Unicorn

Investing with conviction

Unicorn Investment Funds

Assessment of Value

Published 28 February 2025

Contents

Unicorn
Investing with conviction

Introduction

Welcome to the Unicorn Asset Management Assessment of Value Report. This report provides a review of the assets we manage on your behalf, assessing the value delivered to investors over the course of the calendar year 2024. It also places the findings in a broader historical context, reflecting the long-term objectives and investment policies of the Funds under our management.

The assessment is conducted in line with the Financial Conduct Authority (FCA) requirements, ensuring transparency and accountability in the evaluation of Fund performance, costs, and services. The introduction of the Consumer Duty regulations in 2023, which place increased emphasis on assessing value for investors, continues to shape our approach to this review.

Where areas for improvement have been identified, we have highlighted the steps that have been or will be taken to address them. Our ongoing commitment to enhancing the clarity and quality of our investor communications is reflected in refinements made to this year's report.

We remain focused on ensuring that our Funds deliver value in a fair, transparent, and consistent manner, in alignment with the best interests of our investors.

What is an Assessment of Value Report?

Under the Collective Investment Schemes Information Guide (COLL), the Financial Conduct Authority (FCA) requires Authorised Fund Managers (AFMs) to conduct an annual assessment of value for each of the Funds they manage. The purpose of this assessment is to ensure that investors receive fair value for the charges they pay, with a requirement for the AFM to take appropriate action where value is not being delivered.

Since the introduction of Consumer Duty regulations in 2023, which place greater emphasis on customer outcomes, the industry's approach to assessing value has continued to evolve. The price and value outcome is a key principle under these regulations, reinforcing the need for fund managers to assess costs relative to the benefits provided to investors.

The FCA has set out seven key criteria that must be considered in an assessment of value:

Quality of Service
Reviewing the range and quality of services provided to shareholders.

Performance
Evaluating whether each Fund's performance, after the deduction of charges, aligns with its stated objectives and policies over an appropriate timescale.

AFM costs - general
Examining all costs incurred by investors and ensuring they are justified by the services provided.

Economies of Scale
Whether the AFM is able to achieve savings and benefits from economies of scale, relating to the direct and indirect costs of managing the scheme property and taking into account the value of the scheme property and whether it has grown or contracted in size as a result of the subscription or redemption of units.

Comparable Market Rates
Comparing the fees charged for each Fund against those of similar funds in the market.

Comparable Services
Assessing whether the AFM's charges are consistent with those applied to other clients receiving comparable investment services.

Classes of Shares
Whether it is appropriate for shareholders to hold units in classes subject to higher charges than those applying to other classes of the same scheme with substantially similar rights.

Tell us what you think!

The purpose of this report is to assess each of these criteria across our Funds and to provide a transparent evaluation of where value is being delivered and where improvements may be required.

If you have any feedback on this report or suggestions for improvement, please contact us at info@unicornam.com.

Our Findings

Below are the value assessment ratings for each Fund. We have grouped five of the criteria under the broader heading of costs; however, we have still assessed each of the criteria individually. For each criterion we have provided a Red, Amber, or Green rating with an overarching rating given at a Fund level.

Green	**Good value: no issues have been identified**
Amber	**Value: We have identified a potential issue(s) and highlighted it for monitoring**
Red	**Not delivering consistent value: An issue(s) has been identified and we have set out the actions being taken**

Where any areas have been highlighted, more detail can be found in the Fund specific detail later in this report.

If you want to see the latest information regarding a fund, all information is available in the 'Funds' section of our website (unicornam.com/funds/)

			Costs					
Fund	**Quality of Service**	**Performance**	**AFM Costs**	**Economies of Scale**	**Comparable Market Rates**	**Comparable Services**	**Classes of Units**	**Overall Assessment**
Mastertrust								
Outstanding British Companies								
UK Growth								
UK Ethical Income								
UK Income								
UK Smaller Companies								

Below you will find further detail on how we consider each of the criteria with specific commentary by Fund in the following pages.

Having considered many ways to implement our Assessment of Value review, it was concluded for the first assessment that several of the key criteria could be examined holistically, at company level with further analysis developed where appropriate at sub-Fund level. This approach was based on several factors and has been retained for the 2024 assessment.

Key considerations for grouping criteria:

- The pricing structure of Funds under review
- The company's focus on long only investments in a single geography and asset class
- A proportional approach
- The commonality of the stated target market for each product
- A single OEIC with several sub-Funds
- Consistency from year to year giving consumers clarity

1. Quality of service

A key component of the Assessment of Value is evaluating the quality of service provided to investors. Unicorn Asset Management remains committed to maintaining high standards across all aspects of Fund management, including investment expertise, governance, stewardship, operational efficiency, and investor communications.

Our assessment focuses on five core areas

Investment & Risk

We believe that the investment and risk process is fundamental to the quality of service delivered by any Fund Management group and have reviewed the qualifications, ability and experience of the Fund Managers and their supporting staff.

In the period under review the Fund management team has been provided with appropriate tools to enable detailed and meaningful analysis of both Fund and stock characteristics, performance, and risk. In addition to investment in resources there was continued benefit from the substantial expansion of personnel making up the investment team in the prior year. These additions have continued to add further research and monitoring capabilities across all strategies managed by the company.

We have considered the quality of the investment processes to which all consumers are gaining access and through consultation internally, as well as reviewing the quality of research produced, have found the processes implemented by Investment Managers to be thorough and comprehensive. A clear, demonstrable, and repeatable process should give further insight into the likely future performance of investment strategies, and the ability of the Funds to meet their stated objectives over the long term.

Further to the enhancements and additions to the risk and compliance function seen in 2023, 2024 saw continued investment in new talent to support the company's ability to effectively monitor risk, performance, and governance issues.

Active Ownership and Stewardship

Unicorn believes that a strong commitment to sustainability by management teams is a key indicator of long-term value protection and creation, ultimately enhancing their ability to deliver superior financial returns for our clients. We actively seek companies that have embedded sustainability principles into their business models, fostering resilience and adaptability in an evolving economic and regulatory landscape.

As early adopters of Environmental, Social, and Governance (ESG) considerations within our investment strategies, we recognise that ESG factors play a crucial role in assessing both risk and opportunity at the Fund and company level. Unicorn is a signatory to the United Nations Principles for Responsible Investment (UN PRI), an UN-backed network that promotes the integration of ESG factors into investment decision-making to support sustainable, long-term value creation.

