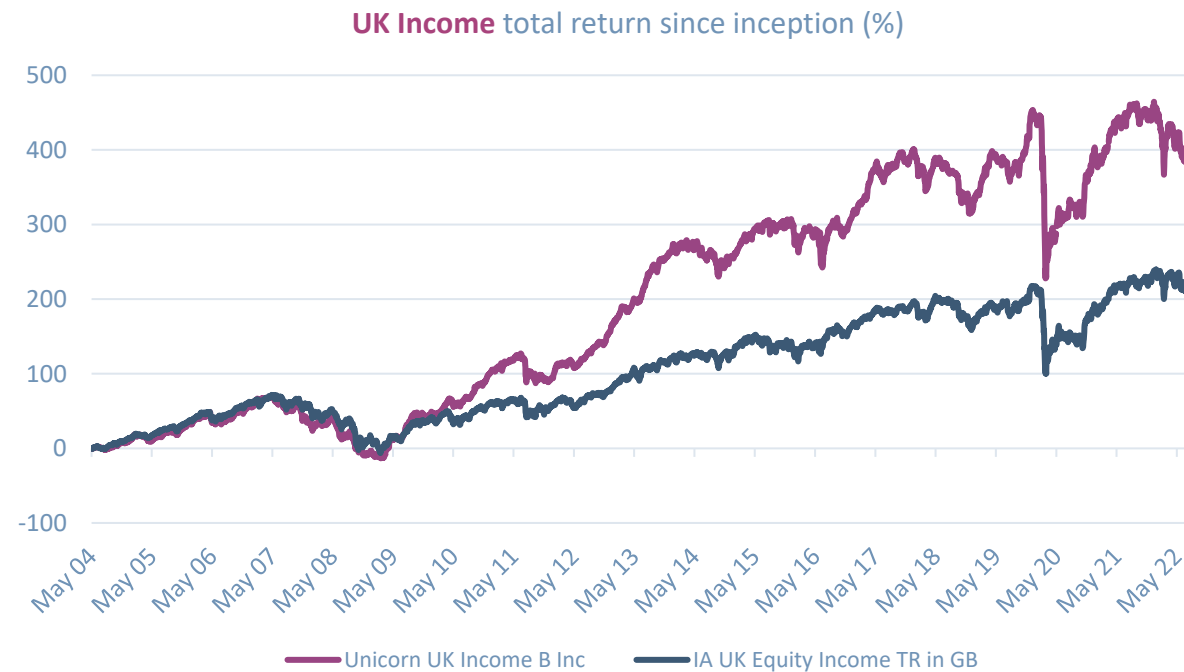


Unicorn UK Income Strategy

November 2022

Strong long term performance from diverse portfolio



Monetary value created	
Initial Investment	£10,000
Capital value now	£20,872
Dividends received	£14,304
TV – Dividends Extracted	£35,176
TV – Dividends Reinvested	£44,462

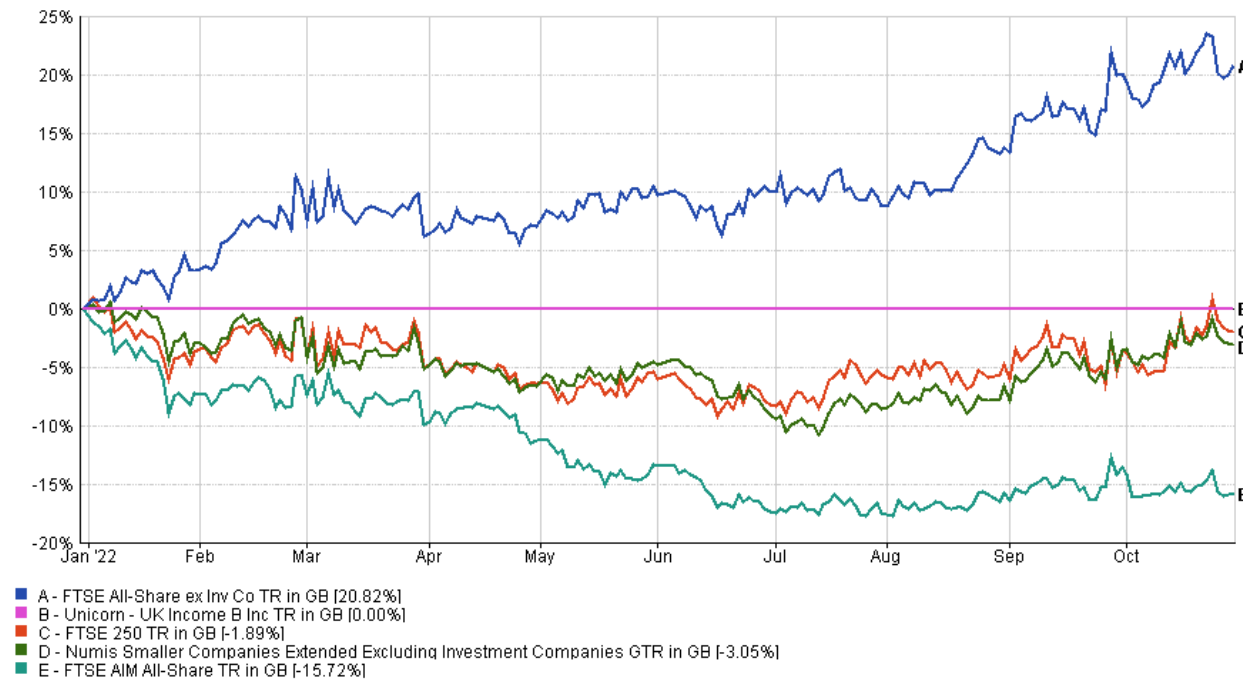
Performance since launch*	
UK Income Fund	344.6%
UK Equity Income	205.7%
Rank	1/34
Quartile	1

Dividend yield**	
UK Income Fund	5.7%
UK Ethical Income Fund	5.4%
UK Market	3.7%

Source: FE Analytics ,Bloomberg, *Total Return from 24 May 2004 to 31 October 2022, TV – Total Value including £10,000 initial investment, **Trailing 12 Month Dividend Yield, UK Market sourced from FT World Markets at a Glance, FTSE All Share ex Investment Companies trailing 12 month dividend yield

***Past performance is not a guide to future performance, performance is based on returns net of fees. Your capital is at risk, the value of investments and the income from them may go down as well as up. Investors may not get back the amount of their original investment. A key objective of the Fund is to provide income, therefore, some or all of the annual management charge is taken from capital rather than income. This can reduce the potential for capital growth

