

Unicorn Asset Management

Quarterly AIM Newsletter



Q2 2024

For Professional Investors 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 recorded a total return of +3.5% in the second quarter of 2024, recovering from the losses registered during the first quarter of the year. The AIM index's positive performance in Q2 2024 was partly driven by large contributions from Keywords Studios (+77.7%) and Alpha Financial Markets Consulting (+52.8%) which both received recommended takeover bids from private equity firms during the quarter. The increasing occurrence of takeover bids for AIM listed companies is a notable trend which, we believe, is likely to continue given the relatively low valuations currently seen on the index.



Max Ormiston,
Portfolio Manager

The strongest sector performer was Leisure Goods, which added +1.7% in sector contribution terms. Most of this contribution was due to Keywords Studios share price moving sharply higher in response to the takeover bid. The next largest sector contributor was Software and Computer Services, which added +1.1% in sector contribution terms. The top contributor in the Software sector was GB Group which contributed +0.4% to the AIM Index total return. Shares in GB Group are held in Unicorn's AIM IHT Growth Portfolios, as well as in two of our open-ended ("OEIC") funds.

The weakest sector performance was Media, which detracted -1.1% in sector contribution terms. Most of the negative return was due to a sharp decline in YouGov's share price after the company issued a profit warning in June. YouGov's share price declined by -59.4% over the quarter in total. The shares are not held in any of Unicorn's AIM portfolios.

Changes made to the AIM IHT model portfolios included removing Alpha Financial Markets Consulting from Buy Lists following its recommended takeover bid from Bridgepoint Advisors, which we expect to complete. At the end of the quarter, we added two new stocks into the IHT Growth Model Portfolio and one addition to the model IHT Dividend Model Portfolio. Meanwhile, in the Unicorn AIM VCT we initiated one new investment in Incanthera, which is a dermatology and oncology therapeutics company. Incanthera raised £2.6m of new capital which will be used to fund the company's growth plans.

Within the AIM IHT portfolios, notable trading updates were released by Renew Holdings, which reported strong demand for its services across all the key markets it covers in UK infrastructure services. GB Group also reported that positive trading momentum had continued in the company's current fiscal year.

The notable disappointment during the quarter came from Tracsis, which is held in IHT Growth Portfolios as well as in the AIM VCT. Tracsis warned that its business had been negatively affected by a period of pre-election activity restrictions across central government, local authority, and train operating company customers. Tracsis' current year revenue forecasts were reduced by circa 5%, however earnings forecasts were cut by a more substantial 30%, reflecting the company's relatively fixed cost base. Despite this set-back, management noted that momentum in the group remained strong and the market opportunity for Tracsis' rail enterprise software continues to grow.

Q2 2024 PORTFOLIO OVERVIEW

UNICORN AIM VCT PLC

Total return: +1.3% vs NAMI +3.3%

Stocks added: Incanthera

Stocks exited: None

UNICORN AIM IHT & ISA PORTFOLIO SERVICE - GROWTH FOCUS

Total returns: +4.1% vs NAMI +3.3%

Stocks added: Midwich, Next 15

Stocks exited: Alpha Group International, IQE

UNICORN AIM IHT & ISA PORTFOLIO SERVICE – RESPONSIBLE GROWTH

Total returns: +4.5% vs NAMI +3.3%

Stocks added: Midwich, Next 15

Stocks exited: Alpha Group International

UNICORN AIM IHT & ISA PORTFOLIO SERVICE - DIVIDEND FOCUS

Total returns: +4.2% vs NAMI +3.3%

Stocks added: GlobalData, Tristel, Elixirr International

Stocks exited: Strix

Name	Contribution to Return (%)
Top 3 performers	
HASGROVE LIMITED	+2.0
KEYWORDS STUDIOS	+1.2
PULSAR GROUP	+1.1
Bottom 3 performers	
FEEDBACK PLC	-0.7
SURFACE TRANSFORMS PLC	-0.7
TRAC SIS PLC	-1.5

Name	Total Return (%)
Top 3 performers	
ALPHA FMC	+52.8
GB GROUP	+26.2
RESTORE	+25.6
Bottom 3 performers	
NEXT 15	-13.6
FRANCHISE BRANDS	-18.4
TRAC SIS	-20.2

Name	Total Return (%)
Top 3 performers	
ALPHA FMC	+52.8
GB GROUP	+26.2
RESTORE	+25.6
Bottom 3 performers	
NEXT 15	-13.6
FRANCHISE BRANDS	-18.4
TRAC SIS	-20.2

