

**Discovering potential,  
nurturing growth**

**UNICORN  
AIM VCT PLC**

£15 million Offer for  
Subscription

With an over-allotment facility  
for a further £10 million



Focused on fundamentals

**unicorn**   
ASSET MANAGEMENT

#### **IMPORTANT INFORMATION**

This document has been issued by Unicorn Asset Management Limited ("Unicorn AM") and constitutes a financial promotion under Section 21 of the Financial Services and Markets Act 2000. Any decision to invest in the Unicorn AIM VCT plc should be made solely by reference to the information, terms and conditions contained in the prospectus 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 bank manager, stockbroker, solicitor, accountant or independent financial adviser before considering any investment.

Please remember that the value of shares and the income derived from them can go down as well as up and you may not get back the full amount invested.

Copies of the prospectus and application form are available at [www.unicornaimvct.co.uk](http://www.unicornaimvct.co.uk) or by contacting the distributor, LGBR Capital, by phone on 020 3195 7100 or by email at [unicornaimvct@lgbrcapital.com](mailto:unicornaimvct@lgbrcapital.com).



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Discovering potential,  
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# Introduction

The merger of the Unicorn AIM VCT range in March 2010 created the largest AIM focused VCT in the market, with net assets of £94.83 million as at 31 August 2014.

Unicorn AIM VCT plc ("the Company") is now seeking to raise up to £15 million of additional capital through an offer for subscription for new shares with an over-allotment facility for a further £10 million ("the Offer"). The Company's board believes that the Offer is an attractive investment opportunity for both existing shareholders and new investors.

Managed by an experienced team with a proven long term track record, the Unicorn AIM focused VCT provides investors with exposure to an established, diversified, maturing and strongly performing portfolio of British smaller companies, the majority of which are listed on the FTSE AIM market.

New funds raised will be invested in accordance with the existing investment policy in businesses displaying similar characteristics as the existing portfolio.

The Company remains committed to a policy of maintaining a steady flow of dividend distributions to shareholders from the income and capital gains generated by the portfolio. Since 9 March 2010, shareholders in the Unicorn VCTs have received 20 pence per share in dividend distributions which were tax-free to qualifying investors.

The Company paid a tax free dividend of 6 pence per share in respect of the financial year ended 30 September 2013.

The Offer provides investors with access to the attractive tax benefits associated with an investment in new shares in a VCT. Qualifying investors currently receive up to 30% income tax relief on amounts subscribed plus tax-free dividend distributions and tax-free capital gains (subject to annual VCT investment limits, holding the shares for a minimum of five years and reducing an investor's income tax liability to nil).





## The Unicorn AIM VCT

Unicorn AIM VCT plc is an established VCT which meets the qualification requirements set out by HM Revenue & Customs. Unlike a new VCT, the Company already has a strong track record of delivering both capital growth and regular tax-free dividend income from a developed portfolio of existing investments.

The Company's policy of investing in businesses which have a demonstrable record of profitability and positive cash generation has been adhered to since the launch of Unicorn AM's first VCT in 2001.

As the existing portfolio is comfortably above the threshold required to retain VCT qualifying status the investment management team will maintain a highly selective approach to new investment opportunities.

The Company's assets are invested in a diversified portfolio of investments both by sector and by number of investments held. In some respects, the Company now displays many of the characteristics of a smaller companies investment trust.

The Company is committed to a policy of maintaining a steady flow of dividend distributions

The Company already has the potential to deliver capital growth and a tax free dividend stream



# The Investment Management Team

Unicorn AM specialises in managing portfolios of UK smaller quoted companies and has a proven and successful track record in this area of the market. The investment management team is very well established, with approximately 100 years of collective experience between them.

## **Chris Hutchinson, Director Senior Investment Manager**



Chris is Senior Investment Manager at Unicorn AM and has been lead manager of Unicorn AIM VCT since joining the firm in 2005. Chris is also lead manager of Unicorn Outstanding British Companies Fund and a senior

member of Unicorn AM's Investment Committee. Chris has approximately 18 years' experience managing portfolios of UK smaller companies.

