

**Unicorn AIM VCT plc (“the Company”)
Interim Management Statement
For the period from 1 October 2015 to 31 December 2015**

Introduction

The Company has prepared this voluntary Interim Management Statement (IMS) covering the three month period ended 31 December 2015, together with relevant information up to the date of publication.

Investment Objective

The Company's objective is to provide Shareholders with an attractive return from a diversified portfolio of investments, predominantly in the shares of AIM quoted companies, by maintaining a steady flow of dividend distributions to Shareholders from the income as well as capital gains generated by the portfolio.

It is also the objective that the Company should continue to qualify as a Venture Capital Trust, so that Shareholders benefit from the taxation advantages that this brings. To achieve this at least 70% of the Company's total assets are to be invested in qualifying investments of which 30% by VCT value (70% for funds raised after 6 April 2011) must be in ordinary shares carrying no preferential rights (save as permitted under VCT rules) to dividends or return of capital and no rights to redemption.

Performance

Despite experiencing heightened volatility during December, UK equity markets ended the three month period to 31 December 2015 in positive territory. The FTSE All-Share Index recorded a total return of +3.9% during the period under review, while the FTSE 100 Index, which struggled to make progress throughout 2015, ended the quarter up by 3.7%, on the same total return basis. Trading volumes throughout the period were thin, however, and overall performance was flattered somewhat by a late ‘Santa’ rally.

By contrast, the Company continued to make steady progress, with unaudited Net Asset Value per share increasing month-on-month from 155.7 pence as at the start of October, to 163.8 pence as at 31 December 2015. This represents a total return of +5.2% for the period under review, which comfortably exceeds the performance delivered by the main market and that of the FTSE AIM All-Share Index, which delivered a total return of +2.3% over the same period.

The Company's net assets were £131.0 million at the period end.

VCT Qualifying Investments

Twenty-six of the VCT qualifying investments held in the portfolio recorded share price gains during the period under review. Of these, sixteen generated unrealised capital profits in excess of £150,000 each, while the top ten qualifying holdings achieved a combined unrealised capital appreciation of over £6.6 million. Of particular note were the two largest contributors to performance, which between them, generated a combined total of over £3 million in unrealised capital gains during the period under review. These were:-

Abcam (+14.9%), a global leader in the supply of innovative protein research tools. Having released a strong set of annual financial results in October, the Chairman of Abcam subsequently confirmed, at the company's Annual General Meeting held in early November, that the current financial year had started well. The positive momentum reported in the last financial year continues, giving management confidence in the capital and operational investments being made in the business.

Tracsis (+21.1%), a leading provider of software and technology led products and services for the transportation industry. Tracsis announced a strong set of full year financial results in November, which confirmed that all parts of the Group are performing well and continue to offer relevant products and service to a dynamic and growing, international transport market. During the financial year ended 31 July 2015, revenue increased by 14% to £25.4m (2014: £22.4m), while pre-tax profits grew by 16% to £5.8m (2014: £5.0m). The business remains inherently cash generative and, as at its financial year end, net cash balances had risen to £13.3m (2014: £8.9m), enabling the Board to propose a 25% increase in the full year dividend to 1.0p per share (2014: 0.8p).

Other notable contributors to performance included; **Animalcare (+11.3%)**, **Anpario (+10.2%)**, **Castleton Technology (+28.1%)**, **IDOX (+27.0%)** and **Tristel (+42.1%)**.

During the period, there were five VCT qualifying holdings that contributed unrealised capital losses of more than £150,000 each. Encouragingly, only two of these companies experienced share price falls as a direct consequence of poor trading or specific operational issues, while the others declined in response to investor sentiment and market movements. In absolute terms, the combined unrealised capital loss from the two companies that issued meaningful profit warnings in the period amounted to less than £500,000. The companies in question were:-

European Wealth Group (-10.7%), a private wealth management business, founded in 2009. Its core services are financial planning, corporate pension advisory services and investment management. In 2015, European Wealth successfully raised £2 million via a placing of new shares. The Company participated in this VCT qualifying fund-raising. The long term investment rationale is that demand for specialised investment management and financial planning services will continue to grow, while further consolidation in the Financial Services sector is fully expected. European Wealth Group is well placed to benefit from these longer term trends. Unfortunately, in the short term, market conditions have remained unfavourable and, as a consequence, growth forecasts for the business have had to be revised downwards.

