

Unicorn Asset Management

Quarterly AIM Newsletter



Q1 2024

For professional advisers only

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 MAX ORMISTON

The FTSE AIM All-Share Index registered a total return of -2.3% in the first quarter of 2024 with the majority of AIM listed shares pausing for breath following the positive returns in the final quarter of 2023. A handful of AIM's larger constituents experienced more challenging share price performance, which consequently dragged down the total return of the AIM Index as a whole. This included CVS Group (-42.1%), Keywords Studios (-21.7%), YouGov (-15.3%) and Avacta Group (-57.3%). These notable stock detractors also weighed on sector returns, with the Consumer Services (-41.1%) and Pharmaceuticals and Biotechnology (-11.9%) the two biggest sector detractors from the AIM Index.



Max Ormiston,
Portfolio Manager

In contrast, UK large caps delivered positive performance during the quarter. The FTSE 100 Index registered a total return of +4.0%. Heavyweights in the index including GSK (+18.9%), RELX (+10.1%) and BP (+7.6%) contributed meaningfully to overall index returns. Elsewhere, strong positive returns from aerospace and defence companies including Rolls-Royce (+42.4%) and BAE Systems (+21.5%) also bolstered the FTSE 100 index return.

Unicorn AIM VCT recorded a net asset value ("NAV") total return of -4.4% during the quarter, underperforming the AIM Index over the same period. The VCT's negative performance was impacted most significantly by Oxford Biodynamics (-66.4%) and Avacta (-57.3%) whose share price moves costing the company 2.9% during the period. Both businesses share prices were impacted by further fund raises in the first quarter. Whilst painful for their respective share prices the raises will provide the follow-on funding we feel is necessary to support these companies' respective growth plans.

The VCT portfolio was also on the receiving end of further merger and acquisition (M&A) activity during the quarter with long-standing investment Mattioli Woods receiving a takeover bid from Pollen Street Capital (a Private Equity firm) which valued Mattioli Woods at a 34% premium to its pre-announcement share price. Meanwhile, Belvoir Group announced that it had agreed to merge with The Property Franchise Group, its closest competitor, to create a business of greater scale. Given the depressed valuations of UK small caps, we believe it is likely that takeover activity will remain an ongoing feature of the UK stock market this year.

Unicorn AIM IHT Portfolio Service registered total returns of -1.6% for the Dividend Focus Portfolio and -2.9% for the Growth Focus Portfolio, respectively. The weakest performers included Young's (-26.5%) and RWS (-22.1%) which are constituents of both model portfolios. Meanwhile, the top performers were Kitwave (+45.5%) in the Dividend Focus portfolio and Craneware (+26.5%) in the Growth Focus portfolio.

We updated the Model Portfolios during the quarter with our decisions driven by both ongoing M&A activity and new investment opportunities. Exits included Smart Metering Systems (acquired) and Belvoir Group (merger). Additions included Craneware (Growth Focus), Churchill China and Tristel (Dividend Focus).

Q1 2024 PORTFOLIO OVERVIEW

UNICORN AIM VCT

Total returns: -4.4% vs NAMI -2.2%
Stocks added: EDX Medical, Equipmake
Stocks exited: None

Name	Contribution to Return (%)
Top 3 performers	
MATTIOLI WOODS	+0.9
FEEDBACK	+0.8
COHORT	+0.7
Bottom 3 performers	
DESTINY PHARMA	-0.9
AVACTA	-1.4
OXFORD BIODYNAMICS	-1.5

UNICORN AIM IHT & ISA PORTFOLIO SERVICE - GROWTH FOCUS

Total returns: -2.9% vs NAMI -2.2%
Stocks added: Midwich, Next 15
Stocks exited: Alpha Group International, IQE

Name	Total Return (%)
Top 3 performers	
CRANEWARE	+26.5
ASHTeAD TECHNOLOGY	+23.8
COHORT	+22.0
Bottom 3 performers	
RWS HOLDINGS	-22.1
YOUNG & CO'S BREWERY	-26.5
CROPPER (JAMES)	-27.5

UNICORN AIM IHT & ISA PORTFOLIO SERVICE – RESPONSIBLE GROWTH

Total returns: -3.7% vs NAMI -2.2%
Stocks added: Midwich, Next 15
Stocks exited: Alpha Group International, IQE