In 2024, we have further expanded our ESG monitoring and engagement framework, reinforcing our commitment to active stewardship. This includes the publication of our latest Sustainability & Stewardship Report, available from the manager. Engagement with investee companies continues to grow, demonstrating our dedication to influencing positive corporate behaviours and enhancing long-term shareholder value.

Services to the Funds

Unicorn Asset Management remains committed to ensuring that the services provided to shareholders meet the highest standards of efficiency, security, and transparency. As part of our Assessment of Value, we have reviewed the services provided by the Depositary, Custodian, and Fund Administrator to ensure they continue to deliver value to investors.

The Depositary, HSBC, is responsible for the safekeeping of the Fund's assets, the monitoring of cash flows, and the oversight of the Custodian. The Custodian holds assets in either physical or electronic form across the markets in which the Fund invests. Additionally, the Custodian plays a critical role in collecting income and dividends, processing corporate actions, and reclaiming tax under applicable double taxation treaties. These services are essential to the efficient operation of the Funds and ensure that investor assets remain protected and well-managed.

To maintain service quality, both the Depositary and Custodian operate under a defined Service Level Agreement (SLA) and are assessed against Key Performance Indicators (KPIs). The Board regularly reviews these metrics to monitor service standards, ensuring that any potential issues are identified and addressed promptly.

While the Fund Administrator's services are not directly charged to shareholders, Unicorn carefully evaluates their performance, responsiveness, and reliability. The administrator plays a central role in processing investor transactions, maintaining accurate records, and responding to investor enquiries. Given their function as the first point of contact for many shareholders, it is essential that their service remains of the highest quality. The SLA and KPIs governing the administrator's work are regularly reviewed, with particular focus on accuracy, timeliness, complaint resolution, and regulatory compliance.

Culture and Governance

We continue to place great emphasis on fostering a strong culture of challenge, as we believe this is essential to ensuring that our Funds are managed in the best interests of investors. A robust culture of challenge not only encourages thoughtful debate and scrutiny but also reinforces our commitment to high governance standards, risk awareness, and investor protection. It is fundamental to creating an environment where effective oversight and accountability are not merely in place but actively embraced by all members of the organisation.

Culture, while often less tangible than other aspects of Fund management, serves as a clear indicator of a team's approach to decision-making and responsibility. This can be observed in a variety of ways, including the willingness to collaborate in an office environment, active participation in regular committee meetings, and a proactive approach to risk management and compliance. A well-defined culture is also reflected in low levels of breaches, a strong track record in handling investor concerns, and the absence of execution issues, all of which contribute to the consistent delivery of a high-quality service.

At Unicorn, we recognise that culture directly influences long-term outcomes, not only in the way our teams operate but also in the way we engage with investee companies. By embedding a strong culture of challenge, accountability, and investor focus, we ensure that our Funds continue to be managed with the highest levels of integrity, professionalism, and commitment to delivering value.

Communication

Effective and transparent communication with investors is a fundamental component of service quality, and we continuously strive to ensure that our engagement with shareholders meets high standards of clarity, accessibility, and responsiveness.

Investor servicing is a key aspect of our evaluation, encompassing how effectively investor queries are handled, how complaints and breaches are resolved, and the overall quality of information provided. As part of our commitment to enhancing consumer understanding, we have reviewed and refined our client-facing materials in line with Consumer Duty principles. The quality, accessibility, and effectiveness of these materials are regularly discussed by the Consumer Duty Committee to ensure they meet the evolving needs of investors.

We have continued to focus on ensuring all communication remains clear, comprehensive, and easily accessible. Over recent years, we have made significant enhancements to the structure and presentation of our investor communications. Monthly factsheets continue to be refined to provide greater clarity, ensuring that key fund information is more transparent and user-friendly. The move in 2023 to quarterly manager commentary has continued to be well received with investors praising the deeper insights into fund performance and market conditions compared to the shorter, month-to-month commentary previously available.

The Sustainability & Stewardship report continues to provide detailed insights into our engagement with investee companies, our approach to sustainable investment, and the steps we are taking to enhance governance and stewardship practices.

Through continuous monitoring and evaluation, Unicorn remains focused on delivering high-quality investor communication, ensuring that all stakeholders receive the timely, relevant, and meaningful information they require. Our ongoing enhancements reflect our dedication to meeting the evolving needs of investors while maintaining a commitment to transparency, engagement, and the highest standards of service.

Assessment

Our assessment concludes that Unicorn Asset Management continues to deliver a high standard of service across key areas, including Investment & Risk, Stewardship, Governance, Fund Services, and Communication. The investment team remains well-resourced, with strong research capabilities and a disciplined approach to risk management. The enhanced ESG monitoring framework and publication of the Sustainability & Stewardship Report demonstrate Unicorn's commitment to responsible investing. Governance structures remain robust, ensuring effective oversight and accountability in fund management.

The quality of fund administration and investor communication remains strong, with enhancements to reporting materials improving clarity and accessibility for shareholders. The Consumer Duty Committee continues to assess and refine investor engagement strategies to ensure evolving needs are met. The oversight of custody and administrative services remains effective, reinforcing security and operational efficiency. Overall, Unicorn provides good service across all evaluated areas, and we remain committed to continuous improvement to further enhance investor outcomes.

2. Performance

The Board has reviewed performance across all OEIC sub-Funds and share classes, ensuring that each Fund is managed in line with its investment objectives, policies, and strategies. Regular portfolio review meetings, attribution analysis, and discussions with the investment team provided oversight, with the Risk Officer, Director of Operations, and Compliance Officer actively challenging Fund Managers on both underperformance and outperformance during Committee meetings. Where available, external evaluations from Square Mile Research, RSMR, and Fund Calibre were also considered.

Performance has been assessed relative to appropriate indices and peer groups following comparable investment approaches. For Funds with a stated income objective, this formed a central part of the evaluation. Broader assessments considered factors such as market conditions, cash flows, volatility, yield, liquidity, and risk-adjusted returns. The most widely held share classes available to retail investors were used as benchmarks in this analysis. Over both ten-year (long term) and five-year (recommended minimum holding period) horizons, the Funds were found to be managed effectively and in line with their stated objectives. While short-term underperformance was observed in some cases, it was found to be consistent with Fund objectives and policies. This will continue to be monitored and is discussed further in the Fund-specific sections of this report.

