

## Unicorn Investment Funds

---

Annual Report 30 September 2021

## Contents

## Page

Directory*	1
Statement of the Authorised Corporate Director's Responsibilities	2
Certification of the Annual Report by the Authorised Corporate Director	2
Statement of the Depositary's Responsibilities	3
Independent Auditor's Report to the Shareholders of Unicorn Investment Funds	4
Accounting Policies and Risk Management Policies	7
<b>UK Growth Fund</b>	
Investment Objective and Policy*	11
Investment Manager's Report	11
Portfolio Statement*	13
Comparative Tables	15
Risk and Reward Profile*	17
Statement of Total Return	18
Statement of Change in Net Assets Attributable to Shareholders	18
Balance Sheet	19
Notes to the Financial Statements	20
Distribution Table	28
<b>Mastertrust Fund</b>	
Investment Objective and Policy*	29
Investment Manager's Report	29
Portfolio Statement*	31
Comparative Tables	33
Risk and Reward Profile*	35
Statement of Total Return	36
Statement of Change in Net Assets Attributable to Shareholders	36
Balance Sheet	37
Notes to the Financial Statements	38
Distribution Table	45
<b>UK Smaller Companies Fund</b>	
Investment Objective and Policy*	46
Investment Manager's Report	46
Portfolio Statement*	48
Comparative Tables	51
Risk and Reward Profile*	53
Statement of Total Return	54
Statement of Change in Net Assets Attributable to Shareholders	54
Balance Sheet	55
Notes to the Financial Statements	56
Distribution Table	64

<b>Contents</b>	<b>Page</b>
<b>UK Income Fund</b>	
Investment Objective and Policy*	65
Investment Manager's Report	65
Portfolio Statement*	67
Comparative Tables	69
Risk and Reward Profile*	72
Statement of Total Return	73
Statement of Change in Net Assets Attributable to Shareholders	73
Balance Sheet	74
Notes to the Financial Statements	75
Distribution Tables	84
<b>Outstanding British Companies Fund</b>	
Investment Objective and Policy*	85
Investment Manager's Report	85
Portfolio Statement*	88
Comparative Tables	90
Risk and Reward Profile*	92
Statement of Total Return	93
Statement of Change in Net Assets Attributable to Shareholders	93
Balance Sheet	94
Notes to the Financial Statements	95
Distribution Table	102
<b>UK Ethical Income Fund</b>	
Investment Objective and Policy*	103
Investment Manager's Report	103
Portfolio Statement*	105
Comparative Tables	107
Risk and Reward Profile*	109
Statement of Total Return	110
Statement of Change in Net Assets Attributable to Shareholders	110
Balance Sheet	111
Notes to the Financial Statements	112
Distribution Tables	120
General Information	122

\* These collectively comprise the Authorised Corporate Director's Report.

## Directory

### **Authorised Corporate Director (ACD) & Investment Manager**

Unicorn Asset Management Limited  
First Floor Office  
Preacher's Court  
The Charterhouse  
Charterhouse Square  
London EC1M 6AU  
Website: [www.unicornam.com](http://www.unicornam.com)  
(Authorised and regulated by the Financial Conduct Authority)

### **Investment Advisor**

Mastertrust Sub-fund  
Peter John Walls  
Hunter House  
150 Hutton Road  
Shenfield  
Essex CM15 8NL

### **Administrator and Registrar**

Maitland Institutional Services Limited  
Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY  
Telephone: 01245 398950  
Fax: 01245 398951  
Website: [www.maitlandgroup.com](http://www.maitlandgroup.com)  
(Authorised and regulated by the Financial Conduct Authority)

### **Customer Service Centre**

Maitland Institutional Services Limited  
Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY  
Telephone: 0345 026 4287  
Fax: 0845 280 2415  
Email: [unicorn@maitlandgroup.com](mailto:unicorn@maitlandgroup.com)

### **Depositary**

HSBC Bank plc  
8 Canada Square  
London E14 5HQ  
(Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority)

### **Auditor**

Grant Thornton UK LLP  
Statutory Auditors, Chartered Accountants  
30 Finsbury Square  
London EC2A 1AG

## Statement of the Authorised Corporate Director's Responsibilities

The Authorised Corporate Director (ACD) is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Financial Conduct Authority's Collective Investment Schemes sourcebook ("the COLL sourcebook") requires the ACD to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the net revenue/expenses and of the net gains/losses on the property of the Company for that year. In preparing the financial statements the ACD is required to:

- select suitable accounting policies, as described in the attached financial statements, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards have been followed, including Financial Reporting Standard 102 'The financial reporting standard applicable in the United Kingdom and Republic of Ireland' (FRS 102) and in accordance with the Statement of Recommended Practice for Financial Statements of UK Authorised Funds issued by the Investment Association (IA) in May 2014, subject to any material departures, which are required to be disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The ACD is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable it to ensure that the financial statements comply with the COLL Sourcebook. The ACD is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of Information to Auditors

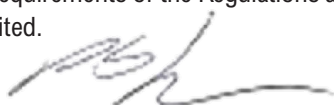
In so far as the ACD is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the ACD has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

### Certification of the Annual Report by the Authorised Corporate Director

In accordance with the requirements of the Regulations and COLL, we hereby certify the Report on behalf of the ACD, Unicorn Asset Management Limited.

Directors  
Unicorn Asset Management Limited  
27 January 2022



### **Statement of the Depositary's Responsibilities in Respect of the Scheme and Report of the Depositary to the Shareholders of the UNICORN INVESTMENT FUNDS ("the Company") for the Year Ended 30 September 2021**

The Depositary must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together 'the Regulations'), the Company's Instrument of Incorporation and Prospectus (together 'the Scheme documents') as detailed below.

The Depositary must in the context of its role act honestly, fairly, professionally, independently and in the interest of the Company and its investors. The Depositary is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depositary must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase, redemption and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Authorised Fund Manager ('the AFM'), which is the UCITS Management Company, are carried out (unless they conflict with the Regulations).

The Depositary also has duty to take reasonable care to ensure that the Company is managed in accordance with the Regulations and the Scheme documents in relation to the investment and borrowing powers applicable to the Company.

#### **Report of the Depositary to the Shareholders of the Company for the Year Ended 30 September 2021**

Having carried out such procedures as we consider necessary to discharge our responsibilities as depositary of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company.

**HSBC Bank plc**  
27 January 2022

## Independent Auditor's report to the Shareholders of Unicorn Investment Funds

### Opinion

We have audited the financial statements of Unicorn Investment Funds (the 'Company') for the year ended 30 September 2021. These financial statements comprise together the statement of accounting policies and risk management policies and the individual financial statements of each of the following Sub-funds (the "Sub-funds") of the Company:

- Unicorn UK Growth Fund
- Unicorn Mastertrust Fund
- Unicorn UK Smaller Companies Fund
- Unicorn UK Income Fund
- Unicorn Outstanding British Companies Fund
- Unicorn UK Ethical Income Fund

The individual financial statements for each of the Company's Sub-funds comprise the statement of total return, the statement of change in net assets attributable to shareholders, the balance sheet, notes to the financial statements and the distribution tables.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company and each of the Sub-funds as at 30 September 2021 and of the net revenue and net capital gains/(losses) on the scheme property of the Company and each of the Sub-funds for the year then ended, and
- have been properly prepared in accordance with the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Association in May 2014, the Collective Investment Schemes sourcebook, and the Company's Instrument of Incorporation.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Authorised Corporate Director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and each of the Sub-fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company and each of the Sub-funds to cease to continue as a going concern.

In our evaluation of the Authorised Corporate Director's conclusions, we considered the risks associated with the Company and each of the Sub-fund's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the Authorised Corporate Director and the related disclosures and analysed how those risks might affect the Company's and each of the Sub-fund's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's and each of the Sub-fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

## **Independent Auditor's report to the Shareholders of Unicorn Investment Funds**

continued

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Authorised Corporate Director with respect to going concern are described in the 'Responsibilities of the Authorised Corporate Director' section of this report.

### **Other information**

The Authorised Corporate Director is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Collective Investment Schemes sourcebook**

In our opinion:

- 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, and
- the information given in the Authorised Corporate Director's Report (which comprises the Directory, the Authorised Status and for each of the Sub-funds the Investment Objective and Policy, the Investment Manager's report, Portfolio Statement and Risk and Rewards Profile) is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Collective Investment Schemes sourcebook requires us to report to you if, in our opinion:

- proper accounting records for the Company or a Sub-fund have not been kept, or
- the financial statements are not in agreement with those accounting records.

### **Responsibilities of the Authorised Corporate Director**

As explained more fully in the Statement of the Authorised Corporate Director's Responsibilities on page 2, the Authorised Corporate Director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Authorised Corporate Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and each of the Sub-funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to terminate a Sub-fund, wind up the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



## Independent Auditor's report to the Shareholders of Unicorn Investment Funds

continued

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the Company and industry in which it operates. We determined that the following laws and regulations were most significant: Collective Investment Schemes Sourcebook, Investment Association Statement of Recommended Practice and UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. We enquired of management to obtain an understanding of how the Company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the breaches register.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Company's operations, including the nature of its revenue sources, and of its objective to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement
  - the Company's control environment, including the policies and procedures implemented to mitigate risks of fraud or noncompliance with the relevant laws and regulations
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by evaluating management's incentives and opportunities for manipulation of the financial statements. This included an evaluation of the risk of management override of controls. Audit procedures performed by the engagement team in connection with the risks identified included:
  - evaluation of the design and implementation of controls that management has put in place to prevent and detect fraud; and
  - checking the completeness of journal entries and identifying and testing journal entries, in particular manual journal entries processed at the year-end for financial statements preparation.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the industry in which the Company operates

### Use of our report

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. 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.

### Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants  
London, United Kingdom  
27 January 2022

## Accounting Policies and Risk Management Policies

for the year ended 30 September 2021

The financial statements for Unicorn Investment Funds comprises the individual financial statements for each Sub-fund and the accounting policies and risk management policies below:

### 1. Accounting Policies

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost basis, as modified by the revaluation of investments and in accordance with FRS 102 and the Statement of Recommended Practice (“SORP”) for Financial Statements of UK Authorised Funds issued by the Investment Association (IA) in May 2014.

The financial statements have been prepared on the going concern basis.

The authorised Status and head office of the Sub-funds can be found within the general information starting on page 122.

The Certification of the Annual Report by the Authorised Corporate Director can be found on page 2.

#### (b) Recognition of revenue

Revenue is included in the Statement of Total Return on the following basis:

Dividends on quoted equities and preference shares are recognised when the securities are quoted ex-dividend.

Interest on bank and short-term deposits is recognised on an accrual basis.

Derivative returns have been treated as either revenue or capital depending on the motives and circumstances on acquisition.

All revenue includes withholding taxes but excludes irrecoverable tax credits.

#### (c) Treatment of stock and special dividends

The ordinary element of stocks received in lieu of cash dividends is credited to capital in the first instance followed by a transfer to revenue of the cash equivalent being offered and this forms part of the distributable revenue.

Special dividends are reviewed on a case by case basis in determining whether the dividend is to be treated as revenue or capital. Amounts recognised as revenue will form part of the distributable revenue. The tax accounting treatment follows the treatment of the principal amount.

#### (d) Treatment of expenses

All expenses, except for those relating to the purchase and sale of investments, are charged against revenue for the year on an accruals basis.

#### (e) Allocation of revenue and expenses to multiple share classes

Any revenue or expense not directly attributable to a particular Sub-fund will normally be allocated pro-rata to the net assets of the relevant share classes and Sub-funds on the day that the revenue or expense is recognised.

With the exception of the ACD's management charge which is directly attributable to individual share classes, all revenue and expenses are apportioned to the Sub-fund's share classes pro-rata to the value of the net assets of the relevant share class on the day that the revenue or expense is recognised.

#### (f) Taxation

Corporation tax is provided at 20% on revenue, after deduction of expenses.

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.

## Accounting Policies and Risk Management Policies

continued

### 1. Accounting Policies

continued

#### (g) Distribution policy

The net revenue after taxation as disclosed in the financial statements, after adjustment for items of a capital nature, is distributable to shareholders as dividend distributions. Any revenue deficit is funded from capital.

At the year end, there were no items of a capital nature.

Unicorn UK Income and Unicorn Ethical Income Sub-funds distribute quarterly.

Interim distributions may be made at the ACD's discretion and the balance of revenue is distributed in accordance with the regulations.

In the case of debt securities any difference between acquisition cost and maturity value is recognised as revenue over the life of the security using the effective yield basis of calculating amortisation. This may constrain the capital growth of the Sub-fund.

For the purpose of enhancing revenue entitlement, the annual management fee payable to the ACD is allocated to capital on Unicorn UK Income and Unicorn UK Ethical Income Sub-funds. This will reduce the capital growth of the Sub-funds. All other expenses (except for those relating to the purchase and sale of investments), are charged against revenue for the year.

Distributions not claimed within a six year period will be forfeited and added back to the capital of the Sub-fund.

#### (h) Basis of valuation of investments

Quoted investments are valued at close of business bid prices on the last business day of the accounting year excluding any accrued interest in the case of fixed and floating rate interest securities.

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

The fair value of open forward foreign currency contracts is calculated with reference to the changes in the spot rate, changes in interest rate differential and the reduced term left to maturity.

Market value is defined by the SORP as fair value, which generally is the bid value of each security.

Categorisation within the hierarchy has been determined on the basis of the lowest level input that is significant to the fair value measurement of the relevant asset as follows:

- Level 1 – Unadjusted quoted price in an active market for an identical instrument.
- Level 2 – Valuation techniques using observable inputs other than quoted prices within level 1.
- Level 3 – Valuation techniques using unobservable inputs.

#### (i) Exchange rates

Transactions in foreign currencies are recorded in sterling at the rate ruling at the date of the transactions. Assets and liabilities expressed in foreign currencies at the end of the accounting period are translated into sterling at the closing exchange rates ruling on that date.

#### (j) Dilution levy

The ACD may charge a dilution levy on the purchase and redemption of shares if, in its opinion, the existing shareholders (for purchases) or remaining Shareholders (for redemptions) might otherwise be adversely affected. For example, the dilution levy may be charged in the following circumstances: where over a dealing period a Sub-fund has experienced a large level of net sales or redemptions relative to its size, on 'large deals' (being a deal worth 5% or more of the size of the Sub-fund) where a Sub-fund is in continual decline or increase 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.

## Accounting Policies and Risk Management Policies

continued

### 2. Risk Management Policies

In pursuing its investment objectives, the Sub-funds may hold a number of financial instruments. These financial instruments comprise securities and other investments, cash balances, debtors and creditors that arise directly from the Sub-fund's operations, for example, in respect of sales and purchases awaiting settlement, amounts receivable for creation and payable for redemptions and debtors for accrued revenue.

In doing so, the ACD accepts market price and interest rate risk in relation to the investment portfolio.

The Sub-funds may also enter into a range of derivative transactions whose purpose is efficient portfolio management. In addition, the Sub-fund only executes derivative contracts where both the derivative instrument and the counterparty have been approved by the ACD.

The risks arising from financial instruments and the ACD's policies for the monitoring and managing of these risks are stated below in accordance with the Risk Management Policy of the ACD.

These policies have been consistent for both years through which these financial statements relate.

#### Market price risk

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Sub-fund might suffer through holding market positions in the face of price movements. This means the value of an investor's holding may go down as well as up and an investor may not recover the amount invested. Investors should consider the degree of exposure of the Sub-funds in the context of all their investments.

The Sub-fund's investment portfolio is exposed to market price fluctuations, which are monitored by the ACD as per the policies as set out in the Prospectus. The investment guidelines and investment and borrowing powers set out in the Instrument of Incorporation, the Prospectus and in the Financial Conduct Authority's Collective Investment Schemes Sourcebook describe the nature of the market risk to which the Sub-funds will be exposed.

A risk limit system is employed to monitor the risks related to the investment types, concentration and diversification of the Sub-funds portfolios.

#### Interest rate risk

Interest rate risk, being the risk that the value of investments will fluctuate as a result of interest rate changes. The majority of the Sub-fund's assets comprise equity shares which neither pay interest nor have a maturity date.

Interest receivable on bank deposits or payable on bank overdraft positions will be affected by fluctuations in interest rates.

#### Credit risk

Credit risk arises from the possibility that the issuer of a security will be unable to pay interest and principal in a timely manner. Adhering to investment guidelines and avoiding excessive exposure to one particular issuer can limit credit risk.

There are no net borrowings or unquoted securities and the ACD considers that the Sub-funds have little exposure to credit risk.

Stress testing and scenario analysis is carried out on a regular basis.

#### Liquidity risk

Liquidity risk is the risk that a Sub-fund cannot raise sufficient cash to meet its liabilities when due. One of the key factors influencing this will be the ability to sell investments at, or close to, the fair value without a significant loss being realised.

Under normal circumstances, a Sub-fund will remain close to fully invested. However, where circumstances require: either because a view of illiquid securities markets or high levels of redemptions in the Sub-fund, the Sub-funds may hold cash and/or more liquid assets. Temporary higher liquidity levels may also arise during the carrying out of a change in asset allocation policy or following a large issue of shares.

## Accounting Policies and Risk Management Policies

continued

### 2. Risk Management Policies

continued

#### **Liquidity risk (continued)**

The ACD manages the Sub-fund's cash to ensure they can meet their liabilities. In addition, the Manager monitors market liquidity of all securities, seeking to ensure the Unicorn Investment Funds maintains sufficient liquidity to meet known and potential redemption activity. Unicorn cash balances are monitored daily by the ACD. All of the Unicorn Investment Funds financial liabilities are payable on demand or in less than one year.

Stress tests are undertaken, under normal and exceptional liquidity conditions, in order to assess the liquidity risk of each Sub-fund.

#### **Counterparty risk**

Counterparty risk is the risk that the counterparty will not deliver the investments for a purchase or the cash for a sale after the Sub-fund has fulfilled its responsibilities which could result in the Sub-funds suffering a loss. The ACD minimises the risk by conducting trades through only the most reputable counter parties.

#### **Derivatives**

The Sub-funds may enter into derivative contracts for Efficient Portfolio Management (EPM) purposes. The purposes of EPM must be to achieve reduction of risk, the reduction of cost, or the generation of additional income or capital with an acceptably low level of risk and the use of these instruments must not cause the Sub-fund to stray from its investment objectives.

Any EPM transaction must be economically appropriate and the exposure fully covered. The ACD monitors the use of derivatives to ensure EPM rules are satisfied.

In the opinion of the ACD there is no sophisticated derivative use within the Sub-funds and accordingly a sensitivity analysis is not presented.

#### **Fair value of financial assets and liabilities**

Investments disclosed as at the balance sheet date are at fair value. Current assets and liabilities disclosed in the balance sheet are at amortised cost which is approximate to fair value.

## Investment Objective and Policy

The Unicorn UK Growth Fund aims to achieve long term capital growth through investment in a portfolio of UK Companies. UK Companies are defined as those which are incorporated or domiciled in the UK or have a significant part of their operations in the UK.

The Sub-fund may also invest in smaller companies including companies quoted on the AIM stock exchange. AIM is the London Stock Exchange's international market for smaller, growing companies.

The Sub-fund may also invest, at its discretion, in other transferable securities and deposits and cash.

The Sub-fund may also enter into certain derivative and forward transactions for hedging purposes.

The Sub-fund invests for the long term and there is no guarantee that any particular return will be achieved, over any period, and investors should note that their capital is always at risk.

## Investment Manager's Report

for the year ended 30 September 2021

For the twelve-month period to 30 September 2021, the Fund's B Income shares produced a total return of +45.4%, outperforming the UK All Companies sector average total return of +32.4%.

Equity markets performed strongly during the period under review. The remarkable scientific breakthrough in developing an effective COVID-19 vaccine was greeted with an enthusiastic stock market response, prompting a strong recovery in share prices particularly from companies in sectors which had suffered the most damage from lockdown restrictions. The domestic vaccine rollout has been swift and well-executed and, thankfully, to date this has had a significant impact on the rate of pandemic-induced hospitalisations. The UK economy has also responded positively as coronavirus-related restrictions were eased and pent up demand was unleashed.

UK equities further benefited from the Christmas Eve trade agreement between the UK and the EU. The full implications of Britain's exit from the union will take many years to be realised but nonetheless, the agreement provided some respite from the uncertainty surrounding the potential of a highly disruptive no-deal "hard" exit from the union.

The Manager's focus on "genuine" growth companies is unchanged. We define a growth company as one which is able to deliver an attractive level of earnings progression over the medium-to-long term. Growth rates are often supported by long term structural trends, which underpin the sustainability of delivery over the Manager's multi-year investment horizon and a disciplined focus on quality fundamentals such as profitability, cash generation and balance sheet strength provides additional comfort in the longevity of the business models and the ability to trade through stressed economic conditions.

Performance was strong during the twelve month period under review. The relative outperformance versus the sector average is particularly pleasing given our longstanding aversion to Oil & Gas and Mining sectors, which performed very strongly during the period. We have been encouraged by the strength of underlying operating performance within the portfolio investee companies with many reporting positive earnings momentum in their annual and interim trading updates. We credit this to the focus on high quality, well capitalised market leaders which were able to successfully navigate the challenges of 2020 and then have the financial resource to resume growth investment as economic conditions improved.

Contribution to performance was broad based across the portfolio with over 80% of holdings delivering positive total returns and nineteen positions each adding in excess of 1% to total Fund performance.

The largest contributor was Alpha FX, which added +3.8% in Sub-fund performance terms. Alpha FX develops strategies and technologies that help corporates and institutions more effectively manage currency. The company's revenues have grown at a compounded rate of over 50% since the initial public offering (IPO) of its shares on the AIM market in April 2017 and we remain excited about the future growth potential of the business.

The next largest contributor to Sub-fund performance was Codemasters, a developer of racing computer games, which added 2.8%. The company received two takeover approaches during the period under review: an initial offer from Take Two Interactive, at a modest premium to Codemaster's market value, was superseded by a bid from Electronic Arts. A counter bid from Take Two Interactive was not forthcoming, which allowed the Electronic Arts bid to progress and complete in March 2021. The position was exited in January ahead of the completion of the transaction and the proceeds redeployed.

## Investment Manager's Report

continued

Other strong contributors included Alpha Financial Markets Consulting, Fulham Shore and Clipper Logistics, each adding over 1.5% in Sub-fund performance terms. It is also pleasing to note that new additions made a material contribution to overall Sub-fund performance, adding over 5%.

Nine positions delivered negative total returns during the period costing 3.4% in aggregate Sub-fund performance terms. There were two notable disappointments; FD Technologies and Iomart.

Iomart, a provider of business critical cloud and managed hosting services, cost the Sub-fund 1.2% in overall performance terms. Organic growth has been stubbornly low in recent years with the results of a refreshed strategy to stimulate growth yet to be realised. The fundamentals of the business nevertheless remain sound benefiting from high predictability in revenues and cash-flow given the largely recurring revenue model.

FD Technologies (formerly First Derivatives), the data-driven technology group, cost the Sub-fund 0.8% in performance terms. FD Technologies reported strong full year results for the year ended 28 February 2021 but the share price reacted negatively to the news on planned incremental investment to accelerate growth. The investment programme will dampen profits in the near term but will lead to a materially improved revenue opportunity in the medium term.

The period under review was relatively active in terms of portfolio changes as continued market volatility presented opportunities to initiate a number of high quality new positions. The IPO market was also buoyant and the Sub-fund participated in four new issuances. Seven positions were exited during the period one of which, Codemasters, was sold following a bid for the company. Despite an increase in the number of holdings throughout the year, a high conviction approach has been maintained with the number of holdings at the end of September 2021 standing at 48.

The focus on high quality companies is reflected in the portfolio level attributes. At the end of the period, 29 companies, or 59% by value, had a position of net cash on the balance sheet. The gearing in the remainder of the portfolio remains modest with net debt averaging at 1.1x EBITDA. In addition, the average EBITDA margin and return on equity are both in excess of 20% which further reinforces the aggregate quality of the portfolio.

We remain positive on the long term prospects of the portfolio whilst also being cognisant of the near term challenges. Owing to a variety of reasons, not the least the disruption caused by the COVID-19 pandemic, global supply chains are currently under strain with companies across a range of sectors reporting challenges. Companies are also increasingly reporting inflationary headwinds, in part caused by supply chain disruptions but also as a consequence of rising energy prices and isolated shortages of labour. There has been a lack of consensus on the outlook for inflation which we are currently witnessing but the monetary response required from central banks is akin to walking a tightrope requiring careful balance between choking off an economic recovery and risking uncontrolled inflation. The decision on when to increase interest rates and the extent of such rises will clearly also have implications for the performance of equity markets and could very well lead to short term bouts of volatility. Notwithstanding these challenges, our preference for high quality companies, which are well capitalised and have strong pricing power should continue to thrive and in challenging conditions will likely benefit from superior performance when compared to weaker competitors.

