Unicorn

Investing with conviction

Unicorn Investment Funds

Assessment of Value, 29 February 2024

Contents

Introduction

Welcome to the Unicorn Asset Management Assessment of Value report for 2024.

The report looks to give our investors an update on the assets we manage on your behalf, and the value being received. The report focusses on the 12-month period of calendar year 2023, but also looks at the historic context of the strategies given the long-term objectives and investment policies. Where we have identified any areas that could be improved, we have highlighted them, along with suggestions as to what action may be or has been taken.

As ever, we look to continue to enhance the quality and clarity of the literature we provide to consumers, and you will see some developments throughout this year's report.

What is an Assessment of Value Report?

Under the Collective Investment Schemes Information Guide (COLL), 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. Based on these findings the manager is required take appropriate action if it determines that any are not providing good value. With the advent of the new Consumer Duty principle in coming into practice in 2023 and with a price and value outcome as one of four key outcomes, thinking around value for customers continues to evolve.

The FCA have set out seven key criteria, which must be considered:

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.

Tell us what you think!

We are always looking for ways to improve the quality of service provided by Unicorn including our Assessment of Value. If you have any feedback or suggestions for improvements, please contact us at info@unicornam.com

Our Findings

Below are the value assessment ratings for each Fund. We have grouped five of the criteria under the broader heading of costs; however, we have still assessed each of the criteria individually. For each criterion we have provided a Red, Amber, or Green rating with an overarching rating given at a Fund level.

Green	**Good value: no issues have been identified**
Amber	**Value: We have identified a potential issue(s) and highlighted it for monitoring**
Red	**Not delivering consistent value: An issue(s) has been identified and we have set out the actions being taken**

Where any areas have been highlighted, more detail can be found in the Fund specific detail later in this report.

If you want to see the latest information regarding a fund, all information is available in the 'Funds' section of our website (unicornam.com/funds/)

			Costs					
Fund	**Quality of Service**	**Performance**	**AFM Costs**	**Economies of Scale**	**Comparable Market Rates**	**Comparable Services**	**Classes of Units**	**Overall Assessment**
Mastertrust								
Outstanding British Companies								
UK Growth								
UK Ethical Income								
UK Income								
UK Smaller Companies								

Below you will find further detail on how we consider each of the criteria with specific commentary by Fund in the following pages.

Having considered many ways to implement our Assessment of Value review, it was concluded for the first assessment 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 and has been retained for the 2024 assessment.

Key considerations for grouping criteria:

- 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

- Consistency from year to year giving consumers clarity

1. Quality of service

The quality of service across the range was found to be delivering value. A wide variety of services are required to effectively manage and administer Funds. Unicorn continues to assess all the areas we believe are key to ensuring a high quality of service.

Our assessment focusses on five key areas:

Investment & Risk

We believe that the investment and risk process is 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 continued benefit from the substantial expansion of personnel making up the investment team in the prior year. These additions have continued to add 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.

The enhancements and additions to the risk and compliance function seen in 2023 continued to support the company's ability to effectively monitor risk, performance, and governance issues.

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 continued to expand our framework for monitoring and engagement with investments and published for the first time in 2023 our Sustainability & Stewardship Report. 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 2023.

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 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.

While not charged directly to shareholders, we also consider the quality of services provided 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, all of which are regularly reviewed. The administrator is often the first point of contact for individuals regarding investments and as such the quality of their work and responsiveness is regularly monitored.

Culture and Governance

We continue to 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 often 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 committee meetings 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

Having launched a new website the previous year, 2023 saw the content hosted there continue to evolve. As part of our ongoing work regarding Consumer Understanding through a Consumer Duty lens we have continued to review the quality, quantity and accessibility of client facing materials 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. Over the year enhancements were made to monthly factsheets to improve the clarity of information and the decision was taken across the OEIC Funds to publish quarterly manager commentary that was more detailed than the month-to-month commentary previously contained within factsheets. The Company also published its first Sustainability and Stewardship Report, improving our transparency and reporting standards regarding ongoing ESG work across the Funds.

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 continued implementation of the expanded risk & Investment framework from 2022 and found that the incremental benefits continued. This combined with ongoing prudent liquidity monitoring and oversight was found to be a driver of value for investors. We continue to look for areas that can be strengthened.

2. Performance

Performance has been assessed for all OEIC sub-Funds and all classes of share. Our primary considerations have 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 assessed relative to others included in their 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 investment team. 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 regular Committee meetings. External coverage of the Fund range by independent specialists Square Mile Research, RSMR and Fund Calibre was also included where available.

