

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.

Fund 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% (80% for accounting periods commencing after 5 April 2019) of the Company's total assets are to be invested in qualifying investments of which 70% by VCT value (30% made in respect of investments made before 6 April 2018 from funds raised before 6 April 2011) must be in ordinary shares which carry no preferential rights (save as permitted under VCT rules) to dividends or return of capital and no rights to redemption.

Fund Commentary

The Company has prepared this factsheet for the three month period ended 31 December 2018 with information from the Half Yearly Report, together with relevant information up to the date of publication.

Performance

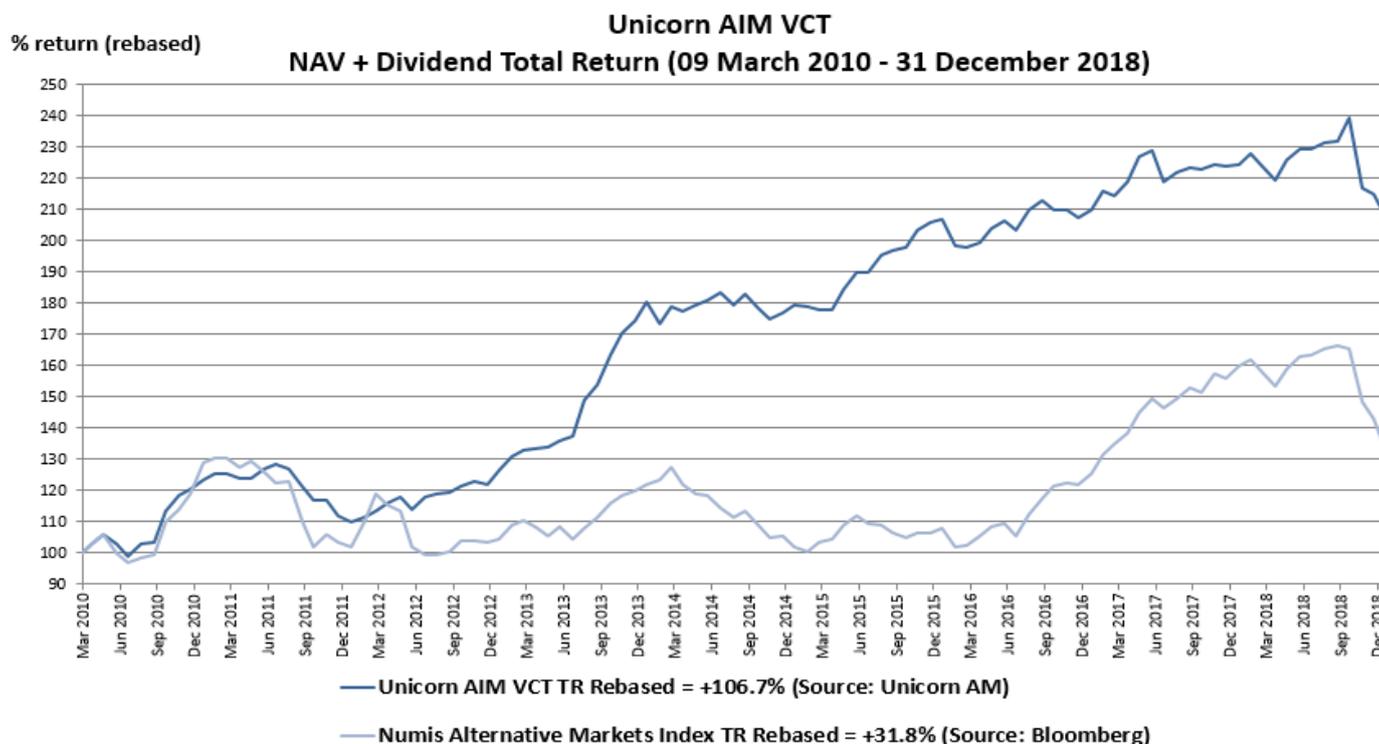
The period under review has been an extremely challenging one for UK equity markets. Uncertainty surrounding the outcome of Brexit negotiations, an escalating trade war between the US and China, concerns over a slowdown in the Chinese economy and deteriorating financial results from some of the world's most highly valued quoted companies, led to a rapid reversal in investor sentiment. In the UK, a combination of weak consumer spending, over-supply in the retail sector and a number of high profile corporate insolvencies exacerbated the sharp sell-off in equities. The short term health of the UK economy appears dependent on securing a successful deal with the European Union, which, in itself, now seems in doubt.

