Unicorn
Investing with conviction

Unicorn Investment Funds

Assessment of Value, 28 February 2023

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What is an Assessment of Value Report?

The Financial Conduct Authority (FCA) requires Authorised Fund Managers (AFMs),at least annually, to conduct an assessment of value for each of the funds under its management, and to take appropriate action if it determines that any are not providing good value.

The FCA have set out seven key criteria, which must be considered in addressing the assessment of value:

Quality of Service
The range and quality of services provided to shareholders

Performance
The performance of the scheme, after deduction of all payments out of scheme property as set out in the Prospectus.

Performance should be considered over an appropriate timescale, while also having regard to the scheme's Investment objectives, policy and strategy.

AFM costs - general
In relation to each charge, the cost of providing the service to which the charge relates, and when money is paid directly to associates or external parties, that the cost is the amount paid to that person.

Economies of Scale
Whether the AFM is able to achieve savings and benefits from economies of scale, relating to the direct and indirect costs of managing the scheme property and taking into account the value of the scheme property and whether it has grown or contracted in size as a result of the subscription or redemption of units

Comparable Market Rates
In relation to each service, the market rate for any comparable service provided:
by the AFM; or
to the AFM or on its behalf including by a person to which any aspect of the scheme's management has been delegated.

Comparable Services
In relation to each separate charge, the AFM's charges and those of its associates for comparable services provided to clients, including for institutional mandates of a comparable size and having similar investment objectives and policies;

Classes of Shares
Whether it is appropriate for shareholders to hold units in classes subject to higher charges than those applying to other classes of the same scheme with substantially similar rights.

Our approach to Assessment of Value

Having considered many ways to implement our Assessment of Value review, it was concluded that several of the key criteria could be examined holistically at company level with further analysis developed where appropriate at sub fund level. This approach was based on several factors:

- The pricing structure of funds under review

- The company’s focus on long only investments in a single geography and asset class
- A proportional approach
- The commonality of the stated target market for each product
- A single OEIC with several sub funds

Assessment of value and outcomes

1. Quality of service

A wide variety of services are required to effectively manage and administer funds. Unicorn has looked to assess all the areas we believe are key to ensuring a high quality of service.

Our assessment has focused on five key areas:

Investment & Risk

We believe that the investment and risk process is absolutely fundamental to the quality of service delivered by any fund management group and have reviewed the qualifications, ability and experience of the fund managers and their supporting staff.

In the period under review the fund management team has been provided with appropriate tools to enable detailed and meaningful analysis of both fund and stock characteristics, performance, and risk. In addition to investment in resources there was also a substantial expansion of personnel making up the investment team. This added further research and monitoring capabilities across all strategies managed by the company.

We have considered the quality of the investment processes to which all consumers are gaining access and through consultation internally, as well as reviewing the quality of research produced, have found the processes implemented by Investment Managers to be thorough and comprehensive. A clear, demonstrable, and repeatable process should give further insight into the likely future performance of investment strategies, and the ability of the funds to meet their stated objectives over the long term.

During 2022, the risk and compliance function has also been significantly expanded, and been provided with an increased number of tools enabling it to monitor risk, performance and governance issues more effectively.

Active Ownership and Stewardship

Having been early adopters of ESG strategies, another important area of focus for many of Unicorn's supporters has been the consideration of ESG factors at fund and company level. Unicorn are signatories of the United Nations Principles for Responsible Investing as well as the Net Zero Asset Managers Initiative. We have also implemented an improved framework for monitoring and engagement with investments. A new ESG Analyst was appointed in 2022 to support the existing ESG Officer. There is significant engagement with the companies in which we invest and the number of ESG engagements across the business increased to its highest ever level in 2022.

Services to the funds

Unicorn reviewed the services provided to shareholders by the custodian and the depositary.

