



July 2019

About the Fund

MI Downing UK Micro-Cap Growth Fund ("the Fund") aims to invest in a concentrated portfolio of between 25-30 UK companies within the Numis Smaller Companies Indices - typically those with market capitalisations between £20 million and £150 million.

The Fund seeks to generate capital growth, whilst retaining a strong focus on capital preservation. The Fund aims to outperform returns from other UK small-cap equity funds by selecting investments that the Manager believes are undervalued by the market.

Why Downing Micro-Cap?

- ▶ Experienced and qualified team headed by Judith MacKenzie.
- ▶ Private equity approach to micro-cap companies, drawing on Downing's private equity and venture capital heritage.
- ▶ Investment Committee oversight provides access to many years of investment experience.
- ▶ Value strategy with rigorous bottom up approach.
- ▶ Exhaustive diligence process that can take up to 18 months.
- ▶ Concentrated portfolio of typically 25 to 30 investments which we believe provides diversification.
- ▶ Access to strategic investments.
- ▶ Only invests in profitable businesses with strong management teams and a sustainable competitive advantage.

Portfolio commentary

In June, the Fund was down 2.06%, underperforming the benchmark, which was down 0.57%. Positive contributors included Pittards (up 8.82%) and Ramsdens (up 7.37%). Detractors included DX Group (down 10.52%) and FireAngel Safety Technology (down 17.20%).

Pittards announced that its Chairman, Stephen Yapp, bought 13,406 shares at a price of 74.50 pence per share. Following the purchase, Mr Yapp's holding in the company has increased to 112,517 shares which represents 0.81% of the company's issued share capital.

Ramsdens announced its annual results for the year ended 31 March 2019. Financial highlights included group revenue increased by 17% and underlying EBITDA was up 5%.* The proposed final dividend of 4.8p, if approved, will take the full year dividend to 7.2p. Ramsdens' reported customer demand across business segments remains strong and the group has clear growth opportunities. The board remains confident that the group will successfully deliver its strategic objectives and make further progress in the year ahead.

DX made no material announcements during June. However, we believe that investor sentiment was soured by the company's unsuccessful HMPO contract renewal bid announced at the end of May. At that time, the board stated that it remains encouraged by the continuing progress that is being made with the company's turnaround. A trading update is expected in mid-July, when management will provide further details on the progress that has been made during the financial year.

FireAngel held its AGM and reported that the group's balance sheet was strengthened by the fundraising undertaken at the end of March. The focus for the rest of the year is to maintain the sales momentum and continue operational improvements and margin enhancement. The board will provide a further update on trading and prospects in a trading update to be issued at the end of July. We believe the share price declined on negative sentiment and the markets' reaction is at odds with the positive newsflow.

*The underlying figures reflect EBITDA adjusted for the share-based payments charge.

Cumulative performance under Downing management



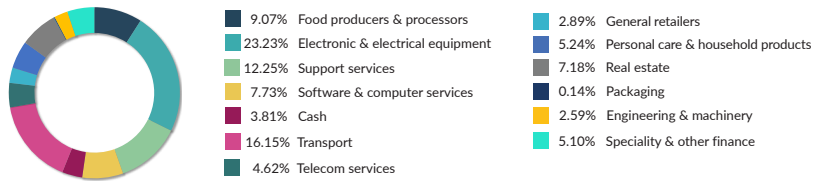
The graph shows the cumulative performance under Downing management (since Feb 2011)

Cumulative performance - Class B Shares (%)							
	1m	3m	6m	YTD	1y	3y	5y
Fund	-2.06	-1.76	-5.23	-5.23	-14.20	10.26	16.75
Index	-0.57	2.57	9.79	9.79	-7.22	33.05	31.41

