

Unicorn Asset Management

Quarterly AIM Newsletter



Q4 2022

For professional advisers only

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Unicorn AIM VCT

The largest and longest running AIM VCT in the market, focused on long term income generation and capital growth

AIM IHT & ISA Portfolio Service

Invests in a BR qualifying portfolio of AIM businesses to deliver IHT mitigation, natural income and growth - there are two portfolios; a growth focus portfolio and a dividend focus portfolio

AIM IHT & ISA Service Responsible Portfolios

Offers the dividend and growth portfolios with expanded revenue restrictions on investee companies

FROM THE DESK OF ALEX GAME

The FTSE AIM All-Share Index registered a total return of +3.6% in Q4 2022; the first positive quarter since Q2 2021, however, the AIM market once again lagged the large cap FTSE 100 index (+8.7%). This relative underperformance continued the overall trend for 2022 and marked a tough 12 months for AIM with the Index return of -30.7% vs. +1.6% for the FTSE All Share Index.

Whilst outperforming the FTSE AIM index, Unicorn's AIM

products were obviously not immune to the sell off, which was driven in large part by increasing interest rates leading to a significant repricing of risk assets. Valuations on AIM were particularly sensitive to this dynamic.

Against this backdrop we feel that many valuations in the market are looking attractive, especially in the context of historic averages, and crucially they appear to be pricing in much of the bad news and more.

The 13x forward P/E ratio of the AIM market represents a discount of approximately 20% to the long run average and is 40% lower than the April 2021 peak. At the end of 2022, over 70% of the constituents of AIM were trading at discounts to their 10-year average valuations and the average discount was 38%. We are of the view that this represents an attractive opportunity for the patient, long term investor.

Unicorn met with 27 AIM listed management teams during the fourth quarter and conducted 5 site visits with some common themes emerging. We have been encouraged by the pricing power demonstrated by many of our companies, which have been able to maintain profit margins despite the rapid increase in input costs. Our conversations with management have also provided some reassurance that certain inflationary headwinds are moderating, particularly with regards to energy costs, materials and freight. It is too early to assess trends in wage inflation, but it is likely that companies will continue to face some pressure to alleviate the cost-of-living squeeze many of their employees will be suffering, however, demand for products and services has remained robust throughout the period and order books are currently at healthy levels.

For AIM, 2023 will no doubt present challenges as companies navigate a challenging cost environment and the prospect of an economic downturn. As ever, well capitalised companies with attractive market positions in sectors supported by long term structural trends should emerge stronger. Our process has long sought to identify such businesses and, whilst acknowledging current challenges, we remain excited about the longer term potential for growth from these stocks.

Source: FE Analytics 31/12/2022, Peel Hunt market valuations 23/01/2023 (long run average is defined as 10-year average of 15.7x forward EPS).



Alex Game
Fund Manager

Q4 2022 PORTFOLIO OVERVIEW

UNICORN AIM VCT

NAV total return: +0.1% vs NAMI +3.7%

Stocks added: Oxford BioDynamics

Stocks exited: None

Name	Contribution to Return (%)
Top 3 performers	
ANPARIO	+0.7
DIRECTA PLUS	+0.6
KEYWORDS STUDIOS	+0.5
Bottom 3 performers	
SAIETTA GROUP	-0.7
ACCESS INTELLIGENCE	-0.9
MAXCYTE	-1.6

UNICORN AIM IHT & ISA PORTFOLIO SERVICE - GROWTH FOCUS

Total return: +0.6% vs NAMI +3.7%

Stocks added: Ashtead Technology

Stocks exited: None

Name	Total Return (%)
Top 3 performers	
IQE	+46.0
ASHTEAD TECHNOLOGY	+25.5
JOHNSON SERVICE GROUP	+23.8
Bottom 3 performers	
IOMART GROUP	-23.3
FRONTIER DEVELOPMENTS	-28.2
GB GROUP	-48.3

UNICORN AIM IHT & ISA PORTFOLIO SERVICE - DIVIDEND FOCUS

Total return: +1.8% vs NAMI +3.7%

Stocks added: None

Stocks exited: None

Name	Total Return (%)
Top 3 performers	
KITWAVE GROUP	+35.0
JOHNSON SERVICE GROUP	+23.8
ANPARIO	+21.4
Bottom 3 performers	
MORTGAGE ADVICE BUREAU	-14.7
IOMART	-23.3
STRIX	-31.8

The VCT table shows contributions to fund performance. The IHT tables show the total return of stocks held in the model portfolio, with exception to those stocks that have been added or removed from the model during the period.

Source: Numis Alternative Markets Index, Morningstar, Unicorn Asset Management UK 31/12/2022. Past performance is not a guide to future performance, performance is based on returns net of fees. Your capital is at risk, the value of investments and the income from them may go down as well as up. Investors may not get back the amount of their original investment.


COMPANY SPOTLIGHTS

OXFORD BIODYNAMICS

FIRST INVESTMENT: October 2022
MARKET CAP: £25 million
SECTOR: Pharmaceuticals and Biotechnology
PORTFOLIO: AIM VCT

OVERVIEW OF THE COMPANY:

What Oxford BioDynamics does

Oxford BioDynamics  Oxford BioDynamics is a global biotechnology company, advancing personalised healthcare by developing and commercialising precision medicine tests for life changing diseases.

