

Investment Objective and Policy

The Unicorn Mastertrust Fund aims to achieve long term capital growth by investing in a wide range of listed investment companies. The Fund has issued both Retail (A) and Institutional (B) Income shares.

Investment Manager's Report

for the period from 01 October 2012 to 30 September 2013

For the year ending 30 September Unicorn Mastertrust's Retail (A) and Institutional (B) shares produced returns of 28.5% and 28.8% respectively. Over the same period the average fund in the Flexible Investment sector produced a return of 13.3% (source: FE- Bid to Bid, Total Returns). Unicorn Mastertrust ranked as the third best performing fund in its peer group of 187 funds during the period under review. The Fund was invested in 41 companies at the year end.

In addition to out-performing its peer group, Unicorn Mastertrust achieved superior returns in comparison to both the wider investment companies market and UK equities in general during the financial year. The portfolio benefitted from the strong share price performance of a broad range of underlying holdings with noteworthy contributions from Baillie Gifford Japan (+81.9%), Baillie Gifford Shin Nippon (+61.8%) and Acorn Income Fund (+71.3%). Impressive gains were also recorded by JPMorgan European Smaller Companies (+52.7%), Henderson Smaller Companies (+48.7%), North Atlantic Smaller Companies (+41.3%) and Strategic Equity Capital (+40.2%).

In addition to the portfolio activity which was reported on in the Interim Report for the six months ending 31 March 2013, the second half of the Fund's financial period featured the addition of several new investments in specialist investment trusts including Marwyn Value Investors, Asian Total Return Investment Company, Artemis Alpha Trust and Aberdeen Private Equity. Following a period of relatively poor performance and discount widening, Mastertrust also re-established a position in RIT Capital Partners. New issue activity within the investment companies sector has picked up markedly in 2013 with a wide range of IPOs, secondary fund raisings and issues of new shares by existing investment trusts. Although Mastertrust rarely participates in new issues the Fund did take a position in the launch of Polar Capital Global Financials Trust. Over the course of the period under

review average discounts to net asset value continued to narrow, driven by strong equity markets and possibly also by increased demand following the implementation of the Retail Distribution Review at the beginning of 2013. With fundamental discount value proving more difficult to find in recent months your manager has sought to provide some protection against the risk that discounts could widen in more difficult market conditions. New investments were established in Foreign & Colonial Investment Trust and Witan Investment Trust, two large, liquid, Global Growth trusts which have been particularly resolute in limiting the volatility in their discounts through active share buy-back activity. Both of these trusts have demonstrated the ability to out-perform the wider UK equity market in recent years and should therefore participate if equity markets continue their ascent in the coming months and beyond. Elsewhere within the portfolio there were partial realisations through tender offers in JPMorgan European Smaller Companies and Aurora Russia while half of the Fund's investment in Electra Private Equity was switched into Electra's Convertible Bond.

As stated in previous semi-annual reports our belief that equities would remain the asset class of choice given the uninspiring potential returns from cash and bonds has proved to be correct thus far. While we continue to hold this view it remains important to recognise that the considerable amount of liquidity that has been pumped into the global financial system in recent years has undoubtedly inflated the prices of riskier assets. With the US economy now showing encouraging signs of a return to sustainable growth the process of reining in quantitative easing is likely to begin in the coming months. Whether or not this process can be achieved without causing increased volatility in equity markets remains to be seen, but for the time being we believe that the Fund is appropriately positioned to make further progress and to take advantage of new opportunities as they arise.

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) Income Shares	318.61	247.96	28.49
Institutional (B) Income Shares	284.42	220.85	28.78

Net asset values

As at 30 September	Retail (A) Income Shares		
	Net asset value (£)	Number of shares in issue	Net asset value (pence per share)
2011	2,488,019	1,088,999	228.47
2012	2,076,919	837,592	247.96
2013	5,009,850	1,572,415	318.61

As at 30 September	Institutional (B) Income Shares		
	Net asset value (£)	Number of shares in issue	Net asset value (pence per share)
2011	2,634,078	1,297,758	202.97
2012	2,776,200	1,257,030	220.85
2013	5,051,272	1,775,960	284.42

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) Income Shares		
	Highest (pence)	Lowest (pence)	Net distribution (pence per share)
2008	221.79	125.17	—
2009	204.18	121.62	—
2010	251.09	198.34	—
2011	265.19	220.55	—
2012	267.24	224.93	—
2013^	323.99	268.91	—

Year	Institutional (B) Income Shares		
	Highest (pence)	Lowest (pence)	Net distribution (pence per share)
2008	195.07	110.34	—
2009	175.93	107.28	—
2010	222.78	175.47	—
2011	235.29	196.04	—
2012	238.16	199.95	—
2013^	289.20	239.65	—

^ To 30 September 2013

Ongoing charge

Expense type	30 September 2013 %
Retail (A) Income Shares	
ACD's Management charge	1.50
Other expenses	0.41
Transaction charge	—
Ongoing charge	1.91
Institutional (B) Income Shares	
ACD's Management charge^	1.25
Other expenses	0.41
Transaction charge	—
Ongoing charge	1.66

^ 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.

Typically lower rewards, lower risk Typically higher rewards, higher risk



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.

Fund Facts

continued

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
Equity Investment Instruments	85.58	Equity Investment Instruments	96.26
Convertible Bond	3.00	Financial Services	1.82
Financial Services	0.76	Net other assets	1.92
Net other assets	10.66		

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
Acorn Income Fund	5.01	Electra Private Equity	7.29
North Atlantic Smaller Companies Investment Trust	4.43	North Atlantic Smaller Companies Investment Trust	6.47
Montanaro UK Smaller Companies Investment Trust	3.86	Jupiter European Opportunities Trust	6.06
Baillie Gifford Japan Trust	3.72	Montanaro UK Smaller Companies Investment Trust	6.05
Foreign & Colonial Investment Trust	3.59	Acorn Income Fund	6.01
Asian Total Return Investment Company	3.47	Herald Investment Trust	5.27
Marwyn Value Investors	3.36	Fidelity European Values	4.79
Herald Investment Trust	3.16	BH Global Limited - GBP Shares	4.68
Witan Investment Trust	3.08	British Empire Securities & General Trust	4.51
RIT Capital Partners	3.07	Independent Investment Trust	4.24

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 - Mastertrust 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.

Directory

Authorised Corporate Director & Investment Manager

Unicorn Asset Management Limited
First Floor Office
Preacher's Court
The Charterhouse
Charterhouse Square
London EC1M 6AU
(Authorised and regulated by the Financial Conduct Authority)

Administrator and Registrar

Phoenix Fund Services (UK) Ltd
PO Box 10602
Chelmsford
Essex CM1 9PD
(Authorised and regulated by the Financial Conduct Authority)

Depository

HSBC Bank plc
8 Canada Square
London E14 5HQ
(Authorised and regulated by the Financial Conduct Authority)

Auditor

Grant Thornton UK LLP
30 Finsbury Square
London EC2P 2YU