- The Depositary, HSBC, is responsible for the safekeeping of the assets of the Fund, for the monitoring of cash flows, and for the appointment and oversight of the Custodian which is responsible for the safekeeping of the assets of the fund in physical or electronic form in the markets in which the fund invests. The Custodian is also responsible for the collection of income and dividends on behalf of the Fund, the processing of corporate actions and the reclaim of tax under any applicable double taxation treaties.

- The services of the Depositary and Custodian are subject to a defined Service Level Agreement and Key Performance Indicators which are used by the Board to assess the quality and performance of the Depositary and Custodian.

Whilst not charged directly to shareholders, we also consider the quality of services provided on its behalf by the fund administrator. The services of the fund administrator are subject to a detailed service level agreement, with key performance indicators including but not limited to breaches, complaints, and timeliness of response, which is regularly reviewed.

Culture and Governance

We place great emphasis on a strong culture of challenge and believe this is imperative to ensuring funds are managed in the best interest of investors. It is also key to the creation of an environment in which appropriate controls not only exist but are embraced. Culture is somewhat less tangible than some elements of fund management, however, it is a strong indicator of a team's approach. Whether it be a desire to work collaboratively in an office environment, attendance at and contribution to regular committees (Risk, Portfolio Review, Execution, Conduct etc.) or the absence of breaches, customer complaints or execution issues it is possible to build a picture of the attitudes and behaviors of a team, and the extent to which these are in line with a desire to deliver high quality service.

Communication

Good internal practices are of less use if they are not communicated clearly to investors. 2022 saw Unicorn launch a new website and a refreshed brand, which drove an increased number of updates via digital and written media for clients. We have been pleased to see traffic and engagement across the site increasing and have noted an enhanced level of communication. We have reviewed the quality, quantity and accessibility of this material as well as examining our engagements with investors via our distribution and communications partners. Areas for consideration have also included how we respond to queries or resolve issues as well as the feedback we seek and receive.

Assessment

Through our work we have concluded that the areas of Communication, Culture and Governance, Services, Stewardship, and Investment & Risk are performing satisfactorily and delivering a good quality of service to shareholders. We assessed the expanded risk & Investment framework implemented by the team during the year and found that the formalisation of structures and separation of committees had led to clearer lines of reporting. This combined with enhanced liquidity monitoring and oversight was found to have improved the service being provided. We are investigating further enhancements that could be made, specifically concerning client communications.

2. Performance

Performance has been assessed for all OEIC sub funds and all classes of share. Our primary consideration has been the extent to which each fund has been managed in line with its investment objectives, policies and strategies, as well as its adherence to any investment restrictions. Performance has been viewed relative to appropriate indicis or peer groups of funds following a comparable investment approach. Where a fund has a stated income objective this has formed a prominent part of the assessment. More broadly, all funds have been assessing relative to others included in its Investment Association Sector over ten years (long term) and five years (the recommended minimum holding period for investors in the funds.)

The assessment also considers other factors, including general market conditions, and the cash flows into and out of the fund as well as strategy benefits that contribute to or detract from value provided, such as lower draw downs, volatility, yield, liquidity, or risk adjusted returns. For each fund's commentary in the assessment of value document we have used the performance of the most widely held shares available to retail investors, whether directly or through a platform.

The Board reviewed the records of regular portfolio review meetings and discussed performance, attribution analysis and portfolio management with the fund managers. In addition, the risk officer, director of operations and compliance officer regularly challenge the fund managers about the reasons for any underperformance or outperformance at monthly Portfolio Review Committee meetings.

Assessment: We found that all funds were managed effectively, in line with their investment objectives and policies, and that they were considered to be meeting their overall objectives over the appropriate timescale. It was noted that in some cases there was shorter term total return underperformance relative to peers. Whilst this is usually understandable given the individual fund objectives and policies, this isolated underperformance will continue to be monitored closely.

3. AFM Costs

Our approach to assessing AFM costs was to carefully examine all costs included within the ongoing charges figure (OCF) as well as transaction costs across all share classes, and focus on the costs paid by investors compared to competitors.