Assessment

Our assessment concluded that all Funds were managed effectively and in line with their investment objectives and policies, with performance generally meeting expectations over the appropriate timescale. Each Fund's performance was evaluated relative to comparable benchmarks and peer groups, taking into account its stated objectives, investment strategy, and risk profile.

While the majority of Funds demonstrated resilient long-term performance, some have experienced periods of underperformance relative to their peers. In these cases, the underperformance was largely attributable to specific market conditions, sector dynamics, or the inherent characteristics of the investment approach. Certain strategies with a bias towards, higher-growth companies were particularly affected by market trends that favoured larger, lower-volatility, less cyclical sectors during the review period. Where Funds lagged, these periods of relative weakness were closely analysed, and the potential for future recovery and long-term value creation was considered. The Board has reviewed these instances in detail, with ongoing monitoring in place to ensure that Fund strategies remain aligned with investor expectations.

Overall, all Funds were found to be delivering either Good Value or Value, with none classified as failing to deliver consistent value. The factors contributing to periods of relative weakness are discussed further in the Fund-specific sections later in this report.

3. AFM Costs

Our assessment of AFM costs involved a detailed evaluation of all charges included within the Ongoing Charges Figure (OCF), as well as transaction costs across all share classes. The primary focus was to ensure that the costs borne by investors remain competitive and justified when compared to similar funds in the market.

The annual management charge was identified as the most significant cost element for each Fund, calculated as a fixed percentage of Fund value and applied daily. The next most notable expense was the depositary fee, which is also charged as a fixed percentage and was found to be in line with industry standards among active managers. In some instances, independent specialists, Square Mile Research, provided an external perspective on cost and value, reinforcing the assessment of fee competitiveness.

Other costs contributing to the OCF, such as audit fees and printing costs, were reviewed and deemed reasonable and proportionate. These expenses represent a small portion of overall charges. Additionally, Unicorn's policy of absorbing administration and research costs, rather than passing them on to investors, continues to provide a cost advantage compared to some industry peers.

Transaction costs were subject to ongoing oversight and were reviewed throughout the year by the Execution Committee to ensure efficient trading practices and cost-effectiveness across all Funds.

Assessment

Our review concluded that the majority of costs incurred by the Funds are reasonable, justifiable, and compare favourably to those of actively managed peers. Across all Funds, total costs were found to be in line with or below the median for their respective Investment Association (IA) sectors, reinforcing Unicorn's commitment to delivering value through cost efficiency. The annual management charge, the most significant expense, was assessed against industry standards and was found to be competitive and appropriate given the level of service, investment expertise, and active management provided.

While overall cost levels remain reasonable and well-controlled, we remain committed to continuous cost monitoring and transparency, ensuring that expenses remain appropriate and deliver value for investors. The findings from this review are discussed further in the individual Fund analysis sections of this report.

4. Economies of Scale

Each strategy was reviewed to assess whether existing or potential economies of scale were being effectively passed on to shareholders. This evaluation considered Fund size, asset growth or contraction, and cost efficiency in the context of the prevailing market environment.

The assessment found that the costs incurred by the Funds are largely based on net asset value, meaning that the overall rate of charging does not fluctuate significantly with changes in Fund size. While some fixed costs remain consistent regardless of asset levels, the proportionate impact of these costs may vary depending on the scale of assets under management. Notably, the total expense ratio for the Unicorn UK Ethical Income Fund remained capped at a level equal to that of the Unicorn UK Income Fund, with any excess costs absorbed by the AFM, demonstrating a commitment to maintaining cost efficiency for investors.

The review also considered the challenging market backdrop, where sustained redemptions from UK equity funds have placed pressure on asset growth across the sector. Despite this environment contributing to a lower level of revenue during the review period, Unicorn has continued to invest in infrastructure, personnel, and risk management resources to ensure that high standards of oversight and Fund management are maintained. This demonstrates a commitment to long-term resilience, ensuring that investors continue to benefit from a well-supported investment process even in a contracting market.

Assessment

We did not identify any economies of scale that were not being passed on to shareholders. Costs remained proportionate to net asset value, and investors benefited from efficiencies where investment, risk management, and operational resources were concerned. The decision to cap the total expense ratio for the Unicorn UK Ethical Income Fund at the same level as the Unicorn UK Income Fund further demonstrated a commitment to cost efficiency.

Despite the challenging market backdrop, where redemptions from UK equity funds have contributed to a lower level of revenue, Unicorn has continued to enhance its infrastructure and resources to ensure best-in-class oversight. We will continue to monitor the Funds, ensuring that cost efficiencies and economies of scale remain appropriately shared with investors.

5. Comparable market rates

The costs charged to Unicorn Funds include the AFM's annual management charge, audit fees, depositary, and custody fees, all of which were carefully reviewed and benchmarked against comparable Funds in the market. This assessment ensured that charges remained fair, competitive, and justified, providing investors with value relative to similar actively managed Funds.

A comparative analysis of annual management charges was conducted, considering several key factors, including risk profile, active share, and investment approach. This ensured that Unicorn's fees were measured against Funds with similar investment strategies and objectives, rather than simply against broad sector averages. Depositary and custody fees were regularly reviewed by the Authorised Corporate Director (ACD), who assessed these charges against industry benchmarks for comparable professional depositary and custody services. Consideration was also given to the complexity and risk profile of each Fund, ensuring that fees reflected the appropriate level of service required for effective oversight and asset protection. These fees are clearly outlined in the scheme documentation and are structured on a tiered basis, meaning that as a Fund's assets grow, the overall costs reflect economies of scale. This structure ensures that all investors, across all unit classes, benefit equally from cost efficiencies.

Audit fees were reviewed annually by the ACD, comparing them against other professional Fund auditors providing similar services. Again, complexity and risk profile were considered to ensure that the level of oversight and compliance provided by auditors remained proportionate and cost-effective. The costs associated with Fund administration, accounting, transfer agency, and registrar services were also examined. Importantly, these administrative expenses are absorbed by Unicorn and not recharged to the Funds, representing a notable cost-saving measure for investors.

