

Unicorn AIM IHT & ISA Portfolio Service



Income Portfolio

Q4 2020

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 £400m 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

£371m

Historic Weighted Average Dividend Yield

2.5%

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

0.85% on stock purchases

Exit fee

1.0% (not payable on death)

Performance

	Q1	Q2	Q3	Q4	Calendar Year	Since 1 May 2016
2016	N/A	-6.3%*	+13.9%	+0.3%	+6.9%*	+26.1%
2017	+6.0%	+5.2%	+3.1%	+5.5%	+21.3%	
2018	-1.6%	+2.2%	-1.7%	-13.9%	-15.0%	
2019	+6.2%	+7.3%	-5.3%	+12.5%	+21.4%	
2020	-25.1%	+13.6%	+1.8%	+8.8%	-5.8%	

% return rebased



Quarterly Manager Commentary

The AIM IHT Income Portfolio registered a total return of +8.8% in the fourth quarter of 2020. By comparison, the benchmark Numis Alternative Markets Index recorded a total return of +19.9% over the same period. Underlying portfolio returns for individual clients will vary depending on the timing of their investment. During the period, global equity markets reacted positively to news that COVID-19 vaccines had delivered effective results in trials and had been approved for human use by regulators.

Positive Contributors:

Johnson Service Group (+55.6%), a provider of textile rental and cleaning services, recently reported that trading has continued to be impacted by the various lockdowns and Tier restrictions, particularly in their Hotel, Restaurant and Catering ("HORECA") division. Notwithstanding this, the business expects to deliver an adjusted EBITDA margin for its full year to be slightly ahead of that achieved in the first half. The management team anticipates reporting on a net cash position of c. £6 million as at the end of December 2020. ULS Technology (+44.9%), a provider of online platforms for conveyancing and financial intermediary markets, announced interim results for the six month period ended 30 September 2020. The group's financial performance reflected the challenging conditions experienced in the UK housing market during 2020. Despite these challenges, ULS has remained cash generative and ended the period with a robust balance sheet. Management anticipate that the recovery in housing market transactions during the latter months of 2020 will lead to better trading during the second half of the company's financial year. Michelmersh Brick Holdings (+39.2%), a specialist brick manufacturer, released a trading update covering the financial year ended 31 December 2020. Michelmersh reported that trading had been resilient since June 2020 and that production capacity had returned to pre-COVID levels. As a result of the improvement in trading in the second half of the year,

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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:

management expect revenues and profits for the full twelve month period to exceed market expectations. The Board of Michelmersh also confirmed a resumption of dividend payments to shareholders.

Material Detractors:

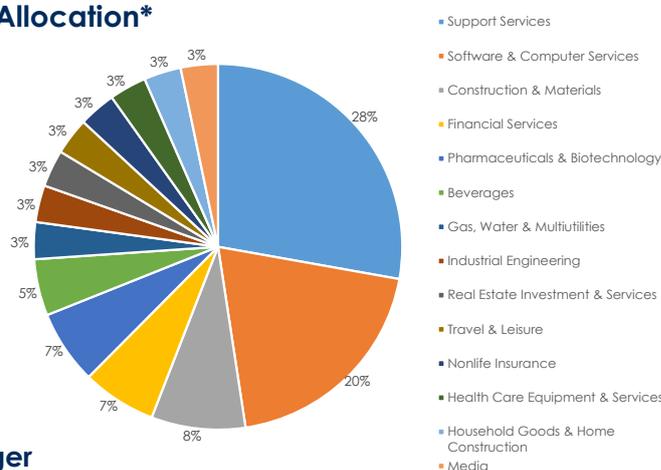
Vianet Group (-30.7%), a provider of monitoring systems and data management services, announced interim results for the six months ended 30 September 2020. Financial performance was significantly affected by lockdown measures, which resulted in weak trading across Vianet's businesses. Management have taken swift action to preserve cash and ensure the business is on a sound footing once the pandemic is under control. Personal Group (-22.3%) is a provider of employee engagement services. Its share price declined during the period, despite an absence of newsflow during the quarter. Iomart Group (-9.9%), a provider of cloud computing services, announced its results for the financial half-year ended 30 September 2020. While Iomart's revenue increased by 2% to £56.3m, adjusted pre-tax profit declined by 15% to £9.8m reflecting higher costs in the period. The business has remained highly cash generative however, and declared an interim dividend in line with its prior financial half-year.

Top Five Holdings*

Company	Sector
James Halstead	Construction & Materials
Nichols	Beverages
RWS Holdings	Support Services
Emis Group	Software & Computer Services
Iomart Group	Software & Computer Services

Source: Unicorn Asset Management as at 31/12/20

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



RWS is a global provider of language services and language technology, including a market leading position in worldwide patent translation and patent filing activity and the number two position in life sciences translations and linguistic validation services. RWS has delivered strong long-term financial performance driven by its exposure to structural growth trends across the life sciences and technology sectors.

Solid organic growth has been enhanced by complementary acquisitions, which have expanded the range of services offered including machine translation and Artificial Intelligence (AI) capabilities. RWS has grown revenues, profits and dividend payments in every year since listing on AIM in 2003.

Price (p): 605.00

Market cap (£m): 2352.79

Data from London Stock Exchange - 01/02/21

Investment Advisers

Chris Hutchinson



Max Ormiston

