

Downing AIM Estate Planning Service



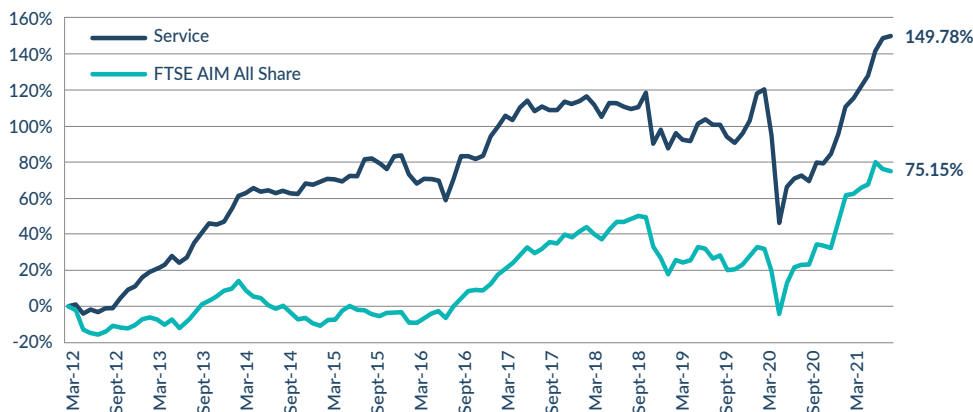
Commentary for the quarter ending 30 June 2021

In the three months to the end of June, the portfolio management service returned 9.70%, versus the FTSE AIM All Share which returned 4.50%. Year to date performance has been very encouraging with the service returning 18.69% whilst the FTSE AIM All Share returned 8% over the same period.

In the most recent quarter, the service had 18 positive performers, of which seven were in double digits. Augean (+33.72%) was subject to a possible takeover approach by an infrastructure fund. We think this high quality, cash generative and debt-free asset could attract a significant offer. Hargreaves Services (+27.53%) upgraded earnings on continued strong trading of its German associate on the back of inflated commodity prices. Avingtrans (+18.75%) continues to impress and has finally secured the next phase of the Sellafield 3M3 box contract worth up to £70 million. We expect this to evolve into a long and highly lucrative contract for the business. Gateley (+15.68%) announced that prudent cost management would result in profits significantly ahead of market expectations and a subsequent recommencement of dividends. James Latham (+14.71%) announced a strong set of results and a particularly bullish outlook for the coming year. Strix (+11.88%) made a positive AGM statement indicating 30% revenue growth expected, new product development and successful pass through of price increases. Brooks MacDonald (+11.46%) announced a resilient funds under management performance with the business returning to positive net fund flows.

There were seven negative performers, of which only one was double digits, Inland Homes (-11.48%). We thought performance here was reassuring with several significant underlying portfolio developments. There is considerable value on offer with the share price at over a 40% discount to the 97.8p NAV.

Performance



Cumulative performance (%)								
	1m	3m	6m	YTD	1y	3y	5y	Launch
Service	0.48	9.70	18.69	18.69	44.84	18.56	57.85	149.78
FTSE AIM	-0.53	4.50	8.35	8.35	42.46	19.25	87.58	75.15

Discrete performance (%)					
	30/06/2020-30/06/2021	30/06/2019-30/06/2020	30/06/2018-30/06/2019	30/06/2017-30/06/2018	30/06/2016-30/06/2017
Service	44.84	-14.06	-4.75	1.24	31.51
FTSE AIM	42.46	-2.78	-13.90	13.53	38.55

Performance from inception to 30 December 2019 is based on the return of the first investor's portfolio in the Downing AIM Estate Planning Service and the Downing AIM ISA Service, net of fees. From 31 December 2019 onwards, all investors' performance across both products has been consolidated, thus capturing every investment decision of the manager, on a net of fees basis. We believe that this new method provides the most relevant way of providing performance information however investors should note that actual portfolio returns may be different to the returns of the model portfolio.



Fund Manager
Judith MacKenzie

Judith is a Partner at Downing, having joined in 2009 and founding Downing Fund Managers. Previously she was a partner at Acuity Capital managing AIM-quoted VCT and IHT investments and a small-cap activist fund. Prior, Judith spent nine years as a senior investment manager with Aberdeen Asset Management Growth Capital as co Fund Manager of the five Aberdeen VCTs, focusing on technology and media investments in both the public and private arenas.