Name	Total Return (%)
Top 3 performers	
ALPHA FMC	+52.8
PROPERTY FRANCHISE	+34.9
ANPARIO	+31.5
Bottom 3 performers	
MORTGAGE ADVICE BUREAU	-19.7
IOMART	-22.1
NWF	-26.5

Discrete Calendar Year Performance	YTD	2023	2022	2021	2020	2019
Growth Focus Portfolio	1.1%	-3.9%	-25.7%	4.6%	7.2%	34.0%
Deutsche Alternative Markets	1.0%	-6.4%	-30.7%	7.5%	19.3%	14.7%
Discrete Calendar Year Performance	YTD	2023	2022	2021	2020	2019
Dividend Focus Portfolio	2.5%	-1.2%	-17.7%	13.1%	-5.8%	21.4%
Deutsche Alternative Markets	1.0%	-6.4%	-30.7%	7.5%	19.3%	14.7%
Discrete Calendar Year Performance	YTD	2023	2022	2021	2020	2019
AIM VCT NAV Total Return	-1.9%	-3.2%	-24.5%	+20.1%	+21.5%	+27.1%
FTSE AIM All Share Index Total Return	0.6%	-3.0%	-24.7%	6.1%	21.8%	13.2%

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 30/06/2024.

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



Incanthera

FIRST INVESTMENT: June 2024

MARKET CAP: £30.9 million

SECTOR: HealthCare Services

PORTFOLIO: AIM VCT

OVERVIEW OF THE COMPANY:

What Incanthera does

Incanthera is a UK-based dermatology and oncology therapeutics company focused on discovering and developing targeted solutions. By combining industry and academic technology with its in-house team and unique targeting delivery platform, Incanthera addresses clinical and commercial unmet needs. It has developed a portfolio of cancer-targeting therapeutics and created and launched a luxury skincare brand.

Why we like it

We like Incanthera for its innovative approach in the booming skincare market, particularly with its luxury brand Skin + CELL, which uses advanced technologies to deliver proven formulations that enhance skin health. The recent partnership with Marionnaud, part of the A.S. Watson Group, for an exclusive launch, highlights the company's strong growth potential. Incanthera's unique formulation and delivery expertise, combined with significant market opportunities, position it for substantial revenue generation and market impact.

Company news from the latest quarter

Shortly after the quarter ended, the company announced a confirmed second order of 250,000 units for its luxury skincare brand, Skin + CELL. With this new order, total units reach over 350,000, projecting annual revenues of over £10 million and achieving profitability. The launch is set for September 2024 in Marionnaud's top stores in Switzerland and Austria, with further rollouts planned for Europe and Asia.



Idox

FIRST INVESTMENT: June 2023

MARKET CAP: £278.9 million

SECTOR: Software and Computer Services

PORTFOLIO: AIM IHT

OVERVIEW OF THE COMPANY:

What Idox does

Idox is a leading provider of software solutions for governments and asset-heavy industries, like construction or engineering. Their focus is on information management and geospatial data, helping organisations streamline processes, manage documents, and comply with regulations, all while supporting social services, healthcare, and even running elections.

Why we like it

Idox's innovative product portfolio and continuous development keep it competitive, while its diverse client base mitigates risk and provides multiple growth opportunities. With a focus on recurring revenues and a diverse client base including local governments and healthcare providers, Idox shows strong financial performance and growth. Led by an experienced management team, the company is well-positioned to benefit from the ongoing digital transformation and regulatory demands in its target markets.

Company news from the latest quarter

Idox recently reported strong half-year results for H1 FY24, with revenue up 21% and recurring revenues increasing by 29%. The company generated £13m in free cashflow and successfully reduced its debt levels. The first half-year achievements included a £54.1 million order intake, successful integration of Emapsite, and strong progress in enhancing its geospatial capabilities. The outlook remains positive, with robust revenue visibility and a healthy M&A pipeline supporting future growth prospects.

Source: Unicorn Asset Management 30/06/2024.

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Unicorn announces 3p interim dividend

The Unicorn AIM VCT has recently announced an interim dividend of 3.0p per share. This will be paid on 13 August 2024 to shareholders who were on the register from 12 July 2024.

Further details can be found in the VCT's [half-yearly report](#) that has just been published on the London Stock Exchange.

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](#)

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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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