Assessment

The assessment concluded that charges across all share classes were consistent with those of comparable active Funds with similar profiles. While new investments into historic share classes with higher fees are no longer permitted, some existing investors remain in these classes. In most cases, these investors access the Funds via platforms where cost rebates are applied, effectively reducing their charges to a level comparable with lower-cost share classes. Where such rebates were not applicable, it was determined that investors were correctly allocated to share classes with higher fees, which reflect the additional administrative and servicing costs associated with their holdings.

It was reaffirmed that all research costs are absorbed by Unicorn and not passed on to investors, further reinforcing its commitment to cost efficiency. Overall, the assessment found that the costs of the Funds remain reasonable, well-justified, and in line with comparable market rates, ensuring that investors continue to receive value for money in accordance with industry standards.

6. Comparable Services

Unicorn provides segregated investment management and investment advisory services to a small number of external clients, including institutional investors such as pension funds. As part of our review, we assessed whether the charges paid by investors in our UK funds are reasonable and aligned with those applied to comparable products and services with similar investment objectives and policies.

We identified UK funds with comparable mandates and analysed any differences in charges. Where discrepancies were found, we examined the underlying reasons to ensure that investors in the UK funds are charged appropriately relative to those in similar investment arrangements.

Assessment

Our assessment found no conflicts between these services and the quality or cost of those provided to the OEIC. In instances where similarities existed, the value delivered to shareholders was deemed to be consistent and comparable. We will continue to review and monitor areas where segregated services may provide further insights for future assessments.

7. Classes of shares

The charging structure for all share classes was reviewed across the OEIC.

Assessment:

The assessment confirmed the majority of shareholders were found to be in the most appropriate share class.

A small number of shareholders remain in historic A share classes, which have a higher annual management charge than the B share class. In these cases, it was determined that investors were either accessing the Funds through platforms where rebates effectively aligned their costs with lower-cost alternatives or were correctly allocated based on the additional servicing and administrative requirements associated with their investments. Given these factors, we concluded that these shareholders are in the appropriate class for their individual circumstances.

With all investors now positioned in share classes that fairly reflect the cost and service structure associated with their holdings, no further action was deemed necessary. The review found that annual management charges were applied appropriately, ensuring that investors continue to be charged fairly and transparently, in line with the structure of their investments.

8. Conclusion

The Company has undertaken a comprehensive and rigorous review to assess the value delivered by the Funds. This evaluation considered a wide range of factors deemed relevant to investors, including the nature, extent, and quality of the services provided, the investment performance of the Funds over appropriate timeframes, and their competitive positioning in relation to similar investment vehicles. In addition, careful consideration was given to the total costs associated with managing the Funds, the profitability generated, and whether the benefits of any economies of scale achieved are being appropriately shared with investors.

As part of this assessment, a detailed analysis was conducted, incorporating both quantitative and qualitative measures. The investment performance of the Funds was reviewed in the context of prevailing market conditions, with comparisons drawn against relevant benchmarks and peer groups to ensure a fair and meaningful evaluation. Particular attention was given to cost structures, ensuring that charges remain reasonable and proportionate to the value delivered. The review also examined the quality and transparency of investor communications, the responsiveness of the investment manager, and the effectiveness of oversight mechanisms in safeguarding investor interests.

A consideration in this year’s review has been the impact of significant inflationary pressures on financial markets and the wider economy. In recent years, there has been a substantial increase in the costs incurred by Unicorn in delivering investment management and related services. Despite these pressures, the cost of services provided to the Funds has remained unchanged, which, in real terms, represents an increasingly strong value proposition for investors. The ability to maintain service quality and investment expertise without passing on additional costs underscores the efficiency and commitment of the investment manager in delivering value.

The conclusion of this rigorous review is that all Funds have, on balance, demonstrated value across the majority of the key criteria considered. Where specific areas for improvement have been identified, appropriate actions have been set out at the Fund level to address them.

Following a careful review of these findings, the Board has approved the conclusions of the assessment, determining that the overall costs of the Funds are justified in light of the value they provide to investors. The Board remains committed to continuously monitoring and refining this process to ensure that the Funds continue to meet high standards of value and service in the interests of their investors.

Unicorn UK Income Fund

Objective & Policy

The Unicorn UK Income Fund aims to provide an income by investing in UK companies.

UK companies are defined as those which are incorporated or domiciled in the UK or have a significant part of their operations in the UK.

The Fund invests at least 80% in UK companies which are quoted companies with a bias towards small and medium-sized companies (those with a market value of less than £4 billion). Some of the companies in which the Fund invests may be quoted on AIM. AIM is the London Stock Exchange's international market for smaller, growing companies.

Assessment

Key Metrics	5-year total return - % to 31/12/24	10-year total return - % to 31/12/24	OCF -%	Yield -%
Unicorn UK Income Fund	-1.64	52.24	0.84	5.21
IA UK Equity Income Sector	14.40	67.11	0.81 (Active Funds)	4.5

The Fund was assessed in the context of the seven AOV criteria. We considered the quality of service experienced by investors both from Unicorn and our partners. Performance has been reviewed in the context of the stated investment objective and policy and considered all factors deemed valuable to investors including portfolio oversight, monitoring, and risk mitigation. The appropriateness of AFM costs was considered as well as comparable market rates, and economies of scale, to determine if they remain appropriate. All share classes were reviewed to assess if shareholders are invested in the most appropriate class for them, and the Fund was assessed relative to the Unicorn UK Ethical Income Fund for comparable services purposes.

The quality of service was judged to be in line with expectations whilst the Fund met its investment objective by delivering an income to shareholders. The historic yield was noted to be ahead of the IA UK Equity Income sector average. The Fund does not use a benchmark for the purpose of setting performance targets, investment limits or constraints, or for the purposes of performance calculations or comparisons. Whilst not an explicit target of the Fund's investment objectives and policies, the total return performance of the Fund was found to have underperformed the sector over the longer term (10 year) and lagged the average of the Investment Association Sector (IA UK Equity Income) over the shorter term (5 year). Analysis found the stated policy of investing at least 80% of the portfolio in companies with a market cap of less than £4bn was the biggest driver of relative underperformance, with the NSCI plus AIM index delivering 6.57% total return over 5 years vs. the FTSE All Share (Ex IT) total return of 26.59% over the same period. The board noted that the protracted period of relative underperformance vs. the funds sector had occurred for the first time in the fund's 20+ year history. Whilst the reasons for this underperformance were understood with small and mid-sized companies underperforming larger peers over recent years, the Board was cognisant that they would continue to monitor this uncoupling and would continue to assess if there were any required changes needed to the fund objective.