We found that the most significant cost element for each fund was the annual management charge, which is a fixed percentage of the value of the fund, charged daily. The next most significant cost was the depositary's fee, which is also charged as a fixed percentage. Where information was available this was found to be in keeping with other active managers.

Other costs making up the OCF including audit fees and printing costs were reviewed and considered reasonable. They were also generally of a small amount and formed a small proportion of the ongoing charges. It was found that Unicorn's approach to bear the administration and research costs of the funds was not universal in the market, providing significant savings to the shareholders.

Transaction costs were assessed and reviewed throughout the year by the company's execution committee.

Assessment: It was found most costs incurred by the funds are reasonable, justifiable and compare favorably to the costs of the actively managed peer group with all funds in with or lower than the median for their IA sector. However, certain classes of share were found to have an annual management charge not commensurate with providing the service to which the charge relates. These share classes have been recorded in the individual fund analysis contained with this report along with actions to be taken.

4. Economies of Scale

Each strategy was reviewed to determine if there was evidence that existing or potential economies of scale were not being passed on to shareholders, considering the size of the funds and whether they were growing or contracting.

We found that that costs incurred by the funds were largely based on the net asset value of the fund and that the overall rate of charging did not change, to a significant degree, because of a change in the size of the fund. It was further noted as positive that the total expense ratio for the Unicorn UK Ethical Income fund had been capped at a level equal to that of the Unicorn UK Income fund, with any excess borne by the AFM.

It was also noted despite wider market performance and flows contributing to a lower level of revenue during the year under review, Unicorn had continued to make additions to both the Investment and Risk teams as well as investing in infrastructure to continue to deliver best in class oversight.

Assessment: We did not identify any economies of scale, which were not being passed on to shareholders, and found that investors were benefitting from the economies of scale where investment and risk resource was concerned by investing with a specialist. We will continue to monitor the funds.

5. Comparable market rates

Costs charged to Unicorn funds include, the AFM's annual management charge, the auditor's fees, the depositary, and custody fees.

A comparison of these costs' relative to similar funds available in the market was conducted across all share classes.

The annual management charges were compared to other active funds judged to be similar based on several metrics including their risk profile, active share, and investment approach.

The Depositary and Custody fees are regularly reviewed by the ACD against comparable market rates for a professional Depositary for hire providing comparable services, considering the complexity and risk profile of the Funds.

The Depositary and Custody fees are clearly set out in the scheme documentation and are tiered based on the overall value of the Fund to reflect economies of scale. All investors in the Fund share equally in these economies of scale across all classes of units.

The audit fees are reviewed annually by the ACD against comparable market rates for a professional fund auditor providing comparable services, considering the complexity and risk profile of the Funds.

The administration fees, including fund accounting, transfer agency and registrars' fees, charged by the Fund Administrator are borne by Unicorn and not recharged to the funds.

Assessment: It was considered that the charge for all share classes were in line with those levied on other competing funds with similar profiles and share classes. However, it was noted that whilst other "retail" shares in the market may charge a higher AMC, Unicorn felt this was an area in which enhancements could be made. The actions and enhancements are detailed in the individual fund analysis contained with this report. It was once again noted that the research costs incurred by the firm are also borne by Unicorn and not recharged to the funds. Overall, the costs of the funds were considered reasonable and justified in the context of comparable market rates.

6. Comparable Services

Unicorn provides segregated investment management and investment advisory services to a small number of external clients. These arrangements were examined as part of the review.

Assessment: None of these services were found to be in conflict the quality and cost of the service provided to the OEIC. Where areas of commonality existed the value delivered to shareholders was found to be comparable. We will continue to monitor areas in which comparable segregated services could be included in reviews.

7. Classes of shares

The charging structure for all share classes was reviewed across the OEIC.