## Portfolio Statement

as at 30 September 2021

Holding	Security	Market value £	% of total net assets 2021
<b>Software and Computer Services 21.82% (19.61%)</b>			
410,000	Aptitude Software	2,796,200	1.91
85,000	Aveva	3,059,150	2.09
600,000	Bytes Technology	3,042,000	2.08
5,000,000	Eckoh*	2,800,000	1.92
100,000	FD Technologies*	2,350,000	1.61
300,000	GB*	2,595,000	1.78
1,800,000	Gresham Technologies	3,060,000	2.09
1,425,000	Iomart*	3,078,000	2.11
150,000	Kainos	2,815,500	1.93
1,865,152	Microlise*	3,450,531	2.36
1,100,000	NCC	2,827,000	1.94
		<b>31,873,381</b>	<b>21.82</b>
<b>Technology Hardware and Equipment 1.14% (3.72%)</b>			
160,000	discoverIE	1,664,000	1.14
<b>Telecommunications Service Providers 1.75% (5.68%)</b>			
140,000	Gamma Communications*	2,556,400	1.75
<b>Banks 1.51% (0.65%)</b>			
186,000	Secure Trust Bank	2,204,100	1.51
<b>Finance and Credit Services 2.06% (0.00%)</b>			
40,500	London Stock Exchange	3,016,440	2.06
<b>Investment Banking and Brokerage Services 9.91% (12.67%)</b>			
230,000	3i	2,946,300	2.02
280,000	Alpha FX*	5,544,000	3.79
265,796	Curtis Banks*	653,858	0.45
120,000	Liontrust Asset Management	2,550,000	1.75
6,600,000	Mercia Asset Management*	2,772,000	1.90
		<b>14,466,158</b>	<b>9.91</b>
<b>Open End and Miscellaneous Investment Vehicles 1.40% (0.00%)</b>			
1,775,000	AdvancedAdvT	2,041,250	1.40
<b>Household Goods and Home Construction 1.81% (1.79%)</b>			
145,000	Churchill China*	2,639,000	1.81
<b>Leisure Goods 5.25% (11.01%)</b>			
200,000	Frontier Developments*	4,900,000	3.35
27,000	Games Workshop	2,772,900	1.90
		<b>7,672,900</b>	<b>5.25</b>
<b>Personal Goods 1.95% (0.64%)</b>			
725,000	Dr. Martens	2,855,050	1.95
<b>Media 1.80% (1.67%)</b>			
87,500	4imprint	2,633,750	1.80
<b>Retailers 9.49% (6.79%)</b>			
400,000	B&M European Value Retail	2,361,600	1.62
340,000	Howden Joinery	3,045,720	2.09



**Portfolio Statement**

continued

Holding	Security	Market value £	% of total net assets 2021
	<b>Retailers (continued)</b>		
265,000	JD Sports Fashion	2,778,525	1.90
1,172,500	Victorian Plumbing*	2,942,975	2.01
1,400,000	Virgin Wines UK*	2,730,000	1.87
		13,858,820	9.49
	<b>Travel and Leisure 6.36% (4.83%)</b>		
2,300,000	City Pub*	2,714,000	1.86
200,000	Jet2*	2,559,000	1.75
22,350,000	The Fulham Shore*	4,023,000	2.75
		9,296,000	6.36
	<b>Food Producers 4.00% (0.00%)</b>		
243,686	Hilton Food	2,851,126	1.95
750,000	Hotel Chocolat*	3,000,000	2.05
		5,851,126	4.00
	<b>Construction and Materials 2.30% (3.52%)</b>		
3,400,000	Breedon*	3,355,800	2.30
	<b>Electronic and Electrical Equipment 2.25% (0.00%)</b>		
85,000	Spectris	3,290,350	2.25
	<b>General Industrials 2.31% (2.84%)</b>		
2,500,000	Macfarlane	3,375,000	2.31
	<b>Industrial Engineering 4.16% (1.68%)</b>		
550,000	Somero Enterprises*	2,860,000	1.96
660,000	Vesuvius	3,220,800	2.20
		6,080,800	4.16
	<b>Industrial Support Services 13.30% (14.03%)</b>		
1,450,000	Alpha Financial Markets Consulting*	4,988,000	3.42
370,000	Clipper Logistics	2,693,600	1.84
190,000	FDM	2,401,600	1.64
300,000	Keystone Law*	2,460,000	1.68
750,000	Restore*	3,600,000	2.47
525,000	RWS*	3,289,125	2.25
		19,432,325	13.30
	<b>Industrial Materials 1.85% (2.54%)</b>		
200,000	James Cropper*	2,700,000	1.85
	<b>Investment assets</b>	<b>140,862,650</b>	<b>96.42</b>
	<b>Net other assets</b>	<b>5,233,112</b>	<b>3.58</b>
	<b>Net assets</b>	<b>146,095,762</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 30.09.20.

\*Quoted on AIM.

## Comparative Tables

### Change in net assets per share

	A Income		
	30.09.21 p	30.09.20 p	30.09.19 p
<b>Opening net asset value per share</b>	554.84	569.47	635.42
Return before operating charges	257.66	-5.83	-50.26
Operating charges	-11.13	-8.80	-9.20
Return after operating charges	246.53	-14.63	-59.46
Distributions	-0.54	0.00	-6.49
<b>Closing net asset value per share</b>	<b>800.83</b>	<b>554.84</b>	<b>569.47</b>
^After direct transaction costs of	-2.20	-1.18	-1.03
<b>Performance</b>			
Return after charges	44.43%	-2.57%	-9.36%
<b>Other information</b>			
Closing net asset value	£4,282,579	£3,243,300	£3,774,189
Closing number of shares	534,765	584,542	662,752
Operating charges	1.57%	1.57%	1.61%
Direct transaction costs	0.31%	0.21%	0.18%
<b>Prices</b>			
Highest share price	844.42	685.35	641.94
Lowest share price	553.02	398.83	509.14

	B Income		
	30.09.21 p	30.09.20 p	30.09.19 p
<b>Opening net asset value per share</b>	558.10	570.44	636.54
Return before operating charges	259.10	-5.88	-50.32
Operating charges	-5.87	-4.62	-4.95
Return after operating charges	253.23	-10.50	-55.27
Distributions	-5.89	-1.84	-10.83
<b>Closing net asset value per share</b>	<b>805.44</b>	<b>558.10</b>	<b>570.44</b>
^After direct transaction costs of	-2.22	-1.18	-1.03
<b>Performance</b>			
Return after charges	45.37%	-1.84%	-8.68%
<b>Other information</b>			
Closing net asset value	£91,163,012	£51,458,689	£55,131,665
Closing number of shares	11,318,368	9,220,255	9,664,807
Operating charges	0.82%	0.82%	0.86%
Direct transaction costs	0.31%	0.21%	0.18%
<b>Prices</b>			
Highest share price	854.35	688.35	643.05
Lowest share price	556.61	401.68	511.04

## Comparative Tables

continued

### Change in net assets per share

	Overseas Income		
	30.09.21 p	30.09.20 p	30.09.19 p
<b>Opening net asset value per share</b>	128.80	132.20	147.53
Return before operating charges	59.81	-1.36	-11.67
Operating charges	-2.58	-2.04	-2.14
Return after operating charges	57.23	-3.40	-13.81
Distributions	-0.13	0.00	-1.52
<b>Closing net asset value per share</b>	<b>185.90</b>	<b>128.80</b>	<b>132.20</b>
^After direct transaction costs of	-0.51	-0.27	-0.24
<b>Performance</b>			
Return after charges	44.43%	-2.57%	-9.36%
<b>Other information</b>			
Closing net asset value	£128,877	£65,875	£91,547
Closing number of shares	69,327	51,146	69,248
Operating charges	1.57%	1.57%	1.61%
Direct transaction costs	0.31%	0.21%	0.18%
<b>Prices</b>			
Highest share price	196.02	159.10	149.04
Lowest share price	128.38	92.58	118.21

	C Accumulation <sup>^</sup>	
	30.09.21 p	30.09.20 p
<b>Opening net asset value per share</b>	117.07	100.00 <sup>†</sup>
Return before operating charges	54.34	17.64
Operating charges	-0.78	-0.57
Return after operating charges	53.56	17.07
Distributions	-1.68	-0.42
Retained distributions on accumulation shares	1.68	0.42
<b>Closing net asset value per share</b>	<b>170.63</b>	<b>117.07</b>
^After direct transaction costs of	-0.47	-0.23
<b>Performance</b>		
Return after charges	45.75%	17.07%
<b>Other information</b>		
Closing net asset value	£50,521,294	£34,762,883
Closing number of shares	29,608,029	29,694,579
Operating charges	0.52%	0.52%
Direct transaction costs	0.31%	0.21%
<b>Prices</b>		
Highest share price	179.62	118.52
Lowest share price	116.78	98.29

<sup>^</sup>C Accumulation launched on 7 May 20.

<sup>†</sup>Launch price

Operating charges include indirect costs incurred in the maintenance and running of the Sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Net Asset Value for the accounting year.

## Comparative Tables

continued

The return after charges is calculated as the closing Net Asset Value per share plus the distributions on income shares minus the opening Net Asset Value per share as a % of the opening net asset value per share. The basis of valuation of investments used to calculate net asset value per share is described in notes to the Financial Statements 1h) and complies with requirements of the current Statement of Recommended Practice for UK Authorised Funds. This differs from the basis used to calculate daily published single prices, in which listed investments are valued at 10:00 mid prices.

Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, which are offset (where applicable) against any dilution levies charged within the accounting period. The figures used within the table have been calculated against the average Net Asset Value for the accounting year.

## Risk and Reward Profile

The risk and reward indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



The Sub-fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-fund:

- The level of targeted income is not guaranteed and may not be achieved.
- This Sub-fund may hold a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-fund's value than if it held a larger number of investments.
- Smaller company shares, can be riskier as they may be more difficult to buy and sell and their share prices may fluctuate more than those of a larger company.
- For further risk information please see the prospectus.

### Risk warning

An investment in an Open Ended Investment Company should be regarded as a medium to long-term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

## Statement of Total Return

for the year ended 30 September 2021

	Note	£	30.09.21 £	£	30.09.20 £
Income					
Net capital gains	2		38,974,186		2,420,239
Revenue	3	2,000,467		877,139	
Expenses	4	(851,723)		(575,217)	
Net revenue before taxation		1,148,744		301,922	
Taxation	5	(82,742)		(28,974)	
Net revenue after taxation			1,066,002		272,948
<b>Total return before distributions</b>			<b>40,040,188</b>		<b>2,693,187</b>
Distributions	6		(1,066,008)		(288,519)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>38,974,180</b>		<b>2,404,668</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 September 2021

	£	30.09.21 £	£	30.09.20 £
<b>Opening net assets attributable to Shareholders</b>		<b>89,530,746</b>		<b>58,997,401</b>
Amounts receivable on issue of shares	48,525,566		50,895,215	
Less: Amounts payable on cancellation of shares	(31,432,798)		(22,891,321)	
		17,092,768		28,003,894
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		38,974,180		2,404,668
Retained distributions on accumulation shares		498,007		124,717
Unclaimed distributions		61		66
<b>Closing net assets attributable to Shareholders</b>		<b>146,095,762</b>		<b>89,530,746</b>

The notes on pages 20 to 27 form an integral part of these Financial Statements.

## Unicorn Investment Funds - UK Growth Fund

---

### Balance Sheet

as at 30 September 2021

	Note	£	30.09.21 £	£	30.09.20 £
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Investments			140,862,650		83,859,444
<b>Current Assets</b>					
Debtors	7	1,324,653		429,829	
Cash and bank balances	9	6,935,311		5,649,506	
<b>Total current assets</b>			<b>8,259,964</b>		<b>6,079,335</b>
<b>Total assets</b>			<b>149,122,614</b>		<b>89,938,779</b>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Distribution payable		(669,782)		(169,229)	
Other creditors	8	(2,357,070)		(238,804)	
<b>Total creditors</b>			<b>(3,026,852)</b>		<b>(408,033)</b>
<b>Total liabilities</b>			<b>(3,026,852)</b>		<b>(408,033)</b>
<b>Net assets attributable to Shareholders</b>			<b>146,095,762</b>		<b>89,530,746</b>

The notes on pages 20 to 27 form an integral part of these Financial Statements.

## Notes to the Financial Statements

for the year ended 30 September 2021

### 1. Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Accounting Policies stated on pages 7 to 8.

<b>2. Net Capital Gains</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
Non-derivative securities	38,983,546	2,427,319
Transaction charges	(9,360)	(7,080)
<b>Net capital gains</b>	<b>38,974,186</b>	<b>2,420,239</b>

<b>3. Revenue</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
UK dividends: Ordinary	1,448,852	687,532
Overseas dividends	551,615	169,922
Property income distributions	–	16,800
Bank interest	–	2,885
<b>Total revenue</b>	<b>2,000,467</b>	<b>877,139</b>

<b>4. Expenses</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's Management fee	764,659	512,062
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	59,580	37,804
Safe custody and other bank charges	5,422	3,080
	65,002	40,884

## Notes to the Financial Statements

continued

4. Expenses (continued)	30.09.21 £	30.09.20 £
Auditors remuneration:		
Audit fee (including VAT)	11,015	10,694
Other expenses:		
Listing fees	3,068	3,065
Legal fees	4,159	4,448
Printing costs	3,820	4,064
	22,062	22,271
<b>Total expenses</b>	<b>851,723</b>	<b>575,217</b>
5. Taxation	30.09.21 £	30.09.20 £
(a) Analysis of charge in the year:		
Overseas tax	82,742	28,974
<b>Total tax charge (note 5b)</b>	<b>82,742</b>	<b>28,974</b>
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	1,148,744	301,922
Corporation tax at 20%	229,749	60,384
Effects of:		
UK dividends	(289,771)	(137,506)
Movement in surplus management expenses	170,345	111,106
Overseas tax expensed	82,742	28,974
Non-taxable overseas earnings	(110,323)	(33,984)
<b>Total tax charge (note 5a)</b>	<b>82,742</b>	<b>28,974</b>

(c) Deferred tax

At the year end there is a potential deferred tax asset of £1,164,883 (2020: 994,538) in relation to surplus management expenses of £5,824,419 (2020: 4,972,697). It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.



## Notes to the Financial Statements

continued

### 6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

		<b>30.09.21</b>	<b>30.09.20</b>
		£	£
Final distribution	30.09.21	1,167,789	293,946
Revenue deducted on cancellation of shares		145,475	26,090
Revenue received on issue of shares		(247,256)	(31,517)
<b>Distributions</b>		<b>1,066,008</b>	<b>288,519</b>

### Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		1,066,002	272,948
Revenue deficit to be transferred from capital		–	15,588
Undistributed revenue brought forward		18	1
Undistributed revenue carried forward		(12)	(18)
<b>Distributions</b>		<b>1,066,008</b>	<b>288,519</b>

### 7. Debtors

		<b>30.09.21</b>	<b>30.09.20</b>
		£	£
Amounts receivable on issues		1,061,425	61,556
Sales awaiting settlement		70,164	148,385
Accrued income:			
Dividends receivable		192,300	217,272
Prepaid expenses:			
Legal fee		–	1,847
Listing fee		764	769
<b>Total debtors</b>		<b>1,324,653</b>	<b>429,829</b>

**Notes to the Financial Statements**

continued

<b>8. Other Creditors</b>	<b>30.09.21</b>	<b>30.09.20</b>
	<b>£</b>	<b>£</b>
Amounts payable on cancellations	699,387	110,284
Purchases awaiting settlement	1,551,193	59,240
Accrued expenses:		
Amounts payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's Management fee	80,110	48,730
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	12,037	7,934
Safe custody and other bank charges	1,081	322
	<u>13,118</u>	<u>8,256</u>
Auditors remuneration:		
Audit fee (including VAT)	11,015	10,694
Other expenses:		
Legal fees	622	–
Printing costs	1,625	1,600
	<u>13,262</u>	<u>12,294</u>
<b>Total other creditors</b>	<b><u>2,357,070</u></b>	<b><u>238,804</u></b>
<b>9. Cash and Bank Balances</b>	<b>30.09.21</b>	<b>30.09.20</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	6,935,311	5,649,506
<b>Cash and bank balances</b>	<b><u>6,935,311</u></b>	<b><u>5,649,506</u></b>

## Notes to the Financial Statements

continued

### 10. Related Party Transactions

Management fees payable to the ACD, Unicorn Asset Management Ltd are shown in note 4, amounts due at the year end are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and in note 6, amounts due at the year end are shown in notes 7 and 8.

Unicorn Asset Management Ltd and its associates had the following shareholdings in the Sub-fund:

	Held at 30.09.21	Change in period	Held at 30.09.20
<b>A Income Shares</b>			
Philip John - Finance and Operations Director	2,572	2,572	–
<b>B Income Shares</b>			
Colin Howell - Chairman	54,100	–	54,100
Jean Howell - Chairman's wife	3,600	–	3,600
<b>Overseas Income Shares</b>			
Unicorn Asset Management Ltd	10,342	–	10,342

Unicorn AIM VCT PLC, a company for which Unicorn Asset Management Ltd acts as investment manager held shares in the Sub-fund as follows:

	Held at 30.09.21	Change in period	Held at 30.09.20
<b>B Income Shares</b>	164,391	–	164,391

At the year end the Sub-fund did not hold shares in any of the other Sub-funds within the Unicorn Investment Funds.

### 11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2020: none).

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in the risk management policies on pages 9 to 10.

Numerical disclosures relating to the Sub-fund are as follows:

#### Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £14,086,265 (2020: £8,385,944).

#### Currency risk

The majority of the Sub-fund's assets comprise of investments and cash denominated in sterling. As a result, the income and capital value of the Sub-fund are not affected by currency movements.

There is no material foreign currency exposure in the Sub-fund (2020: none).

**Notes to the Financial Statements**

continued

**12. Risk Management Policies and Disclosures (continued)**

**Interest rate risk**

The table below details the interest rate risk profile at the balance sheet date:

**30.09.21**

<b>Currency</b>	<b>Floating rate financial assets £</b>	<b>Financial assets not carrying interest £</b>	<b>Total £</b>
Pound sterling	6,935,311	142,160,955	149,096,266
United States dollar	–	26,348	26,348
	<b>6,935,311</b>	<b>142,187,303</b>	<b>149,122,614</b>

<b>Currency</b>	<b>Financial liabilities not carrying interest £</b>	<b>Total £</b>
Pound sterling	3,026,852	3,026,852
	<b>3,026,852</b>	<b>3,026,852</b>

**30.09.20**

<b>Currency</b>	<b>Floating rate financial assets £</b>	<b>Financial assets not carrying interest £</b>	<b>Total £</b>
Pound sterling	5,649,506	84,191,894	89,841,400
United States dollar	–	97,379	97,379
	<b>5,649,506</b>	<b>84,289,273</b>	<b>89,938,779</b>

<b>Currency</b>	<b>Financial liabilities not carrying interest £</b>	<b>Total £</b>
Pound sterling	408,033	408,033
	<b>408,033</b>	<b>408,033</b>

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

30.09.21

Analysis of purchases	Total purchases cost £	£	Commissions paid %	£	Taxes %	Purchases before transaction cost £
Equities	81,235,363	75,032	0.09	202,507	0.25	80,957,824
<b>Total purchases after commissions and tax</b>	<b>81,235,363</b>					
Analysis of sales	Net sale proceeds £	£	Commissions paid %	£	Taxes %	Sales before transaction cost £
Equities	63,215,703	80,477	0.13	319	0.00	63,296,499
<b>Total sales after commissions and tax</b>	<b>63,215,703</b>					
Commission as a % of the average net assets	0.13%					
Taxes as a % of the average net assets	0.18%					

30.09.20

Analysis of purchases	Total purchases cost £	£	Commissions paid %	£	Taxes %	Purchases before transaction cost £
Equities	47,451,037	55,409	0.12	101,859	0.22	47,293,769
Corporate actions	85,643	–	0.00	–	0.00	85,643
<b>Total purchases after commissions and tax</b>	<b>47,536,680</b>					
Analysis of sales	Net sale proceeds £	£	Commissions paid %	£	Taxes %	Sales before transaction cost £
Equities	20,603,014	22,346	0.11	118	0.00	20,625,478
Corporate actions	354,659	–	0.00	–	0.00	354,659
<b>Total sales after commissions and tax</b>	<b>20,957,673</b>					
Commission as a % of the average net assets	0.09%					
Taxes as a % of the average net assets	0.12%					

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on pages 15 to 17. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

## Notes to the Financial Statements

continued

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 30 September 2021 is 1.71% (2020: 2.05%).

### 15. Events after the Balance Sheet date

The table below denotes the movement in Net Asset Value per share since the period end, calculated with reference to daily published single prices.

Share Class	30.09.21 p	24.01.22 p	% Movement
A Income*	815.03	727.06	(10.79)
B Income*	825.09	738.47	(10.50)
Overseas Income*	189.20	168.78	(10.79)
C Accumulation	173.51	155.32	(10.48)

\*adjusted for income distribution for comparison purposes

### 16. Fair Value Disclosure

Valuation technique	30.09.21		30.09.20	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	140,862,650	–	83,859,444	–
Level 2 <sup>^^</sup>	–	–	–	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>140,862,650</b>	<b>–</b>	<b>83,859,444</b>	<b>–</b>

<sup>^</sup> Level 1: Unadjusted quoted price in an active market for an identical instrument.

<sup>^^</sup> Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

<sup>^^^</sup> Level 3: Valuation techniques using unobservable inputs.

### 17. Shareholders Funds

	A Income	B Income	Overseas Income	C Accumulation
Opening number of shares	584,542	9,220,255	51,146	29,694,579
Shares issued	49,463	5,420,632	21,741	4,344,081
Shares cancelled	(83,730)	(3,337,896)	(3,560)	(4,430,631)
Shares converted	(15,510)	15,377	–	–
<b>Closing number of shares</b>	<b>534,765</b>	<b>11,318,368</b>	<b>69,327</b>	<b>29,608,029</b>

## Distribution Table

for the year ended 30 September 2021

### Income Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution payable 2021 p	Distribution paid 2020 p
A	Final	Group 1	0.5405	–	0.5405	–
		Group 2	0.1888	0.3517	0.5405	–
B	Final	Group 1	5.8913	–	5.8913	1.8354
		Group 2	2.0899	3.8014	5.8913	1.8354
Overseas	Final	Group 1	0.1338	–	0.1338	–
		Group 2	0.0962	0.0376	0.1338	–

### Accumulation Share Distribution

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2021 p	Amount reinvested 2020 p
C	Final	Group 1	1.6820	–	1.6820	0.4200
		Group 2	0.5981	1.0839	1.6820	0.4200

Final period: 01.10.20 - 30.09.21

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents accrued revenue included in the purchase price of the shares. After averaging, it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

## Investment Objective and Policy

The Unicorn Mastertrust Fund aims to achieve long term capital growth by investing in a wide range of listed investments companies.

The investment companies themselves invest around the world. Investment companies are companies that can invest in a portfolio of assets. Their shares are listed on a stock exchange, in the same way as a normal company. The Sub-fund will choose investment companies which the Manager believes have good potential to grow and which are attractively priced.

The Sub-fund may also invest, at its discretion, in other transferable securities, deposits, cash and near cash and units of eligible collective investment schemes. The Sub-fund may also enter into certain derivative and forward transactions for hedging purposes.

The Sub-fund invests for the long term and there is no guarantee that any particular return will be achieved, over any period, and investors should note that their capital is always at risk.

The Sub-fund has issued A Income, B Income and Overseas Income shares.

## Investment Manager's Report

for the year ended 30 September 2021

For the twelve-month period ending 30 September 2021, Unicorn Mastertrust's B Income shares produced a total return of 35.7%. Over the same period, the overall UK equity market, excluding Investment Companies, appreciated by 28.0% on a total return basis. The average return achieved by Investment Companies was 26.4% and the average return in the Flexible Investment fund peer group was +18.4% (source: Financial Express Bid to Bid, Total Returns). The Fund was invested in 54 companies at the period end.

As anticipated in last year's Investment Managers Report, discount ratings for investment companies improved in the period under review. The size weighted average discount for the Unicorn Mastertrust portfolio narrowed from 15.5% as at 30 September 2020 to 11.2% as at 30 September 2021. The successful development and subsequent deployment of Covid-19 vaccines together with sustained fiscal support led to significantly improved sentiment towards global equity markets.

This recovery in confidence was particularly helpful for many of Mastertrust's holdings in smaller companies trusts and Listed Private Equity (LPE) trusts. Within the former group the greatest positive performance contributions were attributable to Gresham House Securities, which delivered a share price total return of 76.3%, North Atlantic Securities (+76.5%), Aberforth Smaller Companies Trust (+84.5%), Henderson Smaller Companies (+66.1%), Strategic Equity Capital (+57.0%), BlackRock Throgmorton (+63.3%) and Acorn Income Fund (+82.3%). The leading contributors among Mastertrust's LPE holdings were Standard Life Private Equity (+60.6%), Oakley Capital (+43.9%) and HarbourVest Private Equity (+41.0%). Elsewhere there were useful contributions from Herald (+48.7%), Law Debenture (+56.9%) and Artemis Alpha (+59.4%). The most significant negative return was attributable to The Biotech Growth Trust which was the leading positive performer in the previous financial year when the share price advanced by 94.2%. For the period under review the share price retreated by 11.1%. The only other meaningful detractor was Allied Minds (-37.8%).

Portfolio activity featured increased exposure to the emerging music royalty asset class through the purchase of a new holding in the Round Hill Music Royalty Fund to complement Mastertrust's position in the Hipgnosis Songs Fund. Additional shares were also acquired in existing holdings in Apax Global Alpha, Pershing Square Holdings, RIT Capital Partners and JPMorgan Emerging Markets Trust. The major disposals during the year were BH Global, Montanaro Smaller Companies, Marwyn Value Investors, Seneca Global Income & Growth and Riverstone Energy. Corporate activity inevitably impacted on the portfolio given the heightened volatility experienced by markets during the Covid crisis. The investment management contracts for Mastertrust's holdings in Keystone and Genesis Emerging Markets were moved to pastures new with Keystone going to Baillie Gifford to become Keystone Positive Change Investment Trust and Genesis becoming Fidelity Emerging Markets Limited while returning a quarter of its capital to shareholders at 98% of net asset value. Returns of capital at close to net asset value were also revealed for Mastertrust's investments in Gabelli Value+ and Acorn Income Fund.



### **Investment Manager's Report**

continued

Your managers continue to believe that Mastertrust offers a broadly based selection of Investment Companies that take advantage of many of their unique structural features to invest in assets that have historically generated superior long term returns compared to mainstream equity market indices. The Investment Company structure, which has stood the test of time for more than 150 years, is in our opinion the ideal vehicle for investing in less liquid and potentially higher risk assets with the objective of delivering higher returns. As demonstrated during sharp market corrections, such as the Global Financial Crisis and the Covid pandemic, Investment Company share prices can exaggerate market falls when sentiment is particularly poor but these periods have proved to be relatively short lived for those willing to take a long term view.

