

Unicorn Asset Management

Quarterly AIM Newsletter



Q3 2023

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

AIM experienced another challenging quarter during Q3 2023, registering a total return of -3.2%. AIM's performance contrasted with the FTSE 100's total return of +2.1% over the same period. AIM listed shares broadly underperformed large caps as investor sentiment remained weak, particularly towards businesses which are most exposed to the UK economy.

The Unicorn AIM VCT registered a net asset value total return of -2.0% during the quarter, outperforming the AIM Index total return of -3.2% over the same period. The VCT's performance was helped by a strong contribution from Oxford Biodynamics (+171%) which successfully raised circa £5m in August via an equity placing to support the company's growth strategy. At the end of September, Oxford Biodynamics also launched its EpiSwitch Prostate Screening (PSE) test which has a high level of accuracy for determining the presence (or absence) of prostate cancer. We were pleased to participate in the August fund raise, following on from the initial investment which we made in October 2022.

The Unicorn AIM IHT Portfolio Service experienced a more challenging period for performance. The Growth Focused Portfolio recorded a total return of -4.5% and the Dividend Focused Portfolio recorded a total return of -4.9% in Q3 2023. The Growth Focused Portfolio's performance was held back by Frontier Developments (-52%), whose share price slid during the quarter ahead of the company's full year results announcement which was weaker than expected. The Dividend Focus Portfolio's performance meanwhile was impacted by Strix Group (-48%) who reported disappointing half-year results and warned that lower demand for its kettle controls would impact negatively on full year profitability. Notwithstanding these notable disappointments, most of the portfolio holdings continued to trade robustly.

IPO activity on AIM has recently increased, signalling greater levels of interest from the owners and managers of smaller companies in gaining a stock market listing. Takeover approaches for AIM-listed companies have also picked up, suggesting that corporate acquirers and private equity firms see attractive deal opportunities. The initial proposals set out in the Chancellor's Mansion House speech in July, which aim to improve growth across the economy by directing greater levels of capital towards early-stage UK companies were also encouraging.

While the short-term outlook for the UK economy remains uncertain, AIM is likely to remain under pressure. However, we are confident that our diversified portfolios managed across VCT qualifying and BR qualifying strategies remain well positioned for longer term value creation. Our focus on high quality businesses which typically have low levels of debt and generate growing revenues by selling specialised products and services should be able to withstand current headwinds and thrive when market conditions improve.



Max Ormiston
Fund Manager

Q3 2023 PORTFOLIO OVERVIEW

UNICORN AIM VCT

Total return: -2.0% vs NAMI -3.2%

Stocks added: Oberon Investments, Tan Delta, Tribe Technology

Stocks exited: None

Name	Contribution to Return (%)
Top 3 performers	
OXFORD BIODYNAMICS	+1.9
TRISTEL	+0.7
ANPARIO	+0.6
Bottom 3 performers	
TRACISIS	-0.6
HASGROVE LIMITED	-1.0
MAXCYTE	-1.1

UNICORN AIM IHT & ISA PORTFOLIO SERVICE - GROWTH FOCUS

Total returns: -4.5% vs NAMI -3.2%

Stocks added: None

Stocks exited: Frontier Developments

Name	Total Return (%)
Top 3 performers	
JOHNSON SERVICE GROUP	+30.8
KEYSTONE LAW GROUP	+28.6
TRISTEL	+25.4
Bottom 3 performers	
GOOCH & HOUSEGO	-20.4
FD TECHNOLOGIES	-23.6
FRONTIER DEVELOPMENTS	-52.5

UNICORN AIM IHT & ISA PORTFOLIO SERVICE – RESPONSIBLE GROWTH

Total returns: -4.5% vs NAMI -3.2%

Stocks added: None

Stocks exited: Frontier Developments

Name	Total Return (%)
Top 3 performers	
JOHNSON SERVICE GROUP	+30.8
KEYSTONE LAW GROUP	+28.6
TRISTEL	+25.4
Bottom 3 performers	
BEGBIES TRAYNOR GROUP	-15.0
FD TECHNOLOGIES	-23.6
FRONTIER DEVELOPMENTS	-52.5

