

Investment Objective and Policy

The Unicorn Outstanding British Companies Fund aims to achieve the highest predictable annual compounding rate of return over the long-term, where long-term is defined as being not less than five years, by investing in a collection of outstanding British companies, either fully listed or quoted on the Alternative Investment Market, with the least amount of economic, as distinct, from market price risk. Outstanding companies are those whose economics and risks are well understood, whose revenues, earnings and cash flows are predictable to a high 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. Up to 25% of the Fund may be invested in smaller, faster growing companies with the remainder in more established businesses. The Fund has issued both Retail (A) and Institutional (B) shares.

Investment Manager's Report

for the period from 01 October 2012 to 30 September 2013

The Outstanding British Companies Fund again performed strongly in the period under review. The Fund's Retail 'A' and Institutional 'B' shares produced returns of 23.5% and 24.1% respectively, marginally outperforming the average return from the UK All Companies Sector, which registered a total return of 22.1% (source: FE - Bid to Bid, Total Returns).

As at 30 September 2013, the Fund held investments in 24 companies.

The Fund continues to be managed prudently, with the primary objective being to deliver superior total returns over the long term. As a result, the level of trading activity during the period was once again very low. Two new investments and one outright disposal were made in the twelve months to 30 September 2013.

The majority of our investee companies continue to trade robustly and this has been reflected in strong share price development. Of the 24 holdings in the Fund, 17 delivered share price gains in excess of 10% and 11 of these rose by more than 20% in the twelve months to 30 September 2013. Particularly notable performances include; **Abcam (+28.5%)**, **Bodycote (+61.1%)**, **Dechra Pharmaceuticals (+22.0%)**, **Dignity (+52.9%)**, **Gooch &**

Housego (+26.5%), **Mears (+33.7%)**, **Reckitt Benckiser (+22.7%)**, **Rolls Royce (+30.6%)**, **RWS (+26.0%)** and **Spirax-Sarco Engineering (+21.8%)**.

The percentage share price changes shown above are, in many cases, lower than the actual share price change recorded by the investee companies in the period under review. This difference reflects the fact that the Fund experienced inflows in the period and this new capital received was deployed in further purchases of existing holdings. These additional purchases were made throughout the period under review during which time equity markets steadily rose in value.

The only negative contributions to performance from stocks held throughout the period under review were **Devro (-0.7%)** and **Sage (-1.2%)**. The Fund's holding in **Serco (-5.8%)** was sold in August 2013, following an announcement that the UK Ministry of Justice had referred a matter relating to the misreporting of data on a prisoner escort contract to the City of London Police.

Although it was satisfying to once again outperform both the Fund's benchmark index, it is worth noting that the majority of the Fund's total return was delivered in the first six months

Investment Manager's Report

continued

of the period. In the six months to 31 March 2013, the total returns from both the A and B shares were in excess of 18%. In the second half, the total returns were 4.6% and 4.8% respectively.

Equity markets have been generally buoyant during the period under review. The rally in equities has been helped by a steadily improving economic outlook.

Your Investment Manager continues to focus on identifying well managed, profitable and cash generative businesses with strong leadership positions in niche, growing and preferably, global markets. We shall retain our prudent, low turnover approach to investing since, in our opinion; it provides the most effective method of delivering superior returns over the longer term.

Fund Facts

Accounting & distribution dates

	Accounting	Distribution
Final	30 September	30 November
Interim	31 March	-

Fund performance

Share class	Net asset value as at 30.09.13 (pence per share)	Net asset value as at 30.09.12 (pence per share)	Net asset value % change
Retail (A) Accumulation Shares	211.86	171.48	23.55
Institutional (B) Accumulation Shares	217.84	175.52	24.11

Net asset values

As at 30 September	Retail (A) Accumulation Shares		
	Net asset value (£)	Number of shares in issue	Net asset value (pence per share)
2011	5,980,399	4,226,793	141.49
2012	9,322,874	5,436,645	171.48
2013	17,780,762	8,392,829	211.86

As at 30 September	Institutional (B) Accumulation Shares		
	Net asset value (£)	Number of shares in issue	Net asset value (pence per share)
2011	2,312,198	1,603,992	144.15
2012	1,479,823	843,106	175.52
2013	3,117,459	1,431,072	217.84

Price history & distribution record

The table below shows the highest and lowest prices on a calendar year basis in pence per share for five full calendar years. Past performance is not necessarily a guide to the future performance.

Year	Retail (A) Accumulation Shares		
	Highest (pence)	Lowest (pence)	Net distribution (pence per share)
2008	110.37	74.14	0.9686
2009	108.27	77.46	0.1193
2010	150.55	105.91	–
2011	165.26	135.70	1.1232
2012	181.48	147.99	0.8108
2013^	215.73	182.84	1.0302

Year	Institutional (B) Accumulation Shares		
	Highest (pence)	Lowest (pence)	Net distribution (pence per share)
2008	110.78	74.56	1.3296
2009	109.58	78.02	0.5405
2010	152.58	107.36	0.5350
2011	168.07	138.18	1.8715
2012	185.97	150.95	1.6334
2013^	221.77	187.41	2.0242