## Portfolio Statement

as at 30 September 2021

Holding	Security	Market value £	% of total net assets 2021
<b>Closed End Investments 91.29% (94.95%)</b>			
400,000	Aberdeen Latin American Income Fund	204,000	0.16
900,000	Aberdeen New Dawn Investment Trust	2,853,000	2.18
184,500	Aberforth Smaller Companies Trust	2,774,880	2.12
575,700	Acorn Income Fund^^	2,302,800	1.76
821,344	Apax Global Alpha	1,864,451	1.43
643,000	Artemis Alpha Trust	2,713,460	2.07
174,934	Asia Dragon Trust	871,171	0.67
887,419	Atlantis Japan Growth Fund	2,289,541	1.75
327,873	AVI Global Trust	3,337,747	2.55
2,000,000	AVI Japan Opportunity Trust	2,420,000	1.85
117,000	Baillie Gifford Japan Trust	1,195,740	0.91
1,110,000	Baillie Gifford UK Growth Fund	2,575,200	1.97
307,000	BlackRock Throgmorton Trust	2,901,150	2.22
655,400	BlackRock World Mining Trust	3,434,296	2.63
78,925	Caledonia Investment	2,699,235	2.06
81,500	Candover Investments^	–	0.00
535,000	CQS Natural Resources Growth & Income	743,650	0.57
1,850,000	Crystal Amber Fund*	2,053,500	1.57
366,500	Edinburgh Investment Trust	2,235,650	1.71
282,000	F&C Investment Trust	2,425,200	1.85
783,800	Fidelity European Trust	2,414,104	1.85
570,000	Fidelity Special Values	1,664,400	1.27
1,535,000	Gabelli Value Plus+ Trust	468,175	0.36
350,000	Genesis Emerging Markets Fund	3,034,500	2.32
217,528	Gresham House Strategic*	3,632,718	2.78
976,000	Hansa Investment Company	2,049,600	1.57
156,500	HarbourVest Global Private Equity	3,662,100	2.80
251,168	Henderson Smaller Companies Investment Trust	3,079,320	2.35
168,100	Herald Investment Trust	4,084,830	3.12
1,950,000	Hipgnosis Songs Fund	2,371,200	1.81
237,700	ICG Enterprise Trust	2,781,090	2.13
712,100	Invesco Asia Trust	2,428,261	1.86
1,735,000	JPMorgan Emerging Markets Investment Trust	2,234,680	1.71
578,845	JPMorgan European Discovery Trust	2,952,110	2.26
740,000	Keystone Positive Change Investment Trust	2,530,800	1.93
382,300	Law Debenture	2,928,418	2.24
86,591	New Star Investment Trust	120,361	0.09
74,500	North Atlantic Smaller Companies Investment Trust	3,620,700	2.77
101,000	Pantheon International	3,040,100	2.32
115,000	Pershing Square	3,053,250	2.33
125,000	Polar Capital Global Financials Trust	211,875	0.16
46,011	RENN Universal Growth Investment Trust^	–	0.00
35,000	RIT Capital Partners	894,250	0.68
2,000,000	Round Hill Music Royalty Fund	1,564,934	1.20
320,000	Schroder Asian Total Return Investment	1,590,400	1.22
6,250,000	Schroder UK Public Private Trust	2,200,000	1.68

**Portfolio Statement**

continued

<b>Holding</b>	<b>Security</b>	<b>Market value £</b>	<b>% of total net assets 2021</b>
<b>Closed End Investments (continued)</b>			
735,000	Standard Life Private Equity Trust	3,630,900	2.77
1,039,434	Strategic Equity Capital	3,055,936	2.34
379,300	The Alliance Trust	3,838,516	2.93
200,000	The Biotech Growth Trust	2,404,000	1.84
160,000	The Independent Investment Trust	924,800	0.71
155,000	The Monks Investment Trust	2,154,500	1.65
614,100	TR Property Investment Trust	2,886,270	2.21
		119,401,769	91.29
<b>Investment Banking and Brokerage Services 3.23% (3.79%)</b>			
3,000,000	Allied Minds	672,000	0.51
1,000,000	Oakley Capital Investments	3,560,000	2.72
		4,232,000	3.23
<b>Investment assets</b>		<b>123,633,769</b>	<b>94.52</b>
<b>Net other assets</b>		<b>7,166,563</b>	<b>5.48</b>
<b>Net assets</b>		<b>130,800,332</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 30.09.20.

^These are delisted securities and have been valued at the ACD's best assessment of their fair value.

^^Represents investment into a related party of the Manager.

\*Quoted on AIM.

**Comparative Tables**
**Change in net assets per share**

	<b>A Income</b>		
	<b>30.09.21</b> <b>p</b>	<b>30.09.20</b> <b>p</b>	<b>30.09.19</b> <b>p</b>
<b>Opening net asset value per share</b>	490.34	513.05	521.27
Return before operating charges <sup>^</sup>	179.94	-12.15	1.30
Operating charges	-9.65	-7.80	-8.06
Return after operating charges <sup>^</sup>	170.29	-19.95	-6.76
Distributions	-2.70	-2.76	-1.46
<b>Closing net asset value per share</b>	<b>657.93</b>	<b>490.34</b>	<b>513.05</b>
<sup>^</sup> After direct transaction costs of	-0.06	-0.35	-0.56
<b>Performance</b>			
Return after charges	34.73%	-3.89%	-1.30%
<b>Other information</b>			
Closing net asset value	£3,583,365	£3,096,676	£4,005,278
Closing number of shares	544,640	631,541	780,678
Operating charges	1.57%	1.58%	1.58%
Direct transaction costs	0.01%	0.07%	11.00%
<b>Prices</b>			
Highest share price	679.81	564.66	534.21
Lowest share price	493.42	350.28	473.24

	<b>B Income</b>		
	<b>30.09.21</b> <b>p</b>	<b>30.09.20</b> <b>p</b>	<b>30.09.19</b> <b>p</b>
<b>Opening net asset value per share</b>	439.41	459.76	467.15
Return before operating charges <sup>^</sup>	161.25	-10.86	1.16
Operating charges	-4.53	-3.70	-3.82
Return after operating charges <sup>^</sup>	156.72	-14.56	-2.66
Distributions	-6.54	-5.79	-4.73
<b>Closing net asset value per share</b>	<b>589.59</b>	<b>439.41</b>	<b>459.76</b>
<sup>^</sup> After direct transaction costs of	-0.06	-0.31	-0.50
<b>Performance</b>			
Return after charges	35.67%	-3.17%	-0.57%
<b>Other information</b>			
Closing net asset value	£127,061,711	£91,747,479	£89,899,421
Closing number of shares	21,550,747	20,879,798	19,553,364
Operating charges	0.82%	0.83%	0.83%
Direct transaction costs	0.01%	0.07%	0.11%
<b>Prices</b>			
Highest share price	613.01	507.09	481.54
Lowest share price	442.18	315.55	424.94

## Comparative Tables

continued

### Change in net assets per share

	Overseas Income		
	30.09.21 p	30.09.20 p	30.09.19 p
<b>Opening net asset value per share</b>	144.15	150.83	153.22
Return before operating charges <sup>^</sup>	52.90	-3.58	0.38
Operating charges	-2.84	-2.29	-2.37
Return after operating charges <sup>^</sup>	50.06	-5.87	-1.99
Distributions	-0.79	-0.81	-0.40
<b>Closing net asset value per share</b>	<b>193.42</b>	<b>144.15</b>	<b>150.83</b>
<sup>^</sup> After direct transaction costs of	-0.02	-0.10	-0.16
<b>Performance</b>			
Return after charges	34.73%	-3.89%	-1.30%
<b>Other information</b>			
Closing net asset value	£155,256	£161,999	£184,280
Closing number of shares	80,269	112,382	122,179
Operating charges	1.57%	1.58%	1.58%
Direct transaction costs	0.01%	0.07%	0.11%
<b>Prices</b>			
Highest share price	199.85	166.00	157.02
Lowest share price	145.06	102.98	139.10

Operating charges include indirect costs incurred in the maintenance and running of the Sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Net Asset Value for the accounting year.

In addition to the operating charges above, managers charge fees within the closed end investments held. We have estimated that, based on market values at the period end and ongoing charge fee rates per fund (excluding performance fees), these represent an additional 1.18% of average net assets.

The return after charges is calculated as the closing Net Asset Value per share plus the distributions on income shares minus the opening Net Asset Value per share as a % of the opening net asset value per share. The basis of valuation of investments used to calculate net asset value per share is described in notes to the Financial Statements 1h) and complies with requirements of the current Statement of Recommended Practice for UK Authorised Funds. This differs from the basis used to calculate daily published single prices, in which listed investments are valued at 10:00 mid prices.

Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, which are offset (where applicable) against any dilution levies charged within the accounting period. The figures used within the table have been calculated against the average Net Asset Value for the accounting year.

## Risk and Reward Profile

The risk and reward indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



The Sub-fund is ranked at 5 because funds of this type have experienced medium to high rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-fund:

- Changes in currency exchange rates may cause the value of investments to decrease or increase.
- The price of investment trusts may not reflect the value of the assets they hold. This can result in wide price changes of the investment trust shares.
- For further risk information please see the prospectus.

### Risk warning

An investment in an Open Ended Investment Company should be regarded as a medium to long-term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

## Statement of Total Return

for the year ended 30 September 2021

	Note	£	30.09.21 £	£	30.09.20 £
Income					
Net capital gains/(losses)	2		32,386,257		(3,996,626)
Revenue	3	2,404,854		2,031,042	
Expenses	4	(1,013,222)		(817,893)	
Net revenue after taxation			1,391,632		1,213,149
<b>Total return before distributions</b>			<b>33,777,889</b>		<b>(2,783,477)</b>
Distributions	6		(1,391,616)		(1,213,159)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>32,386,273</b>		<b>(3,996,636)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 September 2021

	£	30.09.21 £	£	30.09.20 £
<b>Opening net assets attributable to Shareholders</b>		<b>95,006,154</b>		<b>94,088,979</b>
Amounts receivable on issue of shares	33,883,160		36,166,469	
Less: Amounts payable on cancellation of shares	(30,475,325)		(31,252,658)	
		3,407,835		4,913,811
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		32,386,273		(3,996,636)
Unclaimed distributions		70		–
<b>Closing net assets attributable to Shareholders</b>		<b>130,800,332</b>		<b>95,006,154</b>

The notes on pages 38 to 44 form an integral part of these Financial Statements.

**Balance Sheet**

as at 30 September 2021

	Note	£	30.09.21 £	£	30.09.20 £
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Investments			123,633,769		93,813,104
<b>Current Assets</b>					
Debtors	7	547,651		441,768	
Cash and bank balances	9	8,307,971		2,434,003	
<b>Total current assets</b>			<b>8,855,622</b>		<b>2,875,771</b>
<b>Total assets</b>			<b>132,489,391</b>		<b>96,688,875</b>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Distribution payable		(1,424,538)		(1,226,401)	
Other creditors	8	(264,521)		(456,320)	
<b>Total creditors</b>			<b>(1,689,059)</b>		<b>(1,682,721)</b>
<b>Total liabilities</b>			<b>(1,689,059)</b>		<b>(1,682,721)</b>
<b>Net assets attributable to Shareholders</b>			<b>130,800,332</b>		<b>95,006,154</b>

The notes on pages 38 to 44 form an integral part of these Financial Statements.



## Notes to the Financial Statements

for the year ended 30 September 2021

### 1. Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Accounting Policies stated on pages 7 to 8.

<b>2. Net Capital Gains/(Losses)</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
Non-derivative securities	32,397,981	(3,995,531)
Currency losses	(11,259)	–
Transaction charges	(465)	(1,095)
<b>Net capital gains/(losses)</b>	<b>32,386,257</b>	<b>(3,996,626)</b>

<b>3. Revenue</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
UK dividends: Ordinary	2,078,861	1,810,796
Overseas dividends	325,993	217,007
Bank interest	–	3,239
<b>Total revenue</b>	<b>2,404,854</b>	<b>2,031,042</b>

<b>4. Expenses</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's Management fee	925,514	740,300
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	61,688	50,898
Safe custody and other bank charges	5,725	4,447
	67,413	55,345
Auditors remuneration:		
Audit fee (including VAT)	11,015	10,694
Auditors remuneration:		
Listing fees	3,068	3,068
Legal fees	2,665	4,230
Printing costs	3,547	4,256
	20,295	22,248
<b>Total expenses</b>	<b>1,013,222</b>	<b>817,893</b>

## Notes to the Financial Statements

continued

5. Taxation	30.09.21 £	30.09.20 £
(a) Analysis of charge in the year		
<b>Total tax charge (note 5b)</b>	–	–
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	1,391,632	1,213,149
Corporation tax at 20%	278,326	242,630
Effects of:		
UK dividends	(415,772)	(362,159)
Movement in surplus management expenses	202,645	162,931
Non-taxable overseas earnings	(65,199)	(43,402)
<b>Total tax charge (note 5a)</b>	–	–

(c) Deferred tax

At the year end there is a potential deferred tax asset of £1,073,223 (2020: £870,578) in relation to surplus management expenses of £5,366,117 (2020: 4,352,894). It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

## 6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	30.09.21 £	30.09.20 £
Final distribution 30.09.21	1,424,538	1,226,401
Revenue deducted on cancellation of shares	146,515	210,868
Revenue received on issue of shares	(179,437)	(224,110)
<b>Distributions</b>	<b>1,391,616</b>	<b>1,213,159</b>
<b>Reconciliation of net revenue after taxation to net distributions:</b>		
Net revenue after taxation per Statement of Total Return	1,391,632	1,213,149
Undistributed revenue brought forward	3	13
Undistributed revenue carried forward	(19)	(3)
<b>Distributions</b>	<b>1,391,616</b>	<b>1,213,159</b>

## Notes to the Financial Statements

continued

<b>7. Debtors</b>	<b>30.09.21</b>	<b>30.09.20</b>
	<b>£</b>	<b>£</b>
Amounts receivable on issues	294,037	228,515
Sales awaiting settlement	–	28,157
Accrued income:		
Dividends receivable	252,850	183,219
Prepaid expenses:		
Legal fee	–	1,108
Listing fee	764	769
<b>Total debtors</b>	<b>547,651</b>	<b>441,768</b>
<b>8. Other Creditors</b>	<b>30.09.21</b>	<b>30.09.20</b>
	<b>£</b>	<b>£</b>
Amounts payable on cancellations	153,968	373,352
Accrued expenses:		
Amounts payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's Management fee	84,988	61,667
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	11,342	8,628
Safe custody and other bank charges	1,034	379
	12,376	9,007
Auditors remuneration:		
Audit fee (including VAT)	11,015	10,694
Other expenses:		
Legal fees	374	–
Printing costs	1,800	1,600
	13,189	12,294
<b>Total other creditors</b>	<b>264,521</b>	<b>456,320</b>
<b>9. Cash and Bank Balances</b>	<b>30.09.21</b>	<b>30.09.20</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	8,307,971	2,434,003
<b>Cash and bank balances</b>	<b>8,307,971</b>	<b>2,434,003</b>

## Notes to the Financial Statements

continued

### 10. Related Party Transactions

Management fees paid to the ACD, Unicorn Asset Management Ltd are shown in note 4, the amounts due at the year end in respect of Management fees are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and in note 6, amounts due at the year end are shown in notes 7 and 8.

Unicorn Asset Management Ltd and its associates had the following shareholdings in the Sub-fund:

	Held at 30.09.21	Change in period	Held at 30.09.20
<b>A Income Shares</b>			
Philip John - Finance and Operations Director	2,572	(4,170)	6,742
<b>B Income Shares</b>			
Philip John - Finance and Operations Director	6,888	146	6,742
<b>Overseas Income Shares</b>			
Unicorn Asset Management Ltd	10,136	50	10,086

The Sub-fund is also invested in 575,700 shares of the Acorn Income Fund (2020: 575,700 shares) which is advised by Unicorn Asset Management Ltd. For further details see the Portfolio Statement on page 31.

At the year end the Sub-fund did not hold shares in any of the other Sub-funds within the Unicorn Investment Funds.

### 11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2020: none).

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in the risk management policies on pages 9 to 10.

Numerical disclosures relating to the Sub-fund are as follows:

#### Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £12,363,377 (2020: £9,381,310).

#### Currency risk

The majority of the Sub-fund's assets comprise of investments and cash denominated in sterling. As a result, the income and capital value of the Sub-fund are not affected by currency movements.

There is no material direct foreign currency exposure in the Sub-fund (2020: none).

**Notes to the Financial Statements**

continued

**12. Risk Management Policies and Disclosures (continued)**

**Interest rate risk**

The table below details the interest rate risk profile at the balance sheet date:

**30.09.21**

<b>Currency</b>	<b>Floating rate financial assets £</b>	<b>Financial assets not carrying interest £</b>	<b>Total £</b>
Pound sterling	8,307,971	124,181,420	132,489,391
	<b>8,307,971</b>	<b>124,181,420</b>	<b>132,489,391</b>

<b>Currency</b>	<b>Financial liabilities not carrying interest £</b>	<b>Total £</b>
Pound sterling	1,689,059	1,689,059
	<b>1,689,059</b>	<b>1,689,059</b>

**30.09.20**

<b>Currency</b>	<b>Floating rate financial assets £</b>	<b>Financial assets not carrying interest £</b>	<b>Total £</b>
Pound sterling	2,434,003	94,254,872	96,688,875
	<b>2,434,003</b>	<b>94,254,872</b>	<b>96,688,875</b>

<b>Currency</b>	<b>Financial liabilities not carrying interest £</b>	<b>Total £</b>
Pound sterling	1,682,721	1,682,721
	<b>1,682,721</b>	<b>1,682,721</b>

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

#### 30.09.21

Analysis of purchases	Total purchase cost	Commissions paid		Taxes		Purchases before transaction cost
	£	£	%	£	%	£
Equities	4,495,258	4,163	0.09	1,433	0.03	4,489,662
<b>Total purchases after commissions and tax</b>	<b>4,495,258</b>					
Analysis of sales	Net sale proceeds	Commissions paid		Taxes		Sales before transaction cost
	£	£	%	£	%	£
Equities	5,019,190	7,455	0.15	20	0.00	5,026,665
Corporate actions	1,848,387	–	0.00	–	0.00	1,848,387
<b>Total sales after commissions and tax</b>	<b>6,867,577</b>					
Commission as a % of the average net assets	0.01%					
Taxes as a % of the average net assets	0.00%					

#### 30.09.20

Analysis of purchases	Total purchase cost	Commissions paid		Taxes		Purchases before transaction cost
	£	£	%	£	%	£
Equities	13,386,912	19,684	0.15	39,110	0.29	13,328,118
<b>Total purchases after commissions and tax</b>	<b>13,386,912</b>					
Analysis of sales	Net sale proceeds	Commissions paid		Taxes		Sales before transaction cost
	£	£	%	£	%	£
Equities	5,547,917	5,713	0.10	10	0.00	5,553,640
Corporate actions	252,400	–	0.00	–	0.00	252,400
<b>Total sales after commissions and tax</b>	<b>5,800,317</b>					
Commission as a % of the average net assets	0.03%					
Taxes as a % of the average net assets	0.04%					

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on pages 33 to 34. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

## Notes to the Financial Statements

continued

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 30 September 2021 is 1.20% (2020: 1.31%).

### 15. Events after the Balance Sheet date

There were no notifiable events post the year end balance sheet date.

### 16. Fair Value Disclosure

Valuation technique	30.09.21		30.09.20	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	123,633,769	–	93,725,683	–
Level 2 <sup>^^</sup>	–	–	–	–
Level 3 <sup>^^^</sup>	–	–	87,421	–
	<b>123,633,769</b>	<b>–</b>	<b>93,813,104</b>	<b>–</b>

<sup>^</sup>Level 1: Unadjusted quoted price in an active market for an identical instrument.

<sup>^^</sup> Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

<sup>^^^</sup> Level 3: Valuation techniques using unobservable inputs.

### 17. Shareholders Funds

	A Income	B Income	Overseas Income
Opening number of shares	631,541	20,879,798	112,382
Shares issued	24,768	6,192,726	3,285
Shares cancelled	(80,459)	(5,556,489)	(35,398)
Shares converted	(31,210)	34,712	–
<b>Closing number of shares</b>	<b>544,640</b>	<b>21,550,747</b>	<b>80,269</b>

## Distribution Table

for the year ended 30 September 2021

### Income Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution payable 2021 p	Distribution paid 2020 p
A	Final	Group 1	2.7032	–	2.7032	2.7590
		Group 2	1.2680	1.4352	2.7032	2.7590
B	Final	Group 1	6.5389	–	6.5389	5.7858
		Group 2	3.5678	2.9711	6.5389	5.7858
Overseas	Final	Group 1	0.7897	–	0.7897	0.8129
		Group 2	0.5276	0.2621	0.7897	0.8129

Final period: 01.10.20 - 30.09.21

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents accrued revenue included in the purchase price of the shares. After averaging, it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.



## Investment Objective and Policy

The Unicorn UK Smaller Companies Sub-fund aims to achieve long term capital growth by investing primarily in UK companies included within the UK Numis Smaller Companies plus AIM Index. For this purpose, UK companies are defined as those which are incorporated or domiciled in the UK, or have a significant part of their operations in the UK. The Index covers the bottom tenth by value of the main UK equity market plus AIM stocks that meet the same size limit.

The Sub-fund invests for the long term and there is no guarantee that any particular return will be achieved, over any period, and investors should note that their capital is always at risk.

The investment approach is to identify individual companies for investment and therefore the portfolio may not be representative of the index.

AIM is the London Stock Exchange's International Market for smaller growing companies.

The Sub-fund may also invest, at its discretion, in other transferable securities and deposits and cash. The Sub-fund may also enter into certain derivative and forward transactions for hedging purposes.

The Sub-fund invests for the long term and there is no guarantee that any particular return will be achieved over any period. Investors should note that their capital is always at risk.

## Investment Manager's Report

for the year ended 30 September 2021

During the twelve-month period ended 30 September 2021, the Unicorn UK Smaller Companies Fund's B Income shares generated a total return of 49.0%. This performance compares with a total return from the benchmark Numis Smaller Companies Index (Ex IT) plus AIM, of 45.7% over the same time period.

As at 30 September 2021, the Sub-fund held investments in 46 companies.

Over the twelve months under review stock markets continued their broad post-covid recovery. This recovery was accelerated in November 2020 when news of the first of many successful vaccines appeared. In December 2020 a long-awaited and often feared impossible BREXIT deal was struck which laid out the terms for the future UK-EU relationship ending 5 years of uncertainty for UK companies. From the beginning of 2021 onwards despite finding itself in another national lockdown the UK put its full force behind a national vaccine rollout which was met with considerable success. The opening up from that third lockdown and the significant proportion of vaccinated population, combined with the significant fiscal stimulus of covid loans and furlough, allowed the UK to resume growth at a faster rate than could have ordinarily been anticipated.

Many economies across the globe opened up and resumed activity at speed and at similar times. This caused a surge in demand just at a time when certain industries had been sluggish to respond. The ramifications of previous lockdowns and the moving parts of the global supply chain meant many resources were in the wrong place at the wrong time. This has caused significant supply chain disruption, labour shortages in specific sectors, and associated input cost inflation. These inflationary effects could be significant in the short term but it is the Manager's belief that the most substantial of these factors are transient and will pass as supply chains revert to their more natural and efficient shape. Wage inflation is likely to be more permanent in nature and therefore expected to cast a longer shadow, however this will be focussed on specific sectors rather than market wide. The portfolio is populated with market leading companies that are in a position to more readily pass through price increases, and as such are well insulated from inflationary pressures.

The portfolio has traded well throughout the year with earnings momentum aligned to strong recoveries in end markets. This allowed some companies to beat earnings forecasts and upgrade expectations multiple times over the period, the culminate effect of which is that the vast majority of holdings contributed positively to the Sub-fund's strong performance, some exceptionally so. This positive backdrop combined with an increased level of market volatility that went through periods of both extreme exuberance and deep pessimism presented opportunities for the Sub-fund to both initiate and dispose of several holdings at advantageous valuations. As such portfolio turnover was higher than it has historically been over the last 12 months. The Sub-fund added positions in 13 new holdings and disposed entirely of its holdings in 8 companies.

The additions included: Accesso Technology, a virtual queuing and ticketing systems developer; Devro, a collagen food casings business; Advanced Medical Solutions, a wound care business; Morgan Advanced Materials, a developer and manufacturer of advanced ceramics; Revolution Bars, a bar operator; Tortilla Mexican Grill, a fast growing chain of Mexican restaurants; Virgin Wines UK, an online wine retailer was backed at IPO; and Vesuvius, a manufacturer of consumables used in steel manufacturing.

### Investment Manager's Report

continued

There were disposals in several long term holdings in businesses that the Manager considers high quality but that were sitting at high valuations following a period of strong share price performance. These included Tyman, Marshalls, Clipper, Bodycote and Hill & Smith.

As mentioned above the strong performance of the Sub-fund was driven across the portfolio, but there are some returns of note:

Somero Enterprises (+446bps) designs and manufactures laser guided machinery which is used in the levelling of concrete in the construction industry. The company released a number of strong trading updates during the period, which resulted in material financial upgrades to forecasts. The construction backdrop in Somero's key market, the United States, is currently very favourable and the group is benefiting from new product releases.

Alpha FX (+283bps) develops strategies and technologies that help corporates and institutions more effectively manage currency. The company's revenues have grown at a compounded rate of over 50% since the initial public offering (IPO) of its shares on the AIM market in April 2017 and we remain excited about the future growth potential of the business.

Other notably strong contributors to overall Sub-fund performance included Warpaint London (+215bps), Codemasters (+269bps) and The Fulham Shore (+191bps).

The only detractor of note was Avon Rubber (-171bps). Avon designs and manufactures protection equipment for the military and fire response sectors. It reported that its revenues and profits in the next two financial years will be below market expectations due to a combination of order delays and supply chain constraints. Notwithstanding these disappointing short term challenges, the groups' medium- to long-term outlook remains attractive and is supported by strong market positions and quality fundamentals.