The review of AFM costs and comparable market rates found that the costs of the service are appropriate. The ongoing charges were found to be in line with the active strategies in the sector. The costs experienced by investors were in line with comparable services and investors were able to benefit from economies of scale as a sub-Fund of the OEIC. There were no economies of scale identified that were not being passed on to investors.

Independent research from Square Mile Investment Consulting & Research noted "The fund's ongoing charge figure (OCF) is competitive and below the peer group median. Combined with relatively low transactions costs (TC), the total cost of investment (TCI) for the strategy falls firmly below the peer group median. Given the differentiated offering, with the managers investing predominantly down the market capitalisation specturm, we would view the overall cost structure of this strategy providing investors with adequate value for money."

The assessment confirmed the majority of shareholders were found to be in the most appropriate share class. A small number of shareholders remain in historic A share classes, which have a higher annual management charge than the B share class. In these cases, it was determined that investors were either accessing the Funds through platforms where rebates effectively aligned their costs with lower-cost alternatives or were correctly allocated based on the additional servicing and administrative requirements associated with their investments. Given these factors, we concluded that these shareholders are in the appropriate class for their individual circumstances.

With all investors now positioned in share classes that fairly reflect the cost and service structure associated with their holdings, no further action was deemed necessary. The review found that annual management charges were applied appropriately, ensuring that investors continue to be charged fairly and transparently, in line with the structure of their investments.

Conclusion

Having assessed the Fund in the full context of all seven AOV criteria, we have found that the Unicorn UK Income Fund has delivered good value to shareholders and that the current charges are justifiable.

Actions

Whilst no immediate remedial actions have been identified as necessary, the Company remains committed to ongoing monitoring and evaluation to ensure that the Funds continue to deliver strong value to investors. The Board and investment manager will maintain regular oversight of all key assessment criteria, including investment performance, cost structures, and service quality, to ensure that the Funds remain competitive and aligned with investor interests. This process will be continually refined to adapt to evolving market conditions and to uphold the highest standards of value and service delivery.

Unicorn UK Ethical Income Fund

Objective & Policy

The Unicorn UK Ethical Income Fund aims to provide an income by investing in UK companies which meet the ACD's ethical guidelines.

For this purpose, UK companies are defined as those which are incorporated or domiciled in the UK or have a significant part of their operations in the UK. Selection of such ethical equities will be undertaken on the basis of thorough company analysis, with ethical and socially responsible criteria reviewed at the point of investment and quarterly thereafter.

The Fund invests at least 80% in UK companies which are quoted companies with a bias towards small and medium-sized companies (those with a market value of less than £4 billion). Some of the companies in which the Fund invests may be quoted on AIM. AIM is the London Stock Exchange's international market for smaller, growing companies.

Assessment

Key Metrics	5-year total return - % to 31/12/24	10-year total return - % to 31/12/24	OCF -%	Yield -%
Unicorn UK Ethical Income Fund	-5.07	N/A	0.81	5.4
IA UK Equity Income Sector	14.4	N/A	0.81 (Active Funds)	4.5

The Fund was assessed in the context of the seven AOV criteria. We considered the quality of service experienced by investors both from Unicorn and our partners. Performance has been reviewed in the context of the stated investment objective and policy and considered all factors deemed valuable to investors including portfolio oversight, monitoring, and risk mitigation. The appropriateness of AFM costs was considered as well as comparable market rates, and economies of scale, to determine if they remain appropriate. All share classes were reviewed to assess if shareholders are invested in the most appropriate class for them, and the Fund was assessed relative to the Unicorn UK Ethical Income Fund for comparable services purposes.

The quality of service was judged to be in line with expectations whilst the Fund met its investment objective by delivering an income to shareholders, and by strictly adhering to the ethical criteria. The historic yield was noted to be ahead of the IA UK Equity Income sector average. The Fund does not use a benchmark for the purpose of setting performance targets, investment limits or constraints, or for the purposes of performance calculations or comparisons. Whilst not an explicit target of the Fund's investment objectives and policies, the total return performance of the Fund was found to have underperformed the sector over the longer term (10 year) and lagged the average of the Investment Association Sector (IA UK Equity Income) over the shorter term (5 year). Analysis found the stated policy of investing at least 80% of the portfolio in companies with a market cap of less than £4bn was the biggest driver of relative underperformance, with the NSCI plus AIM index lagging the FTSE 100 return by 23% over 5 years. The Board acknowledged that the Fund's prolonged period of relative underperformance compared to the broader funds sector was unprecedented in its 20-year history. The underlying reasons for this performance divergence were well understood, with small and mid-sized companies lagging behind their larger counterparts in recent years. While the Board recognised that the Fund continues to operate in line with its stated objectives, it remains mindful of this ongoing trend. As such, the Board will continue to closely monitor this divergence and assess whether any adjustments to the Fund's objectives may be necessary to ensure it remains aligned with investor expectations and market conditions.

The review of AFM costs and comparable market rates found that the costs of the service are appropriate. The ongoing charges were found to be in line with the active strategies in the sector. The costs experienced by investors were in line with comparable services and investors were able to benefit from economies of scale as a sub-Fund of the OEIC. There were no economies of scale identified that were not being passed on to investors.

Independent research from Square Mile Investment Consulting & Research noted "The fund's ongoing charge figure (OCF) is competitive and below the peer group median. Combined with relatively low transactions costs (TC), the total cost of investment (TCI) for the strategy falls firmly below the peer group median. Given the differentiated offering, with the managers investing predominantly down the market capitalisation specturm, we would view the overall cost structure of this strategy providing investors with adequate value for money, despite shorter term headwinds to performance."

The review of AFM costs and comparable market rates found that the costs of the service are appropriate. The ongoing charges were found to be in line with the average for active strategies in the sector. The costs experienced by investors were in line with comparable services and investors were able to benefit from economies of scale as a sub-Fund of the OEIC. There were no economies of scale identified that were not being passed on to investors.

The assessment confirmed the majority of shareholders were found to be in the most appropriate share class. A small number of shareholders remain in historic A share classes, which have a higher annual management charge than the B share class. In these cases, it was determined that investors were either accessing the Funds through platforms where rebates effectively aligned their costs with lower-cost alternatives or were correctly allocated based on the additional servicing and administrative requirements associated with their investments. Given these factors, we concluded that these shareholders are in the appropriate class for their individual circumstances.