YTD – relative Fund performance



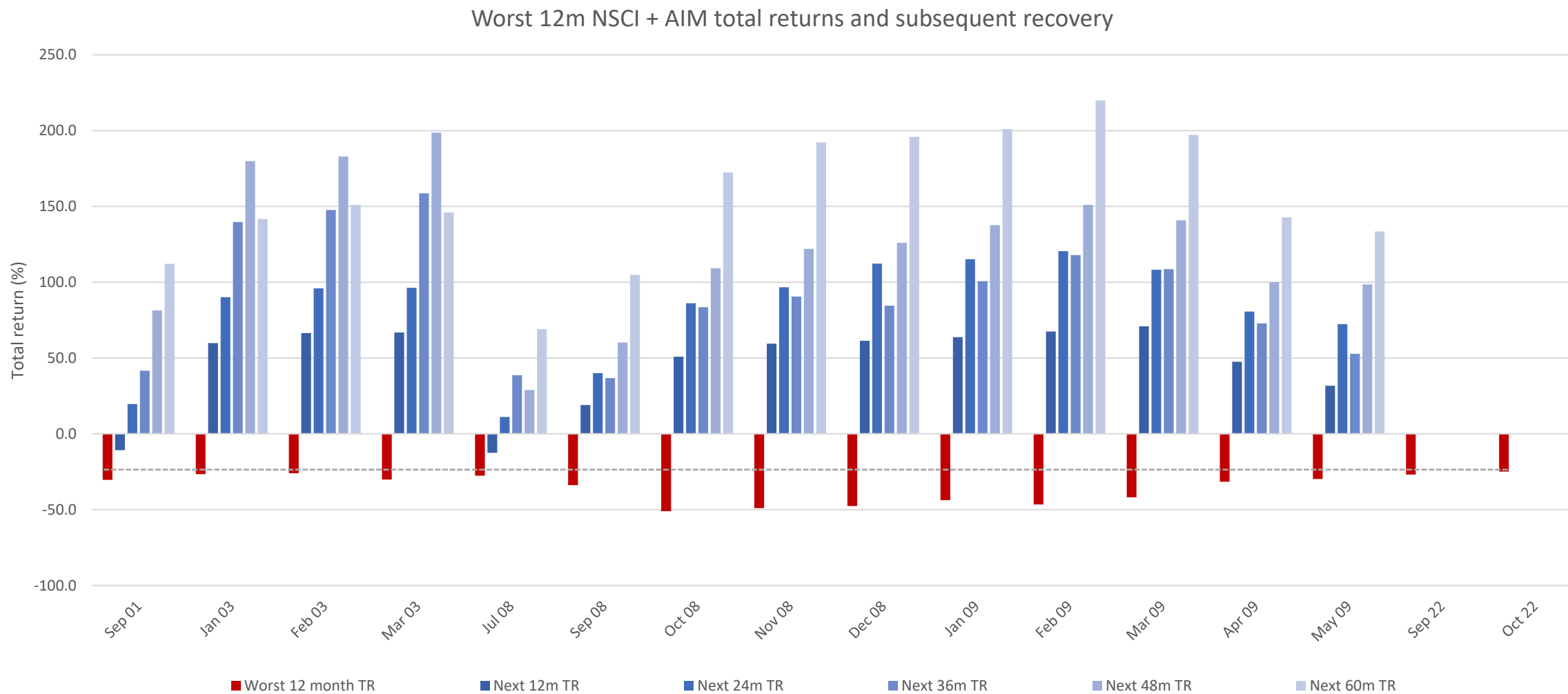
31/12/2021 - 31/10/2022 Data from FE fundinfo2022

- Large companies have significantly outperformed small and mid caps
- UK Income lagging large caps – but ahead of mid caps, small caps and AIM
- Construction and Materials, REITs, Financials and Industrials amongst the more challenging sectors
- No direct commodity exposure also a significant relative headwind

Source: Unicorn Asset Management FE Analytics and Bloomberg, 31 October 2022

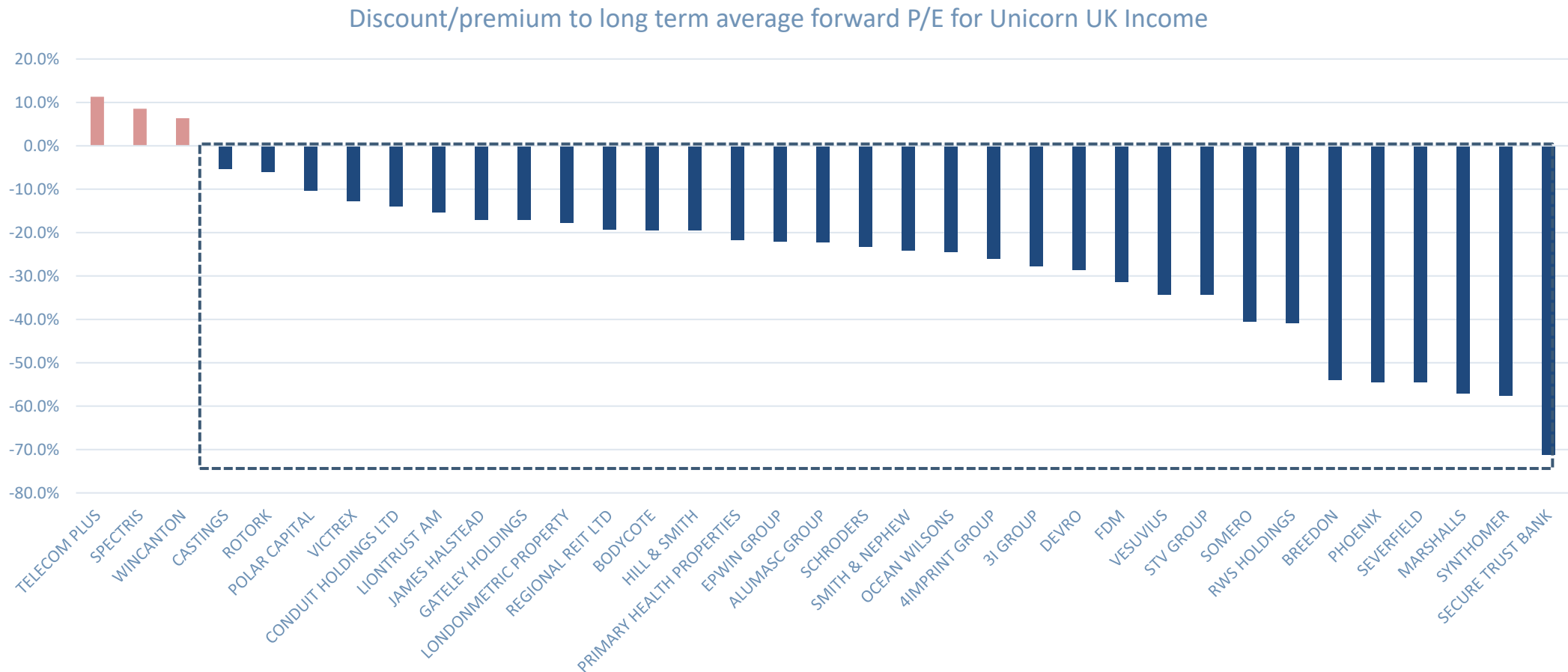
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NSCI weakness – historical context



Source: Unicorn Asset Management and Numis 31 October 2022; *Past performance is not a guide to future performance, performance is based on returns net of fees. Your capital is at risk, the value of investments and the income from them may go down as well as up. Investors may not get back the amount of their original investment. A key objective of the Fund is to provide income, therefore, some or all of the annual management charge is taken from capital rather than income. This can reduce the potential for capital growth