In the past three months, the largest declines in value have generally been experienced by smaller quoted companies. In total return terms, since the start of October 2018, the FTSE AIM All-Share Index has fallen by 21.5%, while the Numis Smaller Companies Index (including AIM) has declined by 14.6%. The FTSE 250 Index fell by 13.3% over the same period, while the FTSE 100 Index declined by 9.6%.

Your Company has not been immune from the wider market turmoil. Although performance in the period was not specifically impacted by profit warnings from any of our investee companies, the value of the portfolio as a whole nonetheless experienced a meaningful decline.

In the three month period ended 31 December 2018, Net Asset Value fell from 171.8 pence per share at the start of the period to 141.7 pence per share as at 31 December 2018, a decline of 17.5%. Of the 79 VCT qualifying investments held in the portfolio, the majority recorded share price declines during the period under review. Of these, eight investments generated unrealised capital losses in excess of £1 million each. The performance of the non-qualifying investments was similarly impacted by the general malaise in equity markets during the period under review.

At 31 December 2018, an estimated 80.5% of total assets were invested in VCT qualifying companies.



Source: Unicorn Asset Management/Financial Express, 31 December 2018, (since merger with Unicorn AIM VCT II on 9 March 2010).
 Past performance of Unicorn AIM VCT is not a guide to future performance.

Material Transactions

During the period under review, six VCT qualifying investments were made at a total cost of nearly £3 million. Of these investments, two were in businesses new to the portfolio, while four were in the form of follow-on funding.

In aggregate, almost £2.5 million was raised from the partial disposal of a number of holdings during the period. The purpose of such disposals is threefold; to ensure stock specific risk is contained, to lock in capital profits for future distribution to Shareholders via dividend payments and to help manage liquidity requirements. Two further investments; Communis and Sinclair Pharma, were acquired by trade buyers during the period realising total proceeds of £2.3 million and a capital gain on investment of £0.5m. A holding in Science Group was also fully realised, raising £1.0 million and crystallising a capital gain of £0.8m.

Material Events

On 20 December 2018, the Directors announced that they intend to launch an offer for subscription to raise £15 million (with an over-allotment facility to raise up to a further £10 million) through the issue of new ordinary shares ("the Offer"). The prospectus, which will contain the full details and terms and conditions of the Offer, is expected to be available at the end of January 2019.

There were no other material events during the period from 1 October 2018 to 31 December 2018.

We remain confident that we have a well diversified portfolio of interesting companies of varying maturities. While stock markets may well remain volatile in the short term, we are cautiously optimistic that, once the outcome of the Brexit negotiations becomes clear, the portfolio performance should become more positive.

Dividends

The Board has recommended a final dividend of 3.5 pence per share for the financial year ended 30 September 2018. The proposed dividend was approved by Shareholders at the Company's Annual General Meeting, which was held on 10 January 2019, and will be paid on 1 February 2019 to Shareholders on the register on 11 January 2019. Total dividends paid in respect of the financial year ended 30 September 2018, will therefore amount to 6.5 pence per share (2017: 6.5 pence per share).

Top 10 Holdings	
Abcam	8.6%
Tracsis	5.9%
Hasgrove	3.9%
Mattioli Woods	3.8%
Interactive Investor	3.8%
Anpario	3.7%
City Pub Group	3.5%
Maxcyte	3.1%
Cohort	2.7%
Tristel	2.4%
Total	41.4%

Fund Facts	
Fund Manager	Chris Hutchinson
Directors	Peter Dicks (Chairman)
	Charlotta Ginman
	Jeremy Hamer
	Jocelin Harris
Fund Size	£165.5m
Year End	30-Sep

Top 10 Sector Breakdown	
Software & computer services	18.8%
Pharmaceutical & biotechnology	18.5%
Financial services	9.0%
Media	7.7%
Healthcare equipment & services	6.1%
Support services	5.8%
Travel & leisure	5.5%
Industrial engineering	5.1%
Aerospace & defense	3.7%
Chemicals	3.5%
Cash	1.9%

Share Class Information	
Net Asset Value	141.7p
Ongoing Charges Figure	c. 2.2%
ISIN Code	GB00B1RTFN43
Sedol Code	B1RTFN4
Ticker	UAV

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Fact sheet issued by:
Unicorn Asset Management Limited
Preacher's Court
The Charterhouse
Charterhouse Square
London
EC1M 6AU

Telephone: 020 7253 0889
Fax: 020 7251 4028
Email: info@unicornam.com
Website: www.unicornam.com