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 and is discussed further in the Fund specific sections later in this report.

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.

New to this year's appraisal was the inclusion, where it was available, of opinion from independent specialists Square Mile Research specifically regarding cost and value.

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 bearing 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 line with, or lower than the median for their IA sector. However, despite the decision being implemented in 2023 to stop new investments into historic higher cost share classes and the availability of the cheaper B share open to existing investors, there remain a small number of investors whose annual management charge is may not be the most appropriate. 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 the 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 flows contributing to a lower level of revenue during the year under review, Unicorn continued to enhance its infrastructure and resources 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 benefiting 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.

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. Whilst 2023 saw Unicorn stop new investments into historic share classes, it was noted that some existing shareholders were still invested in classes of share with a higher fee where this may not be appropriate. Whilst other "retail" shares in the market may charge a higher AMC, Unicorn felt this was an area in which further enhancements could be made. The actions and enhancements are detailed in the individual Fund analysis contained in 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 with 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 share class. However, despite the decision being implemented in 2023 prevent new investments being made into historic higher cost share classes and the availability of the less costly B shares being open to existing investors, their remain a small number of unitholders whose annual management charge may not be the most appropriate. The exploration of further action for these share classes has been recorded in the individual Fund analysis contained within this report together 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 31/12/23	10-year total return - % to 31/12/23	OCF -%	Yield -%
Unicorn UK Income Fund	26.6	46.9	0.83	5.15
IA UK Equity Income Sector	33.5	58.6	0.82 (IA Active Funds)	4.63

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 was 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.

The 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 underperformed the sector over the longer term (10 year) and 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 of less than £4bn was the biggest driver of relative underperformance, with the NSCI plus AIM index delivering 23.97% total return over 5 years. It was noted that whilst being over a short time period the Fund had outperformed the sector in the year under review. Continuing enhancements of the overall risk framework for the Fund, specifically focusing 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 active strategies 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.

Independent research from Square Mile Investment Consulting & Research noted "The Fund's ongoing charge figure (OCF), transaction costs and total cost of investment (TCI) are all lower than the UK equity income peer group median. Therefore, in our view, the overall cost structure of this strategy provides investors with good value for money. Furthermore, following the introduction of MiFID II regulations, asset management firms are now required to disclose all costs and charges related to the running and administration of Funds. This can include items outside of the OCF, such as research costs. As a result, Unicorn AM has absorbed the costs associated with its research, which slightly reduces the overall fee paid by investors."

Our review of share classes found investors were increasingly investing in the most appropriate class following the closure of new applications to the historic A share in 2023. However, it was noted that some historic shareholders were still invested in the Retail (A) and Overseas (O) share classes which carry a higher OCF than the corresponding institutional (B) share classes and which may not be the most appropriate. 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 despite the less costly B shares being open to these investors.

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

Having closed the historic A shares to new investments we are exploring further options to continue to reduce the number of existing A & O shareholders identified as not necessarily being in the most appropriate class of share.

No other actions 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 31/12/23**	**10-year total return - % to 31/12/23**	**OCF -%**	**Yield -%**
Unicorn UK Ethical Income Fund	18.9%	N/A	0.81	5.32
IA UK Equity Income Sector	33.5	58.6	0.82 (IA Active Funds)	4.63

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 was 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.

The 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 significantly 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 underperformed the sector over the medium term 5-year time period. 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 lagging the IA UK Equity Income sector significantly over 5 years. It was noted that whilst being a short period, the Fund outperformed the sector in the year under review. Whilst it was felt there were several mitigating elements to mid-term performance and the Fund had delivered a significant premium to the market in terms of income yield it was felt total return performance was something that should be monitored. Continuing enhancements of the overall risk framework for the Fund, specifically focusing on liquidity management alongside increased investment resource and ESG oversight were also noted.

Independent research from Square Mile Investment Consulting & Research noted "The Fund's ongoing charge figure (OCF), is lower than that of the peer group median, however its transaction costs are elevated, which leads to a total cost of investment (TCI) that is above the peer group average. In our view, the overall cost structure provides investors with adequate value for money, particularly considering the additional ethical screens used in the investment process. In line with MiFID II regulations, asset management firms are required to disclose all of the costs and charges related to the running and administration of their Funds, which can include items outside of the OCF, such as research costs. Unicorn AM absorbs all of the costs associated with its research, which slightly reduces the overall fee paid by investors."

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 the average for active strategies 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 increasingly investing in the most appropriate class following the closure of new applications to the historic A share in 2023. However, it was noted that some historic shareholders were still invested in the Retail (A) and Overseas (O) share classes which carry a higher OCF than the corresponding institutional (B) share classes and which may not be the most appropriate. 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 despite the less costly B shares being open to these investors.