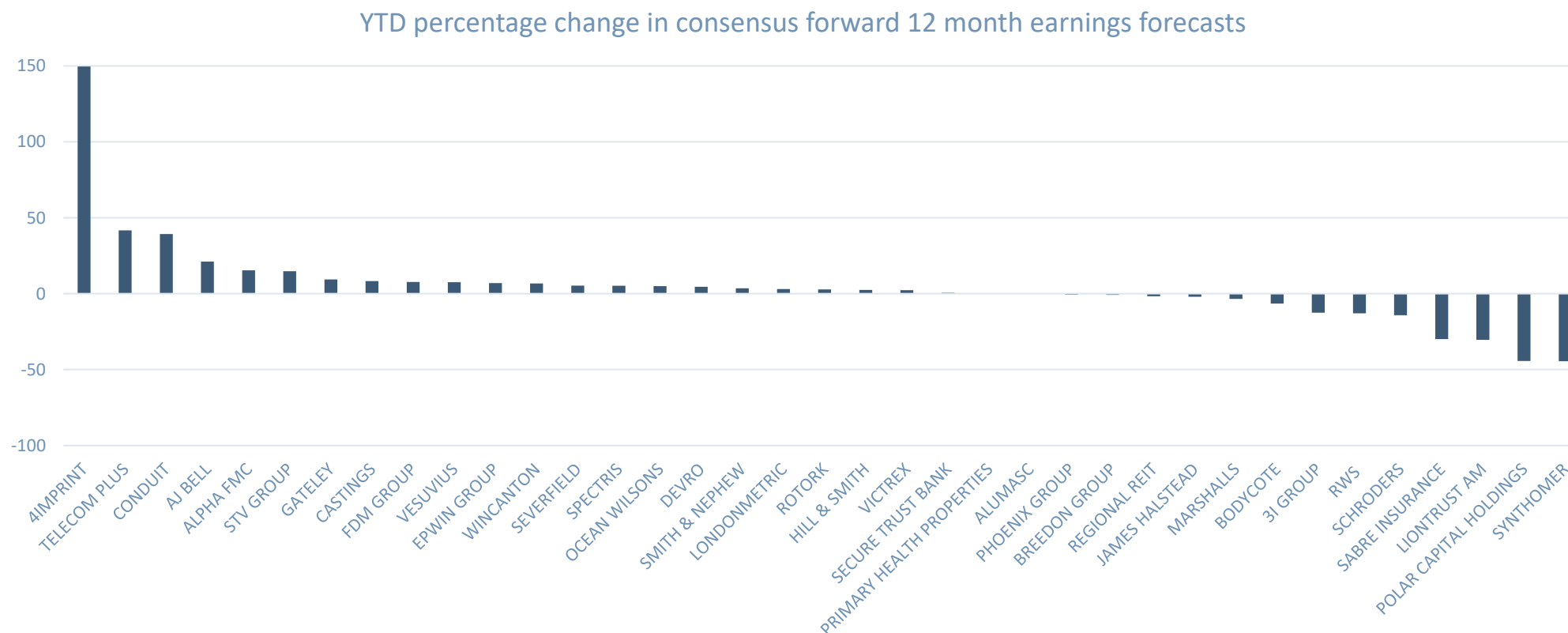
Valuations attractive versus long term averages



Source: Unicorn Asset Management and Bloomberg 31 October 2022; shows current forward P/E relative to average forward P/E over the previous 10 year period, based on consensus earnings for stocks with 10 year trading history
*Past performance is not a guide to future performance, performance is based on returns net of fees. Your capital is at risk, the value of investments and the income from them may go down as well as up. Investors may not get back the amount of their original investment. A key objective of the Fund is to provide income, therefore, some or all of the annual management charge is taken from capital rather than income. This can reduce the potential for capital growth

Earnings momentum

- Aggregate portfolio level earnings broadly unchanged since the start of the year (average change in EPS +4%)



Source: Bloomberg and Unicorn Asset Management, 31 October 2022; YTD % change in consensus earnings (blended forward 12 months) only includes companies with a change in consensus earnings over the period.

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Recent portfolio activity

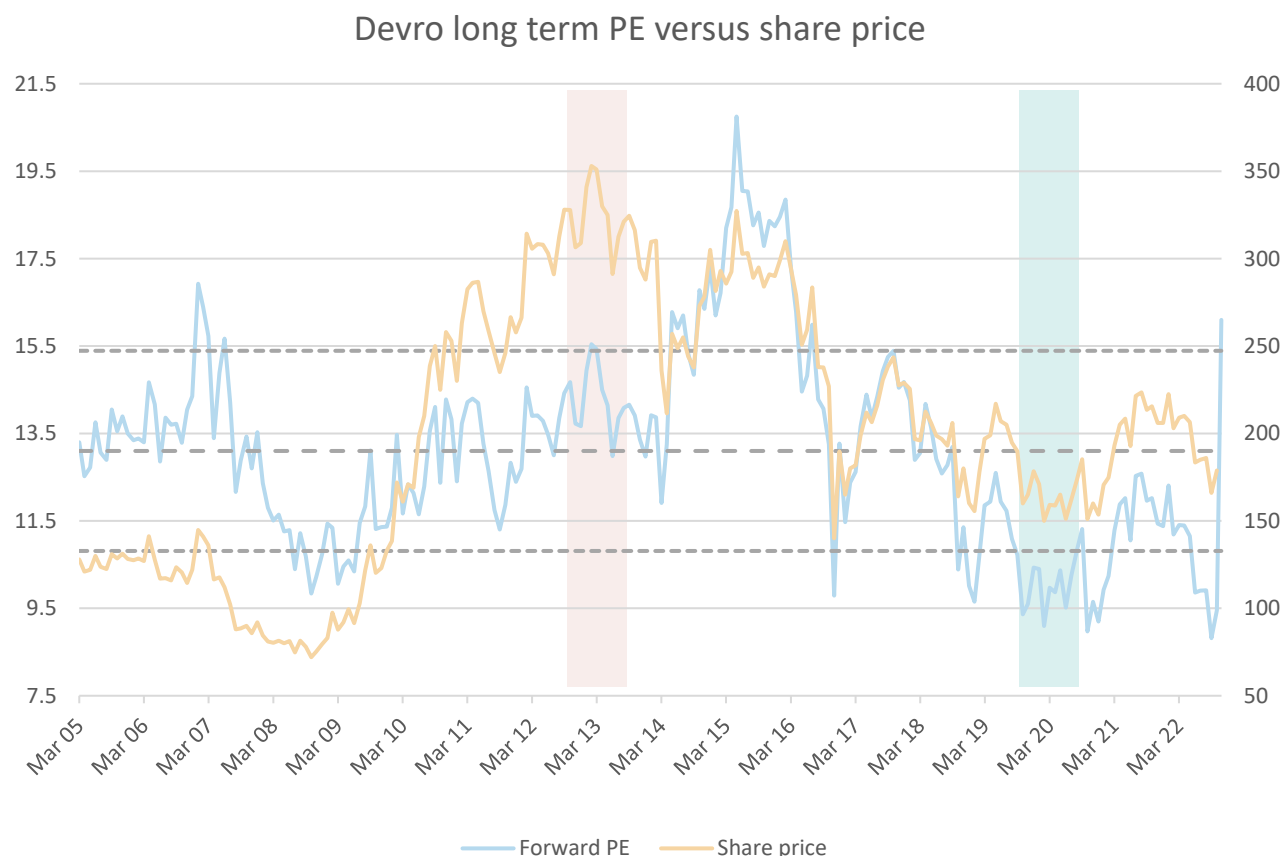
Additions	Date
Smith & Nephew	Aug 22
Schroders	Sep 22
Hill & Smith	Sep 22
Breedon	Sep 22