## **Paul Harwood, Non-Executive Director Chairman of Investment Committee**



Paul is Chairman of Unicorn AM's Investment Committee and has over 40 years' investment experience. Before joining Unicorn AM, Paul held positions at Phillips & Drew, Richards Longstaff and

Mercury Asset Management/Merrill Lynch, where he was a Director, Joint Head of the European Equity Investment Team and latterly the Head of the UK Smaller Companies Team.

## **Fraser Mackersie, Fund Manager**



Fraser is co-manager of Unicorn UK Income Fund and lead manager of Unicorn UK Growth Fund. He has provided support and assistance to the lead manager of Unicorn AIM VCT since joining the firm in

2008. Fraser qualified as a Chartered Certified Accountant (ACCA) in October 2006 having graduated with a BSc (Hons) in Economics and Management from the University of St. Andrews in 2003. He then spent two years with F&C Asset Management plc before joining Unicorn AM.

## **Simon Moon, Fund Manager**



Simon is co-manager of Unicorn UK Income Fund and lead manager of Unicorn UK Smaller Companies Fund. He has provided support and assistance to the lead manager of Unicorn AIM VCT since joining the firm in 2008.

Having completed the NHS graduate training scheme, Simon joined JM Finn & Co (Stockbrokers), where he spent a year working as a Researcher. Simon is a member of The Chartered Institute for Securities & Investment (CISI).

## **Alex Game, Junior Fund Manager**

Alex joined Unicorn AM in March 2014 and provides research and fund management support to the lead manager of Unicorn AIM VCT. Prior to joining Unicorn AM, Alex worked for two years as a Client Advisor at Stanhope Capital. Alex graduated with a BSc (Hons) in Physics from Durham University in 2010.

## **Max Ormiston, Junior Fund Manager**

Max joined Unicorn AM in March 2014 and provides research and fund management support to the lead manager of Unicorn AIM VCT. Prior to joining Unicorn AM, Max spent four years with Brewin Dolphin, where he worked as an Investment Manager. Max graduated with a BSc (Hons) in Business Management from Newcastle University in 2009.

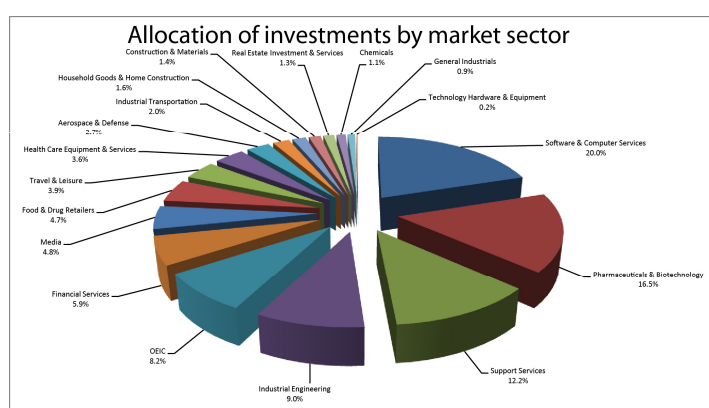
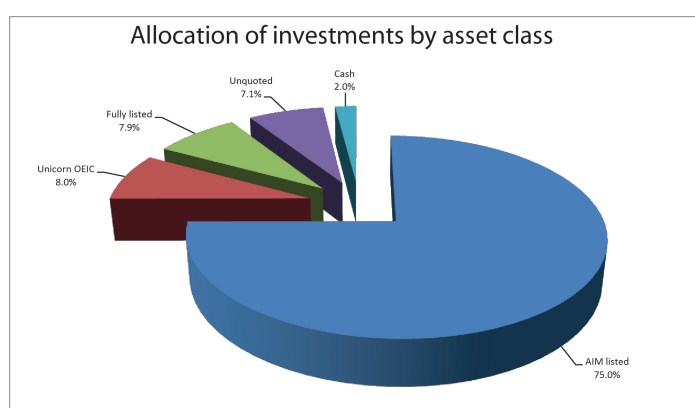
# The Portfolio