Assessment: The majority of investors were found to be in the appropriate shareclass. However, It was noted that the annual management charge levied on the retail and overseas share classes was higher than for the institutional share classes and may not be appropriate for all the holders of those classes. it was concluded that the higher charges should be challenged further. The exploration of these share classes has been recorded in the individual fund analysis contained with this report along with any conclusions and actions to be taken.

8. Conclusion

The company considered all factors it believed to be relevant, including the nature, extent and quality of the services provided to the funds and investors, the investment performance of the funds, how competitive the funds are when compared with similar funds, the total costs of the services provided by us, the profits made from the funds, and the extent of economies of scale, if any exist, and whether they are shared with investors.

The conclusion of the value assessment is that all funds have delivered value in relation to the majority of the seven considerations for the assessment. Where any issues have been identified the actions have been identified at fund level in the body of the report.

The Board has approved the findings in this report, which consider the costs of the funds are justified when considered against the overall value the funds offer to investors.

Unicorn UK Income Fund

Objective & 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 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 Fund invests may be quoted on AIM. AIM is the London Stock Exchange's international market for smaller, growing companies.

Assessment

Key Metrics	5 year total return - % to 31/01/23	10 year total return - % to 31/01/23	OCF -%	Yield -%
Unicorn UK Income Fund	5.0	89.0	0.81	4.83
IA UK Equity Income Sector	17.6	83.3	0.81	4.26

The fund was assessed in the context of the seven AOV criteria. We considered the quality of service experienced by investors both from Unicorn and our partners. Performance has been reviewed in the context of the stated investment objective and policy and considered all factors deemed valuable to investors including portfolio oversight, monitoring and risk mitigation. The appropriateness of AFM costs were considered as well as comparable market rates, and economies of scale, to determine if they remain appropriate. All share classes were reviewed to assess if shareholders are invested in the most appropriate class for them, and the fund was assessed relative to the Unicorn UK Ethical Income fund for comparable services purposes.

Quality of service was judged to be in line with expectations whilst the fund met its investment objective by delivering an income to shareholders. The historic yield was noted to be ahead of the IA UK Equity Income sector average. The Fund does not use a benchmark for the purposes of setting performance targets, investment limits or constraints, or for the purposes of performance calculations or comparisons. Whilst not an explicit target of the fund's investment objectives and policies, the total return performance of the fund was found to have outperformed the sector over the long term (10 year). However, it had lagged the average of the Investment Association Sector (IA UK Equity Income) over the shorter term (5 year). Analysis found the stated policy of investing at least 80% of the portfolio in companies with a market cap less than £4bn was the biggest driver of relative underperformance, with the NSCI plus AIM index delivering 8.2% total return over 5 years. Enhancements of the overall risk framework for the fund, specifically focussing on liquidity management alongside increased investment resource and ESG oversight were also noted.

The review of AFM costs and comparable market rates found that the costs of the service are appropriate. The ongoing charges were found to be in line with the median fund in the sector. The costs experienced by investors were in line with comparable services and investors had been able to benefit from economies of scale as a sub fund of the OEIC. There were no economies of scale identified that were not being passed on to investors.

Our review of share classes found investors were predominantly invested in the most appropriate class. However, it was noted that some shareholders were invested in the Retail (A) and Overseas (O) share classes which carry a higher OCF than the corresponding institutional (B) share classes. The majority of shareholders in these A and O classes were either invested through a platform with a rebate bringing the effective cost to the same level as for the cheaper B class or had received historical financial advice and were facilitating rebates to their financial advisors. In addition, a significant proportion of these shareholders were found to be paper-based ISA holders who generated a greater administrative burden on the firm. There were, however, some holders of the A shares for whom this was not deemed the appropriate class of share and those investors will be offered the opportunity to switch to B shares at no cost.

Conclusion

Having assessed the fund in the full context of all seven AOV criteria, we have found that the Unicorn UK Income Fund has delivered value to shareholders and that the current charges are justifiable.