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. The longer-term total return performance will continue to be monitored.

Actions

Having closed the historic A shares to new investments we are exploring further options to continue to reduce the number of existing A & O shareholders identified as not necessarily being in the most appropriate class of share.

No other actions 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 31/12/23**	**10-year total return - % to 31/12/23**	**Since Inception total return - % to 31/12/23**	**OCF -%**
Unicorn Outstanding British Companies Fund	3.6	29.7	207.38	0.84
IA UK All Companies	31.6	55.8	128.01	0.87 (IA Active Funds)

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 was 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. Whilst Continued evolution of the overall risk framework for the Fund, specifically focusing 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 lower than the average for active strategies 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 increasingly investing in the most appropriate class following the closure of new applications to the historic A share in 2023. However, it was noted that some historic shareholders were still invested in the Retail (A) and Overseas (O) share classes which carry a higher OCF than the corresponding institutional (B) share classes and which may not be the most appropriate. 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 despite the less costly B shares being open to these investors.

Conclusion

Having assessed the Fund in the full context of all seven AOV criteria, we have found that the Unicorn Outstanding British Companies Fund is delivering value to shareholders, but that further enhancements may be required.

While 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. Short term Performance requires and is receiving ongoing monitoring.

Actions taken as a consequence

We will continue to monitor performance closely and will explore further action that may be appropriate to improve the value being delivered to investors.

Having closed the historic A shares to new investments we are exploring further options to continue to reduce the number of existing A & O shareholders identified as not necessarily being in the most appropriate class of share.

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 31/12/23**	**10-year total return - % to 31/12/23**	**Since Inception total return - % to 31/12/23**	**OCF -%**
Unicorn UK Growth Fund	22.1	61.2	604.22	0.85
IA UK All Companies	31.6	55.8	233.59	0.87 (IA Active Funds)

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 was 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.

The 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). Continued evolution of the overall risk framework for the Fund, specifically focusing 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 lower than the average active manager 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 increasingly investing in the most appropriate class following the closure of new applications to the historic A share in 2023. However, it was noted that some historic shareholders were still invested in the Retail (A) and Overseas (O) share classes which carry a higher OCF than the corresponding institutional (B) share classes and which may not be the most appropriate. 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 despite the less costly B shares being open to these investors.

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.

Actions

Having closed the historic A shares to new investments we are exploring further options to continue to reduce the number of existing A & O shareholders identified as not necessarily being in the most appropriate class of share.

No other actions 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 31/12/23	10-year total return - % to 31/12/23	Since Inception total return - % to 31/12/23	OCF - %
Unicorn Mastertrust Fund	37.5	105.24	511.93	0.82
IA Flexible Investment	33.9	69.07	207.91	1.09

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 was 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.

The 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. Continued evolution of the overall risk framework for the Fund, specifically focusing 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 average active 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 increasingly investing in the most appropriate class following the closure of new applications to the historic A share in 2023. However, it was noted that some historic shareholders were still invested in the Retail (A) and Overseas (O) share classes which carry a higher OCF than the corresponding institutional (B) share classes and which may not be the most appropriate. 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 despite the less costly B shares being open to these investors.

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

Having closed the historic A shares to new investments we are exploring further options to continue to reduce the number of existing A & O shareholders identified as not necessarily being in the most appropriate class of share.

No other actions 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	36.04	77.18	641.54	0.89
NSCI plus AIM (ex IC)	23.97	47.24	401.38	N/A
IA UK Smaller Companies	23.36	69.09	544.36	0.95

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 was 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.

The 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 both its stated benchmark of the NSCI plus AIM (ex-Investment Companies) and the Investment Association UK Smaller Companies sector on a total return basis since inception, and over the more recent ten-year period. Continued evolution of the overall risk framework for the Fund, specifically focusing on liquidity management alongside increased investment resource and ESG oversight were also noted. It was also recorded that the Fund is assessed as being Elite Rated by the independent research of Fund Calibre.

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 average active 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 increasingly investing in the most appropriate class following the closure of new applications to the historic A share in 2023. However, it was noted that some historic shareholders were still invested in the Retail (A) and Overseas (O) share classes which carry a higher OCF than the corresponding institutional (B) share classes and which may not be the most appropriate. 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 despite the less costly B shares being open to these investors.

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

Having closed the historic A shares to new investments we are exploring further options to continue to reduce the number of existing A & O shareholders identified as not necessarily being in the most appropriate class of share.

No other actions 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.