Disposals	Date
Topps Tiles	Aug 22
B&M European	Aug 22
Chesnara Plc	Sep 22
Appreciate	Sep 22

Key activity themes in 2022

- **Sell** - direct consumer names exited in early part of the year
- **Sell** - heightened M&A activity (Brewin Dolphin, Clipper Logistics, R&M)
- **Sell** - inherited Acorn holdings reduced
- **Buy** - exciting yield opportunities in oversold growth companies
- **Buy** - top up existing names on weakness and yield expansion

Case Study: Devro



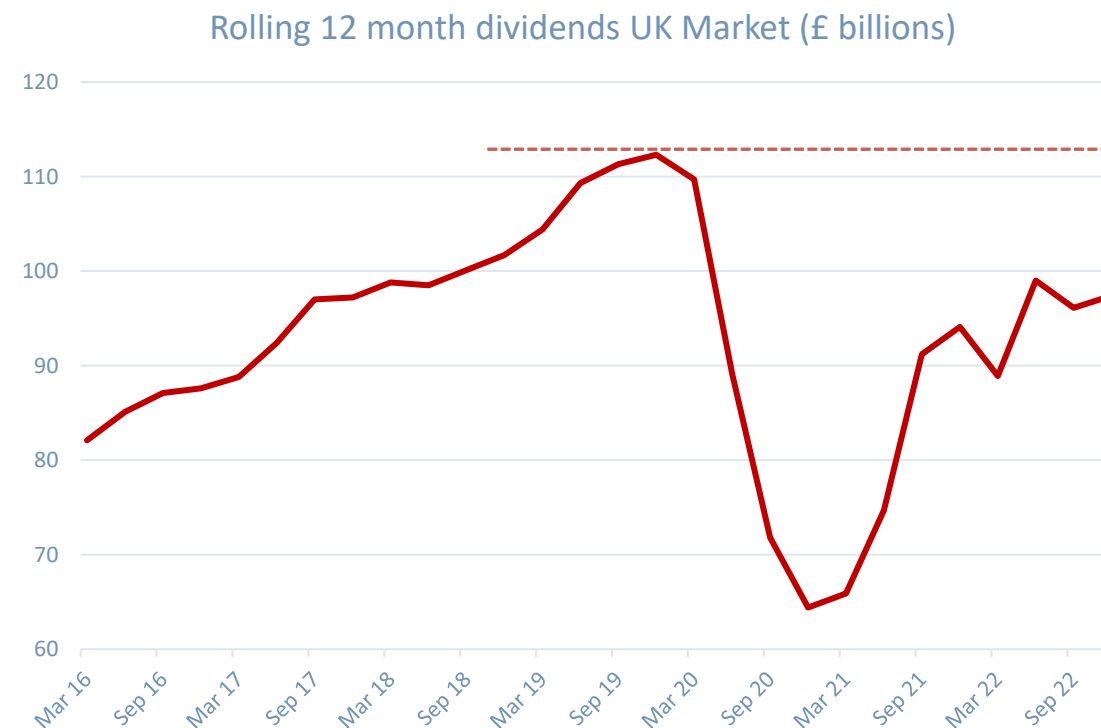
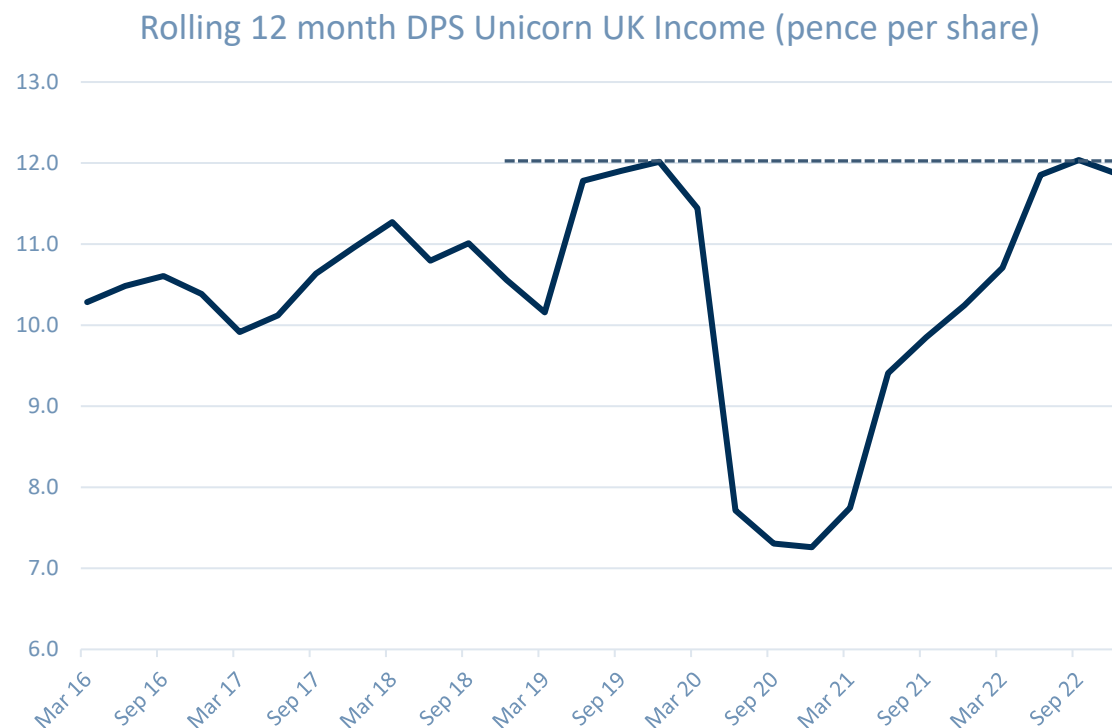
- Devro is a leading global manufacturer of collagen casings (sausage skins)
- Exited on valuation grounds in 2013
- Continued to monitor progress of company during spell as non-holder
- Reintroduced to the portfolios in 2020 on share price weakness and clear valuation and yield opportunity
- Devro received a recommended cash offer from Saria SE & Co in November 2022
- Approach at 65% premium to last closing price
- Significant position in UK Income, UK Ethical Income and UK Smaller Companies Funds