Actions taken as a consequence

It has been proposed to and agreed by the Board that those existing A & O identified as not necessarily being in the appropriate class of share will be written to and offered the opportunity to transfer at no cost into the corresponding B share class.

No action to be taken. We will continue to monitor performance and costs on an ongoing basis. And will continue to monitor the fund to ensure value to investors remains.

Unicorn UK Ethical Income Fund

Objective & 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 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 Fund invests may be quoted on AIM. AIM is the London Stock Exchange's international market for smaller, growing companies.

Assessment

Key Metrics	5 year total return - % to 31/01/23	10 year total return - % to 31/01/23	OCF -%	Yield -%
Unicorn UK Ethical Income Fund	4.80	N/A	0.81	4.75
IA UK Equity Income Sector	17.6	83.3	0.81	4.26

The fund was assessed in the context of the seven AOV criteria. We considered the quality of service experienced by investors both from Unicorn and our partners. Performance has been reviewed in the context of the stated investment objective and policy and considered all factors deemed valuable to investors including portfolio oversight, monitoring and risk mitigation. The appropriateness of AFM costs were considered as well as comparable market rates, and economies of scale, to determine if they remain appropriate. All share classes were reviewed to assess if shareholders are invested in the most appropriate class for them, and the fund was assessed relative to the Unicorn UK Income fund for comparable services purposes.

Quality of service was judged to be in line with expectations whilst the fund met its investment objective by delivering an income to shareholders and investing in UK companies which continue to meet the ACD's ethical guidelines. The historic yield was noted to be ahead of the IA UK Equity Income sector average. The Fund does not use a benchmark for the purposes of setting performance targets, investment limits or constraints, or for the purposes of performance calculations or comparisons. Whilst not an explicit target of the fund's investment objectives and policies the total return performance of the fund was found to have lagged the average of the Investment Association Sector (IA UK Equity Income) over the shorter term (5 year). Analysis found the stated policy of investing at least 80% of the portfolio in companies with a market cap less than £4bn was the biggest driver of relative underperformance over the period, with the NSCI plus AIM index delivering 8.2% total return over 5 years. Enhancements of the overall risk framework for the fund, specifically focussing on liquidity management alongside increased investment resource and ESG oversight were also noted.

The review of AFM costs and comparable market rates found that the costs of the service are appropriate. The ongoing charges were found to be in line with the median fund in the sector. The costs experienced by investors were in line with comparable services and investors had been able to benefit from economies of scale as a sub fund of the OEIC. There were no economies of scale identified that were not being passed on to investors.

Our review of share classes found investors were invested in the most appropriate class. However, it was noted that several shareholders were invested in the Retail (A) and Overseas (O) share classes which carry a higher OCF than the corresponding institutional (B) share classes. The majority of shareholders of these A and O share classes were either invested through a platform with a rebate bringing the effective cost to the same level as for the cheaper B class or had received historical financial advice and were facilitating rebates to their financial advisors. The remainder were smaller shareholders whose paper-based holdings generated a greater administrative burden on the firm. There were, however, some holders of the A shares for whom this was not deemed the appropriate class of share and those investors will be offered the opportunity to switch to B shares at no cost.

Conclusion

Having assessed the fund in the full context of all seven AOV criteria, we have found that the Unicorn UK Ethical Income Fund has delivered value to shareholders and that the current charges are justifiable.

Actions taken as a consequence

No action to be taken. We will continue to monitor performance and costs on an ongoing basis. And will continue to monitor the fund to ensure value to investors remains.

Unicorn Outstanding British Companies Fund

Objective & 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 Fund invests into will be British companies. The 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 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 fund may also invest, at its discretion, in other transferable securities and deposit sand cash. The fund may also enter into certain derivative and forward transactions for hedging purposes. The 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.

