Unicorn AIM IHT & ISA Portfolio Service – Quarterly Review (Q2 26)

AIM Market Summary

The FTSE AIM All-Share Index delivered a total return of +8.3% in the second quarter of 2026, rebounding sharply from last quarter's decline (-6.2%) as sentiment stabilised following a US-brokered Middle East ceasefire in early April. Markets rallied with UK and European equities posting some of their strongest single-day gains in over a year, though sentiment remained choppy through the quarter as doubts periodically resurfaced over the truce's durability. AIM outpaced the FTSE 100 (+4.0%) but lagged the FTSE 250 (+9.8%), as investors rotated back into risk while favouring larger, more liquid mid-caps over the smallest end of the market.

Industrials, consumer discretionary and leisure names outperformed as risk appetite returned. Within technology, gains were concentrated within AI infrastructure and semiconductors versus software which lagged. Energy and defensives gave back early-quarter gains as safe-haven demand eased post-ceasefire.

The macro backdrop turned more supportive over the quarter. The Bank of England held rates at 3.75% at both its April and June meetings, though a growing minority favoured a hike given sticky services inflation. UK CPI peaked at 3.3% in March before easing to 2.8% by April and holding there in May, helped by the ceasefire's dampening effect on energy prices.

Primary market activity remained subdued, with the IPO pipeline still weighted toward the latter half of this year as several large-cap candidates continued to delay listing decisions.

Growth Model Portfolio

Strongest Performance	Weakest Performance
Advanced Medical Solutions (+47.2%) advanced sharply after attracting two takeover approaches during the quarter: an unsuccessful approach from TA Associates in April, followed by a recommended cash offer from H.B. Fuller in June at 285p per share, valuing AMS's equity at £659m and implying an enterprise value of £715m, a 35% premium to the pre-offer share price. The offer followed a strong 2025 performance, with revenue up 29% to £228.9m and adjusted EBITDA up 24% to £49.9m. Given the strength of Board support for the transaction, the position was exited from the portfolio.	Cerillion (-14.8%) fell despite a record order intake. The decline reflected the anticipated first-half weighting of results. June's interim results showed revenue down 14% to £18.0m and adjusted PBT down 41% to £5.5m, in line with the expected timing of high-margin licence recognition. New orders more than doubled to £39.6m, driven by the landmark £42.5m Omantel contract. This took the order book to £82m, up 64% year-on-year. Net cash rose to £32.5m and the interim dividend was increased by 15%. The majority of the Omantel licence revenue is expected to be recognised in the second half.
Solid State (+43.9%) rallied following FY26 results (twelve months to March 2026) showing revenue up 23.2% to £154.1m, driven by organic growth of 25.3% and delivery of a previously delayed £23.3m defence communications order. Adjusted operating profit rose 60% to £9.6m, while net debt nearly halved to £4.2m. The order book stood at £102.4m at the end of May, up 21% on an underlying basis.	Midwich Group (-12.7%) continued to weaken following March's full-year results, which showed revenue down 1.9% to £1.30bn and a swing to a statutory pretax loss on exceptional restructuring charges, including an ERP impairment. The dividend was rebased 60% lower under a revised payout policy. Management pointed to H225 revenue growth, record gross margins, ongoing efficiency initiatives (including AI and systems tools), and retained acquisition appetite, but the shares drifted further amid continued sector-wide caution on AV and communications end-markets.

Responsible Growth Model Portfolio

Strongest Performance	Weakest Performance
Tatton Asset Management (+30.4%) gained after latest results showed strong revenue and profit growth, both ahead of expectations, with the operating margin also improving. Assets under management grew strongly supported by robust underlying net inflows. Management said the Group remains on track to reach its £30bn assets under management target by 2029. The total dividend was raised 42.1% to 27.0p per share, including a 57.9% increase in the final dividend to 15.0p.	Cerillion (-14.8%) fell despite a record order intake. The decline reflected the anticipated first-half weighting of results. June's interim results showed revenue down 14% to £18.0m and adjusted PBT down 41% to £5.5m, in line with the expected timing of high-margin licence recognition. New orders more than doubled to £39.6m, driven by the landmark £42.5m Omantel contract. This took the order book to £82m, up 64% year-on-year. Net cash rose to £32.5m and the interim dividend was increased by 15%. The majority of the Omantel licence revenue is expected to be recognised in the second half.
Keystone Law (+24.7%) advanced after latest results showed strong revenue and profit growth, ahead of market expectations. Growth was underpinned by strong recruitment, lifting total fee earners significantly. The final dividend was raised, taking the total ordinary dividend to 24.7p per share. Management pointed to the continued appeal of Keystone's platform model and early success embedding AI tools, and said it expects profit to remain ahead of expectations into the new year.	Midwich Group (-12.7%) continued to weaken following March's full-year results, which showed revenue down 1.9% to £1.30bn and a swing to a statutory pretax loss on exceptional restructuring charges, including an ERP impairment. The dividend was rebased 60% lower under a revised payout policy. Management pointed to H225 revenue growth, record gross margins, ongoing efficiency initiatives (including AI and systems tools), and retained acquisition appetite, but the shares drifted further amid continued sector-wide caution on AV and communications end-markets.

Dividend Model Portfolio

Strongest Performance	Weakest Performance
Animalcare Group (+46.5%) advanced sharply after agreeing to a recommended takeover by Charterhouse Capital Partners in April, in a deal worth £235.2m. Shareholders were offered 336p per share in cash, a 36% premium. The Board unanimously backed the cash offer, and the deal is expected to complete over the summer. The move followed a strong year of trading, with double-digit revenue and profit growth supported by the integration of a recent acquisition and continued momentum across the Group's core brands.	Gateley Holdings (-18.4%) weakened despite steady revenue growth, as profitability came under pressure from further margin compression. Net debt increased to £25.3m, reflecting the Groom Wilkes & Wright acquisition and a build-up in working capital linked to strong growth in the Group's disputes practice. This unbilled time in the disputes business represents a source of future high-margin revenue, and the rollout of the Group's Jylo AI platform is expected to support margin recovery over the coming year.
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Responsible Dividend Model Portfolio

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