Source: Unicorn Asset Management and Bloomberg 31 October 2022

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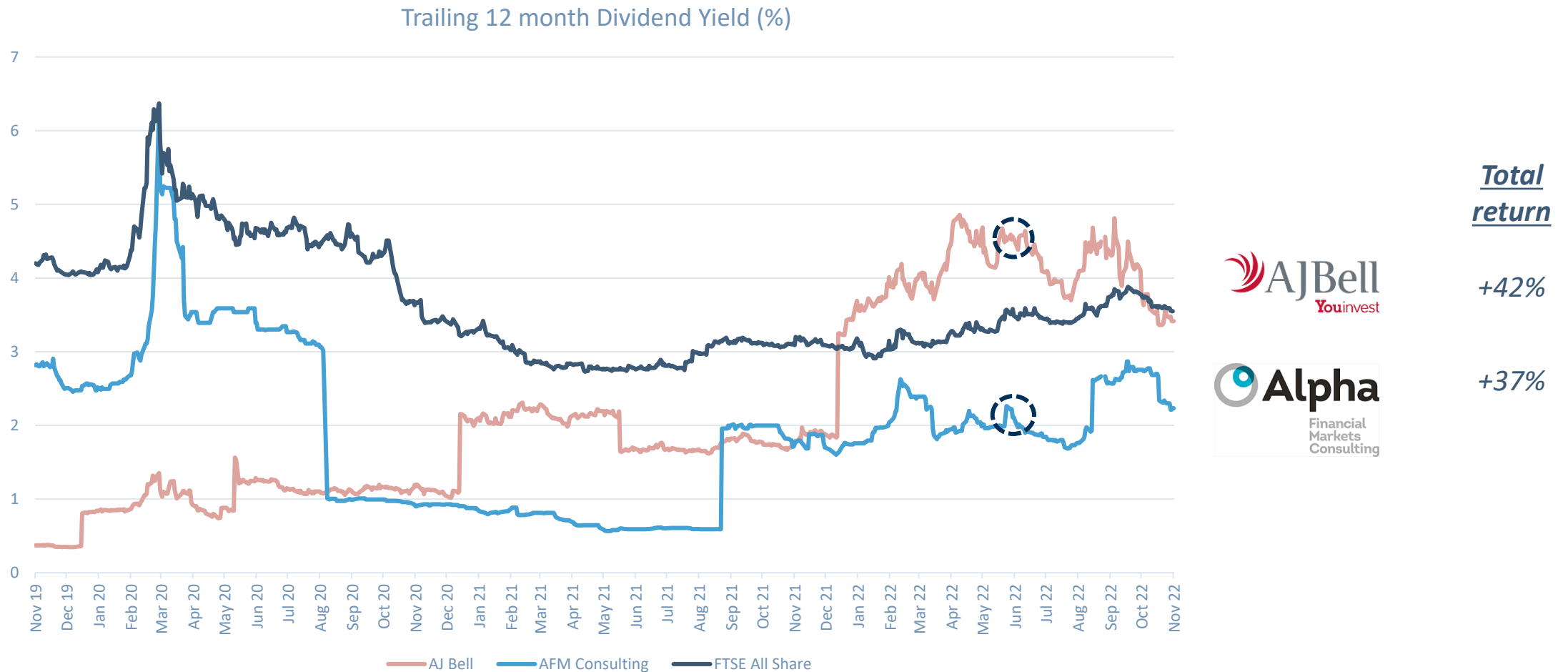
Dividend back to pre pandemic peak

UK Income Fund current dividend yield 5.7%



Source: Unicorn Asset Management, UKI Dividend Yield as at 31st October 2022; Link Dividend Monitor Q3 2022, Unicorn UK Income DPS forecasts for calendar quarters Q3 2022 and Q4 2022 based on consensus dividend forecasts
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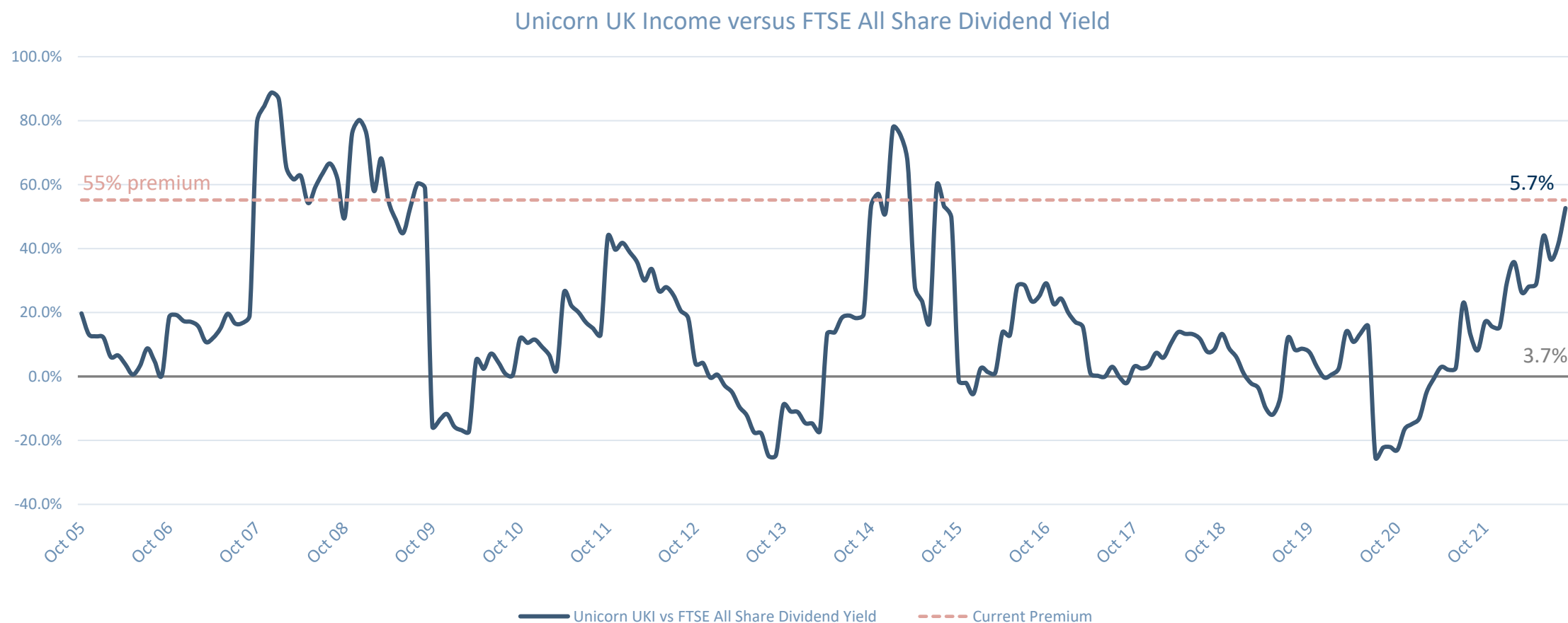
Growth with income opportunities



Source: Unicorn Asset Management and Bloomberg 25th November 2022; dividend yield is trailing 12 month dividend yield gross of any taxes; total returns based on stock rather than position

