

Unicorn Asset Management

Quarterly AIM Newsletter



Q4 2024

For professional advisers only

From the desk of Cordelia Tahany

Unicorn AIM VCT

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

The FTSE AIM All-Share Index recorded a total return of -2.3% in the fourth quarter of 2024, underscoring the effect of broader economic uncertainties and specific market dynamics. AIM faced significant challenges during this period marked by declining valuations, reduced trading activity and heightened economic and political uncertainty. Despite these headwinds, an anticipated increase in M&A activity offers a potentially positive shift in market dynamics and presents opportunities as we transition into 2025. This dynamic was similarly observed in other indices comprising small and mid-cap stocks on the main market, including the FTSE 250, which delivered a total return of -1.4% and the Deutsche Numis Smaller Companies Index, which also declined by -2.3%.



*Cordelia Tahany
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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

Unicorn AIM VCT recorded a net asset value ("NAV") total return of -3.8% during the quarter, underperforming the AIM index during the same period. Notable detractors included Hasgrove (-1.2% in portfolio return terms) and Aurigo International (-1.3% in portfolio return terms). Hasgrove, a privately held enterprise-grade intranet software company, reported slightly slower sales growth despite continued strong margins, alongside a modest decline in overall peer valuations. Aurigo is a UK-based company that specialises in the design, engineering, manufacturing and supply of autonomous vehicles. Aurigo requires ongoing funding and successfully raised £5.25 million to scale up production and expedite the deployment of its airport vehicles. These are currently in live demonstrations at six airports and Aurigo remains confident in its global market opportunity.

The Unicorn AIM IHT Portfolio Service experienced a mixed performance in the fourth quarter of 2024. The Growth Focused Portfolio recorded a total return of +0.9%, whilst the Dividend Focused Portfolio recorded a total return of -2.4%. The Growth Portfolio saw a sharp increase in Mpac's share price (+36.1%) following another completed strategic acquisition, to further enhance its market position and expand its technological capabilities. The Dividend Portfolio was impacted by the decline in Iomart (-34.9%) following a mixed trading update, primarily driven by higher costs from VMware licensing and lower-than-expected revenue from existing customers due to higher churn. Despite this, the Atech acquisition alongside the longer-term growth opportunity provides recovery potential for the business.

AIM IHT & ISA Service Responsible Portfolios

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

Looking ahead, UK equities, including AIM shares, are undervalued compared to global peers and therefore offer an opportunity to those investors seeking diversification from more highly valued markets such as the US. Modest economic growth is expected following The Bank of England's interest rate cuts, which began in late 2024 and aim to support economic activity against a backdrop of more subdued inflationary pressure. In our opinion, the government's broader pro-growth agenda will continue to position AIM as a key platform for providing capital to smaller high-growth UK companies, which play a critical role in generating employment opportunities and driving domestic economic growth. The Government's confirmed proposal to change the level of Business Relief (BR) available on AIM shares from 100% relief to 50% relief, in our opinion, draws a line under this issue which had weighed heavily on sentiment towards AIM shares during the second half of 2024.

Q4 2024 PORTFOLIO OVERVIEW

UNICORN AIM VCT PLC

Total return: -3.8% vs NAMI -4.1%

Stocks added: Windar Photonics, Goodlife, Ixico

Stocks exited: Keywords Studios, Syndicate Room Group

Name	Contribution to Return (%)
Top 3 performers	
SULNOX GROUP	+1.24
COHORT	+0.85
ANPARIO	+0.55
Bottom 3 performers	
INCANTHERA	-1.11
HASGROVE LIMITED	-1.22
AURRIGO INTERNATIONAL	-1.27

UNICORN AIM IHT & ISA PORTFOLIO SERVICE - GROWTH FOCUS

Total returns: 0.9% vs NAMI -4.1%

Stocks added: MPAC, Global Data

Stocks exited: Begbies Traynor, Gateley Holdings

Name	Total Return (%)
Top 3 performers	
MPAC GROUP	+36.14
GOOCH & HOUSEGO	+28.86
FD TECHNOLOGIES	+18.25
Bottom 3 performers	
NEXT 15 GROUP	-12.36
RENEW HOLDINGS	-13.97
SOLID STATE	-44.68

UNICORN AIM IHT & ISA PORTFOLIO SERVICE – RESPONSIBLE GROWTH

Total returns: 0.3% vs NAMI -4.1%

Stocks added: MPAC, Global Data

Stocks exited: Begbies Traynor, Gateley Holdings

Name	Total Return (%)
Top 3 performers	
MPAC GROUP	+36.14
FD TECHNOLOGIES	+18.25
ECKOH PLC	+16.09
Bottom 3 performers	
JOHNSON SERVICE GROUP	-12.24
NEXT 15 GROUP	-12.36
RENEW HOLDINGS	-13.97

