

Unicorn AIM IHT & ISA Portfolio Service



Income Portfolio

Q3 2018

The service aims to invest in a portfolio of 25-40 companies listed on the Alternative Investment Market (AIM), independently assessed as qualifying for Business Relief (BR).

Investments will be made in companies that operate across a range of sectors in order to provide diversification.

- Unicorn has specialised in AIM investing since 2000, currently managing more than £300m in AIM stocks
- Simple, proven structure that aims to provide full IHT exemption once shares are held for two years
- Available in ISAs and direct investments
- Yield 2-4% p.a. paid quarterly

Product Details

Launch date

April 2016

Structure

Discretionary portfolio service

Minimum investment

Income portfolio £50,000

Growth portfolio £50,000

Weighted Average Market Cap

£320m

Weighted Average Historic Yield

3.3%

Income Payments

Made within 28 days from the end of each quarter

Initial charge (advised)

2.0% plus VAT

Annual management charge (advised)

1.5% plus VAT

Dealing fee

0.5%

Brokerage fee

0.35% per trade

Exit fee

1.0% (not payable on death)

Online Investor/Adviser Portal

www.reyker.com

Online application process:

- Create an account
- Complete an application
- ISA transfer options
- Client suitability
- Adviser declaration
- Online payment options

Ongoing investor / adviser portal:

- Latest portfolio holdings
- Valuation statements

Further Information - LGBR Capital

T: 020 7071 3940

E: unicornam@lgbrcapital.com

W: www.lgbrcapital.com

Performance

	Q1	Q2	Q3	Q4	Calendar Year	Since 1 May 2016
2016	N/A	-6.3%*	+13.9%	+0.3%	+6.9%*	+28.1%
2017	+6.0%	+5.2%	+3.1%	+5.5%	+21.3%	
2018	-1.6%	+2.2%	-1.7%		-1.2%	

% return rebased



Quarterly Manager Commentary

The AIM IHT Income Portfolio registered a total return of -1.7% in the third quarter of 2018. This compares to the benchmark Numis Alternative Markets Index which recorded a total return of +1.3% over the same period. Underlying portfolio returns for individual clients will vary depending on the timing of their investment. UK equity markets were broadly flat during the traditionally quiet summer months, however, investor sentiment deteriorated in early autumn, partly due to the ongoing uncertainty surrounding Brexit negotiations, which have yet to reach a successful conclusion.

The FTSE AIM Index (AIM) outperformed main market indices over the quarter. Companies listed on AIM continue to attract capital, due in part, to the attractive tax benefits that many of them offer. The growing weight of money being invested on AIM is predominately directed towards the largest, and most liquid AIM-listed companies, which, in many cases, are now trading at high valuations relative to their historic averages.

The AIM IHT Income Portfolio underperformed its benchmark index during the third quarter. This underperformance was principally due to the holding in Flowtech Fluidpower, which declined by 34.4% over the period. Flowtech reported disappointing interim results for the six months to 30 June 2018, with earnings coming in below expectations due to higher than expected operating costs following a series of acquisitions. The company also reported softer demand in its engineering focused businesses, as well as confirming that a £1.5m contract to supply the Thames Tideway project was unlikely to proceed. In view of this unexpected setback, it is going to take some time before investor confidence is restored, which largely explains why the share price decline on the day was significantly greater than the downgrade to profit forecasts.

Other detractors from performance included Sanderson Group (-22.4%) and Quartix (-26.4%), whose share prices fell despite both companies reporting trading in line with expectations. Top contributors to performance included RWS Holdings (+15.4%), Personal Group (+15.2%) and Animalcare Group (+13.7%).

Investor confidence has recently been tested. In the weeks immediately following the end of the quarter under review, a sharp sell-off in global equity markets occurred. This rapid re-assessment of risk, particularly affected more highly valued 'growth' stocks. In particular, risk aversion has re-emerged in the United States, where further interest rate rises are expected

*Q2 2016 and Calendar Year 2016 exclude the month of April since the first monies received into the strategy were only fully invested for part of that period. Performance figures show the total return of the Unicorn AIM IHT & ISA Portfolio Service Income Portfolios where the contribution of each portfolio to the total return is weighted by portfolio size. The returns take into account all portfolio management fees but do not include initial portfolio or adviser fees. Individual portfolios are excluded during months when a portfolio is being invested, during months when withdrawals are made, where the investor has died and all portfolios where the initial investment is less than the minimums quoted in the terms & conditions of the service. The performance figures have been calculated by WM Capital Management based on the bid prices of holdings at the end of each month. Fees are subject to change.

