

Unicorn UK Ethical Income Fund Responsible Investment Policy

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Strategy

The UK Ethical Income Fund's ethical strategy is to apply a robust ethical screening process to the successful, longstanding Unicorn investment process, removing any stocks with business exposures which are incompatible with the fund's ethical screening criteria.

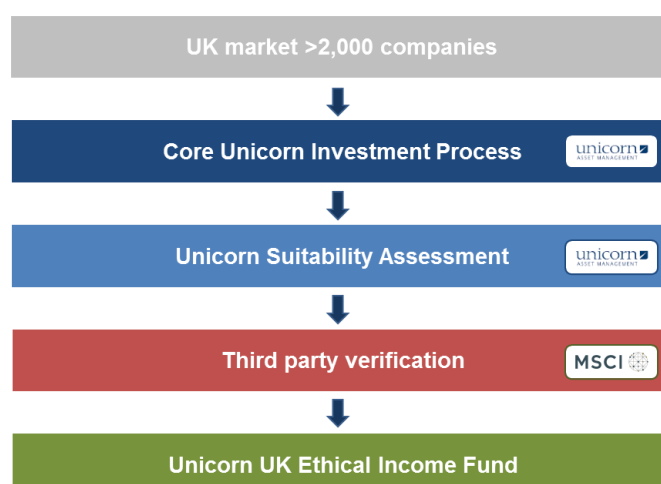
Ethical criteria

In addition to the Firm level consideration of broader ESG issues (covered in depth in Unicorn Asset Management Responsible Investment Policy), the Fund will not invest in companies which derive strategic revenues from the following business areas:

Business Involvement	Tolerance
Adult entertainment	Zero tolerance
Alcohol	5% revenue threshold
Animal welfare	Zero tolerance
Defence & weapons	5% revenue threshold
Nuclear power	5% revenue threshold
Genetic engineering	Zero tolerance
Gambling	Zero tolerance
Tobacco manufacture	Zero tolerance

Process

The investment process applied to the Fund leverages Unicorn's longstanding expertise of successfully investing in small and mid-cap income stocks (Core Unicorn Investment Process), but which also applies an additional Unicorn Suitability Assessment to all potential investments. The result of these assessments are then verified by an independent third party check provided by MSCI.



The ethical screening process is fully integrated into the Fund's investment process and is overseen by the firm's Ethical Officer.

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Core Unicorn Investment Process

Unicorn's high conviction, stock-picking approach results in levels of portfolio turnover that are typically considerably lower than average. As long term shareholders, we often hold meaningful stakes in the companies in which we choose to invest. Unicorn's investment team tends to benefit from excellent corporate access to the senior management teams and Boards of our investee companies. This privileged corporate access provides a strong platform for engagement with management, through ongoing and regular dialogue and through active voting.

The disciplined investment process focuses on identifying high quality, market-leading businesses, which have a strong and demonstrable track record of profitability, cash generation and dividend payments. The assessment of ESG factors is incorporated into this framework, in order to provide a more holistic understanding of our analysis of risk and reward.

The initial stage of the investment process removes companies belonging to the Oil & Gas, Mining and Pharmaceuticals sectors; these sectors typically do not exhibit the financial characteristics demanded by our disciplined investment process and have also historically demonstrated greater exposure to ESG controversies.

Unicorn Suitability Assessment

The Unicorn Suitability Assessment builds on the Core Unicorn Investment Process, utilising Unicorn's in-depth understanding of the underlying business models of the investee companies made possible by the high level of corporate access to company management teams and the long term investment horizons. The assessment is designed to ensure that when it comes to excluded activities companies must adhere to the spirit of the law, not just the letter of the law.

The assessment removes companies which generate strategic revenues from the excluded business areas as per the Fund's ethical criteria. An additional level of prudence is applied and companies which derive revenues through meaningful involvement to the excluded business practises, regardless of whether the exposure is direct or indirect, are also excluded. This additional level of prudence is afforded by Unicorn's detailed understanding of the underlying business exposures and direct access to senior level management enables accurate and prompt assessment.

Third Party Verification

The third party verification is an independent check provided by MSCI. The verification comprises a Business Involvement Screen and ESG Controversies Screen. In practice, no stocks are removed as part of the third party verification, which serves as a final check and balance to the Unicorn Suitability Assessment, which makes the necessary exclusions.

MSCI Business Involvement Screen

The screen confirms those stocks with strategic revenue exposures incompatible with the fund's ethical criteria.

MSCI ESG Controversies Screen

The screen identifies cases which may have a reputational risk for a company. Controversies are organised into three pillars (Environmental, Social and Governance) and are measured according to 28 underlying 'Key Performance Indicators'. Any controversies are highlighted via the MSCI 'flagging system'. Significant controversies, as measured by the award of a "Red Flag", are excluded from the portfolio.