

Investment Objective

The Unicorn Outstanding British Companies Fund aims to achieve the highest predictable annual compounding rate of return over the long-term, where long-term is defined as being not less than five years, by investing in a collection of outstanding British companies, either fully listed or quoted on the Alternative Investment Market, with the least amount of economic, as distinct, from market price risk. Outstanding companies are those whose economics and risks are well understood, whose revenues, earnings and cash flows are predictable to a high 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, which produce clean, intelligible financial statements. Up to 25% of the fund will be invested in smaller faster growing companies with the remainder in more established businesses.

Investment Policy/Strategy

The strategy is to run a concentrated portfolio of companies that can demonstrate an established record of growth in earnings and dividends and have predictable revenues, earnings and cash flows.

Managers

Lead Fund Manager - Chris Hutchinson

Assistant Fund Manager - Max Ormiston

Fund Commentary

The Outstanding British Companies Fund recorded a total return of -1.6% in November, which compares to the IA UK All Companies sector total return of -1.5% over the same period.

Equity markets remained under pressure in November, as political uncertainty surrounding the eventual outcome of Brexit, together with ongoing tensions between the US and China, resulted in deteriorating investor confidence.

Despite generally poor UK equity market sentiment, a number of holdings reported positive returns during the month. The largest in terms of portfolio contribution were; Keystone Law Group, Smith & Nephew and Tracsis, which in aggregate added +0.9% in fund performance terms. Smith & Nephew released a positive third quarter trading statement and confirmed that it expects full year results to be in line with expectations. Tracsis reported full year results that included strong organic growth and a positive outlook for the year ahead.

The principal detractors were; British American Tobacco, Tristel and Dechra Pharmaceuticals, which, in aggregate, cost -0.9% in Fund performance. British American Tobacco's (BAT's) share price came under pressure following an announcement by the US FDA that it intends to seek a ban on menthol cigarettes, which account for a meaningful proportion of the company's profits in the US market. However, any legislation is likely to take several years to implement and face strong opposition from the tobacco industry. BAT remains a highly cash generative business, which now offers an attractive dividend yield of over 7%. There were no notable announcements from either Tristel or Dechra Pharmaceuticals.

Unicorn Asset Management Limited (Unicorn) is an independent, specialist fund management group, established in July 2000.

Unicorn focuses on long term, long only, investment in UK quoted companies and aims to achieve superior absolute returns through the application of traditional, fundamental principles of investment.



Cumulative Performance

	YTD	1 Year	3 Year	5 Year	10 Year
Outstanding British Companies (B-Shares)	-1.8%	-2.7%	17.1%	37.6%	290.2%
Rank	25/273	117/273	144/258	50/245	22/208
Sector Average	-6.4%	-3.8%	17.8%	26.1%	164.6%

Source: Financial Express (Using bid to bid market value, total return)

Discrete Performance

	2017	2016	2015	2014	2013
Outstanding British Companies (B-Shares)	10.2%	4.2%	19.0%	-3.1%	27.7%
Rank	209/267	223/258	12/252	220/246	100/237
Sector Average	13.8%	11.2%	3.7%	0.6%	25.7%

Source: Financial Express (Using bid to bid market value, total return)

Past Performance - 10 Years



Past performance is not a guide to future performance. The value of investments and the income from them may go down as well as up and investors may not get back the full amount of their original investment.

Unicorn Outstanding British Companies Fund

December 2018

Top 10 Holdings	
RWS Holdings	4.1%
Shaftesbury	3.8%
Keystone Law	3.7%
Diageo	3.4%
City Pub Group	3.3%
James Fisher & Sons	3.3%
Smith & Nephew	3.2%
Tracsis	3.1%
Dechra Pharmaceuticals	3.1%
Advanced Medical Solutions	3.0%
Total	34.0%

Fund Facts	
Lead Fund Manager	Chris Hutchinson
Assistant Fund Manager	Max Ormiston
Fund Size	£64m
Launch Date	08 December 2006
Fund Sector	UK All Companies
Number of Holdings	31
Pricing	10:00 Daily
ISAs/JISAs	Available
Dividend Dates	Ex-Div: 30/9 Payment: 30/11

Risk Ratios	1yr	3yr
Volatility	10.71	8.89
Alpha	0.29	1.27
Beta	0.77	0.63
Sharpe	-0.01	0.16
Information Ratio	0.14	-0.13

Sector Breakdown	
Cash	15.6%
Financial Services	10.2%
Health Care	8.6%
Business Support	8.1%
Consulting Services	6.3%
Pharmaceuticals	5.8%
Biotech	5.5%
Electronic & Electrical	5.5%
Software & Computer Services	5.3%
Property	3.8%
Total	74.7%

Share Class Information			
	A – Accumulation	B – Accumulation	O – Accumulation
Initial Charge	5.50%	2.50%	5.50%
On Going Charge	1.59%	0.84%	1.59%
ISIN Code	GB00B1GFWW16	GB00B1GGDH66	GB00BJTMQ891
Sedol Code	B1GFWW1	B1GGDH6	BJTMQ89
Bloomberg Code	UNOBCRA	UNOBCIA	UNOBCOI
MEX ID	U2OBSR	USOBSI	U2AAAE
Initial Investment	£2,500	£100,000	£10,000

How to buy the Fund: The fund is available through a number of distributors including	
7IM	HL Vantage
Aegon	Hubwise
Alliance Trust	James Hay
Ascentric/Funds Direct	Novia
Aviva	Nucleus
Bestinvest	Pershing Nexus Funds
Charles Stanley Direct	Standard Life Fundzone
Cofunds	Transact
Fidelity Funds Network	Zurich
Standard Life Elevate	Old Mutual Wealth

All figures within this factsheet have been calculated with reference to 30 November 2018 with exception to the on going charge figure which is based on the full year accounts for the 12 months ended 30 September 2018

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