

# Unicorn AIM IHT & ISA Portfolio Service



## Income 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).

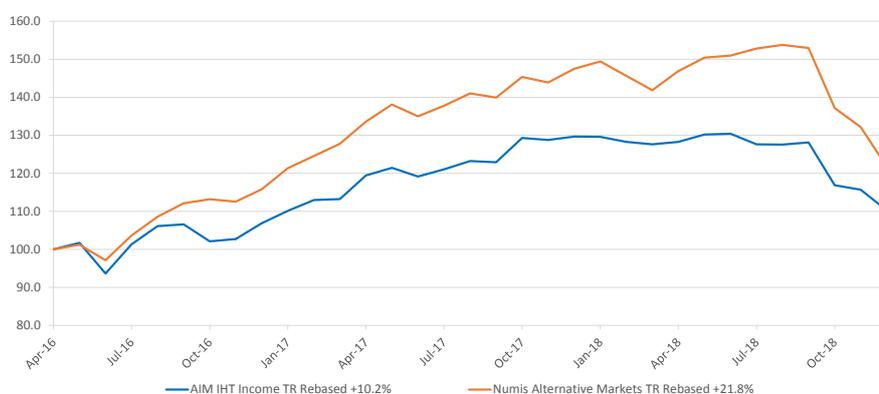
Investments will be made in companies that operate across a range of sectors in order to provide diversification.

- Unicorn 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

## Performance

	Q1	Q2	Q3	Q4	Calendar Year	Since 1 May 2016
2016	N/A	-6.3%*	+13.9%	+0.3%	+6.9%*	+10.2%
2017	+6.0%	+5.2%	+3.1%	+5.5%	+21.3%	
2018	-1.6%	+2.2%	-1.7%	-13.9%	-15.0%	

% return rebased



## Quarterly Manager Commentary

The AIM IHT Income Portfolio registered a total return of -13.9% in the fourth quarter of 2018. This compares to the benchmark Numis Alternative Markets Index which recorded 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.

The AIM IHT Income Portfolio has not been immune from the wider market turmoil. While it is disappointing to report on a period of negative absolute performance, it is nonetheless encouraging to note that the portfolio outperformed its benchmark. In part, this is due to our preference for investing in value stocks, together with a clear focus on those companies offering a consistent, predictable and resilient earnings profile. We anticipate that the portfolio's defensive characteristics will continue to mitigate the impact of any further market turbulence.

A small number of stocks delivered a positive total return during the quarter, of which the largest were; Park Group (+9.2%), James Halstead (+5.5%) and Sanderson Group (+5.4%). All three companies reported strong financial results during the period.

## Product Details

### Launch date

April 2016

### Structure

Discretionary portfolio service

### Minimum investment

Income portfolio £50,000

Growth portfolio £50,000

### Weighted Average Market Cap

£288m

### Weighted Average Historic Yield

3.8%

### 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](http://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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\*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:

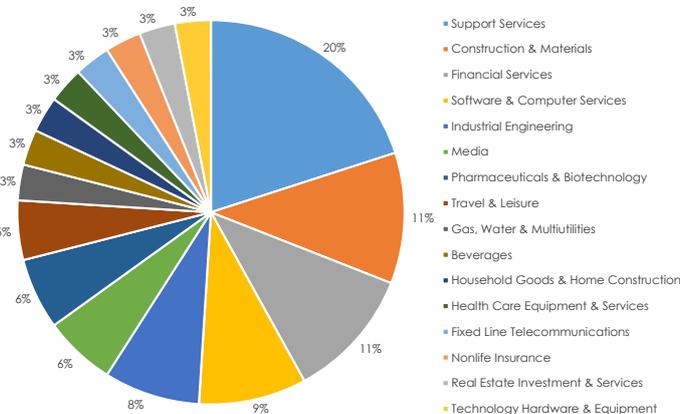
There were however, a large number of shares that generated negative total returns in the period. Of these, only one was specifically related to poor trading; ULS Technology. ULS is a software business specialising in the provision of online conveyancing services. As a consequence of reduced transactional activity in the UK housing market, current trading is weaker than expected. Despite the challenging market backdrop, ULS generated earnings growth of 7% and increased its interim dividend by 4% in the first half of its financial year. The company also continues to invest in new product development and has recently launched DigitalMove; a secure digital platform, designed to provide a cheaper, faster and more efficient house moving process.

## 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 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.

## Company Case Study



EMIS Group has a 30 year track record in providing software to the healthcare sector and has established market leading positions in GP systems, pharmacy software, online appointment booking and specialist care software. The group's software helps connect healthcare providers who manage patient records across the UK while also enabling the NHS to provide a faster, better connected and more efficient digital health service.

EMIS generates high levels of recurring revenue from the sale of software licences, which helps drive strong cash generation. This strong cashflow has enabled management to grow the dividend at a compound annual rate of over 12%, since the company first listed on AIM in 2010. The business is now well placed to benefit from an increase in the level of digital investment across the NHS, which is expected to receive £450m in additional funding through its IT Futures programme over the next three years.

**Price (p): 918.00**

**Market cap (£m) 581.20**

**Earnings per share (p): 12.80**

**Profit before tax (£m): 10.34**

Data from London Stock Exchange - 17/01/19

## Investment Advisers

**Chris Hutchinson**



**Max Ormiston**