Assessment

Key Metrics	**5 year total return - % to 31/01/23**	**10 year total return - % to 31/01/23**	**Since Inception total return - % to 31/01/23**	**OCF -%**
Unicorn Outstanding British Companies Fund	-5.7	57.6	202.63	0.82
IA UK All Companies	14.6	80.6	121.87	0.81

The fund was assessed in the context of the seven AOV criteria. We considered the quality of service experienced by investors both from Unicorn and our partners. Performance has been reviewed in the context of the stated investment objective and policy and considered all factors deemed valuable to investors including portfolio oversight, monitoring and risk mitigation. The appropriateness of AFM costs were considered as well as comparable market rates, and economies of scale, to determine if they remain appropriate. All share classes were reviewed to assess if shareholders are invested in the most appropriate class for them. It was felt there were no directly comparable services provided by Unicorn.

Quality of service was judged to be in line with expectations whilst the fund met its investment objective by delivering long term capital growth by investing in a portfolio of outstanding British companies by taking a long-term view. Whilst the fund has significantly outperformed its peer group on a total return basis since inception, it was found to have lagged the average of the Investment Association Sector (IA UK All Companies) over the shorter term. Evolution of the overall risk framework for the fund, specifically focussing on liquidity management alongside increased investment resource and ESG oversight were also noted. The Fund does not use a benchmark for the purposes of setting performance targets, investment limits or constraints, or for the purposes of performance calculations or comparisons

The review of AFM costs and comparable market rates found that the costs of the service are appropriate. The ongoing charges were found to be marginally higher (1.2%) than for the median fund in the sector. Investors have been able to benefit from economies of scale as a sub fund of the OEIC and there were no economies of scale identified that were not being passed on to investors.

Our review of share classes found investors were invested in the most appropriate class. However, it was noted that several shareholders were invested in the Retail (A) and Overseas (O) share classes which carry a higher OCF than the corresponding institutional (B) share classes. The majority of shareholders of these A and O share classes were either invested through a platform with a rebate bringing the effective cost to the same level as for the cheaper B class or had received historical financial advice and were facilitating rebates to their financial advisors. The remainder were smaller shareholders whose paper-based holdings generated a greater administrative burden on the firm. There were, however, some holders of the A shares for whom this was not deemed the appropriate class of share and those investors will be offered the opportunity to switch to B shares at no cost.

Conclusion

Having assessed the fund in the full context of all seven AOV criteria, we have found that the Unicorn Outstanding British Companies Fund has delivered value to shareholders and that the current charges are justifiable.

Elements of the Performance and Comparable Market criteria were found to require ongoing monitoring. Whilst the objective of delivering long term growth has been met, and the fund was found to have outperformed the peer group over the long term, the performance of the fund was found not to have matched the average of the Investment Association (IA UK All Companies Sector) over the shorter term. While the fund charges were found to be marginally higher than the sector, we have concluded this cost appropriately reflets the active management approach taken by the fund and the service provided.

Actions taken as a consequence

We will continue to monitor performance closely alongside costs.

Following a period of relative underperformance, a joint manager was appointed in 2021 alongside several other enhancements. We will continue to monitor the impact of these enhancements over the medium term.

Unicorn UK Growth Fund

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

Assessment

Key Metrics	**5 year total return - % to 31/01/23**	**10 year total return - % to 31/01/23**	**Since Inception total return - % to 31/01/23**	**OCF -%**
Unicorn UK Growth Fund	1.2	121.6	604.22	0.83
IA UK All Companies	14.6	80.6	224.61	0.81

The fund was assessed in the context of the seven AOV criteria. We considered the quality of service experienced by investors both from Unicorn and our partners. Performance has been reviewed in the context of the stated investment objective and policy and considered all factors deemed valuable to investors, including portfolio oversight, monitoring and risk mitigation. The appropriateness of AFM costs were considered as well as comparable market rates, and economies of scale, to determine if they remain appropriate. All share classes were reviewed to assess if shareholders are invested in the most appropriate class for them. It was felt there were no directly comparable services provided by Unicorn.