With all investors now positioned in share classes that fairly reflect the cost and service structure associated with their holdings, no further action was deemed necessary. The review found that annual management charges were applied appropriately, ensuring that investors continue to be charged fairly and transparently, in line with the structure of their investments.

Conclusion

Having assessed the Fund in the full context of all seven AOV criteria, we have found that the Unicorn UK Ethical Income Fund has delivered good value to shareholders and that the current charges are justifiable.

Actions

Whilst no immediate remedial actions have been identified as necessary, the Company remains committed to ongoing monitoring and evaluation to ensure that the Funds continue to deliver strong value to investors. The Board and investment manager will maintain regular oversight of all key assessment criteria, including investment performance, cost structures, and service quality, to ensure that the Funds remain competitive and aligned with investor interests. This process will be continually refined to adapt to evolving market conditions and to uphold the highest standards of value and service delivery.

Unicorn Outstanding British Companies Fund

Objective & Policy

The Unicorn Outstanding British Companies Fund aims to achieve long term capital growth by investing in a portfolio of outstanding British companies by taking a long-term view of not less than five years.

British companies are defined as those which are incorporated or domiciled in the UK or have a significant part of their operations in the UK. At least 80% of the companies that the Fund invests into will be British companies. The Fund can also invest into companies that are not otherwise British companies but are listed on stock exchanges in the UK.

Outstanding companies are defined as those whose economics and risks are well understood, whose revenues, earnings and cash flows are predictable to a reasonable degree of certainty, which sell products and services into growing markets, which have market leadership positions and lasting competitive strength, which generate high average and incremental returns on invested capital, which convert a high proportion of their earnings into free, distributable cash, which can show a consistent track record of operating performance, which are run by decent, experienced individuals, who manage their businesses with the goal of maximising owner-value, which operate with low core debt, which are not predominantly acquisition-led, and which produce clean, intelligible financial statements.

The Fund may also invest in smaller companies, including companies quoted on AIM. AIM is the London Stock Exchange's international market for smaller, growing companies. The Fund may also invest, at its discretion, in other transferable securities and deposit sand cash. The Fund may also enter into certain derivative and forward transactions for hedging purposes. The Fund invests for the long term and there is no guarantee that any particular return will be achieved over any period, and investors should note that their capital is always at risk.

Assessment

Key Metrics	**5-year total return - % to 31/12/24**	**10-year total return - % to 31/12/24**	**Since Inception total return - % to 31/12/24**	**OCF -%**
Unicorn Outstanding British Companies Fund	-16.25	31.67	202.33	0.85
IA UK All Companies	16.09	66.96	145.96	0.84 (IA Active Funds)

The Fund was assessed in the context of the seven AOV criteria. We considered the quality of service experienced by investors both from Unicorn and our partners. Performance has been reviewed in the context of the stated investment objective and policy and considered all factors deemed valuable to investors including portfolio oversight, monitoring, and risk mitigation. The appropriateness of AFM costs was considered as well as comparable market rates, and economies of scale, to determine if they remain appropriate. All share classes were reviewed to assess if shareholders are invested in the most appropriate class for them. It was felt there were no directly comparable services provided by Unicorn.

The quality of service was judged to be in line with expectations, while the Fund continued to meet its stated investment objective of delivering long-term capital growth by investing in a portfolio of outstanding British companies with a long-term perspective. Since inception, the Fund has significantly outperformed its peer group on a total return basis. However, it has continued to lag the average performance of the Investment Association Sector (IA UK All Companies) over the shorter term. Further resources were added to the portfolio during the year with the addition of a named investment associate supporting the existing portfolio managers. The Board requested a comprehensive review from the portfolio management team to gain a deeper understanding of the factors contributing to this recent underperformance. It has been widely observed that quality growth investment strategies have faced significant headwinds in recent years, with market conditions favouring value-oriented approaches and larger-cap stocks. Additionally, smaller companies and AIM-listed equities, which form a meaningful part of the Fund's investment universe, have notably underperformed their larger-cap counterparts over the same period.

The Board remains committed to ensuring that the Fund's investment approach continues to align with its long-term objectives while adapting to the evolving market environment. As part of this process, it will carefully assess the findings of the portfolio management team's review to determine whether any refinements to strategy or positioning may be necessary to enhance future performance and maximise value for investors. The continued evolution of the overall risk framework for the Fund, specifically focusing on liquidity management alongside increased investment resource and ESG oversight were also noted. The Fund does not use a benchmark for the purpose of setting performance targets, investment limits or constraints, or for the purposes of performance calculations or comparisons.

The review of AFM costs and comparable market rates found that the costs of the service are appropriate. The ongoing charges were found to be in line with the average for active strategies in the sector. Investors have been able to benefit from economies of scale as a sub-Fund of the OEIC and there were no economies of scale identified that were not being passed on to investors.

The assessment confirmed the majority of shareholders were found to be in the most appropriate share class. A small number of shareholders remain in historic A share classes, which have a higher annual management charge than the B share class. In these cases, it was determined that investors were either accessing the Funds through platforms where rebates effectively aligned their costs with lower-cost alternatives or were correctly allocated based on the additional servicing and administrative requirements associated with their investments. Given these factors, we concluded that these shareholders are in the appropriate class for their individual circumstances.

With all investors now positioned in share classes that fairly reflect the cost and service structure associated with their holdings, no further action was deemed necessary. The review found that annual management charges were applied appropriately, ensuring that investors continue to be charged fairly and transparently, in line with the structure of their investments.

Conclusion

The assessment confirms that the Fund has delivered value across the key criteria. Service quality remains in line with expectations, and the Fund continues to meet its objective of long-term capital growth. Costs were found to be appropriate, with charges in line with the active peer group and economies of scale passed on to investors. A review of share classes determined that the majority of shareholders are correctly allocated, with the few remaining in historic A classes receiving appropriate cost adjustments or enhanced service.

However, while the Fund has significantly outperformed its peer group since inception, it has lagged the IA UK All Companies sector over the shorter term. This underperformance reflects market headwinds for quality growth strategies and the relative weakness of smaller companies and AIM stocks. To address this, the Board has requested a full review from the portfolio management team to assess any necessary refinements.