Fund Manager
Nick Hawthorn

Nick began working on the buy side in 2013 and joined Downing in September 2015 from BP Investment Management. Prior to this, he worked for Aberdeen Asset Management. Nick holds an MSc in Finance and Investment from Durham University and a MA in Accounting and Economics from the University of Aberdeen.

Opinions expressed in Judith and Nick's commentary represent their views at the time of publication, are subject to change, and should not be interpreted as investment advice. Not all portfolios contain the holdings mentioned.

The Downing AIM Estate Planning Service was up 9.70% for the three-month period ending 30 June 2021 compared with the index, which was up 4.50%.

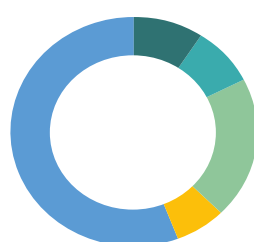
**The Index is shown for illustrative purposes only and is not considered directly comparable to the performance of this Service. Index: FTSE AIM All Share Index. Source of Service data: IBP Markets Ltd & Downing LLP. Source of Index data: FTSE.*

Past performance is not a reliable indicator of future performance.

Portfolio summary As at 30 June 2021

Top 5 portfolio holdings	%
Hargreaves Services plc	6.36
Volex plc	5.91
CareTech Holdings plc	5.45
Latham (James) plc	5.40
Tracsis plc	5.29

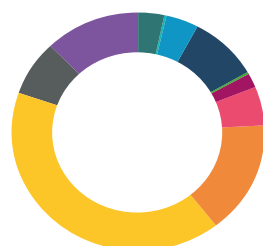
Portfolio by market cap



Market cap bands

9.35%	£0 - £50m
8.42%	£50m - £100m
19.86%	£100m - £150m
6.63%	£150m - £200m
55.75%	£200m +

Portfolio by sector



3.61%	Basic materials	5.18%	Financial services
0.11%	Beverages	15.35%	Healthcare
4.33%	Cash	40.70%	Industrials
8.68%	Communication services	7.64%	Real estate
0.39%	Consumer cyclical	12.04%	Technology
1.97%	Consumer defensive		

Source of sector and top holdings data: IBP Markets Ltd and Downing LLP. Source of market cap data: Factset.

About the Downing AIM Estate Planning Service

The Downing AIM Estate Planning Service allows investors to obtain IHT relief after only two years by owning a portfolio of qualifying companies quoted on AIM, provided shares have been held for at least two years at death.

Our strategy enables investors to maintain control of their assets (no need for trusts or to gift assets to obtain IHT relief) and to withdraw funds from their portfolio at any time, subject to liquidity and 10 days' notice.

The Downing AIM Estate Planning Service aims to manage risk by spreading your funds across at least 25 companies across a variety of sectors.

The service also benefits from Downside Protection Cover, covering a loss in value of up to 20% on the net initial investment on death under the age of 90 years. This policy is included at no extra cost, with no medical exclusions or questionnaires. Please note, this is an annual policy and there is no guarantee that it will remain in place throughout the life of the investment.

There is also an option for life cover - insurance which covers 40% of your original gross investment (before charges) if you die in your first two years in the service. (Subject to terms and conditions).

Downing AIM Estate Planning service is also available within an ISA wrapper.

Fees and charges are payable in respect of both the Downing AIM Estate planning Service and ISA, please see the relevant product brochure for details. Visit downing.co.uk.

Why Downing Small-Cap?

- ▶ Experienced and qualified Downing Fund Managers team headed by Judith MacKenzie.
- ▶ Private equity approach to micro-cap investing, drawing on our private equity and venture capital heritage.
- ▶ Advisory 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.
- ▶ Aims to manage risk by spreading your funds across at least 25 AIM-quoted companies in a variety of sectors.
- ▶ Seeks to invest in profitable businesses with strong management teams and a sustainable competitive advantage.

www.downing.co.uk

Risk warning: Your capital is at risk, and you may not get back the full amount invested. Tax treatment depends on the individual circumstances of each investor and may be subject to change. The availability of tax reliefs depends on investee companies maintaining their qualifying status. Investments in smaller companies will normally involve greater risk or volatility than investments in larger, more established companies. Return is the value of investments, plus cash, including income, after deducting all charges, excluding any initial fee. Please note that past performance is not a guide to future performance.

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