UNICORN AIM IHT & ISA PORTFOLIO SERVICE - DIVIDEND FOCUS

Total returns: -4.9% vs NAMI -3.2%

Stocks added: None

Companies sold: None

Name	Total Return (%)
Top 3 performers	
ANPARIO	+33.6
JOHNSON SERVICE GROUP	+30.8
KEYSTONE LAW GROUP	+28.6
Bottom 3 performers	
QUARTIX TECHNOLOGIES	-16.1
NWF GROUP	-18.9
STRIX GROUP	-48.5

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, Morningstar, Unicorn Asset Management UK 30/09/2023.

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



TRIBE TECHNOLOGY

FIRST INVESTMENT: September 2023

MARKET CAP: £22.1 million

SECTOR: Industrial Engineering

PORTFOLIO: AIM VCT

OVERVIEW OF THE COMPANY:

What Tribe Technology does

Tribe Technology is a disruptive, innovative developer of autonomous mining equipment, including reverse circulation drill rigs and sampling systems. Its technology improves safety and productivity in the mining industry.

Why we like it

Historically, rig operations in the mining industry have posed notable safety risks and demanded a labour-intensive approach, resulting in substantial downtime during shifts, primarily due to various redundant operational tasks. Tribe Technology aim to transform this environment by introducing innovative automation solutions and thereby reducing dependence on manual labour.

Tribe Technology's approach not only aims to enhance safety standards within mining but also deliver a boost in operational efficiency and reduction in overall costs for its customers. This blend of innovation and safety advancement represents an attractive opportunity for investment.

Company news from the latest quarter

Tribe Technology floated on AIM in September 2023 and successfully raised total gross proceeds of £4.6m. The company has strategic plans to allocate these proceeds toward reinforcing working capital to accommodate the growing manufacturing operations, expanding production capabilities, and supporting ongoing product development efforts.



CERILLION

FIRST INVESTMENT: June 2023

MARKET CAP: £392.2 million

SECTOR: Software & Computing Service

PORTFOLIO: AIM IHT

OVERVIEW OF THE COMPANY:

What Cerillion does

Cerillion is a UK -based provider of billing, charging, and customer management systems. The company provides a platform of which allows service providers to market and deliver network services to their end customers. Cerillion's products and services are used by over 80 customers in over 45 countries to improve their customer experience, reduce costs, and accelerate growth.

Why we like it

Telecom network operators face the challenge of overseeing extensive network operations, ensuring reliable connectivity, and delivering services to a large and diverse user base. Many vendors in the industry opt to construct their product suites through acquisitions or integration partnerships. In contrast, Cerillion offers a pre-integrated product suite based on a common technology framework to accelerate implementation, improve operational efficiency, reduce risk, and increase customer satisfaction.

Company news from the latest quarter

Shortly after the quarter ended, Cerillion released a full year trading update which reported a strong first half-year period, including record-breaking levels of revenue and profit. The outlook for the second half-year period is also positive, benefiting from a solid order book and prospective sales pipeline.

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UNICORN AIM IHT PHASED INVESTMENT OFFERING

The Unicorn AIM IHT & ISA Portfolio Service looks to offer differentiated solutions tailored to investor's needs. We are always looking to improve and following feedback from intermediaries, we are delighted to offer a new 'phased investment' approach:

- An investor's cash will be held on deposit (earning interest) and invested into a portfolio of AIM stocks in 6 equal monthly instalments
- Designed to mitigate "market entry risk" during a period when many feel the AIM market is offering excellent value over the medium to long-term, but short-term volatility remains

We look to work with advisers to provide the best service to their clients and have a range of financial planning ideas we can share (ISA switches, POA/care homes, trusts, selling a business etc). Get in touch to find out more.



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.

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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