The Sub-fund continues in its policy of excluding certain sectors due to their often binary and speculative characteristics at the smaller end of the market cap range, namely Oil & Gas, Mining, and Pharmaceuticals. In light of the strong performance of these sectors it is pleasing that the Sub-fund has more than kept pace with its benchmark, especially in light of these significant headwinds to relative performance.

The Sub-fund remains predominantly invested in well-financed, cash generative companies, which sell specialist products and services and which are run by high calibre management teams. This focus on high quality smaller companies stands the Sub-fund in good stead during periods of uncertainty, this is particularly pertinent given the outlook for inflation mentioned above. There has been a long term aversion to UK listed and domestically focussed companies following the uncertainty caused by the result of the Brexit referendum of 2016. The Manager feels that following this period there is significant value in UK Small Caps. The resolution of a significant element of Brexit related uncertainty on Christmas Eve 2020 removes the biggest obstacle to realising the value in UK domestically focussed companies. As such we look forward with confidence.

## Portfolio Statement

as at 30 September 2021

Holding	Security	Market value £	% of total net assets 2021
<b>TECHNOLOGY 8.92% (5.01%)</b>			
<b>Software and Computer Services 7.87% (3.75%)</b>			
160,000	Accesso Technology*	1,456,000	2.42
60,000	EMIS*	841,200	1.40
2,400,000	IQE*	1,138,800	1.89
700,000	Microlise*	1,295,000	2.16
		4,731,000	7.87
<b>Technology Hardware and Equipment 1.05% (1.26%)</b>			
50,000	Gooch & Housego*	630,000	1.05
<b>HEALTH CARE 1.70% (0.00%)</b>			
<b>Medical Equipment and Services 1.70% (0.00%)</b>			
330,000	Advanced Medical Solutions*	1,018,050	1.70
<b>FINANCIALS 15.45% (18.82%)</b>			
<b>Banks 3.36% (3.35%)</b>			
54,260	Arbuthnot Banking*	480,201	0.80
130,000	Secure Trust Bank	1,540,500	2.56
		2,020,701	3.36
<b>Investment Banking and Brokerage Services 12.09% (15.47%)</b>			
115,000	Alpha FX*	2,277,000	3.79
139,669	Curtis Banks*	343,586	0.57
3,450,000	Mercia Asset Management*	1,449,000	2.41
400,000	Numis*	1,432,000	2.38
100,000	Polar Capital*	804,000	1.34
400,000	River & Mercantile	960,000	1.60
		7,265,586	12.09
<b>CONSUMER DISCRETIONARY 23.26% (22.08%)</b>			
<b>Automobiles and Parts 0.62% (0.67%)</b>			
1,769,806	Autins*	371,659	0.62
<b>Leisure Goods 3.26% (10.70%)</b>			
80,000	Frontier Developments*	1,960,000	3.26
<b>Personal Goods 2.85% (1.34%)</b>			
950,000	Warpaint London*	1,710,000	2.85
<b>Media 3.45% (4.61%)</b>			
35,000	4imprint	1,053,500	1.75
275,000	STV	1,017,500	1.70
		2,071,000	3.45

**Portfolio Statement**

continued

<b>Holding</b>	<b>Security</b>	<b>Market value £</b>	<b>% of total net assets 2021</b>
	<b>Retailers 4.03% (2.15%)</b>		
2,000,000	Topps Tiles	1,372,000	2.28
540,000	Virgin Wines UK*	1,053,000	1.75
		<b>2,425,000</b>	<b>4.03</b>
	<b>Travel and Leisure 9.05% (2.61%)</b>		
1,286,133	Hostelworld	1,039,195	1.73
2,833,283	Revolution Bars*	651,655	1.08
12,248,867	The Fulham Shore*	2,204,796	3.67
852,870	Tortilla Mexican Grill	1,543,695	2.57
		<b>5,439,341</b>	<b>9.05</b>
	<b>CONSUMER STAPLES 3.97% (0.00%)</b>		
	<b>Food Producers 3.97% (0.00%)</b>		
600,000	Devro	1,281,000	2.13
950,000	Premier Foods	1,107,700	1.84
		<b>2,388,700</b>	<b>3.97</b>
	<b>INDUSTRIALS 41.47% (41.12%)</b>		
	<b>Construction and Materials 12.92% (13.72%)</b>		
600,000	Alumasc*	1,320,000	2.20
900,000	Breedon*	888,300	1.48
813,000	Brickability*	878,040	1.46
1,150,000	Epwin*	1,311,000	2.18
250,000	Ricardo	1,062,500	1.77
3,070,000	Severfield	2,302,500	3.83
		<b>7,762,340</b>	<b>12.92</b>
	<b>Aerospace and Defense 2.26% (4.81%)</b>		
70,000	Avon Rubber	1,359,400	2.26
	<b>Electronic and Electrical Equipment 2.10% (0.00%)</b>		
350,000	Morgan Advanced Materials	1,260,000	2.10
	<b>General Industrials 4.87% (6.82%)</b>		
82,500	Goodwin	2,928,750	4.87
	<b>Industrial Engineering 10.09% (8.31%)</b>		
325,000	Castings	1,137,500	1.89
690,000	Somero Enterprises*	3,588,000	5.97
275,000	Vesuvius	1,342,000	2.23
		<b>6,067,500</b>	<b>10.09</b>
	<b>Industrial Support Services 3.88% (3.06%)</b>		
700,000	Johnson Service*	1,052,800	1.75
900,000	Trifast	1,278,000	2.13
		<b>2,330,800</b>	<b>3.88</b>

**Portfolio Statement**

continued

<b>Holding</b>	<b>Security</b>	<b>Market value £</b>	<b>% of total net assets 2021</b>
	<b>Industrial Transportation 5.35% (4.40%)</b>		
550,000	Braemar Shipping Services	1,375,000	2.29
112,450	Fisher (James) & Sons	965,946	1.61
90,000	Ocean Wilsons	873,000	1.45
		<b>3,213,946</b>	<b>5.35</b>
	<b>BASIC MATERIALS 2.20% (7.15%)</b>		
	<b>Industrial Materials 2.20% (2.27%)</b>		
97,750	James Cropper*	1,319,625	2.20
	<b>Industrial Metals and Mining 0.00% (4.88%)</b>		
	<b>ENERGY 1.12% (2.11%)</b>		
	<b>Oil, Gas and Coal 1.12% (2.11%)</b>		
1,425,000	Tekmar*	669,750	1.12
	<b>Investment assets</b>	<b>58,943,148</b>	<b>98.09</b>
	<b>Net other assets</b>	<b>1,149,317</b>	<b>1.91</b>
	<b>Net assets</b>	<b>60,092,465</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 30.09.20.

\*Quoted on AIM.

## Comparative Tables

### Change in net assets per share

	A Income		
	30.09.21 p	30.09.20 p	30.09.19 p
<b>Opening net asset value per share</b>	509.67	525.37	550.83
Return before operating charges <sup>^</sup>	255.24	-6.51	-7.24
Operating charges	-10.56	-8.54	-8.69
Return after operating charges <sup>^</sup>	244.68	-15.05	-15.93
Distributions	-4.22	-0.65	-9.53
<b>Closing net asset value per share</b>	<b>750.13</b>	<b>509.67</b>	<b>525.37</b>
<sup>^</sup> After direct transaction costs of	-1.14	-0.90	-0.86
<b>Performance</b>			
Return after charges	48.01%	-2.86%	-2.89%
<b>Other information</b>			
Closing net asset value	£4,127,048	£3,165,302	£3,885,497
Closing number of shares	550,176	621,048	739,577
Operating charges	1.58%	1.62%	1.62%
Direct transaction costs	0.17%	0.17%	0.16%
<b>Prices</b>			
Highest share price	784.83	638.64	583.17
Lowest share price	504.96	379.86	477.70

	B Income		
	30.09.21 p	30.09.20 p	30.09.19 p
<b>Opening net asset value per share</b>	497.13	512.81	537.67
Return before operating charges <sup>^</sup>	248.90	-6.33	-7.08
Operating charges	-5.43	-4.49	-4.57
Return after operating charges <sup>^</sup>	243.47	-10.82	-11.65
Distributions	-9.03	-4.86	-13.21
<b>Closing net asset value per share</b>	<b>731.57</b>	<b>497.13</b>	<b>512.81</b>
<sup>^</sup> After direct transaction costs of	-1.11	-0.88	-0.84
<b>Performance</b>			
Return after charges	48.98%	-2.11%	-2.17%
<b>Other information</b>			
Closing net asset value	£44,045,323	£36,603,099	£39,369,654
Closing number of shares	6,020,666	7,362,898	7,677,275
Operating charges	0.83%	0.87%	0.87%
Direct transaction costs	0.17%	0.17%	0.16%
<b>Prices</b>			
Highest share price	770.05	372.77	571.67
Lowest share price	492.84	624.70	467.19

## Comparative Tables

continued

### Change in net assets per share

	C Income <sup>^</sup>
	30.09.21 p
<b>Opening net asset value per share</b>	100.00
Return before operating charges <sup>^</sup>	13.55
Operating charges	-0.64
Return after operating charges <sup>^</sup>	12.91
Distributions	-1.38
<b>Closing net asset value per share</b>	<b>111.53</b>
<sup>^</sup> After direct transaction costs of	-0.19
<b>Performance</b>	
Return after charges	12.91%
<b>Other information</b>	
Closing net asset value	£11,883,027
Closing number of shares	10,654,484
Operating charges	0.58%
Direct transaction costs	0.17%
<b>Prices</b>	
Highest share price	117.38
Lowest share price	100.00

	Overseas Income		
	30.09.21 p	30.09.20 p	30.09.19 p
<b>Opening net asset value per share</b>	121.03	124.86	130.92
Return before operating charges <sup>^</sup>	60.63	-1.55	-1.74
Operating charges	-2.51	-2.03	-2.06
Return after operating charges <sup>^</sup>	58.12	-3.58	-3.80
Distributions	-1.02	-0.25	-2.26
<b>Closing net asset value per share</b>	<b>178.13</b>	<b>121.03</b>	<b>124.86</b>
<sup>^</sup> After direct transaction costs of	-0.27	-0.21	-0.20
<b>Performance</b>			
Return after charges	48.02%	-2.87%	-2.90%
<b>Other information</b>			
Closing net asset value	£37,067	£25,164	£25,747
Closing number of shares	20,809	20,791	20,620
Operating charges	1.58%	1.62%	1.62%
Direct transaction costs	0.17%	0.17%	0.16%
<b>Prices</b>			
Highest share price	186.38	151.78	138.60
Lowest share price	119.92	90.28	113.54

<sup>^</sup>C Income share class launched 6 April 21.

Operating charges include indirect costs incurred in the maintenance and running of the Sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated by annualising the expenses incurred against the average Net Asset Value for the accounting year.

The return after charges is calculated as the closing Net Asset Value per share plus the distributions on income shares minus the opening Net Asset Value per share as a % of the opening net asset value per share. The basis of valuation of investments used to calculate net asset value per share is described in notes to the Financial Statements 1h) and complies with requirements of the current Statement of Recommended Practice for UK Authorised Funds. This differs from the basis used to calculate daily published single prices, in which listed investments are valued at 10:00 mid prices.

Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, which are offset (where applicable) against any dilution levies charged within the accounting year. The figures used within the table have been calculated against the average Net Asset Value for the accounting year.

## Risk and Reward Profile

The risk and reward indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



The Sub-fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-fund:

- Smaller company shares, including AIM companies, can be riskier as they may be more difficult to buy and sell and their share prices may fluctuate more than that of a larger company.
- For further risk information please see the prospectus.

## Risk warning

An investment in an Open Ended Investment Company should be regarded as a medium to long-term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.



## Statement of Total Return

for the year ended 30 September 2021

	Note	£	30.09.21 £	£	30.09.20 £
Income					
Net capital gains/(losses)	2		19,415,713		(1,854,443)
Revenue	3	1,257,154		817,001	
Expenses	4	(478,762)		(422,399)	
Net revenue before taxation		778,392		394,602	
Taxation	5	(32,406)		(29,903)	
Net revenue after taxation			745,986		364,699
<b>Total return before distributions</b>			<b>20,161,699</b>		<b>(1,489,744)</b>
Distributions	6		(745,981)		(364,699)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>19,415,718</b>		<b>(1,854,443)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 September 2021

	£	30.09.21 £	£	30.09.20 £
<b>Opening net assets attributable to Shareholders</b>		<b>39,793,565</b>		<b>43,280,898</b>
Amounts receivable on issue of shares	21,500,942		20,881,438	
Less: Amounts payable on cancellation of shares	(20,617,771)		(22,514,328)	
		883,171		(1,632,890)
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		19,415,718		(1,854,443)
Unclaimed distributions		11		–
<b>Closing net assets attributable to Shareholders</b>		<b>60,092,465</b>		<b>39,793,565</b>

The notes on pages 56 to 63 form an integral part of these Financial Statements.

## Balance Sheet

as at 30 September 2021

	Note	£	30.09.21 £	£	30.09.20 £
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Investments			58,943,148		38,315,296
<b>Current Assets</b>					
Debtors	7	3,204,229		682,904	
Cash and bank balances	9	2,831,764		1,299,274	
<b>Total current assets</b>			<b>6,035,993</b>		<b>1,982,178</b>
<b>Total assets</b>			<b>64,979,141</b>		<b>40,297,474</b>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Distribution payable		(713,782)		(362,015)	
Other creditors	8	(4,172,894)		(141,894)	
<b>Total creditors</b>			<b>(4,886,676)</b>		<b>(503,909)</b>
<b>Total liabilities</b>			<b>(4,886,676)</b>		<b>(503,909)</b>
<b>Net assets attributable to Shareholders</b>			<b>60,092,465</b>		<b>39,793,565</b>

The notes on pages 56 to 63 form an integral part of these Financial Statements.

## Notes to the Financial Statements

for the year ended 30 September 2021

### 1. Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Accounting Policies stated on pages 7 to 8.

<b>2. Net Capital Gains/(Losses)</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
Non-derivative securities	19,420,108	(1,849,628)
Transaction charges	(4,395)	(4,815)
<b>Net capital gains/(losses)</b>	<b>19,415,713</b>	<b>(1,854,443)</b>

<b>3. Revenue</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
UK dividends: Ordinary	1,041,115	640,504
Overseas dividends	216,039	174,187
Bank interest	–	2,310
<b>Total revenue</b>	<b>1,257,154</b>	<b>817,001</b>

<b>4. Expenses</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's Management fee	424,969	371,697
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	31,058	27,219
Safe custody and other bank charges	2,583	2,120
	<b>33,641</b>	<b>29,339</b>

## Notes to the Financial Statements

continued

<b>4. Expenses (continued)</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
Auditors remuneration:		
Audit fee (including VAT)	11,015	10,694
Other expenses:		
Listing fees	3,060	3,065
Legal fees	3,171	4,229
Printing costs	2,906	3,375
	9,137	10,669
<b>Total expenses</b>	<b>478,762</b>	<b>422,399</b>
<b>5. Taxation</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
(a) Analysis of charge in the year:		
Overseas tax	32,406	29,903
<b>Total tax charge (note 5b)</b>	<b>32,406</b>	<b>29,903</b>
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	778,392	394,602
Corporation tax at 20%	155,678	78,920
Effects of:		
UK dividends	(208,223)	(128,101)
Movement in surplus management expenses	95,753	84,018
Overseas tax expensed	32,406	29,903
Non-taxable overseas earnings	(43,208)	(34,837)
<b>Total tax charge (note 5a)</b>	<b>32,406</b>	<b>29,903</b>

(c) Deferred tax

At the year end there is a potential deferred tax asset of £1,139,413 (2020: £1,043,660) in relation to surplus management expenses of £5,697,065 (2020: £5,218,302). It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

## Notes to the Financial Statements

continued

### 6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

		<b>30.09.21</b>	<b>30.09.20</b>
		<b>£</b>	<b>£</b>
Final distribution	30.09.21	713,782	362,015
Revenue deducted on cancellation of shares		97,960	59,690
Revenue received on issue of shares		(65,761)	(57,006)
<b>Distributions</b>		<b>745,981</b>	<b>364,699</b>

#### Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		745,986	364,699
Undistributed revenue brought forward		7	7
Undistributed revenue carried forward		(12)	(7)
<b>Distributions</b>		<b>745,981</b>	<b>364,699</b>

### 7. Debtors

		<b>30.09.21</b>	<b>30.09.20</b>
		<b>£</b>	<b>£</b>
Amounts receivable on issues		74,544	444,182
Sales awaiting settlement		2,890,759	–
Accrued income:			
Dividends receivable		238,154	236,844
Prepaid expenses:			
Legal fee		–	1,108
Listing fee		772	770
<b>Total debtors</b>		<b>3,204,229</b>	<b>682,904</b>

**Notes to the Financial Statements**

continued

<b>8. Other Creditors</b>	<b>30.09.21</b>	<b>30.09.20</b>
	<b>£</b>	<b>£</b>
Amounts payable on cancellations	1,517,354	98,519
Purchases awaiting settlement	2,597,516	–
Accrued expenses:		
Amounts payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's Management fee	39,045	27,011
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	5,787	4,201
Safe custody and other bank charges	482	169
	<hr/> 6,269	<hr/> 4,370
Auditors remuneration:		
Audit fee (including VAT)	11,015	10,694
Other expenses:		
Legal fees	373	–
Printing costs	1,322	1,300
	<hr/> 1,695	<hr/> 1,300
<b>Total other creditors</b>	<hr/> <b>4,172,894</b>	<hr/> <b>141,894</b>
<b>9. Cash and Bank Balances</b>	<b>30.09.21</b>	<b>30.09.20</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	2,831,764	1,299,274
<b>Cash and bank balances</b>	<hr/> <b>2,831,764</b>	<hr/> <b>1,299,274</b>

## Notes to the Financial Statements

continued

### 10. Related Party Transactions

Management fees paid to the ACD, Unicorn Asset Management Ltd are shown in note 4, the amounts due at the year end in respect of Management fees are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and in note 6, amounts due at the year end are shown in notes 7 and 8.

Unicorn Asset Management Ltd and its associates had the following shareholdings in the Sub-fund:

	Held at 30.09.21	Change in period	Held at 30.09.20
<b>B Income Shares</b>			
Colin Howell - Chairman	72,000	–	72,000
Jean Howell - Chairman's wife	80,000	–	80,000
Philip John - Finance and Operations Director	5,817	178	5,639
<b>Overseas Income Shares</b>			
Unicorn Asset Management Ltd	10,659	19	10,640

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

	Held at 30.09.21	Change in period	Held at 30.09.20
<b>B Income Shares</b>			
	161,560	–	161,560

At the year end the Sub-fund did not hold shares in any of the other Sub-funds within the Unicorn Investment Funds.

### 11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2020: none).

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in the risk management policies on pages 9 to 10.

Numerical disclosures relating to the Sub-fund are as follows:

#### Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £5,894,315 (2020: £3,831,530).

#### Currency risk

The majority of the Sub-fund's assets comprise of investments and cash denominated in sterling. As a result, the income and capital value of the Sub-fund are not affected by currency movements.

There is no material foreign currency exposure in the Sub-fund (2020: none).

**Notes to the Financial Statements**

continued

**12. Risk Management Policies and Disclosures (continued)**

**Interest rate risk**

The table below details the interest rate risk profile at the balance sheet date:

**30.09.21**

<b>Currency</b>	<b>Floating rate financial assets £</b>	<b>Financial assets not carrying interest £</b>	<b>Total £</b>
Pound sterling	2,831,764	62,108,135	64,939,899
United States dollar	–	39,242	39,242
	<b>2,831,764</b>	<b>62,147,377</b>	<b>64,979,141</b>

<b>Currency</b>	<b>Financial liabilities not carrying interest £</b>	<b>Total £</b>
Pound sterling	4,886,676	4,886,676
	<b>4,886,676</b>	<b>4,886,676</b>

**30.09.20**

<b>Currency</b>	<b>Floating rate financial assets £</b>	<b>Financial assets not carrying interest £</b>	<b>Total £</b>
Pound sterling	1,299,274	38,849,475	40,148,749
United States dollar	–	148,725	148,725
	<b>1,299,274</b>	<b>38,998,200</b>	<b>40,297,474</b>

<b>Currency</b>	<b>Financial liabilities not carrying interest £</b>	<b>Total £</b>
Pound sterling	503,909	503,909
	<b>503,909</b>	<b>503,909</b>



## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

#### 30.09.21

Analysis of purchases	Total purchase cost £	£	Commissions paid %	£	Taxes %	Purchases before transaction cost £
Equities	24,770,362	23,155	0.09	52,195	0.21	24,695,012
<b>Total purchases after commissions and tax</b>	<b>24,770,362</b>					
Analysis of sales	Net sale proceeds £	£	Commissions paid %	£	Taxes %	Sales before transaction cost £
Equities	23,562,618	30,681	0.13	149	0.00	23,593,448
<b>Total sales after commissions and tax</b>	<b>23,562,618</b>					
Commission as a % of the average net assets	0.09%					
Taxes as a % of the average net assets	0.08%					

#### 30.09.20

Analysis of purchases	Total purchase cost £	£	Commissions paid %	£	Taxes %	Purchases before transaction cost £
Equities	15,960,748	19,699	0.12	34,661	0.22	15,906,388
<b>Total purchases after commissions and tax</b>	<b>15,960,748</b>					
Analysis of sales	Net sale proceeds £	£	Commissions paid %	£	Taxes %	Sales before transaction cost £
Equities	18,644,339	23,425	0.00	149	0.00	18,667,913
<b>Total sales after commissions and tax</b>	<b>18,644,339</b>					
Commission as a % of the average net assets	0.09%					
Taxes as a % of the average net assets	0.08%					

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on pages 51 and 52. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

## Notes to the Financial Statements

continued

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 30 September 2021 is 2.34% (2020: 2.67%).

### 15. Events after the Balance Sheet date

There were no notifiable events post the year end balance sheet date.

### 16. Fair Value Disclosure

Valuation technique	30.09.21		30.09.20	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	58,943,148	–	38,315,296	–
Level 2 <sup>^^</sup>	–	–	–	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>58,943,148</b>	<b>–</b>	<b>38,315,296</b>	<b>–</b>

<sup>^</sup>Level 1: Unadjusted quoted price in an active market for an identical instrument.

<sup>^^</sup>Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

<sup>^^^</sup>Level 3: Valuation techniques using unobservable inputs.

### 17. Shareholders Funds

	A Income	B Income	C Income	Overseas Income
Opening number of shares	621,048	7,362,898	–	20,791
Shares issued	45,878	3,100,754	11,424,704	18
Shares cancelled	(113,504)	(4,442,879)	(792,697)	–
Shares converted	(3,246)	(107)	22,477	–
<b>Closing number of shares</b>	<b>550,176</b>	<b>6,020,666</b>	<b>10,654,484</b>	<b>20,809</b>

## Distribution Table

for the year ended 30 September 2021

### Income Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution payable 2021 p	Distribution paid 2020 p
A	Final	Group 1	4.2245	–	4.2245	0.6515
		Group 2	3.1456	1.0789	4.2245	0.6515
B	Final	Group 1	9.0320	–	9.0320	4.8611
		Group 2	6.0891	2.9429	9.0320	4.8611
C	Final	Group 1	1.3754	–	1.3754	–
		Group 2	1.3081	0.0673	1.3754	–
Overseas	Final	Group 1	1.0163	–	1.0163	0.2479
		Group 2 <sup>^</sup>	1.0163	–	1.0163	0.2479

<sup>^</sup>No equalisation applicable for these Group 2 shares.

Final period: 01.10.20 - 30.09.21

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents accrued revenue included in the purchase price of the shares. After averaging, it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

### Investment Objective and Policy

The Unicorn UK Income Fund aims to provide an income by investing in UK companies. UK companies are defined as those which are incorporated or domiciled in the UK, or have a significant part of their operations in the UK.

The Sub-fund may also invest, at its discretion, in other transferable securities and deposits and cash. The Sub-fund may also enter into certain derivative and forward transactions for hedging purposes.

The Sub-fund invests at least 80% in UK companies which are quoted companies with a bias towards small and medium sized companies (those with a market value of less than £4 billion). Some of the companies in which the Sub-fund invests may be quoted on AIM. AIM is the London Stock Exchange's international market for smaller, growing companies.

### Investment Manager's Report

for the year ended 30 September 2021

The Unicorn UK Income Fund B accumulation shares recorded a total return of 31.8% during the year ended 30 September 2021, closely matching the average total return of 32.7% delivered by the UK Equity Income peer group. The strong absolute performance during the period continued to reflect broad based global economic recovery from the effects of the Covid-19 pandemic. Performance was driven by strong capital growth and the continued recovery in dividend payments towards more normal levels following the disruption in the prior year.

The period under review experienced two significant positive events in the first half of the year – the development and successful domestic roll out of the Covid-19 vaccine and the Christmas Eve trade agreement which was finally reached between the EU and UK.

The successful domestic vaccine roll out has enabled life to return to something resembling normal in recent months. With a significant proportion of the country now vaccinated schools are open, shops and restaurants are trading well, city centres are busier and the much maligned travel industry has finally started to fully open up too. The reopening of the economy has had a positive direct and indirect impact on a number of holdings within the portfolio and underpinned the strong share price and dividend recovery during the period.

The trade agreement with the EU which was reached at the end of 2020 finally provided clarity on the shape of our future trading relationship with Europe. This was welcomed by equity investors and provided a catalyst for greater interest in UK equities. The day to day reality of this trading agreement is proving slightly more challenging, with labour shortages in particular currently impacting a number of sectors including hospitality and logistics. The period of adjustment following our exit from the EU will not be a short lived and as always we will continue to monitor the risks and opportunities that may arise as a result.

Following the enforced periods of pandemic related lock downs global economies are continuing to recover strongly, however strong demand for goods and services in a number of disrupted sectors has created manufacturing and logistical challenges around the world. Component shortages and significantly increased freight costs are continuing to restrict supply and increase prices. This is a significant challenge for companies both large and small and will take time to correct.