The company has developed a proprietary 3D genomic biomarker platform, EpiSwitch, which can be used to diagnose patients or determine how individuals might respond to a disease or treatment.

Why we like it

The pharmaceutical industry has been facing a multitude of challenges given the increasing proportion of ageing populations, rising costs of healthcare coupled with increased scrutiny of drug pricing. Oxford BioDynamics helps patients receive more targeted therapeutics faster, with improved patient outcome at acceptable costs. Its proprietary technology platform enables pharmaceutical companies to accelerate and improve the rate of drug discovery and development. The technology can be used across a wide array of diseases ranging from Alzheimer's to Diabetes and various forms of cancer. Oxford BioDynamics has also participated in more than 40 partnerships with big pharma and leading institutions including Pfizer, EMD Serono, Biogen, amongst others.

Company news from the latest quarter

Oxford BioDynamics successfully raised £9.1m in October 2022 which will be used to accelerate the commercialisation of the EpiSwitch platform.

ASHTEAD TECHNOLOGY

FIRST INVESTMENT: December 2022
MARKET CAP: £250 million
SECTOR: Industrial transportation
PORTFOLIO: AIM IHT

OVERVIEW OF THE COMPANY:

What Ashtead Technology does

Ashtead Technology is a leading  **Ashtead** Technology international subsea equipment rental and solutions business, serving the offshore energy sector. Headquartered in the UK, the company operates globally, servicing customers from its nine international customer service hubs.

Why we like it

Ashtead Technology, since its establishment in 1985, has grown organically and through strategic acquisitions to become one of the leading providers of rental equipment and solutions to the global offshore energy sector. The company's growth potential is supported by its exposure to industry growth, including the energy market's transition towards renewables, the growing IMR market, decommissioning for Oil & Gas, market share gain, and an increased customer propensity to rent.

Company news from the latest quarter

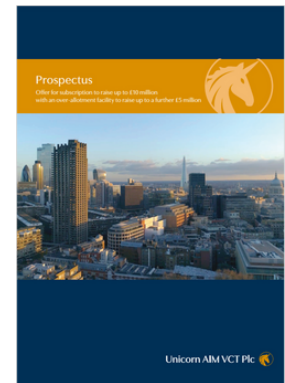
The investment team has met with the management of Ashtead Technology on two occasions over the past year; we have been impressed by the execution against the long term strategic objectives of the group. The company's growth can be attributed to the energy industry's significantly increased focus on transition and security. The group's strong first half trading continued through the third quarter, as per its most recently released trading update. The management of the firm now expects the full year revenues and profits to be materially ahead of expectations. Along with the positive trading update, Ashtead Technology also announced the acquisition of Hiretech Limited, a rental and services company, for a consideration of £20m. The acquisition is expected to yield strong synergies and aid in the expansion of the business by adding complementary capabilities.

Source: Unicorn Asset Management 31/12/2022. Past performance is not a guide to future performance, performance is based on returns net of fees. Your capital is at risk, the value of investments and the income from them may go down as well as up. Investors may not get back the amount of their original investment.

UNICORN AIM VCT - PROSPECTUS NOW AVAILABLE

The prospectus for the Unicorn AIM VCT Plc's new £10 million Offer (with an over-allotment facility to raise up to a further £5 million) is now available to **download here**. The application process is solely via the online portal and is **now open**. Applications will be accepted on a **first come, first served basis** once regarded as complete (which includes receipt of cleared funds). If you have any questions, please contact us **by email** or call **020 7071 3920**. Important information:

- **Online application opened:** 6 February 2023
- **Offer closes:** 30 March 2023, 5:30pm (or earlier if fully subscribed)
- **Share allotment dates:** 10 March & 4 April 2023



FACTSHEETS



GROWTH FOCUS



RESPONSIBLE GROWTH FOCUS



DIVIDEND FOCUS

MORE INFORMATION

For further information, please get in touch using the details below for the following:

- Brochures
- Factsheets
- Videos and webinar recordings
- Face-to-face and virtual events
- Manager meetings
- CPD credit opportunities

CONTENT LIBRARY

EVENTS

Performance figures show the total return of the Unicorn AIM IHT & ISA Portfolio Service Growth and Dividend Focus Portfolios where the contribution of each portfolio to the total return is weighted by portfolio size. The returns take into account all portfolio management fees but do not include initial portfolio or adviser fees. Individual portfolios are excluded during months when a portfolio is being invested, during months when withdrawals are made, where the investor has died and all portfolios where the initial investment is less than the minimums quoted in the terms & conditions of the service. The performance figures have been calculated by WM Capital Management based on the bid prices of holdings at the end of each month. Fees are subject to change.

Investing in smaller companies, including AIM listed companies and unlisted companies, can carry greater risks than those associated with larger capitalized companies. Taxation levels, benefits and reliefs may all vary depending on individual circumstances and are subject to change. Except where otherwise stated, the source of the information in this document is Unicorn Asset Management.

Opinions expressed are those of Unicorn Asset Management and should not be relied upon as a guarantee of the possible returns from an investment in its funds, nor is there any guarantee, representation or warranty regarding the accuracy of the information contained within this document. Forward looking opinions may be subject to change without notice.

Nothing in this document should be seen as advice, an invitation or a recommendation to buy or sell any investment or security referred to. Investors should seek financial advice before making an investment. Any decision to invest in the Unicorn fund range should be made solely by reference to the prospectus, KIIDS, terms and conditions and relevant application form.

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