## Largest VCT Qualifying Investments\*

Company	Abcam plc	Tracsis plc	Anpario plc	Mattoli Woods plc	Crawshaw Group plc
Cost (£'000)	597	794	1,450	1,333	2,000
Valuation (£'000)	7,514	6,696	5,357	4,384	4,220
Valuation Basis	Bid Price	Bid Price	Bid Price	Bid Price	Bid Price
% of Portfolio	7.9%	7.0%	5.6%	4.6%	4.4%
Market Sector	Pharma & Biotechnology	Software & Computer Services	Pharma & Biotechnology	Financial Services	Food & Drug Retailers
Location	Cambridge	Derby	Nottinghamshire	Leicester	South Yorkshire

Company	Mears Group plc	Pressure Tech plc	Cohort plc	Avingtrans plc	Idox plc	WYG plc
Cost (£'000)	2,372	702	1,691	997	375	2,153
Valuation (£'000)	3,220	3,037	2,556	2,159	2,163	2,150
Valuation Basis	Bid Price	Bid Price	Bid Price	Bid Price	Bid Price	Bid Price
% of Portfolio	3.4%	3.2%	2.7%	2.3%	2.3%	2.3%
Market Sector	Support Services	Industrial Engineering	Aerospace & Defense	Industrial Engineering	Computer Services	Support Services
Location	Birmingham	Sheffield	Reading	Nottingham	Berkshire	Leeds

\*Held by the Company, excluding cash and liquidity funds, as at 31 August 2014. See Prospectus for further details.



An established, mature and diversified portfolio

# Unicorn's VCT Record

Unicorn's first AIM VCT fund raising took place in 2001 and was subsequently followed by a series of additional issues as shown in the table to the right.

Fund	First Allotment Date
Unicorn AIM VCT Ordinary Fund	05 November 2001
Unicorn AIM VCT S2 Fund	05 February 2004
Unicorn AIM VCT II Ordinary Fund	07 January 2005
Unicorn AIM VCT II C Share Fund	04 January 2006
Unicorn AIM VCT S3 Fund	11 April 2007

On 9 March 2010 the Unicorn VCT portfolio was merged together to create what is now the largest AIM based VCT in the market.

Fund / Index	Total Return (Since 9 March 2010)
Unicorn AIM VCT Ordinary Fund	82.61%*
FTSE All-Share Index	48.72%**
FTSE AIM All-Share Index	17.48%**

The performance of the Company since the merger has been strong with the unaudited total return (NAV + divs paid) to shareholders increasing by 82.61% to 31 August 2014. As the table to the right shows, this compares favourably with the total returns delivered during the same period by the FTSE All-Share Index and the FTSE AIM All-Share Index.

\*Unaudited total return (NAV + dividends declared) from 9 March 2010 to 31 August 2014. Past performance is not a guide to future performance.

\*\*Unaudited total return is calculated at the percentage change in value from 9 March 2010 to 31 August 2014 including the effect of net dividends reinvested in the index.

Furthermore, the Company has declared dividends amounting to 20 pence per share over the last four financial years since the merger, as shown in the table to the right. The Company is committed to a policy of maintaining this steady flow of dividend distributions.

Financial Year	Dividends Declared by Company
Ending 30 September 2010	4 pence per share
Ending 30 September 2011	5 pence per share
Ending 30 September 2012	5 pence per share
Ending 30 September 2013	6 pence per share

Outperformance combined with a steady flow of dividend distributions





## VCT Tax Reliefs

To encourage investment in UK smaller companies the Government offers VCT investors the following tax reliefs which effectively reduce the initial cost of your investment and enhance the potential returns. These tax reliefs are available to UK tax payers aged 18 or over.

