

# MI Downing UK Micro-Cap Growth Fund



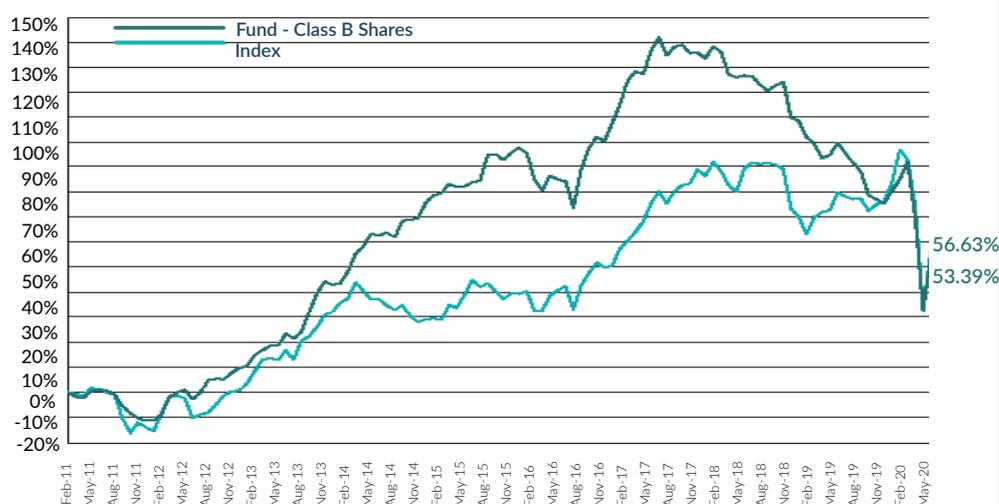
## May 2020 Commentary

The fund had a strong month, returning 5.87%, versus the index which returned 4.29%. We continue to hold a larger than usual amount of cash given the economic uncertainty which we think lies ahead (contrary to what the market seems to imply). In line with the new mandate which allows us to invest in up to 40 companies (from 30) we added Medica Group. Medica is a leading UK provider of Teleradiology reporting. While the volume of radiology work declined significantly through COVID-19 due to lower non-COVID hospital admissions, our channel checking suggests that there is a very material backlog for imagery and this ought to benefit Medica over the medium term.

Universe and DX both had a particularly strong month, up 61.11% and 33.68%, respectively. Universe reported good results which demonstrated significantly improved EBITDA and cash flow. DX announced a strong trading update which highlighted that revenues and adjusted EBITDA would be ahead of current market expectation. Both companies also reported directors buying shares post these announcements, which is encouraging given the current climate. Circle Property and Pressure Technologies, down 7.71% and 10.00%, respectively, reported no new news in the month.

*Opinions expressed represent the views of the Fund Manager at the time of publication, are subject to change, and should not be interpreted as investment advice.*

## 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	5.87	-9.48	-15.03	-17.03	-21.57	-36.65	-16.54
Index	4.29	-10.22	-14.77	-20.55	-12.10	-13.11	8.07

### Discrete performance - Class B Shares (%)

	31/05/2019 - 31/05/2020	31/05/2018 - 31/05/2019	31/05/2017 - 31/05/2018	31/05/2016 - 31/05/2017	31/05/2015 - 31/05/2016
Fund	-21.57	-13.75	-6.34	31.54	0.14
Index	-12.10	-7.01	6.31	26.43	-1.63

**Index:** Numis Smaller Companies Index Plus AIM Excluding Investment Trusts. Source of all Fund data is Maitland Institutional Services Limited (Maitland), 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.**



**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

## About the Fund

MI Downing UK Micro-Cap Growth Fund ("the Fund") aims to invest in a portfolio of up to 40 UK companies within the Numis Smaller Companies Indices - typically those with market capitalisations between £20 million and £350 million\*.

The Fund seeks to generate capital growth, whilst retaining a strong focus on capital preservation.

\*Please note, the fund retains its ability to hold shares in companies which are capitalised greater than £350 million where it is deemed beneficial to the fund.

## Why Downing Micro-Cap?

- ▶ Private equity approach to micro-cap companies, drawing on Downing's private equity and venture capital heritage.
- ▶ Value strategy with rigorous bottom up approach.
- ▶ Exhaustive diligence process that can take up to 18 months.
- ▶ Seeks to invest in profitable businesses with strong management teams and a sustainable competitive advantage.

# Portfolio summary

As at 31 May 2020

## Top 5 holdings

	% of Fund
Universe Group Plc	7.63
Norman Broadbent Plc	7.19
CentralNic Group Plc	6.97
Real Good Food Plc*	6.13
Voilex Plc	5.42

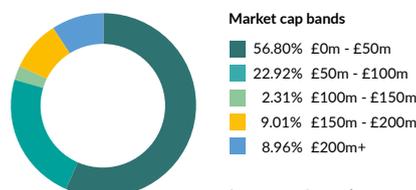
Source of Top 5 holdings and Sector: Maitland

\*Holding includes a 1.22% equity and 4.91% debt split

## Portfolio by Sector



## Portfolio by Market Cap



Source of market cap data: Factset

## Key facts As at 31 May 2020

### Structure

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

### Incorporation date and date of transfer to Downing and change of ACD

September 2008 / February 2011

### Fund size

£9.38m (B & C share class combined)

### Share price

Class B: 140.59p

Class C: 90.08p

### Number of company holdings

30 (not including 3 holdings which have been written down to zero)

### Dividends

Accumulation only

### Liquidity

Daily pricing and daily dealing



Trustnet/F.E (for the three-year period to 31/07/2019)

### 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.

### ISIN Codes:

B Accumulation: GB00B2403R79

C Accumulation: GB00B7SB5C00

### Contact details

#### Manager

Downing LLP, St Magnus House,  
3 Lower Thames Street,  
London EC3R 6HD  
Tel: 020 7416 7780

### Authorised Corporate Director

Maitland Institutional Services Ltd  
Hamilton Centre, Rodney Way,  
Chelmsford, Essex, CM1 3BY  
Dealing: 034 5305 4215

[www.maitlandgroup.com](http://www.maitlandgroup.com)

### Fund charges

Initial charges

B & C Accumulation: 5.00%

Ongoing charges

B Accumulation: 1.75%

C Accumulation: 1.50%

Ongoing charges are based on the last year's expenses, including the annual management charge. Figures are as at 31 January 2020.

These figures may vary. They exclude portfolio transaction costs.

B Accumulation: 1.00% per annum

C Accumulation: 0.75% per annum

### How to apply:

Telephone: +44 (0) 20 7630 3319 or visit: [www.downing.co.uk](http://www.downing.co.uk) to access the Application Form

Also available on the following platforms:

AJ Bell

Aegon

Ascentric

Aviva

Hargreaves Lansdown

Novia Global

Novia Financial

Nucleus Financial

Raymond James

SEI Investments

Standard Life

Transact

We are currently working with the platforms so please let us know if yours is not listed above.

**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. Past performance is not a guide to future returns. Please refer to the latest full Prospectus and KIID before investing; your attention is drawn to the risk, fees and taxation factors contained therein.

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