UNICORN AIM IHT & ISA PORTFOLIO SERVICE - DIVIDEND FOCUS

Total returns: -2.4% vs NAMI -4.1%

Stocks added: Franchise Brands

Companies sold: NWF Group

Name	Total Return (%)
Top 3 performers	
NICHOLS	+29.59
ANPARIO	+17.39
ECKOH	+16.09
Bottom 3 performers	
BIOVENTIX	-16.65
CHURCHILL CHINA	-22.22
IOMART	-34.87

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 30/09/2024.

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.

Windar Photonics

FIRST INVESTMENT: November 2024

MARKET CAP: £56.7 million

SECTOR: Electronic Equipment

PORTFOLIO: AIM VCT

OVERVIEW OF THE COMPANY:

What Windar Photonics does

Windar Photonics, founded in 2008 as a spin-off from the Technical University of Denmark, specialises in cost-efficient LiDAR (Light Detection and Ranging) technology for the wind energy sector. Their primary product, the WinEYE LiDAR, is a nacelle-mounted sensor that measures wind speed and direction using laser light, enabling real-time optimization of wind turbine performance.

Why we like it

Windar Photonics PLC offers cost-effective LiDAR technology that enhances wind turbine performance, increasing energy output by 1-4% with a two-year ROI. Positioned in a growing wind power sector, its retrofitting solutions meet substantial demand, especially in North America and China. Windar outsources manufacturing and lean in-house assembly, achieving scalability, high gross margins (60%) and operational efficiency. A transition to recurring SaaS revenues from the Nexus software complements hardware sales, boosting profitability. Proven product results and adoption by key players like Vestas validate its market potential. Aligned with global renewable energy and ESG trends, Windar is poised for significant growth and investor appeal.

Company news from the latest quarter

Windar Photonics successfully completed an oversubscribed placing of 14,750,000 shares at 40 pence each, raising £5.9 million. The proceeds will be used for growth, working capital, management expansion and strengthening the balance sheet. The placing was supported by strong demand from both existing and new investors.

Mpac

FIRST INVESTMENT: October 2024

MARKET CAP: £169.9 million

SECTOR: Industrial Engineering

PORTFOLIO: AIM IHT

What MPAC does

Mpac is a UK-based global leader in automation and packaging solutions serving diverse industries, including healthcare, food, and beverage. Specialising in cutting-edge technologies in robotics and digital integration, Mpac delivers tailored, high-performance solutions. Mpac is committed to innovation and sustainability, supporting clients in achieving efficiency, productivity, and environmental goals.

Why we like it

Mpac benefits from recurring revenue streams through service contracts and spare parts sales, ensuring a more predictable and stable income. Positioned for growth, Mpac capitalises on automation trends, e-commerce expansion and clean energy opportunities, including battery assembly equipment. With a robust order book, scalable operations and strong customer relationships, it is well-equipped for long-term growth. Additionally, Mpac's sustainable solutions align with regulatory and environmental demands, enhancing its appeal in a competitive market.

Company news from the latest quarter

Mpac Group completed the acquisition of CSi Palletising for €56 million, a leader in end-of-line automation and palletising solutions. The acquisition strengthens Mpac's capabilities and customer base, with significant growth potential. CSi Palletising generated €71.5 million in revenue for FY23 and has a strong order book, enhancing Mpac's existing product offering and market reach.

Source: Unicorn Asset Management 30/09/2024.

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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

Discrete Calendar Year Performance	QTD	YTD	2023	2022	2021	2020	2019
Growth Focus Portfolio	-3.5%	-2.4%	-3.9%	-25.7%	4.6%	7.2%	34.0%
Deutsche Alternative Markets	-2.6%	-1.6%	-6.4%	-30.7%	7.5%	19.3%	14.7%

Discrete Calendar Year Performance	QTD	YTD	2023	2022	2021	2020	2019
Dividend Focus Portfolio	-4.3%	-1.9%	-1.2%	-17.7%	13.1%	-5.8%	21.4%
Deutsche Alternative Markets	-2.6%	-1.6%	-6.4%	-30.7%	7.5%	19.3%	14.7%

Discrete Calendar Year Performance Table	YTD	2023	2022	2021	2020	2019
Unicorn AIM VCT**	-1.1	-3.2	-24.5	20.1	21.5	27.1
FTSE AIM All-Share	-1.7	-6.4	-30.7	6.1	21.8	13.3

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. 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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