Actions taken as a consequence

The Board will evaluate the findings of the report, alongside enhancements to risk management, liquidity oversight, and ESG integration. Additional investment resources have already been allocated to strengthen portfolio management. While no immediate changes are required, the Board remains vigilant and will implement improvements where needed to support long-term value creation for investors.

Unicorn UK Growth Fund

Objective & Policy

The Unicorn UK Growth Fund aims to achieve long-term capital growth through investment in a portfolio of UK Companies. UK Companies are defined as those which are incorporated or domiciled in the UK or have a significant part of their operations in the UK.

The Fund may also invest in smaller companies including companies quoted on the AIM stock exchange. AIM is the London Stock Exchange's international market for smaller, growing companies. The Fund may also invest, at its discretion, in other transferable securities and deposits and cash. The Fund may also enter into certain derivative and forward transactions for hedging purposes. The Fund invests for the long term and there is no guarantee that any particular return will be achieved over any period, and investors should note that their capital is always at risk.

Assessment

Key Metrics	5-year total return - % to 31/12/24	10-year total return - % to 31/12/24	Since Inception total return - % to 31/12/24	OCF -%
Unicorn UK Growth Fund	7.54	106.86	744.68	0.93
IA UK All Companies	16.09	66.96	145.96	0.84 (IA Active Funds)

The Fund was assessed in the context of the seven AOV criteria. We considered the quality of service experienced by investors both from Unicorn and our partners. Performance has been reviewed in the context of the stated investment objective and policy and considered all factors deemed valuable to investors, including portfolio oversight, monitoring, and risk mitigation. The appropriateness of AFM costs was considered as well as comparable market rates, and economies of scale, to determine if they remain appropriate. All share classes were reviewed to assess if shareholders are invested in the most appropriate class for them. It was felt there were no directly comparable services provided by Unicorn.

The quality of service was judged to be in line with expectations whilst the Fund met its investment objective by achieving long-term capital growth through investment in a portfolio of UK Companies. UK Companies are defined as those which are incorporated or domiciled in the UK or have a significant part of their operations in the UK. The Fund has significantly outperformed its peer group on a total return basis since inception, and over the more recent ten-year period. The most recent five-year period was found to have been weaker in relative terms, with the Fund lagging the average of the Investment Association Sector (IA UK All Companies). It was noted the most recent 12-month period had seen especially strong performance following a weaker 2023 & 2022. Continued evolution of the overall risk framework for the Fund, specifically focusing on liquidity management alongside increased investment resource and ESG oversight were also noted. The Fund does not use a benchmark for the purposes of setting performance targets, investment limits or constraints, or for the purposes of performance calculations or comparisons.

The review of AFM costs and comparable market rates found that the costs of the service are appropriate. The Fund's ongoing charges figure (OCF) for the year was 9 basis points higher than the peer group average, primarily due to the smaller size of the Fund. Despite this, the OCF remains competitive within the sector and reflects the Fund's actively managed approach. Investors have benefited from economies of scale as a sub-Fund of the OEIC, with no unshared efficiencies identified. The Board remains committed to exploring opportunities to enhance cost efficiency and improve the cost benefit to investors where possible.

The assessment confirmed the majority of shareholders were found to be in the most appropriate share class. A small number of shareholders remain in historic A share classes, which have a higher annual management charge than the B share class. In these cases, it was determined that investors were either accessing the Funds through platforms where rebates effectively aligned their costs with lower-cost alternatives or were correctly allocated based on the additional servicing and administrative requirements associated with their investments. Given these factors, we concluded that these shareholders are in the appropriate class for their individual circumstances.

With all investors now positioned in share classes that fairly reflect the cost and service structure associated with their holdings, no further action was deemed necessary. The review found that annual management charges were applied appropriately, ensuring that investors continue to be charged fairly and transparently, in line with the structure of their investments.

Conclusion

The Fund has been assessed against the seven AOV criteria, with a detailed review of service quality, investment performance, cost efficiency, and shareholder alignment. The quality of service provided by Unicorn and its partners was found to be in line with expectations, while the Fund continues to meet its objective of achieving long-term capital growth through investment in UK companies. Since inception, the Fund has delivered strong total returns relative to its peer group, with notable outperformance over the ten-year period. However, performance over the past five years has been weaker in relative terms, reflecting broader market challenges. Encouragingly, the most recent 12-month period has shown a significant recovery. The Fund's risk management framework continues to evolve, with a focus on liquidity management, additional investment resources, and ESG oversight.

The review found that AFM costs remain appropriate, with the Fund's ongoing charges figure (OCF) 9 basis points higher than the peer group average due to its smaller size. Despite this, the OCF remains competitive, with investors benefiting from economies of scale. Shareholders were found to be appropriately allocated, with the small number in higher-cost A share classes either receiving effective cost adjustments through platform rebates or being correctly assigned based on additional servicing needs. With no material concerns identified, the Board concludes that the Fund is delivering good value to investors. However, it remains committed to ongoing monitoring and will continue to explore opportunities to enhance cost efficiencies and optimise investment outcomes where possible.

Actions

No immediate actions have been deemed necessary as the assessment confirms that the Fund is delivering good value to investors. However, the Board remains committed to ongoing oversight and will continue to monitor all aspects of the Fund, including investment performance, cost efficiency, and shareholder alignment. Regular reviews will be conducted to ensure that the Fund continues to meet its long-term objectives while adapting to evolving market conditions. Additionally, the Board will explore opportunities to enhance cost efficiencies and optimise investment outcomes where appropriate, ensuring that investors continue to receive strong value over time.

Unicorn Mastertrust Fund

Objective & Policy

The Unicorn Mastertrust Fund aims to achieve long-term capital growth by primarily investing in a range of listed investment companies.

The investment companies themselves invest around the world. Investment companies are companies that can invest in a portfolio of assets. Their shares are listed on a stock exchange, in the same way as a normal company. The Fund will choose investment companies which the Manager believes have good potential to grow and which are attractively priced.

The Fund may also invest, at its discretion, in other transferable securities, deposits, cash and near cash and units of eligible collective investment schemes. The Fund may also enter into certain derivative and forward transactions for hedging purposes.

The Fund invests for the long term and there is no guarantee that any particular return will be achieved over any period, and investors should note that their capital is always at risk.