Companies within the portfolio have traded well during the period, as many continue to experience a strong recovery in demand. Our long term preference for well capitalised market leading companies provided resilience during the pandemic and is now driving momentum in the recovery. Levels of debt remain low across the portfolio, with approximately two fifths of the portfolio currently enjoying a net cash position. This balance sheet strength provides an excellent platform for growth as we emerge from the pandemic, and we are confident a number of our investee companies now stand to benefit from long term market share gains.

The improving trading performance and balance sheet strength has also facilitated a strong recovery in dividend payments during the year. Dividend payments for the year ended 30 September 2021 are approximately 35% higher than the previous year and only 17% lower than the pre-covid comparative period in 2019. The portfolio also benefited from meaningful special dividend payments from Somero, Dunelm, B&M and Sabre Insurance during the period. Of the forty holdings at the end of the year only two Travel and Leisure stocks (Hollywood Bowl and Hostelworld) have yet to resume cash payments. The combined weighting of these two holdings is less than 3%. At this early stage in the year we remain confident the current financial year will see further progress towards pre-covid Fund dividend levels.

### Investment Manager's Report

continued

Portfolio turnover remained low during the period and in line with historic trends. The Sub-fund ended the period with an unchanged number of 40 holdings, following the addition of five new holdings and the disposal of five existing positions.

The five new additions to the portfolio included two IPOs. Conduit is a reinsurance business which raised a significant amount of capital to participate in a market enjoying a firm pricing environment, without any legacy claim risk. Peel Hunt is a well-respected small and mid-cap broker with a strong presence in retail trading. The three further additions were Emis Group, which provides software to the domestic healthcare sector; Dunelm Group, the home furnishing retailer and Synthomer, the specialist chemical business currently enjoying strong demand in the nitrile glove market.

During the period Signature Aviation, the leading global operator of private jet airports was subject to a number of bid approaches and this long term position was exited in full following a 70% increase in the share price which contributed 127 bps to performance. The four further disposals were all driven by yield compression, where strong share price performance, in excess of the dividend growth, reduces the dividend yield. This remains the core sell discipline within the portfolio and led to the disposal of long term holdings in Tyman, NCC Group, DiscoverIE and Alpha FX.

A large number of holdings generated strong positive returns during the year – of the 45 companies held during the period only four registered modest negative total returns. The largest individual contributor to performance was Polar Capital, the specialist Asset Manager, which continued to see assets under management grow during the period, adding 283 bps to performance. Brewin Dolphin also recovered strongly during the period, adding 244 bps to performance. Other notable contributions to performance came from Wincanton (148 bps), the provider of logistics services in the UK; Hill & Smith (155 bps), the galvanizer and manufacturer of infrastructure products; Clipper Logistics (148 bps), the provider of logistics and e-fulfilment services to the retail sector and Somero (144 bps), the manufacturer of laser guided concrete screeding equipment. All six positions were reduced during the period as a result of yield compression, with a meaningful reduction in the position size of long term holdings Hill and Smith and Clipper Logistics in particular.

The period under review has delivered strong capital and total returns for investors and we remain positive on the long term prospects for the portfolio however there are a number of near term challenges we must face. Global supply chains are under pressure and this has the potential to continue to impact a wide variety of sectors in the coming months. In the UK labour shortages are also impacting the availability of an increasing number of products and services. Both factors are having a significant impact on inflation. The positive impact of the vaccine roll out is well known however coronavirus is here to stay and we remain mindful of the ongoing risks associated the disease. On a more positive note corporate balance sheets remain in good health and high quality market leading companies are on the front foot – in terms of internal investment, M&A activity and customer acquisition. The UK consumer also remains in relatively good health thanks in part to a strong housing market and generous covid related support packages. For many businesses the challenge remains producing the products to meet this demand.

## Portfolio Statement

as at 30 September 2021

Holding	Security	Market value £	% of total net assets 2021
	<b>Software and Computer Services 2.01% (1.87%)</b>		
728,000	EMIS*	10,206,560	2.01
	<b>Telecommunications Service Providers 5.27% (5.33%)</b>		
2,200,000	Telecom Plus	26,752,000	5.27
	<b>Banks 1.96% (1.02%)</b>		
840,000	Secure Trust Bank	9,954,000	1.96
	<b>Finance and Credit Services 0.49% (0.43%)</b>		
9,100,000	Appreciate*	2,502,500	0.49
	<b>Investment Banking and Brokerage Services 18.21% (16.48%)</b>		
900,000	3i	11,529,000	2.27
6,500,000	Brewin Dolphin	24,765,000	4.88
4,240,000	Numis*	15,179,200	2.99
3,168,860	Peel Hunt	7,351,755	1.45
2,500,000	Polar Capital*	20,100,000	3.96
4,065,000	River & Mercantile	9,756,000	1.93
2,600,000	XPS Pensions	3,718,000	0.73
		92,398,955	18.21
	<b>Life Insurance 5.41% (5.49%)</b>		
4,250,000	Phoenix	27,438,000	5.41
	<b>Nonlife Insurance 5.65% (4.98%)</b>		
1,800,000	Conduit Holdings	8,532,000	1.68
9,200,000	Sabre Insurance	20,148,000	3.97
		28,680,000	5.65
	<b>Real Estate Investment and Services Development 2.98% (2.62%)</b>		
5,350,000	Boot (Henry)	15,140,500	2.98
	<b>Real Estate Investment Trusts 11.68% (13.81%)</b>		
10,145,000	Londonmetric Property	24,266,840	4.78
1,600,000	Palace Capital	3,792,000	0.75
11,550,000	Primary Health Properties	17,417,400	3.43
15,600,000	Regional REIT	13,774,800	2.72
		59,251,040	11.68
	<b>Media 2.67% (1.99%)</b>		
450,000	4imprint	13,545,000	2.67
	<b>Retailers 5.01% (4.33%)</b>		
2,500,000	B&M European Value Retail	14,760,000	2.91
750,000	Dunelm	10,657,500	2.10
		25,417,500	5.01
	<b>Travel and Leisure 2.24% (1.60%)</b>		
2,800,000	Hollywood Bowl	6,790,000	1.34
5,629,183	Hostelworld	4,548,380	0.90
		11,338,380	2.24

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2021
	<b>Beverages 1.18% (1.10%)</b>		
250,000	Coca-Cola HBC	5,995,000	1.18
	<b>Food Producers 2.07% (1.47%)</b>		
4,925,000	Devro	10,514,875	2.07
	<b>Construction and Materials 8.18% (7.79%)</b>		
6,700,000	Epwin*	7,638,000	1.51
2,600,000	James Halstead*	13,676,000	2.70
1,400,000	Marshalls	10,444,000	2.06
12,900,000	Severfield	9,675,000	1.91
		41,433,000	8.18
	<b>Electronic and Electrical Equipment 0.00% (2.45%)</b>		
	<b>Industrial Engineering 7.59% (4.83%)</b>		
2,077,000	Castings	7,269,500	1.43
2,720,225	Somero Enterprises*	14,145,170	2.79
3,500,000	Vesuvius	17,080,000	3.37
		38,494,670	7.59
	<b>Industrial Support Services 6.27% (8.16%)</b>		
688,736	Clipper Logistics	5,013,998	0.99
1,230,000	FDM	15,547,200	3.06
4,600,000	Gateley*	11,270,000	2.22
		31,831,198	6.27
	<b>Industrial Transportation 2.20% (3.73%)</b>		
3,150,000	Wincanton	11,182,500	2.20
	<b>Industrial Metals and Mining 2.47% (6.60%)</b>		
600,000	Bodycote	5,265,000	1.04
400,000	Hill & Smith	7,264,000	1.43
		12,529,000	2.47
	<b>Chemicals 2.01% (0.00%)</b>		
2,050,000	Synthomer	10,200,800	2.01
	<b>Investment assets</b>	<b>484,805,478</b>	<b>95.55</b>
	<b>Net other assets</b>	<b>22,589,546</b>	<b>4.45</b>
	<b>Net assets</b>	<b>507,395,024</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 30.09.20.

\*Quoted on AIM.

## Comparative Tables

### Change in net assets per share

	A Income		
	30.09.21 p	30.09.20 p	30.09.19 p
<b>Opening net asset value per share</b>	193.50	231.77	235.96
Return before operating charges <sup>^</sup>	62.93	-28.24	10.35
Operating charges	-3.61	-3.37	-3.62
Return after operating charges <sup>^</sup>	59.32	-31.61	6.73
Distributions	-8.90	-6.66	10.92
<b>Closing net asset value per share</b>	<b>243.92</b>	<b>193.50</b>	<b>231.77</b>
<sup>^</sup> After direct transaction costs of	-0.21	-0.52	-0.51
<b>Performance</b>			
Return after charges	30.66%	-13.64%	2.85%
<b>Other information</b>			
Closing net asset value	£22,908,381	£20,777,037	£28,281,948
Closing number of shares	9,391,838	10,737,409	12,202,541
Operating charges	1.56%	1.56%	1.56%
Direct transaction costs	0.09%	0.24%	0.22%
<b>Prices</b>			
Highest share price	253.43	266.76	250.16
Lowest share price	190.78	157.03	211.48

	A Accumulation		
	30.09.21 p	30.09.20 p	30.09.19 p
<b>Opening net asset value per share</b>	264.82	307.14	298.38
Return before operating charges <sup>^</sup>	86.70	-37.82	13.40
Operating charges	-5.00	-4.50	-4.64
Return after operating charges <sup>^</sup>	81.70	-42.32	8.76
Distributions	-12.35	-8.91	-14.03
Retained distributions on accumulation shares	12.35	8.91	14.03
<b>Closing net asset value per share</b>	<b>346.52</b>	<b>264.82</b>	<b>307.14</b>
<sup>^</sup> After direct transaction costs of	-0.29	-0.69	-0.65
<b>Performance</b>			
Return after charges	30.85%	-13.78%	2.94%
<b>Other information</b>			
Closing net asset value	£5,609,489	£5,014,047	£6,280,960
Closing number of shares	1,618,825	1,893,381	2,044,996
Operating charges	1.56%	1.56%	1.56%
Direct transaction costs	0.09%	0.24%	0.22%
<b>Prices</b>			
Highest share price	355.46	354.39	320.62
Lowest share price	261.08	209.54	267.40



**Comparative Tables**

continued

**Change in net assets per share**

	<b>B Income</b>		
	<b>30.09.21</b> p	<b>30.09.20</b> p	<b>30.09.19</b> p
<b>Opening net asset value per share</b>	213.22	253.46	256.10
Return before operating charges <sup>^</sup>	69.50	-31.01	11.31
Operating charges	-2.07	-1.92	-2.05
Return after operating charges <sup>^</sup>	67.43	-32.93	9.26
Distributions	-9.85	-7.31	-11.90
<b>Closing net asset value per share</b>	<b>270.80</b>	<b>213.22</b>	<b>253.46</b>
<sup>^</sup> After direct transaction costs of	-0.23	-0.57	-0.56
<b>Performance</b>			
Return after charges	31.62%	-12.99%	3.62%
<b>Other information</b>			
Closing net asset value	£214,681,809	£205,619,495	£256,185,108
Closing number of shares	79,275,813	96,435,849	101,073,339
Operating charges	0.81%	0.81%	0.81%
Direct transaction costs	0.09%	0.24%	0.22%
<b>Prices</b>			
Highest share price	281.32	292.27	272.70
Lowest share price	210.34	172.33	229.91

	<b>B Accumulation</b>		
	<b>30.09.21</b> p	<b>30.09.20</b> p	<b>30.09.19</b> p
<b>Opening net asset value per share</b>	291.64	335.71	323.70
Return before operating charges <sup>^</sup>	95.70	-41.51	14.63
Operating charges	-2.87	-2.56	-2.62
Return after operating charges <sup>^</sup>	92.83	-44.07	12.01
Distributions	-13.66	-9.78	-15.29
Retained distributions on accumulation shares	13.66	9.78	15.29
<b>Closing net asset value per share</b>	<b>384.47</b>	<b>291.64</b>	<b>335.71</b>
<sup>^</sup> After direct transaction costs of	-0.32	-0.76	-0.71
<b>Performance</b>			
Return after charges	31.83%	-13.13%	3.71%
<b>Other information</b>			
Closing net asset value	£260,389,426	£327,402,587	£317,275,880
Closing number of shares	67,726,011	112,261,395	94,508,656
Operating charges	0.81%	0.81%	0.81%
Direct transaction costs	0.09%	0.24%	0.22%
<b>Prices</b>			
Highest share price	394.34	388.10	349.33
Lowest share price	287.69	229.83	290.56

## Comparative Tables

continued

### Change in net assets per share

	Overseas Income		
	30.09.21 p	30.09.20 p	30.09.19 p
<b>Opening net asset value per share</b>	80.33	96.22	97.96
Return before operating charges <sup>^</sup>	26.12	-11.73	4.29
Operating charges	-1.50	-1.40	-1.50
Return after operating charges <sup>^</sup>	24.62	-13.13	2.79
Distributions	-3.69	-2.76	4.53
<b>Closing net asset value per share</b>	<b>101.26</b>	<b>80.33</b>	<b>96.22</b>
<sup>^</sup> After direct transaction costs of	-0.09	-0.22	-0.21
<b>Performance</b>			
Return after charges	30.65%	-13.64%	2.86%
<b>Other information</b>			
Closing net asset value	£2,939,671	£3,352,177	£3,715,615
Closing number of shares	2,903,118	4,172,798	3,861,559
Operating charges	1.56%	1.56%	1.56%
Direct transaction costs	0.09%	0.24%	0.22%
<b>Prices</b>			
Highest share price	105.21	110.75	103.85
Lowest share price	79.20	65.19	87.80

	Overseas Accumulation		
	30.09.21 p	30.09.20 p	30.09.19 p
<b>Opening net asset value per share</b>	105.95	122.88	119.37
Return before operating charges <sup>^</sup>	34.68	-15.13	5.37
Operating charges	-2.00	-1.80	-1.86
Return after operating charges <sup>^</sup>	32.68	-16.93	3.51
Distributions	-4.94	-3.57	-5.61
Retained distributions on accumulation shares	4.94	3.57	5.61
<b>Closing net asset value per share</b>	<b>138.63</b>	<b>105.95</b>	<b>122.88</b>
<sup>^</sup> After direct transaction costs of	-0.12	-0.28	-0.26
<b>Performance</b>			
Return after charges	30.84%	-13.78%	2.94%
<b>Other information</b>			
Closing net asset value	£866,248	£911,657	£1,262,446
Closing number of shares	624,843	860,456	1,027,360
Operating charges	1.56%	1.56%	1.56%
Direct transaction costs	0.09%	0.24%	0.22%
<b>Prices</b>			
Highest share price	142.21	141.79	128.27
Lowest share price	104.45	83.83	106.98

Operating charges include indirect costs incurred in the maintenance and running of the Sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Net Asset Value for the accounting year.

The return after charges is calculated as the closing Net Asset Value per share plus the distributions on income shares minus the opening Net Asset Value per share as a % of the opening net asset value per share. The basis of valuation of investments used to calculate net asset value per share is described in notes to the Financial Statements 1h) and complies with requirements of the current Statement of Recommended Practice for UK Authorised Funds. This differs from the basis used to calculate daily published single prices, in which listed investments are valued at 10:00 mid prices.

Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, which are offset (where applicable) against any dilution levies charged within the accounting period. The figures used within the table have been calculated against the average Net Asset Value for the accounting year.

### Risk and Reward Profile

The risk and reward indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



The Sub-fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-fund:

- Smaller company shares, including AIM companies, can be riskier as they may be more difficult to buy and sell and their share prices may fluctuate more than that of a larger company.
- The level of targeted income is not guaranteed and may not be achieved.
- For further risk information please see the prospectus.

### Risk warning

An investment in an Open Ended Investment Company should be regarded as a medium to long-term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

**Statement of Total Return**

for the year ended 30 September 2021

	Note	£	30.09.21 £	£	30.09.20 £
Income					
Net capital gains/(losses)	2		141,076,659		(99,083,134)
Revenue	3	22,652,710		19,797,743	
Expenses	4	(4,790,435)		(5,154,898)	
Net revenue before taxation		17,862,275		14,642,845	
Taxation	5	(488,991)		(159,887)	
Net revenue after taxation			17,373,284		14,482,958
<b>Total return before distributions</b>			<b>158,449,943</b>		<b>(84,600,176)</b>
Distributions	6		(21,240,667)		(18,719,424)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>137,209,276</b>		<b>(103,319,600)</b>

**Statement of Change in Net Assets Attributable to Shareholders**

for the year ended 30 September 2021

	£	30.09.21 £	£	30.09.20 £
<b>Opening net assets attributable to Shareholders</b>		<b>563,077,000</b>		<b>613,001,957</b>
Amounts receivable on issue of shares	135,840,243		286,213,930	
Less: Amounts payable on cancellation of shares	(340,000,327)		(243,439,228)	
		(204,160,084)		42,774,702
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		137,209,276		(103,319,600)
Retained distributions on accumulation shares		11,268,498		10,619,643
Unclaimed distributions		334		298
<b>Closing net assets attributable to Shareholders</b>		<b>507,395,024</b>		<b>563,077,000</b>

The notes on pages 75 to 82 form an integral part of these Financial Statements.

## Unicorn Investment Funds - UK Income Fund

### Balance Sheet

as at 30 September 2021

	Note	30.09.21		30.09.20	
		£	£	£	£
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Investments			484,805,478		541,020,706
<b>Current Assets</b>					
Debtors	7	2,470,705		3,832,354	
Cash and bank balances	9	25,469,305		23,705,404	
<b>Total current assets</b>			<b>27,940,010</b>		<b>27,537,758</b>
<b>Total assets</b>			<b>512,745,488</b>		<b>568,558,464</b>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Distribution payable		(3,093,290)		(3,277,935)	
Other creditors	8	(2,257,174)		(2,203,529)	
<b>Total creditors</b>			<b>(5,350,464)</b>		<b>(5,481,464)</b>
<b>Total liabilities</b>			<b>(5,350,464)</b>		<b>(5,481,464)</b>
<b>Net assets attributable to Shareholders</b>			<b>507,395,024</b>		<b>563,077,000</b>

The notes on pages 75 to 82 form an integral part of these Financial Statements.

## Notes to the Financial Statements

for the year ended 30 September 2021

### 1. Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Accounting Policies stated on pages 7 to 8.

<b>2. Net Capital Gains/(Losses)</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
Non-derivative securities	141,086,902	(99,073,352)
Currency losses	(1,378)	(1,007)
Transaction charges	(8,865)	(8,775)
<b>Net capital gains/(losses)</b>	<b>141,076,659</b>	<b>(99,083,134)</b>

<b>3. Revenue</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
UK dividends: Ordinary	16,141,055	15,737,829
Overseas dividends	3,259,940	931,677
Property income distributions	3,251,715	3,082,134
Bank interest	–	40,063
Other income	–	6,040
<b>Total revenue</b>	<b>22,652,710</b>	<b>19,797,743</b>

<b>4. Expenses</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's Management fee	4,449,577	4,787,406
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	272,410	295,612
Safe custody and other bank charges	26,760	27,416
	299,170	323,028

## Notes to the Financial Statements

continued

<b>4. Expenses (continued)</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
Auditors remuneration:		
Audit fee (including VAT)	11,015	10,694
Other expenses:		
Listing fees	6,121	6,136
Legal fees	6,879	8,563
Printing costs	17,673	19,071
	41,688	33,770
<b>Total expenses</b>	<b>4,790,435</b>	<b>5,154,898</b>

<b>5. Taxation</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
(a) Analysis of charge in the year:		
Overseas tax	488,991	159,887
<b>Total tax charge (note 5b)</b>	<b>488,991</b>	<b>159,887</b>

(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	17,862,275	14,642,845
Corporation tax at 20%	3,572,455	2,928,569
Effects of:		
UK dividends	(3,228,211)	(3,147,566)
Other Income	–	(1,208)
Movement in surplus management expenses	307,744	406,540
Overseas tax expensed	488,991	159,887
Non-taxable overseas earnings	(651,988)	(186,335)
<b>Total tax charge (note 5a)</b>	<b>488,991</b>	<b>159,887</b>

### (c) Deferred tax

At the year end there is a potential deferred tax asset of £6,331,576 (2020: £6,023,831) in relation to surplus management expenses of £31,657,879 (2020: £30,119,159). It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

## Notes to the Financial Statements

continued

### 6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

		<b>30.09.21</b>	<b>30.09.20</b>
		£	£
First interim distribution	31.12.20	4,734,518	4,894,806
Second interim distribution	31.03.21	2,996,395	2,102,428
Third interim distribution	30.06.21	5,905,933	3,912,574
Final distribution	30.09.21	6,481,162	7,966,216
		<b>20,118,008</b>	<b>18,876,024</b>
Revenue deducted on cancellation of shares		1,848,204	1,119,684
Revenue received on issue of shares		(725,545)	(1,276,284)
<b>Distributions</b>		<b>21,240,667</b>	<b>18,719,424</b>

#### Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		17,373,284	14,482,958
Expenses allocated to capital		4,449,577	4,787,406
Relief on expenses allocated to capital		(582,171)	(550,941)
Undistributed revenue brought forward		83	84
Undistributed revenue carried forward		(106)	(83)
<b>Distributions</b>		<b>21,240,667</b>	<b>18,719,424</b>

### 7. Debtors

		<b>30.09.21</b>	<b>30.09.20</b>
		£	£
Amounts receivable on issues		716,305	923,299
Sales awaiting settlement		–	1,112,886
Accrued income:			
Dividends receivable		1,741,007	1,779,087
UK income tax recoverable		11,849	11,849
Prepaid expenses:			
Legal fee		–	3,693
Listing fee		1,544	1,540
<b>Total debtors</b>		<b>2,470,705</b>	<b>3,832,354</b>



**Notes to the Financial Statements**

continued

<b>8. Other Creditors</b>	<b>30.09.21</b>	<b>30.09.20</b>
	<b>£</b>	<b>£</b>
Amounts payable on cancellations	1,849,885	1,764,105
Accrued expenses:		
Amounts payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's Management fee	343,180	374,181
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	42,305	47,218
Safe custody and other bank charges	4,204	2,198
	<hr/> 46,509	<hr/> 49,416
Auditors remuneration:		
Audit fee (including VAT)	11,015	10,694
Other expenses:		
Legal fees	1,245	–
Printing costs	5,340	5,133
	<hr/> 17,600	<hr/> 5,133
<b>Total other creditors</b>	<hr/> <b>2,257,174</b>	<hr/> <b>2,203,529</b>
<b>9. Cash and Bank Balances</b>	<b>30.09.21</b>	<b>30.09.20</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	25,469,305	23,705,404
<b>Cash and bank balances</b>	<hr/> <b>25,469,305</b>	<hr/> <b>23,705,404</b>

## Notes to the Financial Statements

continued

### 10. Related Party Transactions

Management fees paid to the ACD, Unicorn Asset Management Ltd are shown in note 4, the amounts due at the year end in respect of Management fees are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and in note 6, amounts due at the year end are shown in notes 7 and 8.

Unicorn Asset Management Ltd and its associates had the following shareholdings in the Sub-fund:

	Held at 30.09.21	Change in period	Held at 30.09.20
<b>A Accumulation Shares</b>			
Unicorn Asset Management Ltd	5,023	–	5,023
<b>B Income Shares</b>			
Colin Howell - Chairman	34,000	–	34,000
Jean Howell - Chairman's wife	9,600	–	9,600
Chris Hutchinson - Director	–	(2,307)	2,307
<b>B Accumulation Shares</b>			
Unicorn Asset Management Ltd	4,819	–	4,819
<b>Overseas Income Shares</b>			
Unicorn Asset Management Ltd	13,449	482	12,967
<b>Overseas Accumulation Shares</b>			
Unicorn Asset Management Ltd	10,000	–	10,000

At the year end the Sub-fund did not hold shares in any of the other Sub-funds within the Unicorn Investment Funds.

### 11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2020: none).

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in the risk management policies on pages 9 to 10.

Numerical disclosures relating to the Sub-fund are as follows:

#### Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £48,480,548 (2020: £54,102,071).

#### Currency risk

The majority of the Sub-fund's assets comprise of investments and cash denominated in sterling. As a result, the income and capital value of the Sub-fund are not affected by currency movements.

There is no material foreign currency exposure in the Sub-fund (2020: none).

**Notes to the Financial Statements**

continued

**12. Risk Management Policies and Disclosures (continued)**

**Interest rate risk**

The table below details the interest rate risk profile at the balance sheet date:

**30.09.21**

<b>Currency</b>	<b>Floating rate financial assets £</b>	<b>Financial assets not carrying interest £</b>	<b>Total £</b>
Pound sterling	25,469,305	487,123,686	512,592,991
United States dollar	–	152,497	152,497
	<b>25,469,305</b>	<b>487,276,183</b>	<b>512,745,488</b>

<b>Currency</b>	<b>Financial liabilities not carrying interest £</b>	<b>Total £</b>
Pound sterling	5,350,464	5,350,464
	<b>5,350,464</b>	<b>5,350,464</b>

**30.09.20**

<b>Currency</b>	<b>Floating rate financial assets £</b>	<b>Financial assets not carrying interest £</b>	<b>Total £</b>
Pound sterling	23,705,404	544,390,360	568,095,764
United States dollar	–	462,700	462,700
	<b>23,705,404</b>	<b>544,853,060</b>	<b>568,558,464</b>

<b>Currency</b>	<b>Financial liabilities not carrying interest £</b>	<b>Total £</b>
Pound sterling	5,481,464	5,481,464
	<b>5,481,464</b>	<b>5,481,464</b>

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

30.09.21

Analysis of purchases	Total purchase cost £	£	Commissions paid %	£	Taxes %	Purchases before transaction cost £
Equities	62,068,357	49,578	0.08	182,250	0.29	61,836,529
<b>Total purchases after commissions and tax</b>	<b>62,068,357</b>					
Analysis of sales	Net sale proceeds £	£	Commissions paid %	£	Taxes %	Sales before transaction cost £
Equities	259,233,289	297,770	0.11	495	0.00	259,531,554
Corporate actions	137,198	–	0.00	–	0.00	137,198
<b>Total sales after commissions and tax</b>	<b>259,370,487</b>					
Commission as a % of the average net assets	0.06%					
Taxes as a % of the average net assets	0.03%					

30.09.20

Analysis of purchases	Total purchase cost £	£	Commissions paid %	£	Taxes %	Purchases before transaction cost £
Equities	253,452,328	242,313	0.10	1,022,944	0.40	252,187,071
Corporate actions	(25,938,660)	–	0.00	–	0.00	(25,938,660)
<b>Total purchases after commissions and tax</b>	<b>227,513,668</b>					
Analysis of sales	Net sale proceeds £	£	Commissions paid %	£	Taxes %	Sales before transaction cost £
Equities	163,475,121	150,104	0.09	165	0.00	163,625,390
Corporate actions	18,379,155	–	0.00	–	0.00	18,379,155
<b>Total sales after commissions and tax</b>	<b>181,854,276</b>					
Commission as a % of the average net assets	0.07%					
Taxes as a % of the average net assets	0.17%					

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on pages 69 to 71. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

## Notes to the Financial Statements

continued

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 30 September 2021 is 0.72% (2020: 0.88%).