**Upfront 30% income tax relief** – Even if you are a basic rate taxpayer HM Revenue & Customs will give you back £3,000 for every £10,000 you invest in new VCT shares if you are a qualifying investor, subject to a maximum investment of £200,000 in VCTs in any one tax year. You can only claim upfront income tax relief up to the level of income tax you are due to pay and the shares must be held for not less than five years from the date of issue.

**Tax-free dividends** – All dividends distributed by a VCT are free of income tax to qualifying shareholders. VCT's pay no corporation tax or capital gains tax on realised investment gains which can be distributed to shareholders.

**No capital gains tax** – once you have held your shares for at least five years any profit from the sale of those shares is not subject to capital gains tax if you are a qualifying investor, although any loss of value is not an allowable loss.



VCT tax reliefs effectively reduce the initial cost of your investment and enhance the potential returns

# Risk Factors

**Existing and prospective investors should consider carefully the following risk factors in addition to the other information presented in the Prospectus.**

**The value of the shares could decline due to any of these risk factors described below, and investors could lose part or all of their investment. Investors should consult an independent financial adviser authorised under FSMA.**

## General Risks

The value of an investment in the Company, and the income derived from it, may go down as well as up and an investor may not get back the amount they invested.

In addition, there is no certainty that the market price of the shares will fully reflect their underlying NAV nor that any dividends will be paid. Without the Company undertaking share buybacks, trading in the shares is unlikely to be active, so the bid price of the shares (the price which sellers are likely to be offered in the market) is likely to reflect the price at which the Company may decide to buy shares back for cancellation. Shareholders should not rely upon any share buy-back policy to provide any certainty of being able to sell their shares at prices that reflect the underlying NAV.

Although the existing shares have been (and it is anticipated that the new shares to be issued pursuant to the Offer will be) admitted to the Official List of the UK Listing Authority and are (or will be) traded on the London Stock Exchange's main market for listed securities, it is likely that there will not be a liquid market in the new shares (which may be due to up front tax relief not being available for VCT shares bought in the market and VCT shares generally trading at a discount to net asset value) and shareholders may have difficulty in selling their shares as a result.

Shareholders may only be able to realise their investment at a wide discount to net asset value per share or may not be able to sell at all. An investment in the Company should, therefore, be considered as long-term. The past performance of the Company or other funds managed or advised by Unicorn AM is not a guide to the future performance of the Company. The value of shares in the

Company largely depends on the performance of the Company's underlying assets. The value of the investment and the dividend stream can rise and fall. Shareholders may get back less than the amount originally invested, even taking into account the available tax reliefs.

There can be no guarantee that the Company's investment objectives will be achieved or that investment opportunities will be available.

## Investment and Market Risks

Investment in AIM-traded, ISDX market-traded and unquoted companies by its nature involves a higher degree of risk than investment in companies listed on the Official List. In particular, the viability and financial performance of small companies often depends on a narrow product range, small markets, limited financial resources, a small number of staff and counterparties, and may be more susceptible to political, exchange rate, taxation and regulatory changes. In addition, the market for securities in smaller companies may be less regulated and is usually less liquid than that for securities in larger companies, bringing with it potential difficulties in acquiring, valuing and disposing of such securities. Full information for determining their value or the risks to which they are exposed may also not be available. Investment returns will, therefore, be uncertain and are likely to involve a higher degree of risk than investment in a company listed on the Official List.

The Company's investments may be difficult to realise. The fact that a share is traded on AIM or ISDX markets does not guarantee its liquidity.

The value of the Company's portfolios and opportunities for realisation will also depend on stock market conditions. There will also be constraints imposed on the realisations of investments by the need to maintain the VCT status of the Company, which may restrict the Company's ability to obtain maximum value from its investments. In addition, although the Company may receive conventional venture capital rights in connection with some investments, as a minority investor it may not be in a position fully to protect its interests.