Assessment

Key Metrics	5-year total return - % to 31/12/24	10-year total return - % to 31/12/24	Since Inception total return - % to 31/12/24	OCF - %
Unicorn Mastertrust Fund	27.54	114.91	570.31	0.83
IA Flexible Investment	26.63	76.37	236.90	1.00

The Fund has been evaluated against the seven AOV criteria, with a thorough review of the quality of service provided by Unicorn and its partners. Performance has been assessed in the context of the Fund's stated investment objective and policy, considering key factors such as portfolio oversight, risk management, and cost efficiency. The appropriateness of AFM costs was analysed alongside comparable market rates and economies of scale to ensure they remain competitive. A full review of share classes was also undertaken to confirm that investors are allocated appropriately. It was determined that Unicorn offers a distinct investment proposition with no directly comparable services.

Service quality was found to be in line with expectations, with the Fund continuing to meet its objective of achieving long-term capital growth through investment in UK companies, primarily those included in the UK Numis Smaller Companies plus AIM Index. The Fund has consistently outperformed both its benchmark (NSCI plus AIM ex-Investment Companies) and the Investment Association UK Smaller Companies sector on a total return basis since inception and over the ten-year period. The Fund's risk management framework continues to evolve, with an emphasis on liquidity management, enhanced investment resources, and greater ESG oversight. Additionally, it remains independently recognised as an Elite Rated fund by Fund Calibre.

The review of AFM costs confirmed that charges remain appropriate, with ongoing costs lower than the average active fund in the sector. Investors continue to benefit from economies of scale as a sub-Fund of the OEIC, with no inefficiencies identified. Shareholder allocations were also reviewed, with the majority found to be in the most suitable share class. A small number of investors remain in historic A share classes, which carry a higher annual management charge than the B share class. However, these investors either receive cost adjustments through platform rebates or are correctly allocated due to additional servicing requirements. Given these considerations, they are deemed to be in the most appropriate class for their circumstances.

Investors were judged to be allocated to share classes that fairly reflect the cost and service structure of their holdings. The review confirmed that annual management charges are applied fairly and transparently, ensuring that investors continue to receive value in line with the structure of their investments.

Conclusion

Having assessed the Fund in the full context of all seven AOV criteria, we have found that the Unicorn Mastertrust Fund has delivered good value to shareholders and that the current charges are justifiable.

Actions

No immediate actions have been deemed necessary as the assessment confirms that the Fund is delivering good value to investors. However, the Board remains committed to ongoing oversight and will continue to monitor all aspects of the Fund, including investment performance, cost efficiency, and shareholder alignment. Regular reviews will be conducted to ensure that the Fund continues to meet its long-term objectives while adapting to evolving market conditions. Additionally, the Board will explore opportunities to enhance cost efficiencies and optimise investment outcomes where appropriate, ensuring that investors continue to receive strong value over time.

Unicorn UK Smaller Companies Fund

Objective & Policy

The Unicorn UK Smaller Companies Fund aims to achieve long-term capital growth by investing primarily in UK companies included within the UK Numis Smaller Companies plus AIM Index. For this purpose, UK companies are defined as those which are incorporated or domiciled in the UK, or have a significant part of their operations in the UK. The Index covers the bottom tenth by value of the main UK equity market plus AIM stocks that meet the same size limit.

The Fund invests for the long term and there is no guarantee that any particular return will be achieved, over any period, and investors should note that their capital is always at risk.
The investment approach is to identify individual companies for investment and therefore the portfolio may not be representative of the index.

AIM is the London Stock Exchange's International Market for smaller growing companies.
The Fund may also invest, at its discretion, in other transferable securities and deposits and cash. The Fund may also enter into certain derivative and forward transactions for hedging purposes.

The Fund invests for the long term and there is no guarantee that any particular return will be achieved over any period. Investors should note that their capital is always at risk.

Assessment

Key Metrics	5-year total return - % to 31/12/24	10-year total return - % to 31/12/24	Since Inception total return - % to 31/12/24	OCF - %
Unicorn UK Smaller Companies	14.16	101.04	723.73	0.89
NSCI plus AIM (ex IC)	6.57	62.41	426.51	N/A
IA UK Smaller Companies	5.01	83.45	587.52	0.91

The Fund was assessed in the context of the seven AOV criteria. We considered the quality of service experienced by investors both from Unicorn and our partners. Performance has been reviewed in the context of the stated investment objective and policy and considered all factors deemed valuable to investors, including portfolio oversight, monitoring, and risk mitigation. The appropriateness of AFM costs was considered as well as comparable market rates, and economies of scale, to determine if they remain appropriate. All share classes were reviewed to assess if shareholders are invested in the most appropriate class for them. It was felt there were no directly comparable services provided by Unicorn.

The quality of service was judged to be in line with expectations whilst the Fund met its investment objective by achieving long-term capital growth by investing primarily in UK companies included within the UK Numis Smaller Companies plus AIM Index. The Fund has outperformed both its stated benchmark of the NSCI plus AIM (ex-Investment Companies) and the Investment Association UK Smaller Companies sector on a total return basis since inception, and over the more recent ten-year period. Continued evolution of the overall risk framework for the Fund, specifically focusing on liquidity management alongside increased investment resource and ESG oversight were also noted. It was also recorded that the Fund continues to be assessed as being Elite Rated by the independent research of Fund Calibre.

The review of AFM costs and comparable market rates found that the costs of the service are appropriate. The ongoing charges were found to be lower than for the average active Fund in the sector. Investors have been able to benefit from economies of scale as a sub-Fund of the OEIC and there were no economies of scale identified that were not being passed on to investors.

Conclusion

Having assessed the Fund in the full context of all seven AOV criteria, we have found that the Unicorn UK Smaller Companies Fund has delivered good value to shareholders and that the current charges are justifiable.

Actions

No immediate actions have been deemed necessary as the assessment confirms that the Fund is delivering good value to investors. However, the Board remains committed to ongoing oversight and will continue to monitor all aspects of the Fund, including investment performance, cost efficiency, and shareholder alignment. Regular reviews will be conducted to ensure that the Fund continues to meet its long-term objectives while adapting to evolving market conditions. Additionally, the Board will explore opportunities to enhance cost efficiencies and optimise investment outcomes where appropriate, ensuring that investors continue to receive strong value over time.