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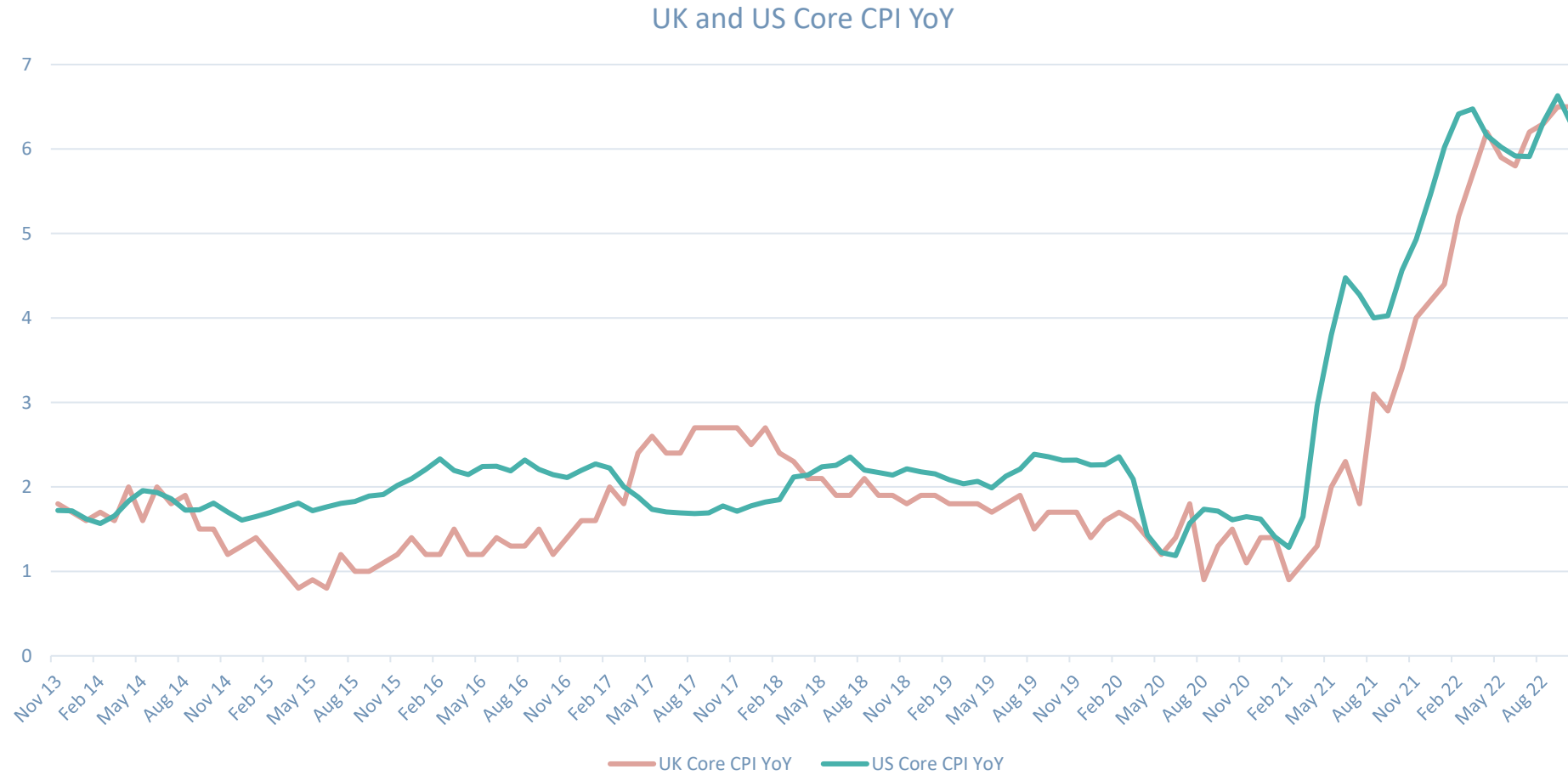
Dividend yield premium



Source: Unicorn Asset Management and Bloomberg 31 October 2022

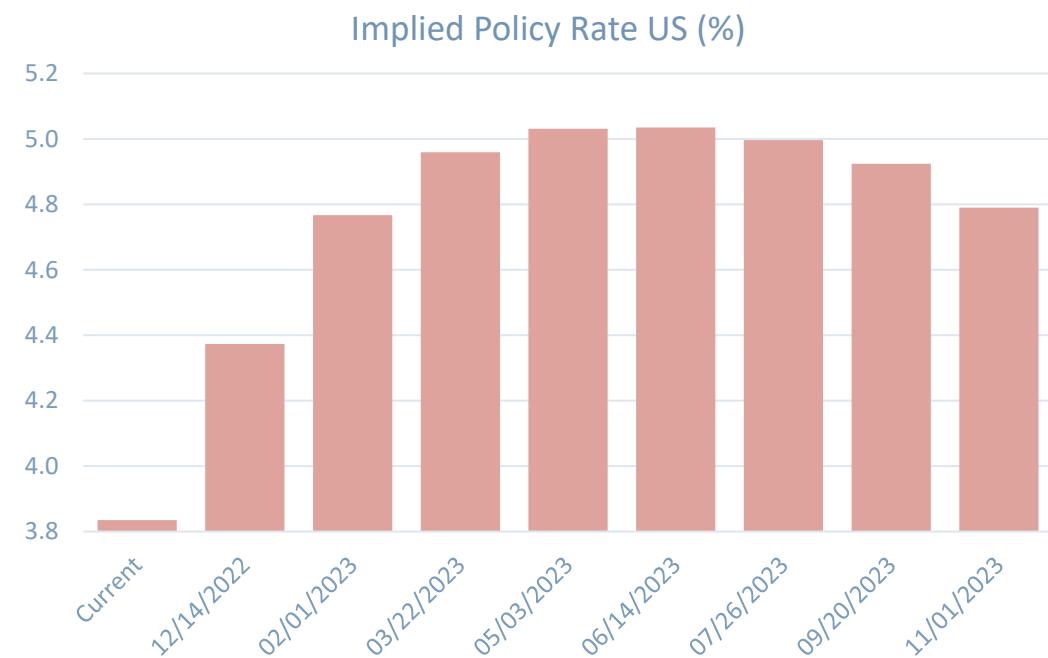
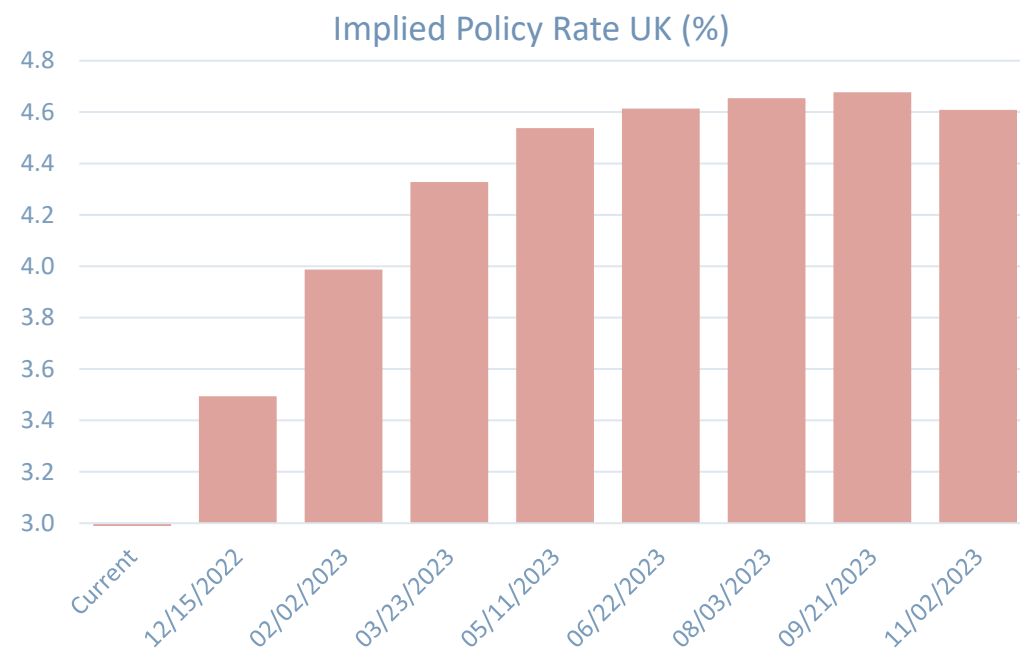
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Peak inflation?