### 15. Events after the Balance Sheet date

There were no notifiable events post the year end balance sheet date.

### 16. Fair Value Disclosure

Valuation technique	30.09.21		30.09.20	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	484,805,478	–	541,020,706	–
Level 2 <sup>^^</sup>	–	–	–	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>484,805,478</b>	<b>–</b>	<b>541,020,706</b>	<b>–</b>

<sup>^</sup>Level 1: Unadjusted quoted price in an active market for an identical instrument.

<sup>^^</sup>Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

<sup>^^^</sup>Level 3: Valuation techniques using unobservable inputs.

### 17. Shareholders Funds

	A Income	B Income	Overseas Income
Opening number of Shares	10,737,409	96,435,849	4,172,798
Shares issued	373,070	16,433,113	318,527
Shares cancelled	(1,596,515)	(34,179,074)	(274,211)
Shares converted	(122,125)	585,925	(1,313,996)
<b>Closing number of shares</b>	<b>9,391,838</b>	<b>79,275,813</b>	<b>2,903,118</b>

	A Accumulation	B Accumulation	Overseas Accumulation
Opening number of Shares	1,893,381	112,261,395	860,456
Shares issued	70,786	26,674,839	34,436
Shares cancelled	(335,810)	(71,230,938)	(270,049)
Shares converted	(9,533)	20,715	–
<b>Closing number of shares</b>	<b>1,618,825</b>	<b>67,726,011</b>	<b>624,843</b>

## Distribution Tables

for the year ended 30 September 2021

### Income Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution paid/payable 2021 p	Distribution paid 2020 p
A	First interim	Group 1	1.7763	–	1.7763	1.8334
		Group 2	0.7147	1.0616	1.7763	1.8334
	Second interim	Group 1	1.1821	–	1.1821	0.7517
		Group 2	0.2234	0.9587	1.1821	0.7517
	Third interim	Group 1	2.7997	–	2.7997	1.3076
		Group 2	0.7550	2.0447	2.7997	1.3076
	Final	Group 1	3.1398	–	3.1398	2.7639
		Group 2	0.7013	2.4385	3.1398	2.7639
B	First interim	Group 1	1.9595	–	1.9595	2.0067
		Group 2	1.0025	0.9570	1.9595	2.0067
	Second interim	Group 1	1.3056	–	1.3056	0.8241
		Group 2	0.2891	1.0165	1.3056	0.8241
	Third interim	Group 1	3.0981	–	3.0981	1.4359
		Group 2	1.1052	1.9929	3.0981	1.4359
	Final	Group 1	3.4822	–	3.4822	3.0417
		Group 2	1.6797	1.8025	3.4822	3.0417
Overseas	First interim	Group 1	0.7374	–	0.7374	0.7612
		Group 2	0.2684	0.4690	0.7374	0.7612
	Second interim	Group 1	0.4908	–	0.4908	0.3121
		Group 2	0.1264	0.3644	0.4908	0.3121
	Third interim	Group 1	1.1621	–	1.1621	0.5429
		Group 2	0.1929	0.9692	1.1621	0.5429
	Final	Group 1	1.3042	–	1.3042	1.1473
		Group 2	0.4188	0.8854	1.3042	1.1473

## Distribution Tables

continued

### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2021 p	Amount reinvested 2020 p
A	First interim	Group 1	2.4307	–	2.4307	2.4302
		Group 2	0.8583	1.5724	2.4307	2.4302
	Second interim	Group 1	1.6307	–	1.6307	1.0030
		Group 2	0.5613	1.0694	1.6307	1.0030
	Third interim	Group 1	3.8828	–	3.8828	1.7511
		Group 2	1.8396	2.0432	3.8828	1.7511
	Final	Group 1	4.4038	–	4.4038	3.7286
		Group 2	2.0267	2.3771	4.4038	3.7286
B	First interim	Group 1	2.6794	–	2.6794	2.6580
		Group 2	1.5638	1.1156	2.6794	2.6580
	Second interim	Group 1	1.7999	–	1.7999	1.0991
		Group 2	0.3813	1.4186	1.7999	1.0991
	Third interim	Group 1	4.3042	–	4.3042	1.9220
		Group 2	1.5342	2.7700	4.3042	1.9220
	Final	Group 1	4.8808	–	4.8808	4.4019
		Group 2	2.4065	2.4743	4.8808	4.4019
Overseas	First interim	Group 1	0.9724	–	0.9724	0.9722
		Group 2 <sup>^</sup>	0.9724	–	0.9724	0.9722
	Second interim	Group 1	0.6525	–	0.6525	0.4014
		Group 2	0.0527	0.5998	0.6525	0.4014
	Third interim	Group 1	1.5520	–	1.5520	0.7006
		Group 2	1.0016	0.5504	1.5520	0.7006
	Final	Group 1	1.7622	–	1.7622	1.4916
		Group 2 <sup>^</sup>	1.7622	–	1.7622	1.4916

<sup>^</sup>No equalisation applicable for these Group 2 shares.

First interim period: 01.10.20 - 31.12.20

Second interim period: 01.01.21 - 31.03.21

Third interim period: 01.04.21 - 30.06.21

Final period: 01.07.21 - 30.09.21

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents accrued revenue included in the purchase price of the shares. After averaging, it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

## Investment Objective and Policy

The Unicorn Outstanding British Companies Fund aims to achieve long term capital growth by investing in a portfolio of outstanding British companies by taking a long term view of not less than five years.

British companies are defined as those which are incorporated or domiciled in the UK or have a significant part of their operations in the UK.

At least 80% of the companies that the Sub-fund invests into will be British companies. The Sub-fund can also invest into companies that are not otherwise British companies but are listed on stock exchanges in the UK.

Outstanding companies are defined as those whose economics and risks are well understood, whose revenues, earnings and cash flows are predictable to a reasonable 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, and which produce clean, intelligible financial statements.

The Sub-fund may also invest in smaller companies, including companies quoted on AIM. AIM is the London Stock Exchange's international market for smaller, growing companies.

The Sub-fund may also invest, at its discretion, in other transferable securities and deposits and cash.

The Sub-fund may also enter into certain derivative and forward transactions for hedging purposes.

The Sub-fund may have a concentrated portfolio.

The Sub-fund invests for the long term and there is no guarantee that any particular return will be achieved, over any period, and investors should note that their capital is always at risk.

## Investment Manager's Report

for the year ended 30 September 2021

For the twelve-month year ended 30 September 2021, the Outstanding British Companies Fund's B Accumulation Shares recorded a total return of +18.6%. In comparison, the IA UK All Companies sector average total return was +32.4% over the same period.

During the twelve-month under review, the UK stock market performed strongly and continued to recover from the nadir of the global pandemic in March 2020. Equity markets rose particularly sharply during the final calendar quarter of 2020, following the announcements of successful COVID-19 vaccine trials by global pharmaceuticals companies. The recovery was led by 'value' stocks, which had previously underperformed 'growth' stocks in the earlier stages of the pandemic.

The stock market continued its slow and steady rise during the spring and summer months of 2021, buoyed by the UK's improving economic performance as wide ranging restrictions on social and economic activity, which had been imposed by the Government, were almost entirely removed. Notwithstanding the strong positive returns recorded across a wide-range of sectors, the large weighting in oil & gas and pharmaceutical companies contributed the most towards the benchmark index total return. By 30 September 2021, the benchmark index had recouped over 90% of the value which had been lost as a consequence of the sell-off in the spring of 2020.

The Sub-fund has historically underperformed its peers in the IA UK All Companies Sector, as well as its benchmark index, during periods of strong stock market rises, due to the portfolio's underweight exposure to more cyclical sectors, which have historically experienced higher levels of volatility. This trend persisted throughout the twelve-month period under review and resulted the Sub-fund's sustained relative underperformance. This outcome is disappointing for us as Manager, despite our belief that the Sub-fund's performance remains best measured over the long-term.



## Investment Manager's Report

continued

At a performance attribution level, a principal driver of the relative underperformance was a higher cash weighting than average, which acted as a drag on Fund performance in sharply rising markets. This cash weighting reflected sustained inflows to the Sub-fund, as well as the Manager's short-term tactical decision. While it was extremely challenging at the time to predict the speed and strength at which the stock market would recover, with hindsight the Fund's cash weighing should have been deployed more rapidly into the market. The other principal reason for relative underperformance was the Fund's lack of exposure to the oil & gas sector, which contributed meaningfully to the benchmark index's return. Oil stocks performed positively as a consequence of the sustained rise in the oil price, which almost doubled during the period under review from approximately \$40 per barrel to almost \$80 per barrel.

In spite of the Sub-fund's underperformance during the period under review, the Manager believes that the characteristics of a portfolio of high quality companies, which generate predictable revenues, profits and cash flows, will continue to deliver superior total returns over the Fund's long-term investment horizon. This is especially true during more challenging economic periods, when lower quality businesses can experience a rapid deterioration in their financial performance and a corresponding fall in their share price.

The Sub-fund retains a concentrated portfolio of investments, commencing the period under review with twenty-seven holdings and ending the period with twenty-seven holdings. However, during this time, four new holdings were added to the portfolio and four existing holdings were exited in full. The new additions to the portfolio were:

- Abingdon Health, which is a developer and manufacturer of Lateral Flow Tests for a variety of healthcare applications.
- London Stock Exchange Group, which is a leading global provider of financial markets infrastructure and data services.
- Tate & Lyle, which is a leading global provider of ingredients and solutions for the food, beverage and industrial markets.
- Rotork, which is a leading designer and manufacturer of flow control and instrumentation solutions for a variety of end markets including; oil & gas, water, power, chemical and industrial applications.

Following a reappraisal of their investment cases, which was covered in the Sub-fund's interim report as at 30 March 2021, the holdings in City Pub Group, Shaftesbury and ULS Technology were exited in full. Separately, a small holding in Abingdon Health, which was acquired in November 2020, was subsequently fully exited in May 2021 following a sharp increase in the level of uncertainty around the company's immediate trading outlook.

A large number of the Sub-fund's holdings recorded a positive total return during the period under review. The largest overall contributor to Sub-fund performance was Keystone Law, which added +2.4% in Sub-fund performance terms. Keystone Law, which is a challenger law firm, has been well positioned to expand its network of lawyers due to its strong technology platform which facilitates more efficient and effective remote working capabilities. The company also benefited during the past year from buoyant activity levels in the legal services market as UK economic activity recovered.

The second largest contributor was Tracsis, which added +2.0% in Sub-fund performance terms. Tracsis, which is a provider of software, hardware and data analytics to the rail and transport industries, reported that trading had recovered in its Traffic Data and Events business and its Rail Technology business had continued to achieve solid organic growth over the financial year ended 31 July 2021. Tracsis' rail business recently won a large, multi-year contract to supply a rail franchise with its RailHub software, reflecting growing momentum in the rollout of digital rail services across the UK.

The third largest contributor was Dechra Pharmaceuticals, which added +1.8% in Sub-fund performance terms. Dechra Pharmaceuticals, which is a global veterinary pharmaceuticals business, reported robust trading throughout its most recent financial year ended 30 June 2021 including exceptionally strong growth in its companion animal products business. Dechra is well positioned to deliver further growth in earnings from its strong portfolio and diversified global market exposure.

The largest detractor was Fisher (James) & Sons, which cost -0.7% in Sub-fund performance terms. James Fisher, which is a provider of marine solutions and specialist engineering services, reported that trading remained challenging in the first six months of its financial year. Its ship-to-ship transfer services had experienced lower demand and new orders for its defense business were also weaker than anticipated. Management have implemented a strategic review to exit underperforming divisions.

## Investment Manager's Report

continued

The second largest detractor was Abingdon Health, which cost -0.6% in Sub-fund performance terms. Abingdon reported that orders for its lateral flow test were taking longer to receive than originally anticipated and consequently would likely result in the company being unprofitable in the current financial year.

The third largest detractor was Renishaw, which cost -0.5% in Sub-fund performance terms. Renishaw announced that it had decided to end its Formal Sale Process having concluded that none of the offer received had met the Board's objectives of achieving a satisfactory outcome for all stakeholders. Management noted that trading had remained strong and a record order book provided confidence in the outlook for future growth in earnings.

Towards the end of the period under review, volatility in the UK equity market increased, principally driven by investors' strengthening belief that the Bank of England would be forced to raise interest rates at a brisker pace than previously anticipated. This is due to the level of price inflation in the UK economy remaining stubbornly high and expected to increase further in 2022.

The significant increase in the price of everyday essentials such as food, petrol and energy is already starting to put on a strain on discretionary consumer spending and, with additional cuts to disposable income in the form of increased National Insurance contributions still to be felt, there can be little doubt that these combined effects will exert further pressure on consumer spending in the months ahead. Given that the UK is predominantly a service based economy, in which growth in Gross Domestic Product (GDP) is predominantly reliant on increases in consumer spending, it is currently difficult to envisage meaningful economic growth in the short to medium term. Notwithstanding these challenges, our preference for high quality companies, which are well capitalised and have strong pricing power should continue to thrive and in challenging conditions will likely benefit from the misfortunes of weaker competition.

The investment strategy of the Sub-fund remains unchanged. The objective is to deliver superior, long-term total returns through investment in a concentrated portfolio of high quality companies. The Manager continues to focus on identifying businesses that demonstrate leadership positions in niche and growing market sectors, which have strong barriers to entry and can generate sustainably high returns on invested capital. The Manager believes that a Sub-fund composed of investments in such businesses should provide defensive characteristics during periods of stock market turbulence, while also offering the potential for strong capital growth over the long-term.

## Portfolio Statement

as at 30 September 2021

Holding	Security	Market value £	% of total net assets 2021
	<b>TECHNOLOGY 10.05% (9.45%)</b>		
	<b>Software and Computer Services 7.25% (7.46%)</b>		
650,000	Sage	4,612,400	4.09
375,000	Tracsis*	3,562,500	3.16
		<b>8,174,900</b>	<b>7.25</b>
	<b>Technology Hardware and Equipment 2.80% (1.99%)</b>		
250,000	Gooch & Housego*	3,150,000	2.80
	<b>HEALTH CARE 20.45% (20.33%)</b>		
	<b>Health Care Providers 3.20% (5.22%)</b>		
600,000	Tristel*	3,600,000	3.20
	<b>Medical Equipment and Services 7.75% (6.53%)</b>		
1,475,000	Advanced Medical Solutions*	4,550,375	4.04
325,000	Smith & Nephew	4,182,750	3.71
		<b>8,733,125</b>	<b>7.75</b>
	<b>Pharmaceuticals and Biotechnology 9.50% (8.58%)</b>		
230,000	Abcam*	3,443,100	3.06
500,000	Anpario*	2,900,000	2.57
90,000	Dechra Pharmaceuticals	4,361,400	3.87
		<b>10,704,500</b>	<b>9.50</b>
	<b>FINANCIALS 17.19% (12.81%)</b>		
	<b>Banks 3.26% (2.59%)</b>		
415,579	Arbuthnot Banking*	3,677,874	3.26
	<b>Finance and Credit Services 2.98% (0.00%)</b>		
45,000	London Stock Exchange	3,351,600	2.98
	<b>Investment Banking and Brokerage Services 10.95% (10.22%)</b>		
1,565,493	Curtis Banks*	3,851,113	3.42
825,000	Integratin	4,281,750	3.80
525,000	Mattioli Woods*	4,200,000	3.73
		<b>12,332,863</b>	<b>10.95</b>
	<b>REAL STATE 3.48% (6.69%)</b>		
	<b>Real Estate Investment Trusts 3.48% (6.69%)</b>		
2,600,000	Primary Health Properties	3,920,800	3.48
	<b>CONSUMER STAPLES 10.93% (8.77%)</b>		
	<b>Beverages 4.16% (3.67%)</b>		
130,000	Diageo	4,687,150	4.16
	<b>Food Producers 3.07% (1.34%)</b>		
500,000	Tate & Lyle	3,458,000	3.07

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2021
	<b>Tobacco 3.70% (3.76%)</b>		
160,000	British American Tobacco	4,166,400	3.70
	<b>INDUSTRIALS 27.45% (23.65%)</b>		
	<b>Construction and Materials 2.90% (3.00%)</b>		
620,000	James Halstead*	3,261,200	2.90
	<b>Electronic and Electrical Equipment 6.16% (4.27%)</b>		
80,000	Renishaw	3,798,400	3.37
900,000	Rotork	3,139,200	2.79
		6,937,600	6.16
	<b>Industrial Engineering 3.99% (3.74%)</b>		
30,000	Spirax-Sarco Engineering	4,489,500	3.99
	<b>Industrial Support Services 7.12% (7.87%)</b>		
500,000	Keystone Law*	4,100,000	3.64
625,000	RWS *	3,915,625	3.48
		8,015,625	7.12
	<b>Industrial Transportation 7.28% (4.77%)</b>		
450,000	Fisher (James) & Sons	3,865,500	3.43
425,000	VP	4,335,000	3.85
		8,200,500	7.28
	<b>BASIC MATERIALS 3.59% (2.63%)</b>		
	<b>Chemicals 3.59% (2.63%)</b>		
170,000	Victrex	4,049,400	3.59
	<b>Investment assets</b>	<b>104,911,037</b>	<b>93.14</b>
	<b>Net other assets</b>	<b>7,730,423</b>	<b>6.86</b>
	<b>Net assets</b>	<b>112,641,460</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 30.09.20.

\* Quoted on AIM.

**Comparative Tables**
**Change in net assets per share**

	A Accumulation		
	30.09.21 p	30.09.20 p	30.09.19 p
<b>Opening net asset value per share</b>	274.58	304.15	325.17
Return before operating charges <sup>^</sup>	53.47	-24.92	-16.20
Operating charges	-4.84	-4.65	-4.82
Return after operating charges <sup>^</sup>	48.63	-29.57	-21.02
Distributions	-1.33	-0.44	-1.89
Retained distributions on accumulation shares	1.33	0.44	1.89
<b>Closing net asset value per share</b>	<b>323.21</b>	<b>274.58</b>	<b>304.15</b>
<sup>^</sup> After direct transaction costs of	-0.40	-0.15	-0.67
<b>Performance</b>			
Return after charges	17.71%	-9.72%	-6.46%
<b>Other information</b>			
Closing net asset value	£8,288,338	£8,543,143	£8,739,599
Closing number of shares	2,564,350	3,111,370	2,873,425
Operating charges	1.57%	1.57%	1.59%
Direct transaction costs	0.13%	0.05%	0.22%
<b>Prices</b>			
Highest share price	341.66	338.58	327.82
Lowest share price	269.80	236.46	274.86

	B Accumulation		
	30.09.21 p	30.09.20 p	30.09.19 p
<b>Opening net asset value per share</b>	297.22	326.62	346.62
Return before operating charges <sup>^</sup>	57.87	-26.78	-17.28
Operating charges	-2.75	-2.62	-2.72
Return after operating charges <sup>^</sup>	55.12	-29.40	-20.00
Distributions	-3.93	-2.85	-4.43
Retained distributions on accumulation shares	3.93	2.85	4.43
<b>Closing net asset value per share</b>	<b>352.34</b>	<b>297.22</b>	<b>326.62</b>
<sup>^</sup> After direct transaction costs of	-0.44	-0.16	-0.71
<b>Performance</b>			
Return after charges	18.55%	-9.00%	-5.77%
<b>Other information</b>			
Closing net asset value	£104,322,594	£109,719,077	£106,635,724
Closing number of shares	29,608,538	36,915,586	32,648,344
Operating charges	0.82%	0.82%	0.84%
Direct transaction costs	0.13%	0.05%	0.22%
<b>Prices</b>			
Highest share price	372.10	364.25	349.41
Lowest share price	292.23	255.09	293.57

## Comparative Tables

continued

### Change in net assets per share

	Overseas Accumulation		
	30.09.21 p	30.09.20 p	30.09.19 p
<b>Opening net asset value per share</b>	117.51	130.17	139.17
Return before operating charges <sup>^</sup>	22.88	-10.67	-6.94
Operating charges	-2.07	-1.99	-2.06
Return after operating charges <sup>^</sup>	20.81	-12.66	-9.00
Distributions	-0.56	-0.19	-0.82
Retained distributions on accumulation shares	0.56	0.19	0.82
<b>Closing net asset value per share</b>	<b>138.32</b>	<b>117.51</b>	<b>130.17</b>
<sup>^</sup> After direct transaction costs of	-0.17	-0.06	-0.29
<b>Performance</b>			
Return after charges	17.71%	-9.73%	-6.47%
<b>Other information</b>			
Closing net asset value	£30,528	£39,347	£28,729
Closing number of shares	22,071	33,484	22,071
Operating charges	1.57%	1.57%	1.59%
Direct transaction costs	0.13%	0.05%	0.22%
<b>Prices</b>			
Highest share price	146.21	144.90	140.30
Lowest share price	115.46	101.19	117.64

Operating charges include indirect costs incurred in the maintenance and running of the Fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated against the average Net Asset Value for the accounting year.

The return after charges is calculated as the closing Net Asset Value per share plus the distributions on income shares minus the opening Net Asset Value per share as a % of the opening net asset value per share. The basis of valuation of investments used to calculate net asset value per share is described in notes to the Financial Statements 1h) and complies with requirements of the current Statement of Recommended Practice for UK Authorised Funds. This differs from the basis used to calculate daily published single prices, in which listed investments are valued at 10:00 mid prices.

Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, which are offset (where applicable) against any dilution levies charged within the accounting period. The figures used within the table have been calculated against the average Net Asset Value for the accounting year.

## Risk and Reward Profile

The risk and reward indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



The Sub-fund is ranked at 5 because funds of this type have experienced medium to high rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-fund:

- The Sub-fund may hold a limited number of investments. If one of these investment falls in value this can have a greater impact on the Fund's value than if it held a larger number of investments.
- Smaller company shares, including AIM companies, can be riskier as they may be more difficult to buy and sell and their share prices may fluctuate more than that of a larger company
- For further risk information please see the prospectus.

## Risk warning

An investment in an Open Ended Investment Company should be regarded as a medium to long-term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

## Statement of Total Return

for the year ended 30 September 2021

	Note	£	30.09.20 £	£	30.09.20 £
Income					
Net capital gains/(losses)	2		20,357,472		(13,045,665)
Revenue	3	2,505,161		2,095,897	
Expenses	4	(1,098,221)		(1,097,135)	
Net revenue after taxation			1,406,940		998,762
<b>Total return before distributions</b>			<b>21,764,412</b>		<b>(12,046,903)</b>
Distributions	6		(1,406,918)		(998,762)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>20,357,494</b>		<b>(13,045,665)</b>

## Statement of Change in Net Assets Attributable to Shareholders

for the year ended 30 September 2021

	£	30.09.21 £	£	30.09.20 £
<b>Opening net assets attributable to Shareholders</b>		<b>118,301,567</b>		<b>115,404,052</b>
Amounts receivable on issue of shares	60,796,579		63,585,976	
Less: Amounts payable on cancellation of shares	(88,011,562)		(48,708,080)	
		(27,214,983)		14,877,896
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		20,357,494		(13,045,665)
Retained distributions on accumulation shares		1,197,382		1,065,284
<b>Closing net assets attributable to Shareholders</b>		<b>112,641,460</b>		<b>118,301,567</b>

The notes on pages 95 to 101 form an integral part of these Financial Statements.



# Unicorn Investment Funds - Outstanding British Companies Fund

## Balance Sheet

as at 30 September 2021

	Note	£	30.09.21	£	£	30.09.20	£
<b>ASSETS</b>							
<b>Fixed Assets</b>							
Investments			104,911,037			99,757,891	
<b>Current Assets</b>							
Debtors	7	559,497			501,446		
Cash and bank balances	9	7,673,454			18,431,097		
<b>Total current assets</b>			<b>8,232,951</b>			<b>18,932,543</b>	
<b>Total assets</b>			<b>113,143,988</b>			<b>118,690,434</b>	
<b>LIABILITIES</b>							
<b>Creditors</b>							
Other creditors	8	(502,528)			(388,867)		
<b>Total creditors</b>			<b>(502,528)</b>			<b>(388,867)</b>	
<b>Total liabilities</b>			<b>(502,528)</b>			<b>(388,867)</b>	
<b>Net assets attributable to Shareholders</b>			<b>112,641,460</b>			<b>118,301,567</b>	

The notes on pages 95 to 101 form an integral part of these Financial Statements.