Tangent Communications (-26.7%), a specialist online printing and digital marketing group. Interim results, released in November 2015, were disappointing. Revenues in the period grew marginally to £13.4 million (2014: £13.26 million), while operating profits fell sharply to £0.3 million (2014: £1.0 million). Although Tangent has a strong, debt free balance sheet, trading remains challenging in both the digital print and the marketing agency divisions.

Non-Qualifying Investments

There were five individual non-qualifying holdings that made unrealised capital gains of more than £150,000 each, namely; **Haywood Tyler (+24.2%)**, a manufacturer of specialist pumps, **Macfarlane Group (+15.1%)**, a market leading packaging company, **Mears Group (+19.5%)**, a provider of services to the social housing and domiciliary care sectors, **Unicorn Outstanding British Companies Fund (+10.8%)**, a sub-fund of the Unicorn OEIC and **WYG (+14.6%)**, a specialist consultancy firm. In absolute terms, these five investments generated a combined unrealised capital gain of over £1.2 million during the three months ended 31 December 2015. Unrealised gains were substantially offset however by meaningful falls in the value of holdings in **Communis (-25.0%)**, a provider of customer communications for major global brands and **Renold (-20.0%)**, a manufacturer of industrial chain. In aggregate, the positive contribution to performance from non-qualifying investments was modest during the period, at just over £400,000.

Material Transactions

No new investments were made during the period. Secondary investments were made in **Belvoir Lettings** and **Dillistone Group**. The investment in Belvoir was confirmed by HMRC as being VCT qualifying. In aggregate, approximately £1.5 million was allocated to these two investments.

In order to help fund the forthcoming proposed dividend, a number of partial disposals of non-qualifying holdings were made in the period. The total proceeds from these disposals amounted to just under £2.1 million, while the realised capital profit was £324,000.

Top 10 Equity Holdings at 31 December 2015

<u>Stock</u>	<u>% of fund</u>
Abcam	9.0
Tracsis	6.8
Anpario	5.4
Mattioli Woods	4.9
Crawshaw Group	4.6
Cohort	3.8
Interactive Investor	2.9
NCC Group	2.1
Animalcare Group	2.1
Stride Gaming	2.0
Total	43.6

Share Buy-Backs

During the period from 1 October 2015 to 31 December 2015, the Company bought back 100,000 of its own Ordinary Shares for cancellation, at a price of 142 pence per share.

There were 79,980,231 Ordinary Shares in issue as at 31 December 2015.

Material Events

On 12 January 2016, the Company announced the completion of a transaction to acquire the assets and liabilities of Rensburg AIM VCT plc ("RAVCT"), pursuant to a Scheme of Reconstruction. The net assets acquired amounted to just over £11.5 million. Unicorn Asset Management Limited has paid the costs incurred by both the Company and RAVCT in relation to the Scheme (excluding the termination costs of the investment manager of RAVCT). RAVCT was a VCT with the majority of its total assets invested in VCT qualifying, AIM-listed companies, in a number of which the Company already holds investments. The acquisition has therefore resulted in the Company acquiring additional qualifying investments to support VCT qualification, while also increasing total net assets, over which the fixed costs are spread, thereby benefitting all Shareholders. Please visit the Company's website; www.unicornaimvct.co.uk for the full text related to this announcement.

On 14 January 2016, the Company announced that it is intending to launch an Offer for Subscription to raise up to £10 million of new capital. The Prospectus relating to this Offer is expected to be available in early February 2016, subject to receiving the requisite approvals from the UKLA.

The Board has recommended a final dividend of 6.25 pence per share in relation to the financial year ended 30 September 2015. The proposed dividend is subject to approval by Shareholders at the Company's Annual General Meeting, which is to be held in The Great Chamber at The Charterhouse on Thursday, 11 February 2016 commencing at 11.30am to which all shareholders are invited. If approved, the dividend will be payable on 19 February 2016 to Shareholders on the register as at 29 January 2016.

There were no other material events during the period from 1 October 2015 to 31 December 2015.

Chris Hutchinson
Unicorn Asset Management

14 January 2016