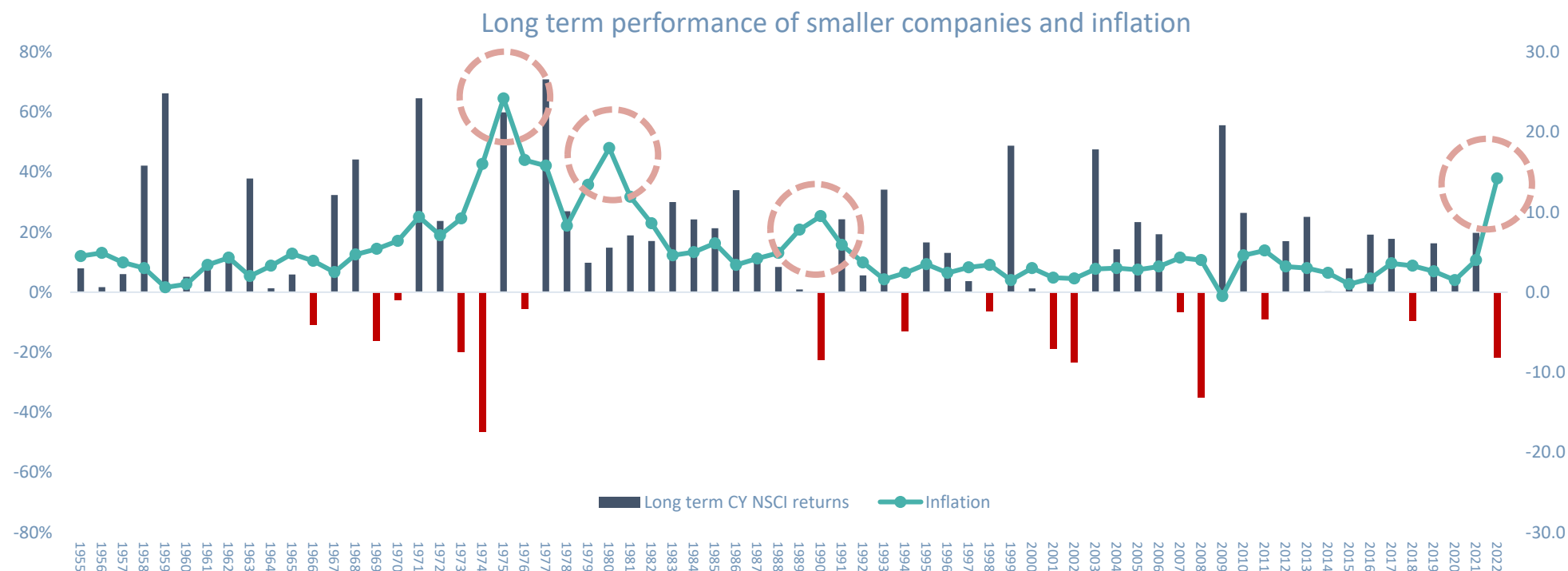
Source: Refinitiv, Capital Economics

UK and US interest rate forecasts



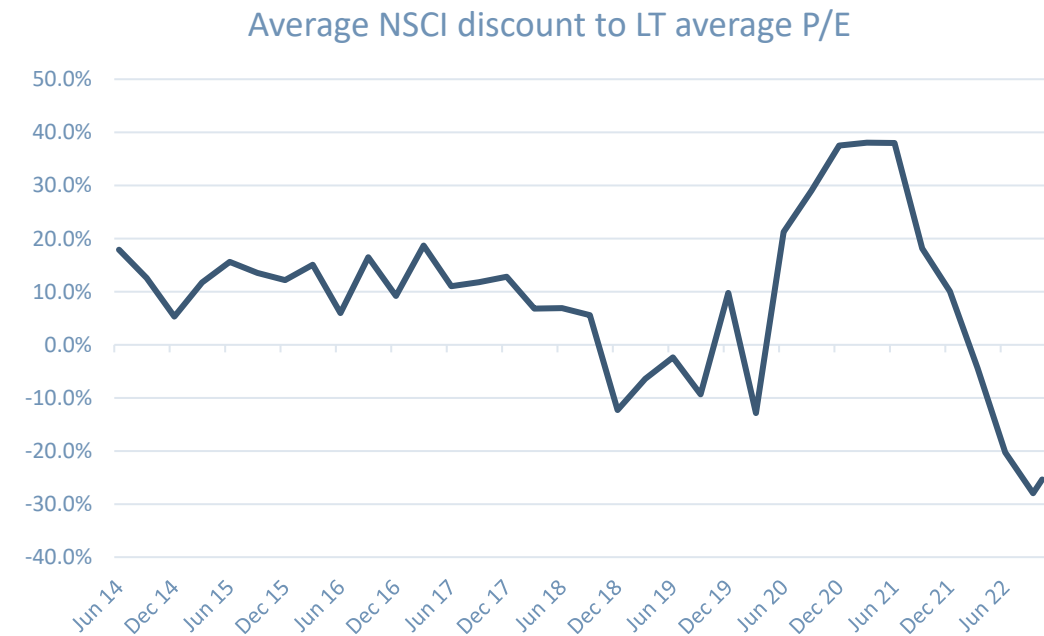
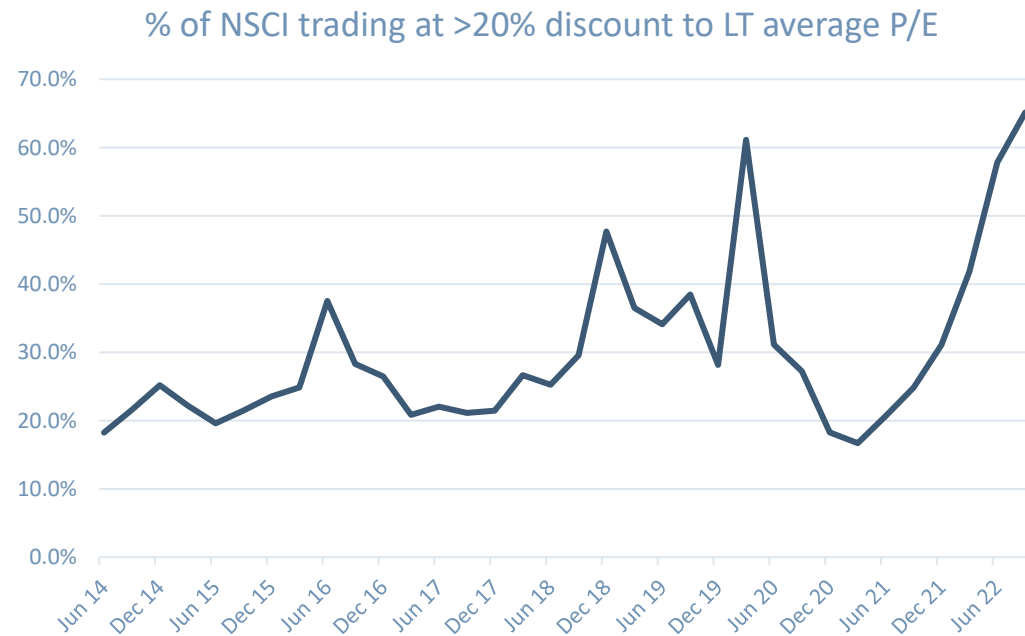
Source: Bloomberg 24th November 2022