## Notes to the Financial Statements

for the year ended 30 September 2021

### 1. Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Accounting Policies stated on pages 7 to 8.

<b>2. Net Capital Gains/(Losses)</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
Non-derivative securities	20,362,212	(13,044,330)
Transaction charges	(4,740)	(1,335)
<b>Net capital gains/(losses)</b>	<b>20,357,472</b>	<b>(13,045,665)</b>

<b>3. Revenue</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
UK dividends: Ordinary	2,318,312	1,943,386
Property income distributions	186,849	142,627
Bank interest	–	9,884
<b>Total revenue</b>	<b>2,505,161</b>	<b>2,095,897</b>

<b>4. Expenses</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's Management fee	1,007,305	1,004,747
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	65,581	65,469
Safe custody and other bank charges	5,562	5,474
	71,143	70,943
Auditors remuneration:		
Audit fee (including VAT)	11,015	10,694
Other expenses:		
Listing fees	3,061	3,073
Legal fees	2,665	4,289
Printing costs	3,032	3,389
	19,773	21,445
<b>Total expenses</b>	<b>1,098,221</b>	<b>1,097,135</b>

## Notes to the Financial Statements

continued

5. Taxation	30.09.21 £	30.09.20 £
(a) Analysis of charge in the year		
<b>Total tax charge (note 5b)</b>	–	–
(b) Factors affecting taxation charge for the year:		
Net revenue before taxation	1,406,940	998,762
Corporation tax at 20%	281,388	199,752
Effects of:		
UK dividends	(463,662)	(388,677)
Movement in surplus management expenses	182,274	188,925
<b>Total tax charge (note 5a)</b>	–	–

### (c) Deferred tax

At the year end there is a potential deferred tax asset of £1,030,482 (2020: 848,208) in relation to surplus management expenses of £5,152,412 (2020: 4,241,039). It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

## 6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

	30.09.21 £	30.09.20 £
Final distribution 30.09.21	1,197,382	1,065,284
Revenue deducted on cancellation of shares	546,848	333,670
Revenue received on issue of shares	(337,312)	(400,192)
<b>Distributions</b>	<b>1,406,918</b>	<b>998,762</b>
<b>Reconciliation of net revenue after taxation to net distributions:</b>		
Net revenue after taxation per Statement of Total Return	1,406,940	998,762
Undistributed revenue brought forward	2	2
Undistributed revenue carried forward	(24)	(2)
<b>Distributions</b>	<b>1,406,918</b>	<b>998,762</b>

## Notes to the Financial Statements

continued

<b>7. Debtors</b>	<b>30.09.21</b>	<b>30.09.20</b>
	<b>£</b>	<b>£</b>
Amounts receivable on issues	277,736	257,139
Sales awaiting settlement	–	32,033
Accrued income:		
Dividends receivable	280,997	210,405
Prepaid expenses:		
Legal fee	–	1,108
Listing fee	764	761
<b>Total debtors</b>	<b>559,497</b>	<b>501,446</b>
<b>8. Other Creditors</b>	<b>30.09.21</b>	<b>30.09.20</b>
	<b>£</b>	<b>£</b>
Amounts payable on cancellations	401,542	287,040
Accrued expenses:		
Amounts payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's Management fee	77,091	78,712
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	10,268	10,718
Safe custody and other bank charges	928	418
	11,196	11,136
Auditors remuneration:		
Audit fee (including VAT)	11,015	10,694
Other expenses:		
Legal fees	374	–
Printing costs	1,310	1,285
	12,699	11,979
<b>Total other creditors</b>	<b>502,528</b>	<b>388,867</b>
<b>9. Cash and Bank Balances</b>	<b>30.09.21</b>	<b>30.09.20</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	7,673,454	18,431,097
<b>Cash and bank balances</b>	<b>7,673,454</b>	<b>18,431,097</b>

## Notes to the Financial Statements

continued

### 10. Related Party Transactions

Management fees paid to the ACD, Unicorn Asset Management Ltd are shown in note 4, the amounts due at the year end in respect of Management fees are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and in note 6, amounts due at the year end are shown in notes 7 and 8.

Unicorn Asset Management Ltd and its associates had the following shareholdings in the Sub-fund:

	Held at 30.09.21	Change in period	Held at 30.09.20
<b>B Accumulation Shares</b>			
Jean Howell - Chairman's wife	9,800	–	9,800
Philip John - Finance and Operations Director	8,886	–	8,886
Chris Hutchinson - Director	5,859	5,859	–
<b>Overseas Accumulation Shares</b>			
Unicorn Asset Management Ltd	10,000	–	10,000

At the year end the Sub-fund did not hold shares in any of the other Sub-funds within the Unicorn Investment Funds.

### 11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2020: none).

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in the risk management policies on pages 9 to 10.

Numerical disclosures relating to the Sub-fund are as follows:

#### Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £10,491,104 (2020: £9,975,789).

#### Currency risk

The majority of the Sub-fund's assets comprise of investments and cash denominated in sterling. As a result, the income and capital value of the Sub-fund are not affected by currency movements.

There is no material foreign currency exposure in the Sub-fund (2020: none).

**Notes to the Financial Statements**

continued

**12. Risk Management Policies and Disclosures (continued)**

**Interest rate risk**

The table below details the interest rate risk profile at the balance sheet date:

**30.09.21**

<b>Currency</b>	<b>Floating rate financial assets £</b>	<b>Financial assets not carrying interest £</b>	<b>Total £</b>
Pound sterling	7,673,454	105,435,674	113,109,128
United States dollar	–	34,860	34,860
	<b>7,673,454</b>	<b>105,470,534</b>	<b>113,143,988</b>

<b>Currency</b>	<b>Financial liabilities not carrying interest £</b>	<b>Total £</b>
Pound sterling	502,528	502,528
	<b>502,528</b>	<b>502,528</b>

**30.09.20**

<b>Currency</b>	<b>Floating rate financial assets £</b>	<b>Financial assets not carrying interest £</b>	<b>Total £</b>
Pound sterling	18,431,097	100,259,337	118,690,434
	<b>18,431,097</b>	<b>100,259,337</b>	<b>118,690,434</b>

<b>Currency</b>	<b>Financial liabilities not carrying interest £</b>	<b>Total £</b>
Pound sterling	388,867	388,867
	<b>388,867</b>	<b>388,867</b>

## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

30.09.21

Analysis of purchases	Total purchase cost £	£	Commissions paid %	£	Taxes %	Purchases before transaction cost £
Equities	28,074,717	21,409	0.08	94,062	0.34	27,959,246
<b>Total purchases after commissions and tax</b>	<b>28,074,717</b>					
Analysis of sales	Net sale proceeds £	£	Commissions paid %	£	Taxes %	Sales before transaction cost £
Equities	43,283,783	48,993	0.11	223	0.00	43,332,999
<b>Total sales after commissions and tax</b>	<b>43,283,783</b>					
Commission as a % of the average net assets	0.06%					
Taxes as a % of the average net assets	0.07%					

30.09.20

Analysis of purchases	Total purchase cost £	£	Commissions paid %	£	Taxes %	Purchases before transaction cost £
Equities	14,678,855	13,765	0.09	42,145	0.29	14,622,945
Corporate Actions	262,614		0.00		0.00	262,614
<b>Total purchases after commissions and tax</b>	<b>14,941,469</b>					
Analysis of sales	Net sale proceeds £	£	Commissions paid %	£	Taxes %	Sales before transaction cost £
Equities	11,935,161	7,570	0.06	26	0.00	11,942,757
<b>Total sales after commissions and tax</b>	<b>11,935,161</b>					
Commission as a % of the average net assets	0.02%					
Taxes as a % of the average net assets	0.03%					

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on pages 90 and 91. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 30 September 2021 is 1.21% (2020: 1.78%).

## Notes to the Financial Statements

continued

### 15. Events after the Balance Sheet date

There were no notifiable events post the year end balance sheet date.

### 16. Fair Value Disclosure

Valuation technique	30.09.20		30.09.20	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	104,911,037	–	99,757,891	–
Level 2 <sup>^^</sup>	–	–	–	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>104,911,037</b>	<b>–</b>	<b>99,757,891</b>	<b>–</b>

<sup>^</sup>Level 1: Unadjusted quoted price in an active market for an identical instrument.

<sup>^^</sup>Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

<sup>^^^</sup>Level 3: Valuation techniques using unobservable inputs.

### 17. Shareholders Funds

	A Accumulation	B Accumulation	Overseas Accumulation
Opening number of shares	3,111,370	36,915,586	33,484
Shares issued	704,368	17,621,891	–
Shares cancelled	(1,238,201)	(24,945,549)	(11,413)
Shares converted	(13,187)	16,610	–
<b>Closing number of shares</b>	<b>2,564,350</b>	<b>29,608,538</b>	<b>22,071</b>



## Distribution Table

for the year ended 30 September 2021

### Accumulation Share Distribution

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2021 p	Amount reinvested 2020 p
A	Final	Group 1	1.3258	–	1.3258	0.4385
		Group 2	0.6417	0.6841	1.3258	0.4385
B	Final	Group 1	3.9288	–	3.9288	2.8486
		Group 2	1.8884	2.0404	3.9288	2.8486
Overseas	Final	Group 1	0.5596	–	0.5596	0.1898
		Group 2	0.5596	–	0.5596	0.1898

Final period: 01.10.20 - 30.09.21

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents accrued revenue included in the purchase price of the shares. After averaging, it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

## Investment Objective and Policy

The Unicorn UK Ethical Income Fund aims to provide an income by investing in UK companies which meet the ACD's ethical guidelines. For this purpose, UK companies are defined as those which are incorporated or domiciled in the UK, or have a significant part of their operations in the UK.

Selection of such ethical equities will be undertaken on the basis of thorough company analysis, with ethical and socially responsible criteria reviewed at the point of investment and quarterly thereafter.

The Sub-fund may also invest, at its discretion, in other transferable securities, deposits and cash. The Sub-fund may also enter into certain derivative and forward transactions for hedging purposes.

The Sub-fund invests at least 80% in UK quoted companies with a bias towards small and medium sized companies (those with a market value of less than £4 billion). Some of the companies may be quoted on AIM. AIM is the London Stock Exchange's international market for smaller, growing companies.

## Investment Manager's Report

for the year ended 30 September 2021

The Unicorn UK Ethical Income Fund B Accumulation Shares delivered a total return of 31.6% during the year ended 30 September 2021, compared to an average total return of 32.7% from the UK Equity Income peer group. The strong absolute performance during the period continued to reflect broad based global economic recovery from the effects of the Covid-19 pandemic. Performance was driven by strong capital growth and the continued recovery in dividend payments towards more normal levels following the disruption in the prior year.

The Unicorn UK Ethical Income Fund provides investors exposure to a differentiated, high-conviction portfolio of companies capable of delivering an attractive combination of growth and income while also adhering to a strict ethical framework. The investment process applied to the Sub-fund leverages Unicorn's longstanding expertise for successfully investing small and mid-cap income stocks, but which also applies an additional Unicorn Suitability Assessment to all potential investments. The result of these assessments are then verified by an independent third party check provided by MSCI. The Unicorn Suitability Assessment removes companies that are not compatible with the Sub-fund's strict ethical criteria. The assessment process utilises the investment team's in-depth understanding of the underlying business models of the investee companies, which is made easier by the high level of corporate access that we continue to enjoy.

The period under review experienced two significant positive events in the first half of the year – the development and successful domestic roll out of the Covid-19 vaccine and the Christmas Eve trade agreement which was finally reached between the EU and UK.

The successful domestic vaccine roll out has enabled life to return to something resembling normal in recent months. With a significant proportion of the country now vaccinated schools are open, shops and restaurants are trading well, city centres are busier and the much maligned travel industry has finally started to fully open up too. The reopening of the economy has had a positive direct and indirect impact on a number of holdings within the portfolio and underpinned the strong share price and dividend recovery during the period.

The trade agreement with the EU which was reached at the end of 2020 finally provided clarity on the shape of our future trading relationship with Europe. This was welcomed by equity investors and provided a catalyst for greater interest in UK equities. The day to day reality of this trading agreement is proving slightly more challenging, with labour shortages in particular currently impacting a number of sectors including hospitality and logistics. The period of adjustment following our exit from the EU will not be short lived and as always we will continue to monitor the risks and opportunities that may arise as a result.

Following the enforced periods of pandemic related lockdowns global economies are continuing to recover strongly, however strong demand for goods and services in a number of disrupted sectors has created manufacturing and logistical challenges around the world. Component shortages and significantly increased freight costs are continuing to restrict supply and increase prices. This is a significant challenge for companies both large and small and will take time to correct.

### Investment Manager's Report

continued

Companies within the portfolio have traded well during the period, as many continue to experience a strong recovery in demand. Our long term preference for well capitalised market leading companies provided resilience during the pandemic and is now driving momentum in the recovery. Levels of debt remain low across the portfolio, with over half of the portfolio currently enjoying a net cash position. This balance sheet strength provides an excellent platform for growth as we emerge from the pandemic, and we are confident a number of our investee companies now stand to benefit from long term market share gains.

The improving trading performance and balance sheet strength has also facilitated a strong recovery in dividend payments during the year. Dividend payments for the year ended 30 September 2021 are approximately 33% higher than the previous year and only 22% lower than the pre-covid comparative period in 2019. The portfolio also benefited from meaningful special dividend payments from Somero Enterprises, Dunelm, B&M European Value Retail and Sabre Insurance during the period. Of the 37 holdings at the end of the year only one, Hostelworld, is yet to resume cash payments. At this early stage in the year we remain confident the current financial year will see further progress towards pre-covid Fund dividend levels.

Portfolio turnover remained low during the period and in line with historic trends. The Sub-fund ended the period with 35 holdings, following the addition of 5 new holdings and the disposal of 3 existing positions.

The five new additions to the portfolio included two IPOs. Conduit Holdings is a reinsurance business which raised a significant amount of capital to participate in a market enjoying a firm pricing environment, without any legacy claim risk. Peel Hunt is a well-respected small and mid-cap broker with a strong presence in retail trading. The three further additions were EMIS, which provides software to the domestic healthcare sector; Dunelm, the home furnishing retailer, and Synthomer, the specialist chemical business currently enjoying strong demand in the nitrile glove market.

The three disposals were all driven by yield compression, where strong share price performance, in excess of the dividend growth, reduces the dividend yield. This remains the core sell discipline within the portfolio and led to the disposal of long term holdings in Tyman, NCC Group and Alpha FX.

A large number of holdings generated strong positive returns during the year – of the 37 companies held during the period only three registered modest negative total returns. The largest individual contributor to performance was Somero Enterprises, the manufacturer of laser guided concrete screeding equipment, adding +2.75% to overall Sub-fund performance. Somero Enterprises has traded exceptionally strongly throughout the twelve month period, delivering a number of upgrades to financial expectations and also paying a special dividend reflecting strong cash generation. The company benefited from the strength of the construction market in its key geography, North America, and also from healthy contribution from new product releases.

The next largest contributor was Polar Capital, the specialist Asset Manager, which continued to see assets under management grow during the period, adding +2.38% to performance. Brewin Dolphin also recovered strongly during the period, adding +2.14% to performance. Other notable contributions to performance came from Secure Trust Bank (+2.1%), the UK challenger bank; Wincanton (+1.8%).

The period under review has delivered strong capital and total returns for investors and we remain positive on the long term prospects for the portfolio however there are a number of near term challenges we must face. Global supply chains are under pressure and this has the potential to continue to impact a wide variety of sectors in the coming months. In the UK labour shortages are also impacting the availability of an increasing number of products and services. Both factors are having a significant impact on inflation. The positive impact of the vaccine roll out is well known however coronavirus is here to stay and we remain mindful of the ongoing risks associated with the disease. On a more positive note corporate balance sheets remain in good health and high quality market leading companies are on the front foot – in terms of internal investment, M&A activity and customer acquisition. The UK consumer also remains in relatively good health thanks in part to a strong housing market and generous covid related support packages. For many businesses the challenge remains producing the products to meet this demand.

## Portfolio Statement

as at 30 September 2021

Holding	Security	Market value £	% of total net assets 2021
	<b>Software and Computer Services 1.53% (1.58%)</b>		
91,000	EMIS*	1,275,820	1.53
	<b>Telecommunications Service Providers 5.40% (5.81%)</b>		
370,000	Telecom Plus	4,499,200	5.40
	<b>Banks 2.70% (1.77%)</b>		
190,000	Secure Trust Bank	2,251,500	2.70
	<b>Finance and Credit Services 1.80% (1.25%)</b>		
5,450,000	Appreciate*	1,498,750	1.80
	<b>Investment Banking and Brokerage Services 16.89% (18.48%)</b>		
147,000	3i	1,883,070	2.26
800,000	Brewin Dolphin	3,048,000	3.66
605,200	Numis*	2,166,616	2.60
559,210	Peel Hunt	1,297,367	1.56
327,000	Polar Capital*	2,629,080	3.15
945,000	River & Mercantile	2,268,000	2.72
550,000	XPS Pensions	786,500	0.94
		14,078,633	16.89
	<b>Life Insurance 5.03% (5.08%)</b>		
650,000	Phoenix	4,196,400	5.03
	<b>Nonlife Insurance 5.17% (4.91%)</b>		
310,000	Conduit Holdings	1,469,400	1.76
1,300,000	Sabre Insurance	2,847,000	3.41
		4,316,400	5.17
	<b>Real Estate Investment and Services Development 2.55% (2.81%)</b>		
750,000	Boot (Henry)	2,122,500	2.55
	<b>Real Estate Investment Trusts 10.08% (14.35%)</b>		
1,310,000	LondonMetric Property	3,133,520	3.76
500,000	Palace Capital	1,185,000	1.42
1,540,000	Primary Health Properties	2,322,320	2.78
2,000,000	Regional REIT	1,766,000	2.12
		8,406,840	10.08
	<b>Media 2.53% (2.48%)</b>		
70,000	4imprint	2,107,000	2.53
	<b>Retailers 4.91% (4.48%)</b>		
320,000	B&M European Value Retail	1,889,280	2.27
155,000	Dunelm	2,202,550	2.64
		4,091,830	4.91
	<b>Travel and Leisure 1.16% (0.85%)</b>		
1,200,000	Hostelworld	969,600	1.16

## Portfolio Statement

continued

Holding	Security	Market value £	% of total net assets 2021
	<b>Beverages 1.44% (1.45%)</b>		
50,000	Coca-Cola HBC	1,199,000	1.44
	<b>Food Producers 2.30% (1.45%)</b>		
900,000	Devro	1,921,500	2.30
	<b>Construction and Materials 10.60% (9.99%)</b>		
2,300,000	Epwin*	2,622,000	3.14
350,000	James Halstead*	1,841,000	2.21
225,000	Marshalls	1,678,500	2.01
3,600,000	Severfield	2,700,000	3.24
		8,841,500	10.60
	<b>Industrial Engineering 9.92% (7.26%)</b>		
475,000	Castings	1,662,500	1.99
661,255	Somero Enterprises*	3,438,526	4.12
650,000	Vesuvius	3,172,000	3.81
		8,273,026	9.92
	<b>Industrial Support Services 4.49% (4.94%)</b>		
170,000	FDM	2,148,800	2.58
650,000	Gateley*	1,592,500	1.91
		3,741,300	4.49
	<b>Industrial Transportation 1.92% (2.11%)</b>		
450,000	Wincanton	1,597,500	1.92
	<b>Industrial Metals and Mining 0.87% (4.98%)</b>		
40,000	Hill & Smith	726,400	0.87
	<b>Chemicals 2.09% (0.00%)</b>		
350,000	Synthomer	1,741,600	2.09
	<b>Investment assets</b>	<b>77,856,299</b>	<b>93.38</b>
	<b>Net other assets</b>	<b>5,519,416</b>	<b>6.62</b>
	<b>Net assets</b>	<b>83,375,715</b>	<b>100.00</b>

All investments are ordinary shares or stock units on a regulated securities market unless otherwise stated. The percentages in brackets show the equivalent % holdings as at 30.09.20.

\*Quoted on AIM.

## Comparative Tables

### Change in net assets per share

	A Income†		
	30.09.21 p	30.09.20 p	30.09.19 p
<b>Opening net asset value per share</b>	83.34	101.81	107.01
Return before operating charges <sup>^</sup>	26.92	-13.95	1.67
Operating charges	-1.55	-1.49	-1.65
Return after operating charges <sup>^</sup>	25.37	-15.44	0.02
Distributions	-4.01	-3.03	-5.22
<b>Closing net asset value per share</b>	<b>104.70</b>	<b>83.34</b>	<b>101.81</b>
<sup>^</sup> After direct transaction costs of	-0.18	-0.47	-0.43
<b>Performance</b>			
Return after charges	30.44%	-15.17%	0.02%
<b>Other information</b>			
Closing net asset value	£50,690	£39,350	£43,605
Closing number of shares	48,415	47,216	42,830
Operating charges	1.56%	1.56%	1.56%
Direct transaction costs	0.18%	0.49%	0.40%
<b>Prices</b>			
Highest share price	108.72	117.50	114.10
Lowest share price	82.46	71.22	97.72

	A Accumulation†		
	30.09.21 p	30.09.20 p	30.09.19 p
<b>Opening net asset value per share</b>	99.05	117.05	117.02
Return before operating charges <sup>^</sup>	32.22	-16.28	1.86
Operating charges	-1.87	-1.72	-1.83
Return after operating charges <sup>^</sup>	30.35	-18.00	0.03
Distributions	-4.83	-3.52	-5.81
Retained distributions on accumulation shares	4.83	3.52	5.81
<b>Closing net asset value per share</b>	<b>129.40</b>	<b>99.05</b>	<b>117.05</b>
<sup>^</sup> After direct transaction costs of	-0.22	-0.54	-0.47
<b>Performance</b>			
Return after charges	30.64%	-15.38%	0.03%
<b>Other information</b>			
Closing net asset value	£102,765	£71,923	£75,926
Closing number of shares	79,418	72,612	64,866
Operating charges	1.56%	1.56%	1.56%
Direct transaction costs	0.18%	0.49%	0.40%
<b>Prices</b>			
Highest share price	132.54	135.50	126.53
Lowest share price	98.02	82.40	106.84

†The Investment Manager rebates the Sub-fund's operating charges in order for them not to exceed 1.56% of the average net asset value of the Sub-fund.

## Comparative Tables

continued

### Change in net assets per share

	B Income†		
	30.09.21 p	30.09.20 p	30.09.19 p
<b>Opening net asset value per share</b>	83.64	101.41	105.80
Return before operating charges <sup>^</sup>	27.08	-13.97	1.66
Operating charges	-0.81	-0.77	-0.85
Return after operating charges <sup>^</sup>	26.27	-14.74	0.81
Distributions	-4.04	-3.03	-5.20
<b>Closing net asset value per share</b>	<b>105.87</b>	<b>83.64</b>	<b>101.41</b>
<sup>^</sup> After direct transaction costs of	-0.18	-0.47	-0.42
<b>Performance</b>			
Return after charges	31.41%	-14.54%	0.77%
<b>Other information</b>			
Closing net asset value	£31,651,289	£24,072,917	£13,770,818
Closing number of shares	29,895,867	28,781,795	13,579,722
Operating charges	0.81%	0.81%	0.81%
Direct transaction costs	0.18%	0.49%	0.40%
<b>Prices</b>			
Highest share price	109.92	117.26	113.34
Lowest share price	82.81	71.19	96.76

	B Accumulation†		
	30.09.21 p	30.09.20 p	30.09.19 p
<b>Opening net asset value per share</b>	101.96	119.53	118.69
Return before operating charges <sup>^</sup>	33.23	-16.65	1.81
Operating charges	-1.00	-0.92	-0.97
Return after operating charges <sup>^</sup>	32.23	-17.57	0.84
Distributions	-4.99	-3.61	-5.91
Retained distributions on accumulation shares	4.99	3.61	5.91
<b>Closing net asset value per share</b>	<b>134.19</b>	<b>101.96</b>	<b>119.53</b>
<sup>^</sup> After direct transaction costs of	-0.22	-0.55	-0.48
<b>Performance</b>			
Return after charges	31.61%	-14.70%	0.71%
<b>Other information</b>			
Closing net asset value	£51,570,971	£28,567,252	£15,506,851
Closing number of shares	38,430,428	28,019,031	12,973,067
Operating charges	0.81%	0.81%	0.81%
Direct transaction costs	0.18%	0.49%	0.40%
<b>Prices</b>			
Highest share price	137.43	138.82	128.93
Lowest share price	100.95	84.49	108.53

†The Investment Manager rebates the Sub-fund's operating charges in order for them not to exceed 0.81% of the average net asset value of the Sub-fund.

Operating charges include indirect costs incurred in the maintenance and running of the Sub-fund, as disclosed (but not limited to) the detailed expenses within the Statement of Total Return. The figures used within this table have been calculated by annualising the expenses incurred against the average Net Asset Value for the accounting year.

The return after charges is calculated as the closing Net Asset Value per share plus the distributions on income shares minus the opening Net Asset Value per share as a % of the opening net asset value per share. The basis of valuation of investments used to calculate net asset value per share is described in notes to the Financial Statements 1h) and complies with requirements of the current Statement of Recommended Practice for UK Authorised Funds. This differs from the basis used to calculate daily published single prices, in which listed investments are valued at 10:00 mid prices.

## Comparative Tables

continued

Direct transaction costs include fees, commissions, transfer taxes and duties in the purchasing and selling of investments, which are offset (where applicable) against any dilution levies charged within the accounting period. The figures used within the table have been calculated against the average Net Asset Value for the accounting year.

## Risk and Reward Profile

The risk and reward indicator table demonstrates where the Sub-fund ranks in terms of its potential risk and reward. The higher the rank the greater the potential reward but the greater the risk of losing money. It is based on past data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking on the risk and reward indicator.



The Sub-fund is ranked at 6 because funds of this type have experienced high rises and falls in value in the past. Please note that even the lowest risk class can lose you money and that extreme market circumstances can mean you suffer severe losses in all cases. The indicator does not take into account the following risks of investing in this Sub-fund:

- The level of targeted income is not guaranteed and may not be achieved.
- This Sub-fund may hold a limited number of investments. If one of these investments falls in value this can have a greater impact on the Sub-fund's value than if it held a larger number of investments.
- Smaller company shares can be riskier as they may be more difficult to buy and sell and their share price may fluctuate more than that of larger companies.
- For further risk information please see the prospectus.

### Risk warning

An investment in an Open Ended Investment Company should be regarded as a medium to long-term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.