Name	Total Return (%)
Top 3 performers	
CRANEWARE	+26.5
GAMMA COMMUNICATIONS	+21.5
KEYSTONE LAW GROUP	+17.6
Bottom 3 performers	
ALPHA FINANCIAL MARKETS	-16.9
RWS HOLDINGS	-22.1
CROPPER (JAMES)	-27.5

UNICORN AIM IHT & ISA PORTFOLIO SERVICE - DIVIDEND FOCUS

Total returns: -1.6% vs NAMI -2.2%
Stocks added: GlobalData, Tristel, Elixir International
Stocks Exited: Strix

Name	Total Return (%)
Top 3 performers	
KITWAVE GROUP	+45.5
ANIMALCARE GROUP	+23.5
COHORT	+21.5
Bottom 3 performers	
CHURCHILL CHINA	-19.7
RWS HOLDINGS	-22.1
YOUNG & CO'S BREWERY	-26.5

The VCT table shows contributions to fund performance. The IHT tables show the total return of stocks held in the model portfolio.

Source: Numis Alternative Markets Index, Unicorn Asset Management 31/03/2024.

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



Equipmake

FIRST INVESTMENT: February 2024
MARKET CAP: £63.8m
SECTOR: Automobiles & Components
PORTFOLIO: AIM VCT

OVERVIEW OF THE COMPANY:

What Equipmake does

Equipmake, a UK engineering firm founded in 1997, leads in developing and producing electrification solutions. It designs and manufactures key technology for electric vehicle drivetrains, offering comprehensive powertrain solutions globally for the automotive, aerospace, marine, construction, and bus industries. Equipmake provides retrofit solutions for existing vehicles and drivetrain supplies for new ones.

Why we like it

With governments worldwide pushing for zero-emission transportation and consumers becoming more environmentally conscious, the rise in demand for EVs has increased exponentially. However, advancing energy transition, particularly in heavier transportation, remains challenging, with over 95% of European buses still diesel-powered. Equipmake acts as a disruptive force in the industry enhancing e-mobility safety, speed, efficiency, reliability, and affordability.

Company news from the latest quarter

Since its IPO in July 2022, Equipmake has achieved significant milestones, including delivering 12 buses to First Bus in York, signing a licensing agreement with Sona Comstar, securing a production agreement with H55, and launching a production intent program with Perkins Engines. Despite short-term supply chain disruptions, the company continues to deliver new contract wins and generate increasingly strong demand for its leading-edge EV products and integrated solutions, particularly in the US.



Next 15

FIRST INVESTMENT: March 2024
MARKET CAP: £917.5m
SECTOR: Media
PORTFOLIO: AIM IHT

OVERVIEW OF THE COMPANY:

What Next 15 does

At its core, Next 15 is a group of businesses dedicated to facilitating company growth through four main strategies. It employs data-driven insights to guide decision-making, assist in brand optimisation and digital asset creation, foster personal connections with customers to drive sales, and help redesign business models for maximum value. This unique approach combines agency creativity, consultancy rigour, and tech expertise.

Why we like it

In an age defined by exponential growth in the availability of data, diverse data-driven strategies, coupled with real-time analysis and a surge in demand for personalised digital marketing, sustainable practices, and AI-driven automation, Next 15 Group stands poised for significant future growth. With a history of investing in the right trends, a skilled management team, and a robust track record of success supported by strong cash generation and a flexible business model, Next 15 stands resilient.

Company news from the latest quarter

In its recently announced full-year trading update, Next 15 highlighted a strong performance with positive revenue, profit, and earnings growth despite ongoing macroeconomic headwinds, demonstrating the resilience of the company's diversified business model. The group also had a successful series of new business wins over the last trading quarter, while also strengthening relationships with a number of existing clients.

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UNICORN AIM VCT offer now oversubscribed

Unicorn AIM VCT closed a £20 million top up offer for subscription in just seven days during the quarter making it by far the fastest filling VCT offer of the tax year.

Investment Company of the Year awards winner

November 2023 Unicorn Asset Management took home the VCT specialist award at the 2023 Investment Company of the Year Awards.

[Read the winners interview here](#)



GROWTH FOCUS



RESPONSIBLE GROWTH FOCUS



DIVIDEND FOCUS

MORE INFORMATION

For further information on any of the following, please get in touch.

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

CONTENT LIBRARY

EVENTS

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. 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.

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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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