Quality of service was judged to be in line with expectations whilst the fund met its investment objective by achieving 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 fund has significantly outperformed its peer group on a total return basis since inception, and over the more recent ten year period. The most recent five year period was found to have been weaker in relative terms, with the fund lagging the average of the Investment Association Sector (IA UK All Companies). Evolution of the overall risk framework for the fund, specifically focussing on liquidity management alongside increased investment resource and ESG oversight were also noted. The Fund does not use a benchmark for the purposes of setting performance targets, investment limits or constraints, or for the purposes of performance calculations or comparisons

The review of AFM costs and comparable market rates found that the costs of the service are appropriate. The ongoing charges were found to be marginally higher (2.5%) than for the median fund in the sector. Investors have been able to benefit from economies of scale as a sub fund of the OEIC and there were no economies of scale identified that were not being passed on to investors.

Our review of share classes found investors were invested in the most appropriate class. However, it was noted that several shareholders were invested in the Retail (A) and Overseas (O) share classes which carry a higher OCF than the corresponding institutional (B) share classes. The majority of shareholders of these A and O share classes were either invested through a platform with a rebate bringing the effective cost to the same level as for the cheaper B class or had received historical financial advice and were facilitating rebates to their financial advisors. The remainder were smaller shareholders whose paper-based holdings generated a greater administrative burden on the firm. There were, however, some holders of the A shares for whom this was not deemed the appropriate class of share and those investors will be offered the opportunity to switch to B shares at no cost.

Conclusion

Having assessed the fund in the full context of all seven AOV criteria, we have found that the Unicorn UK Growth Fund has delivered value to shareholders and that the current charges are justifiable.

While the fund charges were found to be marginally higher than the sector, we have concluded this cost appropriately reflets the active management approach taken by the fund, as well as the strategies adherence to its stated policy of investing in Smaller and AIM companies.

Actions taken as a consequence

No action to be taken. We will continue to monitor performance and costs on an ongoing basis. And will continue to monitor the fund to ensure value to investors remains.

Unicorn Mastertrust Fund

Objective & Policy

The Unicorn Mastertrust Fund aims to achieve long term capital growth by primarily investing in a range of listed investment 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 Fund will choose investment companies which the Manager believes have good potential to grow and which are attractively priced.

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

The 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.

Assessment

Key Metrics	5 year total return - % to 31/01/23	10 year total return - % to 31/01/23	Since Inception total return - % to 31/01/23	OCF - %
Unicorn Mastertrust Fund	23.4	135.3	495.95	0.82
IA Flexible Investment	19.8	77.2	197.2	1.06

The fund was assessed in the context of the seven AOV criteria. We considered the quality of service experienced by investors both from Unicorn and our partners. Performance has been reviewed in the context of the stated investment objective and policy and considered all factors deemed valuable to investors, including portfolio oversight, monitoring and risk mitigation. The appropriateness of AFM costs were considered as well as comparable market rates, and economies of scale, to determine if they remain appropriate. All share classes were reviewed to assess if shareholders are invested in the most appropriate class for them. It was felt there were no directly comparable services provided by Unicorn.

Quality of service was judged to be in line with expectations whilst the fund met its investment objective by achieving long term capital growth by primarily investing in a range of listed investment companies. The fund has significantly outperformed its Investment Association Sector (IA Flexible Investment) on a total return basis since inception, and over the more recent ten-year period. Evolution of the overall risk framework for the fund, specifically focussing on liquidity management alongside increased investment resource and oversight were also noted. The Fund does not use a benchmark for the purposes of setting performance targets, investment limits or constraints, or for the purposes of performance calculations or comparisons

The review of AFM costs and comparable market rates found that the costs of the service are appropriate. The ongoing charges were found to be lower than for the median fund in the sector. Investors have been able to benefit from economies of scale as a sub fund of the OEIC and there were no economies of scale identified that were not being passed on to investors.