Commentary Continued:

In order to control inflation as the US economy continues to grow. The likelihood of further rate increases, a growing fear that the US economy may be over-heating and the threat of a major Trade War with China, combined to trigger a rapid fall in the tech-focused NASDAQ Index. UK equity markets were also caught in this down-draught and, in particular, a large number of AIM quoted companies endured sharp declines in their share prices. We suspect that heightened levels of volatility will prevail over the next six months, given the increasing uncertainty surrounding political events both in the UK and globally.

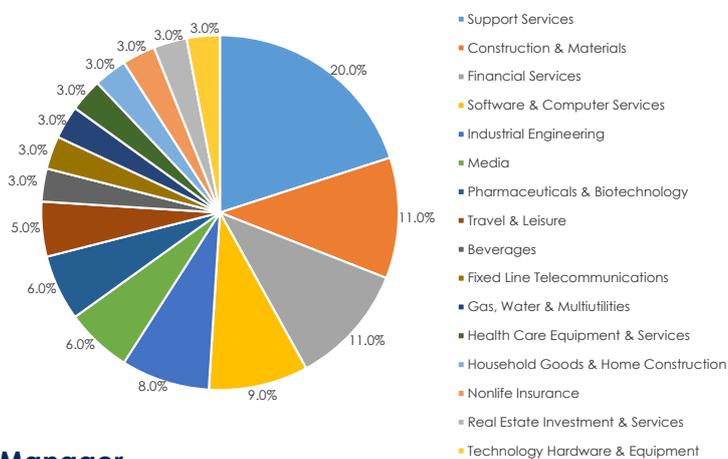
The portfolio has not been immune from these market movements, with a number of the investee companies suffering sharp pullbacks in share price. In spite of recent stock market volatility, our confidence in the underlying strength of the model portfolio's investee companies remains undimmed.

Top Five Holdings*

Company	Sector
James Halstead	Construction & Materials
RWS Holdings	Support Services
Young & Co's	Travel & Leisure
Somero Enterprises	Industrial Engineering
Redde	Financial Services

Source: Unicorn Asset Management as at 30/09/18

Sector Allocation*



Manager

WM Capital Management Limited (WM) is the Discretionary Investment Manager responsible for the day to day management of investor portfolios.

WM is authorised and regulated by the Financial Conduct Authority and is recorded in the Register under reference number 601025.

Investment Adviser

Unicorn Asset Management Limited (Unicorn) is an independently owned company that has specialised in AIM and UK smaller companies since its inception in 2000.

Unicorn is authorised and regulated by the Financial Conduct Authority and is recorded in the Register under reference number 192164.

Important Notice

*typical allocation for new investors

This document is an advertisement and not a prospectus. It has been issued and approved by WM Capital Management Limited and constitutes a financial promotion under Section 21 of the Financial Services and Markets Act 2000 for Retail & Professional Clients. Any decision to invest in the Unicorn AIM Inheritance Tax Portfolio Service should be made solely by reference to, and strictly in accordance with, the information contained in the terms and conditions, brochure, Investor Agreement and Application Form.

This document should not be regarded as constituting advice in respect of legal, taxation, investment or any other matters. Prospective investors are advised to consult their financial adviser before considering any investment. The value of an investment, and any income from it, can fall as well as rise as result of market and currency fluctuations and you may not get back the amount originally invested. Investment in the securities of smaller and/or medium sized companies can involve greater risk than is customarily associated with investment in larger, more established companies. The market for securities in smaller companies is often less liquid than that for securities in larger companies, meaning above average price movements both positive and negative can be expected. The tax benefits of investing in AIM companies are subject to changes in legislation and may not continue in the same form. Tax treatment will also depend on individual circumstances and may be subject to change in the future.

WM Capital Management is authorised and regulated by the Financial Conduct Authority and is entered in the Register under reference no. 601025.

Company Case Study



Nichols is a soft drinks business. Its principal product is Vimto, which was created in 1908 by the company's founder, John Nichols. Vimto is popular in the UK and internationally, and particularly so in the Middle East, where it is consumed during Ramadan. While the UK market remains important, accounting for c. 75% of sales in 2017, the group has grown strongly overseas, reporting international revenue growth of over 20% to £32.0m in 2017.

Nichols has successfully reformulated its drinks for full exemption from the UK Sugar Levy and Vimto is also available in 'no added sugar' formats to meet demand from health conscious consumers. Drink production is outsourced, enabling Nichols to operate a 'capital light' model, which generates strong free cash flow. As a result, the group has a solid balance sheet, with no debt, and has delivered consistent growth in dividends over a number of years.

Price (p): 1,353.75

Market cap (£m) 504.60

Earnings per share (p): 62.88

Profit before tax (£m): 28.72

Data from London Stock Exchange - 06/11/18

Investment Advisers

Chris Hutchinson



Max Ormiston