**Statement of Total Return**

for the year ended 30 September 2021

	Note	£	30.09.21 £	£	30.09.20 £
Income					
Net capital gains/(losses)	2		15,390,106		(7,811,590)
Revenue	3	2,989,546		1,467,117	
Expenses	4	(556,576)		(318,360)	
Net revenue before taxation		2,432,970		1,148,757	
Taxation	5	(64,535)		(24,511)	
Net revenue after taxation			2,368,435		1,124,246
<b>Total return before distributions</b>			<b>17,758,541</b>		<b>(6,687,344)</b>
Distributions	6		(2,817,751)		(1,387,562)
<b>Change in net assets attributable to Shareholders from investment activities</b>			<b>14,940,790</b>		<b>(8,074,906)</b>

**Statement of Change in Net Assets Attributable to Shareholders**

for the year ended 30 September 2021

	£	30.09.21 £	£	30.09.20 £
<b>Opening net assets attributable to Shareholders</b>		<b>52,751,442</b>		<b>29,397,200</b>
Amounts receivable on issue of shares	43,247,912		45,666,004	
Less: Amounts payable on cancellation of shares	(29,283,218)		(15,079,736)	
		13,964,694		30,586,268
Change in net assets attributable to Shareholders from investment activities (see Statement of Total Return above)		14,940,790		(8,074,906)
Retained distributions on accumulation shares		1,718,789		842,880
<b>Closing net assets attributable to Shareholders</b>		<b>83,375,715</b>		<b>52,751,442</b>

The notes on pages 112 to 119 form an integral part of these Financial Statements.

## Balance Sheet

as at 30 September 2021

	Note	£	30.09.21 £	£	30.09.20 £
<b>ASSETS</b>					
<b>Fixed Assets</b>					
Investments			77,856,299		50,655,947
<b>Current Assets</b>					
Debtors	7	2,342,963		568,798	
Cash and bank balances	9	5,115,364		3,196,480	
<b>Total current assets</b>			<b>7,458,327</b>		<b>3,765,278</b>
<b>Total assets</b>			<b>85,314,626</b>		<b>54,421,225</b>
<b>LIABILITIES</b>					
<b>Creditors</b>					
Distribution payable		(435,470)		(372,787)	
Other creditors	8	(1,503,441)		(1,296,996)	
<b>Total creditors</b>			<b>(1,938,911)</b>		<b>(1,669,783)</b>
<b>Total liabilities</b>			<b>(1,938,911)</b>		<b>(1,669,783)</b>
<b>Net assets attributable to Shareholders</b>			<b>83,375,715</b>		<b>52,751,442</b>

The notes on pages 112 to 119 form an integral part of these Financial Statements.

## Notes to the Financial Statements

for the year ended 30 September 2021

### 1. Accounting Policies

The Sub-fund's Financial Statements have been prepared on the same basis as the Accounting Policies stated on pages 7 to 8.

<b>2. Net Capital Gains/(Losses)</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
Non-derivative securities	15,396,138	(7,800,308)
Currency losses	(182)	(77)
Transaction charges	(5,850)	(11,205)
<b>Net capital gains/(losses)</b>	<b>15,390,106</b>	<b>(7,811,590)</b>

<b>3. Revenue</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
UK dividends: Ordinary	2,126,115	1,093,215
Overseas dividends	471,171	150,071
Property income distributions	392,260	220,967
Bank interest	–	2,405
Other Income	–	459
<b>Total revenue</b>	<b>2,989,546</b>	<b>1,467,117</b>

<b>4. Expenses</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
Payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's Management fee	520,542	305,402
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	37,806	24,041
Safe custody and other bank charges	3,237	1,784
	41,043	25,825
Auditors remuneration:		
Audit fee (including VAT)	11,015	10,694
Other expenses:		
Listing fees	3,069	3,065
Legal fees	3,029	4,540
Printing costs	2,871	2,792
	19,984	21,091

## Notes to the Financial Statements

continued

<b>4. Expenses (continued)</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
Total Ongoing charge (OCG) rebates accrued against expenses	(24,993)	(33,958)
<b>Total</b>	<b>556,576</b>	<b>318,360</b>

<b>5. Taxation</b>	<b>30.09.21</b>	<b>30.09.20</b>
	£	£
(a) Analysis of charge in the year:		
Overseas tax	64,535	24,511
<b>Total tax charge (note 5b)</b>	<b>64,535</b>	<b>24,511</b>

(b) Factors affecting taxation charge for the year:

Net revenue before taxation	2,432,970	1,148,757
Corporation tax at 20%	486,594	229,751
Effects of:		
UK dividends	(425,223)	(218,643)
Movement in surplus management expenses	32,863	18,998
Overseas tax expensed	64,535	24,511
Non-taxable earnings	–	(92)
Non-taxable overseas earnings	(94,234)	(30,014)
<b>Total tax charge (note 5a)</b>	<b>64,535</b>	<b>24,511</b>

(c) Deferred tax

At the year end there is a potential deferred tax asset of £79,201 (2020: £46,338) in relation to surplus management expenses of £396,007 (2020: £231,691). It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these expenses and therefore no deferred tax asset has been recognised in the year.

## Notes to the Financial Statements

continued

### 6. Distributions

The distributions take account of revenue received on the issue of shares and revenue deducted on the cancellation of shares, and comprise:

		<b>30.09.21</b>	<b>30.09.20</b>
		<b>£</b>	<b>£</b>
First interim distribution	31.12.20	511,997	256,990
Second interim distribution	31.03.21	354,354	143,230
Third interim distribution	30.06.21	909,603	314,700
Final distribution	30.09.21	1,131,373	808,346
		<b>2,907,327</b>	<b>1,523,266</b>
Revenue deducted on cancellation of shares		178,812	78,395
Revenue received on issue of shares		(268,388)	(214,099)
<b>Distributions</b>		<b>2,817,751</b>	<b>1,387,562</b>

#### Reconciliation of net revenue after taxation to net distributions:

Net revenue after taxation per Statement of Total Return		2,368,435	1,124,246
Expenses allocated to capital		520,542	305,402
Relief on expenses allocated to capital		(71,245)	(42,082)
Undistributed revenue brought forward		28	22
Undistributed revenue carried forward		(7)	(26)
<b>Distributions</b>		<b>2,817,751</b>	<b>1,387,562</b>

### 7. Debtors

		<b>30.09.21</b>	<b>30.09.20</b>
		<b>£</b>	<b>£</b>
Amounts receivable on issues		2,026,550	248,113
Sales awaiting settlement		–	111,291
Accrued income:			
Dividends receivable		311,965	202,635
Overseas tax recoverable		–	157
UK income tax recoverable		1,412	1,412
Total ongoing charge rebates		2,272	2,943
Prepaid expenses:			
Legal fee		–	1,477
Listing fee		764	770
<b>Total debtors</b>		<b>2,342,963</b>	<b>568,798</b>

**Notes to the Financial Statements**

continued

<b>8. Other Creditors</b>	<b>30.09.21</b>	<b>30.09.20</b>
	<b>£</b>	<b>£</b>
Amounts payable on cancellations	128,027	126,108
Purchases awaiting settlement	1,304,247	1,121,075
Accrued expenses:		
Amounts payable to the Authorised Corporate Director (ACD), associates of the ACD and agents of either of them:		
ACD's Management fee	50,834	32,945
Amounts payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee (including VAT)	7,230	5,096
Safe custody and other bank charges	590	178
	<u>7,820</u>	<u>5,274</u>
Auditors remuneration:		
Audit fee (including VAT)	11,015	10,694
Other expenses:		
Legal fees	498	–
Printing costs	1,000	900
	<u>12,513</u>	<u>11,594</u>
<b>Total other creditors</b>	<b><u>1,503,441</u></b>	<b><u>1,296,996</u></b>
<b>9. Cash and Bank Balances</b>	<b>30.09.21</b>	<b>30.09.20</b>
	<b>£</b>	<b>£</b>
Cash and bank balances	5,115,364	3,196,480
<b>Cash and bank balances</b>	<b><u>5,115,364</u></b>	<b><u>3,196,480</u></b>

## Notes to the Financial Statements

continued

### 10. Related Party Transactions

Management fees paid to the ACD, Unicorn Asset Management Ltd are shown in note 4, the amounts due at the year end in respect of Management fees are shown in note 8.

Amounts receivable on issue and payable on cancellation of shares and dilution levy are disclosed in the Statement of Change in Net Assets Attributable to Shareholders and in note 6, amounts due at the year end are shown in notes 7 and 8.

Amounts receivable from the ACD for total ongoing charge rebates accrued against expenses are disclosed in note 4 and amounts due at the year end are shown in note 7.

Unicorn Asset Management Ltd and its associates had the following shareholdings in the Sub-fund:

	Held at 30.09.21	Change in period	Held at 30.09.20
<b>A Income Shares</b>			
Unicorn Asset Management Ltd	12,149	458	11,691
<b>A Accumulation Shares</b>			
Unicorn Asset Management Ltd	10,000	–	10,000

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

	Held at 30.09.21	Change in period	Held at 30.09.20
<b>B Income Shares</b>	4,071,747	–	4,071,747
<b>B Accumulation Shares</b>	500,000	–	500,000

At the year end the Sub-fund did not hold shares in any of the other Sub-funds within the Unicorn Investment Funds.

### 11. Contingent Liabilities and Outstanding Commitments

There were no contingent liabilities or outstanding commitments at the balance sheet date (2020: none).

### 12. Risk Management Policies and Disclosures

The main risks arising from financial instruments and the ACD's policies for managing these risks are disclosed in the risk management policies on pages 9 to 10.

Numerical disclosures relating to the Sub-fund are as follows:

#### Market price risk

At the balance sheet date, if the price of the investments held by the Sub-fund increased or decreased by 10%, with all other variables held constant, the net assets attributable to Shareholders would increase or decrease by approximately £7,785,630 (2020: £5,065,595).

#### Currency risk

The majority of the Sub-fund's assets comprise of investments and cash denominated in sterling. As a result, the income and capital value of the Sub-fund are not affected by currency movements.

There is no material foreign currency exposure in the Sub-fund (2020: none).

## Notes to the Financial Statements

continued

### 12. Risk Management Policies and Disclosures (continued)

#### Interest rate risk

The table below details the interest rate risk profile at the balance sheet date:

30.09.21

Currency	Floating rate financial assets £	Financial assets not carrying interest £	Total £
Pound sterling	5,115,364	80,162,192	85,277,556
United States dollar	–	37,070	37,070
	<b>5,115,364</b>	<b>80,199,262</b>	<b>85,314,626</b>

Currency	Financial liabilities not carrying interest £	Total £
Pound sterling	1,938,911	1,938,911
	<b>1,938,911</b>	<b>1,938,911</b>

30.09.20

Currency	Floating rate financial assets £	Financial assets not carrying interest £	Total £
Euro	–	157	157
Pound sterling	3,196,480	51,125,438	54,321,918
United States dollar	–	99,150	99,150
	<b>3,196,480</b>	<b>51,224,745</b>	<b>54,421,225</b>

Currency	Financial liabilities not carrying interest £	Total £
Pound sterling	1,669,783	1,669,783
	<b>1,669,783</b>	<b>1,669,783</b>



## Notes to the Financial Statements

continued

### 13. Portfolio Transaction Costs

30.09.21

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	26,208,326	17,929	0.07	92,122	0.35	26,098,275
<b>Total purchases after commissions and tax</b>	<b>26,208,326</b>					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	14,376,673	16,576	0.12	153	0.00	14,393,402
Corporate Actions	27,440	–	0.00	–	0.00	27,440
<b>Total sales after commissions and tax</b>	<b>14,404,113</b>					
Commission as a % of the average net assets	0.05%					
Taxes as a % of the average net assets	0.13%					

30.09.20

Analysis of purchases	Total purchase cost £	Commissions paid		Taxes		Purchases before transaction cost £
		£	%	£	%	
Equities	38,467,118	42,189	0.11	149,462	0.39	38,275,467
<b>Total purchases after commissions and tax</b>	<b>38,467,118</b>					
Analysis of sales	Net sale proceeds £	Commissions paid		Taxes		Sales before transaction cost £
		£	%	£	%	
Equities	6,085,068	5,832	0.10	86	0.00	6,090,986
Corporate Actions	63,986	–	0.00	–	0.00	63,986
<b>Total sales after commissions and tax</b>	<b>6,149,054</b>					
Commission as a % of the average net assets	0.12%					
Taxes as a % of the average net assets	0.37%					

Commissions and taxes as a % of the average net assets form part of the direct transaction costs stated within the comparative tables on pages 107 and 109. The direct transaction costs within the comparative tables may differ due to the effect of dilution levies charged (where applicable).

## Notes to the Financial Statements

continued

### 14. Portfolio Dealing Spread

The average portfolio dealing spread at 30 September 2021 is 0.97% (2020: 1.17%).

### 15. Events after the Balance Sheet date

There were no notifiable events post the year end balance sheet date.

### 16. Fair Value Disclosure

Valuation technique	30.09.21		30.09.20	
	Assets £	Liabilities £	Assets £	Liabilities £
Level 1 <sup>^</sup>	77,856,299	–	50,655,947	–
Level 2 <sup>^^</sup>	–	–	–	–
Level 3 <sup>^^^</sup>	–	–	–	–
	<b>77,856,299</b>	<b>–</b>	<b>50,655,947</b>	<b>–</b>

<sup>^</sup> Level 1: Unadjusted quoted price in an active market for an identical instrument.

<sup>^^</sup> Level 2: Valuation techniques using observable inputs other than quoted prices within level 1.

<sup>^^^</sup> Level 3: Valuation techniques using unobservable inputs.

### 17. Shareholders Funds

	A Income	A Accumulation	B Income	B Accumulation
Opening number of shares	47,216	72,612	28,781,795	28,019,031
Shares issued	2,102	27,190	9,930,729	27,268,675
Shares cancelled	(903)	(20,384)	(8,827,705)	(16,848,326)
Shares converted	–	–	11,048	(8,952)
<b>Closing number of shares</b>	<b>48,415</b>	<b>79,418</b>	<b>29,895,867</b>	<b>38,430,428</b>

## Distribution Tables

for the year ended 30 September 2021

### Income Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Distribution paid/payable 2021 p	Distribution paid 2020 p
A	First interim	Group 1	0.7664	–	0.7664	0.7995
		Group 2	0.2912	0.4752	0.7664	0.7995
	Second interim	Group 1	0.5173	–	0.5173	0.3385
		Group 2	0.1468	0.3705	0.5173	0.3385
	Third interim	Group 1	1.2877	–	1.2877	0.6024
		Group 2	0.2021	1.0856	1.2877	0.6024
	Final	Group 1	1.4348	–	1.4348	1.2916
		Group 2	0.9433	0.4915	1.4348	1.2916
B	First interim	Group 1	0.7676	–	0.7676	0.8000
		Group 2	0.5306	0.2370	0.7676	0.8000
	Second interim	Group 1	0.5203	–	0.5203	0.3386
		Group 2	0.1848	0.3355	0.5203	0.3386
	Third interim	Group 1	1.2979	–	1.2979	0.6025
		Group 2	0.4717	0.8262	1.2979	0.6025
	Final	Group 1	1.4543	–	1.4543	1.2931
		Group 2	0.5361	0.9182	1.4543	1.2931

### Accumulation Share Distributions

Share class	Distribution	Shares	Net revenue p	Equalisation p	Amount reinvested 2021 p	Amount reinvested 2020 p
A	First interim	Group 1	0.9113	–	0.9113	0.9179
		Group 2	0.9053	0.0060	0.9113	0.9179
	Second interim	Group 1	0.6196	–	0.6196	0.3919
		Group 2	–	0.6196	0.6196	0.3919
	Third interim	Group 1	1.5507	–	1.5507	0.6996
		Group 2	0.4627	1.0880	1.5507	0.6996
	Final	Group 1	1.7480	–	1.7480	1.5089
		Group 2	0.3195	1.4285	1.7480	1.5089
B	First interim	Group 1	0.9390	–	0.9390	0.9415
		Group 2	0.6657	0.2733	0.9390	0.9415
	Second interim	Group 1	0.6393	–	0.6393	0.4022
		Group 2	0.1750	0.4643	0.6393	0.4022
	Third interim	Group 1	1.6028	–	1.6028	0.7173
		Group 2	0.4166	1.1862	1.6028	0.7173
	Final	Group 1	1.8072	–	1.8072	1.5506
		Group 2	0.6110	1.1962	1.8072	1.5506

### Distribution Tables

continued

First interim period: 01.10.20 - 31.12.20

Second interim period: 01.01.21 - 31.03.21

Third interim period: 01.04.21 - 30.06.21

Final period: 01.07.21 - 30.09.21

Group 1: Shares purchased prior to a distribution period

Group 2: Shares purchased during a distribution period

### Equalisation

Equalisation applies only to shares purchased during the distribution period (Group 2 shares). It represents accrued revenue included in the purchase price of the shares. After averaging, it is returned with the distribution as a capital repayment. It is not liable to income tax but must be deducted from the cost of the shares for capital gains tax purposes.

## General Information

### Authorised Status

Unicorn Investment Funds (the “Company”) is structured as an Investment Company with Variable Capital (“ICVC”), under regulation 12 (Authorisation) of the OEIC Regulations (Open-Ended Investment Companies Regulations 2001 (SI 2001/1228)).

The Company does not intend to have an interest in immovable property.

The Company is authorised and regulated in the UK by the Financial Conduct Authority (“FCA”) as a UCITS Retail Scheme and “Umbrella Company” under the COLL sourcebook.

The Company was incorporated in England and Wales on 21 December 2001 under registration number IC000143. The Shareholders are not liable for the debts of the Company.

The Company currently has 6 Sub-funds, which are detailed below:

- Unicorn UK Growth Fund
- Unicorn Mastertrust Fund
- Unicorn UK Smaller Companies Fund
- Unicorn UK Income Fund
- Unicorn Outstanding British Companies Fund
- Unicorn UK Ethical Income Fund

### Head Office

First Floor Office, Preacher’s Court, The Charterhouse, Charterhouse Square, London EC1M 6AU.

### Address for Service

The Head Office is the address in the United Kingdom for service on the Company of notices or other documents required or authorised to be served on it.

### Base Currency

The base currency of the Company is Pounds Sterling.

### Share Capital

The minimum share capital of the Company is £1 and the maximum is £100,000,000,000. Shares in the Company have no par value. The share capital of the Company at all times equals the sum of the net asset values of each of the Sub-funds.

### Classes of Shares

The Instrument of Incorporation allows each Sub-fund to issue different classes of shares in respect of any Sub-fund.

The Sub-funds currently have the following classes of shares available for investment:

Sub-fund	Share class							
	A		B		C		Overseas	
	Inc	Acc	Inc	Acc	Inc	Acc	Inc	Acc
Unicorn UK Growth Fund	✓	–	✓	✓***	–	✓	✓	–
Unicorn Mastertrust Fund	✓	–	✓	–	–	–	✓	–
Unicorn UK Smaller Companies Fund	✓	–	✓	–	✓*	–	✓	–
Unicorn UK Income Fund	✓	✓	✓	✓	✓**	–	✓	✓
Unicorn Outstanding British Companies Fund	–	✓	–	✓	–	–	–	✓
Unicorn UK Ethical Income Fund	✓	✓	✓	✓	–	–	–	–

\*C Accumulation Shares launched on 6 April 2021.

\*\*C Income Shares launched post year end on 15 November 2021 due to an inspecie of Shareholders from the Acorn Income Fund.

\*\*\*B Accumulation Shares launched post year end on 10 December 2021.

The Company may issue both Income and Accumulation Shares.

## General Information

continued

Holders of Income shares are entitled to be paid the revenue attributable to such shares in respect of each annual accounting period in the currency of the relevant share class.

Holders of Accumulation shares are not entitled to be paid the revenue attributable to such shares, but that revenue is retained and accumulated for the benefit of shareholders and is reflected in the price of shares.

### Valuation Point

The scheme property of the Company and each Sub-fund will normally be valued at 10:00 on each dealing day for the purpose of calculating the price at which shares in the Company may be issued, sold, repurchased or redeemed.

For the purpose of the pricing of units, a business day is defined as a day on which the dealing office of the ACD is open for the buying and selling of shares. The ACD may at any time during a business day carry out an additional valuation of the property of the Fund if the ACD considers it desirable to do so, with the Depositary's approval

### Buying, Redeeming and Switching of Shares

The ACD will accept orders for the purchase, sale and switching of shares on normal business days between 08:30 and 16:30. Instructions to buy or sell shares may either be in writing to:

Maitland Institutional Services Limited  
Hamilton Centre, Rodney Way, Chelmsford, Essex CM1 3BY  
Or by telephone on:  
0345 026 4287

The ACD has the right to establish facilities for recording telephone calls made or received on this telephone line.

A contract note giving details of the shares purchased will be issued no later than the next business day after the business day on which an application to purchase shares is received and instrumented by the ACD. Certificates will not be issued in respect of shares. Ownership of shares will be evidenced by an entry on the register of shareholders.

### Pricing Basis

There is a single price for buying, selling and switching shares in a Sub-fund which represents the Net Asset Value of the Sub-fund concerned. The share price is calculated on a forward pricing basis, that is at the next Valuation Point after the purchase or redemption is deemed to be accepted by the ACD.

The prices of shares are published daily on the Investment Association website at [www.fundlistings.com](http://www.fundlistings.com) and on the Financial Times website at [www.ft.com](http://www.ft.com). Neither the ACD nor the Company can be held responsible for any errors in the publication of the prices. The shares in the Company will be issued and redeemed on a forward pricing basis which means that the price will not necessarily be the same as the published price.

### Other Information

The Instrument of Incorporation, Prospectus, Key Investor Information Document and the most recent interim and annual reports may be inspected at the office of the ACD which is also the Head Office of the Company. Copies may be obtained free of charge upon application. They are also available from the website of the ACD, the details of which are given in the directory of this report.

Shareholders who have complaints about the operation of the Company should in the first instance contact the ACD. In the event that a Shareholder finds the response unsatisfactory they may make their complaint direct to the Financial Ombudsman Service at Exchange Tower, London E14 9SR.

### ACD Statement Regarding COVID-19

Notwithstanding the challenges arising from the impact of the COVID-19 virus, the ACD continues to operate, administer and price the Sub-fund in accordance with FCA regulatory requirements and in accordance with relevant accounting standards. At the time of writing, investment markets are experiencing high levels of daily volatility and it is likely that this volatility will continue for the foreseeable future.

The ACD will continue to monitor fund liquidity and market volatility to ensure the Sub-fund is managed in the best interests of shareholders and to ensure that the Sub-fund remains a going concern. Where appropriate the ACD will value assets on a "fair value" basis in accordance with the Regulations.

## General Information

continued

As stated in the Prospectus, the Sub-fund should be considered as a long-term investment and the ACD emphasises the importance for investors to seek professional advice when considering their investment in the Sub-fund.

### Remuneration of the Authorised Corporate Director

The ACD is subject to a remuneration policy which meets the requirements of the Undertakings for Collective Investment in Transferable Securities Directive (UCITS) as set out in SYSC 19E of the FCA Handbook.

The policy is designed to ensure practices for employee remuneration are consistent with, and promote, sound and effective risk management. It does not encourage risk-taking which is inconsistent with the risk profiles, rules or instrument of incorporation of the funds managed, and does not impair the ACD's compliance with its duty to act in the best interests of the funds it manages.

The ACD has reviewed the Remuneration Policy and its application in the last year which has resulted in no material changes to the policy or irregularities to process.

The ACD is required to disclose the total remuneration it pays to its staff during the financial year of the Funds, split into fixed and variable remuneration, with separate aggregate disclosure for staff whose actions may have a material impact to the risk profile of a fund or the ACD itself. This includes executives, senior risk and compliance staff and certain senior managers.

30.09.21	Number of Beneficiaries	Total Remuneration Paid	Fixed Remuneration	Variable Remuneration Paid
Total remuneration paid by the ACD during the year	12	£3,323,214	£1,174,526	£2,148,688
Remuneration paid to employees of the ACD who have material impact on the risk profile of the funds	7	£3,007,075	£976,387	£2,030,688

The staff members included in the analysis supports all funds managed by the ACD. It is not considered feasible or useful to attempt to apportion these figures to specific funds.

### ACD Value Assessment

The ACD is required to provide annual statements for the Funds, attesting that in the opinion of the ACD the services provided to the Funds and any fees chargeable to the scheme property represent value for money, taking into account the following criteria as set out by the Regulator under COLL 6.6.20R:

- Quality of Service
- Performance
- Economies of Scale
- Comparable Services and Market Rates
- Classes of Shares

This statement references services provided directly by the ACD and those services delegated by the ACD to third parties such as, but not limited to, investment management, depositary services, custody and settlement, audit provision, legal services, printing services, KIID production and maintenance, and other costs as may be set out or allowable in the scheme documentation.

### Investment Management Fees

The investment management function is delegated to an FCA authorised, professional investment management firm. The Investment Manager provides an active investment management service consistent with the Investment Policy and Objectives set out within the scheme documentation.

The fees of the Investment Manager represent the largest cost to the Funds, are clearly set out within the scheme documentation, and are consistent with the market rates for other professional investment managers for hire providing comparable services.

The investment management fees may vary by share class reflecting the size of the minimum investment into that share class, with the objective of providing economies of scale for larger investors.

## General Information

continued

### Services Provided by the ACD

The ACD does not charge for the provision of any services other than for investment management.

### Services Appointed by the ACD

Services appointed by the ACD are provided by professional entities for hire appointed on an arm's length basis. Delegates are appointed under competitive tender and their services are regularly reviewed and benchmarked by the ACD to ensure that they are consistent with services provided by other similar professional entities for hire. When appointing or reviewing appointees the ACD takes into account the quality of the services provided, the performance of the appointed entity over a period of time and, that the costs of the service provided take into account any economies of scale that may be available to funds of a similar size or complexity.

### Summary

It is the opinion of the ACD that the fees charged to the scheme property of the Funds represent value for money for investors taking into account the criteria set out by the Regulator.

### Risk Warning

An investment in an Investment Company with Variable Capital should be regarded as a medium to long-term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.