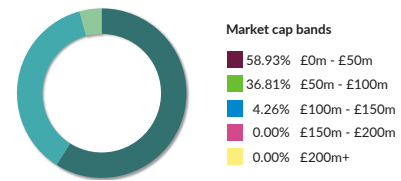
Discrete performance - Class B Shares (%)					
	30/06/2018	30/06/2017	30/06/2016	30/06/2015	30/06/2014
	30/06/2019	30/06/2018	30/06/2017	30/06/2016	30/06/2015
Fund	-14.20	-4.97	35.24	-5.85	12.46
Index	-7.22	8.80	31.80	-6.33	5.44

Index: Numis Smaller Companies Index Plus AIM Excluding Investment Trusts. Source of all Fund data is Maitland Institutional Services Limited, source of all index data is Numis Securities Limited. The Index does not reflect fees, brokerage commissions, taxes or other expenses of investing. Investors cannot invest directly in an index. **Downing LLP is responsible for Fund performance from 4 February 2011, the effective date of the investment management mandate. Please note that past performance is not a reliable indicator of future results.**

Portfolio by sector



Portfolio by company size



Source of portfolio data: Factset as at 30 June 2019

Top 5 portfolio holdings

Company	% of Fund
Real Good Food	9.07*
Norman Broadbent	7.77**
DX Group	7.52
Petards Group	6.01
Pittards	5.24

Source: Maitland Institutional Services Limited as at 30 June 2019

*Holding includes a 1.10% equity and 7.97% debt split

**Holding includes a 7.06% equity and 0.71% debt split

Lead Fund Manager: Judith MacKenzie

Judith is a Partner at Downing, having joined in 2009. Previously, she was a Partner at Acuity Capital, managing AIM-quoted VCT & IHT investments and the CF Acuity RAM Fund.

Prior to this, Judith spent seven years as a senior investment manager with Aberdeen Asset Management Growth Capital, as co-Manager of the five Aberdeen VCTs, investing in both public and private companies.

She has held various non-executive and advisory roles in Scottish Government and private companies.



Trustnet/F.E (for the three-year period to 31/01/2019)

Key facts as at 30 June 2019

Structure
London listed Open Ended Investment Company (OEIC), established as a "UCITS scheme".

Incorporation date & date of transfer to Downing and change of ACD
September 2008 / February 2011

Fund size (B and C Share Class combined)
£14.4m

Share price
Class B 175.58p
Class C 112.18p

Number of company holdings
25
(Not including the two holdings which have been written down to zero.)

Dividends
Accumulation only

Liquidity
Daily pricing and daily dealing

ISIN codes:
B Accumulation GB00B2403R79
C Accumulation GB00B75B5C00

Contact details

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Minimum initial investment
B Accumulation - £1,000
C Accumulation - £1,000

B Share and C Share class monthly savings plan available. Monthly contributions of £100 can be made via standing order on the first business day of each month.

Fund charges
Initial charges
B & C Accumulation: 5.00%

Ongoing charges
B Accumulation: 1.42%
C Accumulation: 1.17%

Ongoing charges are based on the last year's expenses, including the annual management charge. Figures are as at 31 January 2019. These figures may vary. They exclude portfolio transaction costs.

Management charge
B Accumulation = 1.00% per annum
C Accumulation = 0.75% per annum

Performance charge
There are performance fees on the C Share class only. Full details can be found in the Key Investor Information Document.

How to apply

Tel: 020 7630 3319

Visit www.downing.co.uk to access the Application Form

Platforms hosting the Fund

A J Bell	James Hay
Aegon	Novia Global
Ascentric	Novia Financial
Aviva	Nucleus Financial
Cofunds Institutional	SEI Investments
Cofunds Retail	Standard Life
Hargreaves Lansdown	Transact

Risk warning: your capital is at risk. Investments and the income derived from them can fall as well as rise and investors may not get back the full amount invested. Investments in smaller companies will normally involve greater risk or volatility than investments in larger, more established companies. Performance figures above are taken from daily valuations provided by Maitland Institutional Services Limited. Downing LLP is responsible for Fund performance from 4 February 2011, the effective date of the investment mandate. Return is the total return (value of the investments plus cash including income after all expenses and charges), ignoring taxation. Please note that past performance is not a guide to future performance.

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