^ To 30 September 2013

Fund Facts

continued

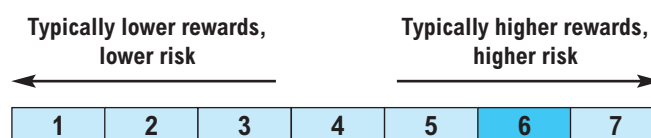
Ongoing charge

Expense type	31 March 2013 %
Retail (A) Accumulation Shares	
ACD's Management charge	1.50
Other expenses	0.17
Transaction charge	0.01
Ongoing charge	1.68
Institutional (B) Accumulation Shares	
ACD's Management charge [^]	1.00
Other expenses	0.17
Transaction charge	0.01
Ongoing charge	1.18

[^] From 1 December 2013 the ACD's Management charge is 0.75%

Synthetic risk & reward indicator

The risk and reward indicator measures the risk of price fluctuations. The risk assessment is based on the Fund's historical volatility calculated using weekly five year data. The higher the ranking the greater the risk of losing money but also the greater the potential reward. The risk category of the Fund is not guaranteed and may change over time. You should note that even the lowest category of risk is not risk free.



The shaded area above shows the Fund's ranking on the risk and reward indicator. The table uses a standard method as used by other EU Funds. The calculation puts the Fund in category 6. The indicator is not a measure of the possibility of losing your investment.

Risk warning

An investment in an Open Ended Investment Company should be regarded as a medium to long term investment. Investors should be aware that the price of shares and the revenue from them can fall as well as rise and investors may not receive back the full amount invested. Past performance is not a guide to future performance. Investments denominated in currencies other than the base currency are subject to fluctuation in exchange rates, which can be favourable or unfavourable.

Sector spread of investments

All sectors in percentage order are shown below

Sector	% of Fund as at 30.09.13	Sector	% of Fund as at 30.09.12
Support Services	17.03	Industrial Engineering	14.71
Industrial Engineering	14.08	Electronic & Electrical Equipment	12.52
Electronic & Electrical Equipment	10.99	Support Services	11.51
Aerospace & Defence	8.43	Aerospace & Defence	9.50
Pharmaceuticals & Biotechnology	7.80	Pharmaceuticals & Biotechnology	8.67
Chemicals	6.57	Chemicals	8.06
Health Care Equipment & Services	5.29	Health Care Equipment & Services	5.90
General Retailers	4.21	Food Producers	4.99
Household Goods & Home Construction	3.68	Tobacco	4.66
Industrial Transportation	3.49	General Retailers	4.60
Tobacco	3.44	Household Goods & Home Construction	4.32
Food Producers	3.33	Software & Computer Services	4.20
Software & Computer Services	2.86	Net other assets	6.36
Net other assets	8.80		

Fund Facts

continued

Major holdings

The top ten holdings at the end of each period are shown below.

Holding	% of Fund as at 30.09.13	Holding	% of Fund as at 30.09.12
Bodycote	5.61	Rolls-Royce	5.26
RWS	5.35	Rotork	5.13
Mears	5.01	Devro	4.99
Abcam	4.64	Renishaw	4.97
Renishaw	4.57	Spirax-Sarco Engineering	4.80
Rolls-Royce	4.55	Bodycote	4.78
Spirax-Sarco Engineering	4.49	British American Tobacco	4.66
Dignity	4.21	Dignity	4.60
Rotork	3.98	Domino Printing Sciences	4.44
Ultra Electronics	3.83	Abcam	4.37

General Information

Authorised Status

The Company is an Open-Ended Investment Company (OEIC) with variable capital, constituted under regulation 14 (authorisation) of the OEIC Regulations 2001, incorporated in England and Wales under Registered Number IC 000 143 and authorised by the Financial Conduct Authority with effect from 21 December 2001.

The Company is an umbrella company as defined in the Financial Conduct Authority's Collective Investment Schemes Sourcebook (COLL Sourcebook) and therefore, subject to approval from the Financial Conduct Authority, different Sub-Funds may be formed by the Authorised Corporate Director (ACD). The assets of each Sub-Fund are treated as separate from those of every other Sub-Fund and will be invested in accordance with that Sub-Fund's own investment objective and policy. Shareholders are not liable for the debts of the Company.

Buying and Selling Shares

Applications may be made by completing an application form and delivering it to the Registrar, Phoenix Fund Services (UK) Ltd, PO Box 10602, Chelmsford, Essex CM1 9PD or by telephone between 8.30 am and 4.30 pm on any Business Day. The ACD may also, at its sole discretion, accept instructions by telephone or by facsimile on such terms as it may specify. Telephone applications should be made to the share dealers on 0845 026 4287 or through approved agents. Telephone instructions must be confirmed by delivering a duly completed and signed application form to the Registrar at the same address. Shares may be sold, either by telephoning the ACD's Order Desk on 0845 026 4287 between 8.30 am and 4.30 pm on any dealing day, or in writing, to Phoenix Fund Services (UK) Ltd, PO Box 10602, Chelmsford, Essex CM1 9PD.

Report and Accounts

This document is a short report of the Unicorn Investment Funds - Outstanding British Companies Fund for the year ended 30 September 2013. The full Report and Accounts for the Fund is available upon written request to Phoenix Fund Services (UK) Ltd, PO Box 10602, Chelmsford, Essex CM1 9PD, or from www.unicornam.com

Other Information

The information in this report is designed to enable you to make an informed judgement on the activities of the Fund during the period it covers and the results of those activities at the end of the period.

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