Our review of share classes found investors were invested in the most appropriate class. However, it was noted that several shareholders were invested in the Retail (A) and Overseas (O) share classes which carry a higher OCF than the corresponding institutional (B) share classes. The majority of shareholders of these A and O share classes were either invested through a platform with a rebate bringing the effective cost to the same level as for the cheaper B class or had received historical financial advice and were facilitating rebates to their financial advisors. The remainder were smaller shareholders whose paper-based holdings generated a greater administrative burden on the firm. There were, however, some holders of the A shares for whom this was not deemed the appropriate class of share and those investors will be offered the opportunity to switch to B shares at no cost.

Conclusion

Having assessed the fund in the full context of all seven AOV criteria, we have found that the Unicorn Mastertrust Fund has delivered value to shareholders and that the current charges are justifiable.

Actions taken as a consequence

No action to be taken. We will continue to monitor performance and costs on an ongoing basis. And will continue to monitor the fund to ensure value to investors remains.

Unicorn UK Smaller Companies Fund

Objective & Policy

The Unicorn UK Smaller Companies 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 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 Fund may also invest, at its discretion, in other transferable securities and deposits and cash. The Fund may also enter into certain derivative and forward transactions for hedging purposes.

The 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.

Assessment

Key Metrics	**5 year total return - % to 31/01/23**	**10 year total return - % to 31/01/23**	**Since Inception total return - % to 31/01/23**	**OCF - %**
Unicorn UK Smaller Companies	11.1	154.7	580.18	0.84
NSCI plus AIM (ex IC)	8.2	87.3	441.10	N/A
IA UK Smaller Companies	11.3	127.3	610.86	0.91

The fund was assessed in the context of the seven AOV criteria. We considered the quality of service experienced by investors both from Unicorn and our partners. Performance has been reviewed in the context of the stated investment objective and policy and considered all factors deemed valuable to investors, including portfolio oversight, monitoring and risk mitigation. The appropriateness of AFM costs were considered as well as comparable market rates, and economies of scale, to determine if they remain appropriate. All share classes were reviewed to assess if shareholders are invested in the most appropriate class for them. It was felt there were no directly comparable services provided by Unicorn.

Quality of service was judged to be in line with expectations whilst the fund met its investment objective by achieving long term capital growth by investing primarily in UK companies included within the UK Numis Smaller Companies plus AIM Index. The fund has outperformed its stated benchmark of the NSCI plus AIM (ex Investment Companies) on a total return basis since inception, and over the more recent ten-year period. It was noted however, that the performance of the fund was found to have not matched the average of the Investment Association UK Smaller Companies sector over some time periods. Evolution of the overall risk framework for the fund, specifically focussing on liquidity management alongside increased investment resource and ESG oversight were also noted.

The review of AFM costs and comparable market rates found that the costs of the service are appropriate. The ongoing charges were found to be lower than for the median fund in the sector. Investors have been able to benefit from economies of scale as a sub fund of the OEIC and there were no economies of scale identified that were not being passed on to investors.

Our review of share classes found investors were invested in the most appropriate class. However, it was noted that several shareholders were invested in the Retail (A) and Overseas (O) share classes which carry a higher OCF than the corresponding institutional (B) share classes. The majority of shareholders of these A and O share classes were either invested through a platform with a rebate bringing the effective cost to the same level as for the cheaper B class or had received historical financial advice and were facilitating rebates to their financial advisors. The remainder were smaller shareholders whose paper-based holdings generated a greater administrative burden on the firm. There were, however, some holders of the A shares for whom this was not deemed the appropriate class of share and those investors will be offered the opportunity to switch to B shares at no cost.

Conclusion

Having assessed the fund in the full context of all seven AOV criteria, we have found that the Unicorn UK Smaller Companies Fund has delivered value to shareholders and that the current charges are justifiable.

Actions taken as a consequence

No action to be taken. We will continue to monitor performance and costs on an ongoing basis. And will continue to monitor the fund to ensure value to investors remains.