The availability of new shares in AIM or ISDX markets is subject to market forces and there can be no certainty that there will be sufficient new share issues to enable the Company to achieve the intended level of investment in qualifying VCT investments.

Changes in legislation concerning VCTs, in particular in relation to qualifying holdings and qualifying trades, may limit the number of qualifying investment opportunities and/or reduce the level of returns which might otherwise have been achievable.

Any change in governmental, economic, fiscal, monetary or political policy, in particular current government spending reviews and cuts, could materially affect, directly or indirectly, the operation of the Company and/or the performance of the Company and the portfolio of companies in which it invests and the value of and returns from shares and/or its ability to maintain VCT status.

## Tax and Legislative Related Risks

The information in this document is based on existing legislation, including taxation legislation. The tax reliefs described are those currently available. The tax rules or their interpretation in relation to an investment in the Company and/or rates of tax may change during the life of the Company and can be retrospective. The value of tax reliefs depends on the personal circumstances of holders of shares in the Company, who should consult their own tax advisers before making any investment.

The Company intends to manage its affairs in respect of each accounting period so as to obtain and thereafter maintain approval as a VCT. However, there can be no guarantee that the Company will be able to maintain VCT status. Where the Company fails to maintain approval as a VCT before qualifying investors have held their new shares for five years, the income tax relief obtained on the amount subscribed in the Company will have to be repaid by such investors. Dividends paid in an accounting period where VCT status is lost will become taxable and a qualifying investor will generally be liable to income tax on the aggregate amount of the dividend.

# Risk Factors

Where approval as a VCT is not maintained, the Company will also lose its exemption from corporation tax on capital gains. If at any time VCT status is lost, dealings in the Shares of the Company will normally be suspended until such time as the Company has published proposals either to continue as a VCT or to be wound up.

The sale of new shares within five years of subscription will result in some or all of the 30% income tax relief claimed upon investment becoming repayable. On this basis, investing in new shares should be considered a long-term investment. Further the disposal of existing shares within six months either side of the acquisition of new shares will result in the amount of the investment in new shares to which VCT tax reliefs are available being reduced by an amount equal to the proceeds received on the disposal.

## **Gearing and interest rate related risks**

Prospective investors should be aware that, although the Company currently has no borrowing facilities in place, it may have from time to time a certain level of gearing (as permitted by the borrowing powers in the Articles) and, whilst the use of borrowings would enhance the net asset value of the shares where the value of the Company's underlying assets is rising, it will have the opposite effect where the underlying asset value is falling.

The use of borrowings also creates the risk that the borrower will be unable to service the interest payments or comply with the other requirements of the loan rendering it repayable and the risk that borrowings will not be able to be refinanced upon expiry or that the terms of such refinancing may not be as favourable as the existing terms of borrowing.

Increases in interest rates and levels of amortisation imposed by a lender may also have an adverse effect on the Company's ability to pay dividends to its shareholders.

The Company has registered itself as a small alternative investment manager with the FCA and is subject to the Alternative Investment Fund Managers Regulations 2013 (SI 2013/1773) and is subject to a reduced level of requirements under those Regulations. If the Company becomes considered leveraged for the purposes of the Regulations, it would become subject to the full requirements under the Regulations, which would have material cost implications for the Company.

## **Manager**

The performance of the Company depends on the investment performance of Unicorn AM which in turn is dependent upon the performance and continued availability of certain key personnel. In the event that any one or more of these persons were unavailable either temporarily or permanently, the investment performance of the Company may be adversely affected resulting in capital loss, reduction in dividends and/or reduction in liquidity for shareholders.

## Contact Details

Copies of the Prospectus and application form are available at [www.unicornaimvct.co.uk](http://www.unicornaimvct.co.uk) or by contacting the distributor, LGBR Capital:

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Prospective investors are advised to consult their bank manager, stockbroker, solicitor, accountant or independent financial adviser before considering any investment.



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