

Unicorn AIM IHT & ISA Portfolio Service



Growth Portfolio

Q4 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).

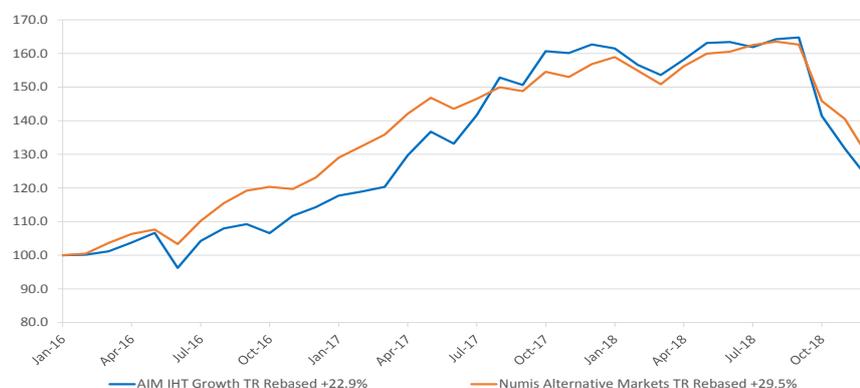
Investments will be made in companies that operate across a range of sectors in order to provide diversification.

- **Unicorn Asset Management 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**

Performance

	Q1	Q2	Q3	Q4	Calendar Year	Since 1 Feb 2016
2016	+1.2%*	-4.9%	+13.4%	+4.6%	+14.3%*	+22.9%*
2017	+5.3%	+10.7%	+13.1%	+8.0%	+42.3%	
2018	-5.6%	+6.4%	+0.8%	-25.4%	-24.4%	

% return rebased



Quarterly Manager Commentary

The AIM IHT Growth Portfolio service registered a total return of -25.4% for the fourth quarter of 2018, compared with the benchmark Numis Alternative Markets Index, which registered a total return of -20.4% over the same period. Underlying portfolio returns for individual clients will vary depending on the timing of their investment.

The period under review has been an extremely challenging one for UK equity markets. Investor sentiment deteriorated dramatically in the final three months of 2018, due to increasing concerns over mounting political and economic risks, both in the UK and globally. Uncertainty surrounding the outcome of Brexit negotiations, an escalating trade war between the US and China and deteriorating financial results from some of the world's most highly valued quoted companies led to sharp declines in global equity markets. US stocks were in the vanguard of the sell-off, with the tech-focused NASDAQ index declining by over 17% during the quarter.

The most significant share price declines were experienced by more highly valued 'growth stocks', which had previously benefited from a prolonged period of share price appreciation. Smaller companies, including those listed on AIM, whose share prices are typically more volatile than larger companies, also suffered some of the sharpest price corrections. In the UK, a combination of weak consumer spending and high-profile retail insolvencies, exacerbated the sell-off, especially for those companies most exposed to consumer spending.

It is disappointing to report on a period of underperformance for the AIM IHT Growth portfolio relative to its benchmark. Given the nature of the recent sell-off, the Growth model portfolio was particularly sensitive to these market moves. On a positive note, the earnings growth expectations for the investee companies within the model portfolio have remained largely unchanged and therefore on a price-to-earnings basis, many are now trading at significant discounts relative to their long term averages.

*Q1 2016 and Calendar Year 2016 exclude the month of January 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 Growth 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.

Product Details

Launch date

January 2016

Structure

Discretionary portfolio service

Minimum investment

Income portfolio £50,000

Growth portfolio £50,000

Weighted Average Market Cap

£382m

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 - LightTower Partners

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Commentary Continued:

There was one notable disappointment from an operational perspective during the quarter. Warpaint (-63.1%), which supplies low priced colour cosmetics, warned that challenging trading conditions in the UK would result in full-year profits being below expectations. The company is highly dependent on sales generated during the Christmas trading period. This Christmas, UK retailers reduced stock levels and placed fewer orders than anticipated, reflecting the weaker conditions on the UK High Street. However, Warpaint has continued to achieve strong international growth, particularly in America and the business remains profitable and cash generative. Other notable detractors included; Accesso Technology (-50.5%), First Derivatives (-48.5%), Keywords Studios (-45.1%) and Frontier Developments (-40.1%). Of these, only Keywords disappointed in terms of reported earnings growth, which, in itself, was a modest underperformance.

There were many factors contributing to recent stock market declines and these factors continue to pose a threat to equity markets during 2019. Despite this uncertain outlook, we remain confident in the operational outlook for our investee companies, all of which remain profitable and cash generative, while also being exposed to attractive markets offering the prospect of long-term, structural growth.

Company Case Study



As one of the world's leading manufacturers of high quality ceramic tableware, Churchill has a long history of manufacturing the highest quality products to the hospitality industry. Based in the heart of the Potteries since 1795, Churchill has progressively developed, building a strong reputation as an innovative and reliable supplier of quality table top products. Churchill exhibits many of the qualities which we look for in an investment opportunity: a high quality product offering; a strong track record of earnings growth and consistent delivery against market expectations.

Churchill also operates with a strong balance sheet; high and growing profit margins and a significant opportunity to grow market share in export markets. As a British manufacturer and exporter, primarily into Europe, there is of course a current risk posed by a hard Brexit. With an expected net cash position of over £16m at the end of 2018, and a number of initiatives already in place designed to mitigate cross-border trade tariffs, we believe Churchill China is well-placed to deliver continued profitable and cash generative growth even in the event of a no-deal Brexit.

Price (p): 1,410.00

Market cap (£m): 147.90

Earnings per share (p): 58.40

Profit before tax (£m): 7.62

Data from London Stock Exchange - 17/01/19

Investment Advisers

Chris Hutchinson



Alex Game

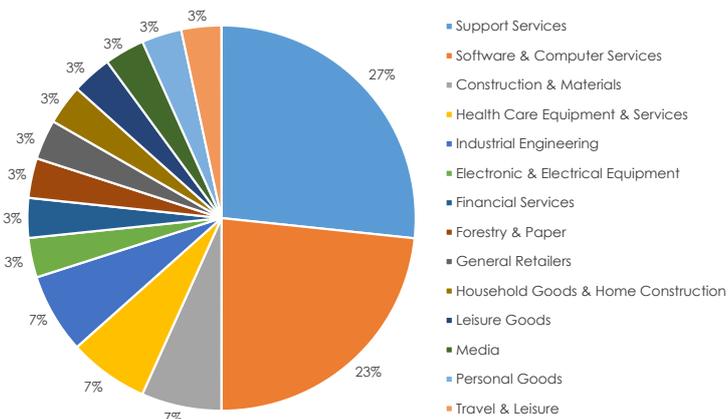


Top Five Holdings*

Company	Sector
Keywords Studios	Support Services
Frontier Developments	Leisure Goods
Midwich Group	Support Services
GB Group	Software & Computer Services
Accesso Technology Group	Software & Computer Services

Source: Unicorn Asset Management as at 31/12/18

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.