Smaller companies and inflation



Peaks in inflation	Next 6 months	Next 1 year	Next 2 year	Next 3 year
August 1975	36%	27%	106%	219%
May 1980	19%	41%	54%	111%
September 1990	21%	29%	13%	74%

Smaller companies are trading at significant discounts



Full portfolio

ALUMASC	CASTINGS	SABRE	WINCANTON	LIONTRUST AM	BREEDON	AJ BELL	ROTORK	SMITH & NEPHEW*
PEEL HUNT	SEVERFIELD	GATELEY	POLAR CAPITAL	MARSHALLS	VESUVIUS	VICTREX*	SPECTRIS	3I
EPWIN	STELRAD	DEVRO	ALPHA FMC	FDM	BODYCOTE*	PRIMARY HEALTH PROPERTIES	GREENCOAT UK WIND	
SECURE TRUST BANK	NUMIS	OCEAN WILSONS	SYNTHOMER*	HILL & SMITH	4IMPRINT	TELECOM PLUS	PHOENIX	
STV GROUP*	SOMERO	REGIONAL REIT	CONDUIT	JAMES HALSTEAD	RWS	LONDON METRIC	SCHRODERS	

£0-250m

£250-500m

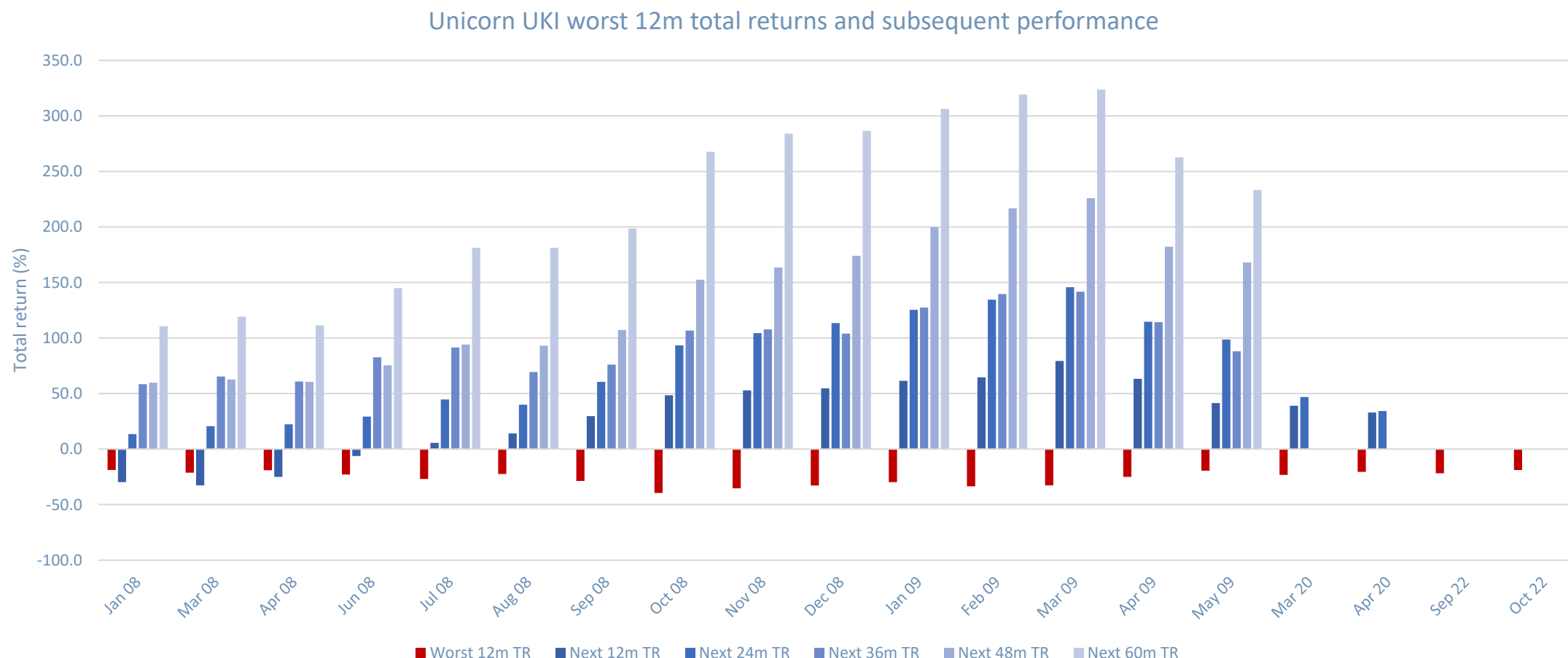
£500m-1bn

£1-3bn

£3bn +

* - Not held in Ethical Fund

UK Income – historical context



Source: Unicorn Asset Management FE Analytics and Bloomberg, 31 October 2022

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Outlook

- Current conditions have presented significant opportunities for stock pickers
- High quality companies will strengthen market positions during challenging periods
- Valuations in small and mid caps remain highly attractive
- M&A activity picking up with 'double discount' for overseas buyers
- Portfolio fundamentals remain compelling
 - **Dividends** have recovered strongly – yield on UKI now 5.7% (UK Market 3.7%)
 - **Earnings** expectations are being delivered
 - **Balance sheets** are strong – provides resilience and supports future investment
- Inflation and interest rate expectations appear to be peaking
- Small and Mid Caps well placed for the recovery

Appendix

Regulatory notice

Investing in smaller companies, including AIM listed companies and unlisted companies, can carry greater risks than those associated with larger capitalized companies.

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