

# Downing AIM Estate Planning Service



## Commentary for the quarter ending 31 December 2020

In the three-month period ending 31 December 2020, Volex (up 64.71%) and Applegreen (up 66.13%) were positive contributors to performance, while Strix Group (down 9.47%) and Universe Group (down 15.22%) were detractors.

Volex announced a robust H1 performance, with management stating that the group's resilient business model had responded well to the challenges of Covid-19. Alongside a 10% increase to the interim dividend, Volex announced the acquisition of DEKA, a power products business, which provides the group with an immediate and scalable European platform.

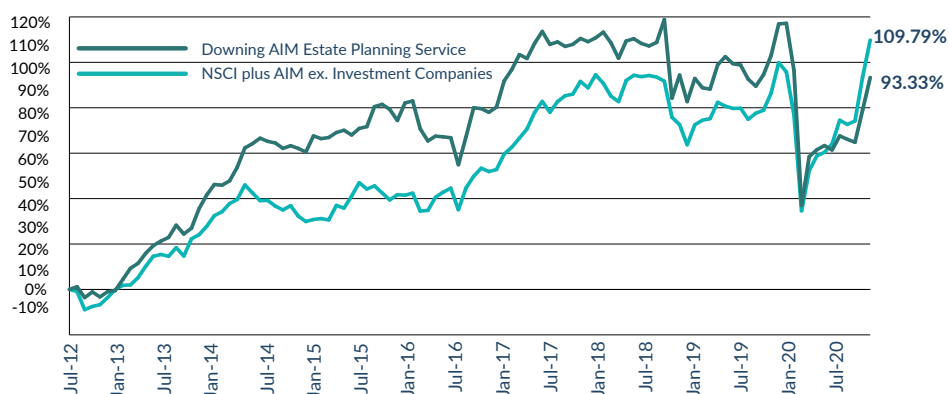
Applegreen announced that it had reached an agreement with Causeway Consortium (BidCo) on a cash offer for the company. Under the terms of the acquisition, Applegreen shareholders will be entitled to receive €5.75 in cash per share. The Applegreen board unanimously recommended the offer from BidCo as it represents a compelling opportunity for independent shareholders to realise their investment in cash in the near time, and is at a significant premium to the prevailing share price.

Strix Group announced the acquisition of LAICA, which expands its water category and enhances its presence in the health and wellness market, both of which are core to the group's ESG strategy. LAICA also strengthens Strix's ability to capitalise on the double-digit global sales growth of both the small domestic appliance and water markets. It held a Capital Markets Day at which the board stated its expectations to double group revenues over the next five years primarily through organic growth in its water and appliances categories.

Universe Group issued a trading update for the year to 31 December 2020 and reported that revenue for the second half of the year is expected to be in line with that of the first half. Key to the second half was the roll-out of a material project where work is ongoing. Revenues from this project are now expected to be recognised in the first half of 2021 but the investment made in the project must be recognised in the current financial year. Universe has a resilient financial position and the board is cautiously optimistic about its prospects for next year.

## Performance

The net performance quoted is the simulated performance of the first investor's portfolio after deducting all charges, excluding any initial fee.



Cumulative performance (%)								
	1m	3m	6m	YTD	1y	3y	5y	Launch
Service	8.02	16.38	18.35	-10.85	-10.85	-8.28	5.62	93.33
Index*	8.41	21.51	30.80	4.93	4.93	7.87	47.28	109.79

Discrete performance (%)					
	31/12/2019 - 31/12/2020	31/12/2018 - 31/12/2019	31/12/2017 - 31/12/2018	31/12/2016 - 31/12/2017	31/12/2015 - 31/12/2016
Service	-10.85	18.68	-13.31	9.88	4.80
Index*	4.93	22.16	-15.84	21.89	12.01



Lead Fund Manager  
**Judith MacKenzie**

Judith joined Downing in 2009, and is a Partner and Head of Downing Fund Managers. Previously she was a Partner at Acuity Capital, managing AIM-quoted VCT & IHT investments, and a small-cap activist fund.

Prior to this, Judith spent seven years as a senior investment manager with Aberdeen Asset Managers Growth Capital and co-managed the five Aberdeen VCTs, focusing on technology and media investments in both the public and private arenas.

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

*Opinions expressed in Judith's commentary represent her 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 16.38% for the three-month period ending 31 December 2020 compared with the index, which was up 21.51%

DAEPS launched in March 2012.

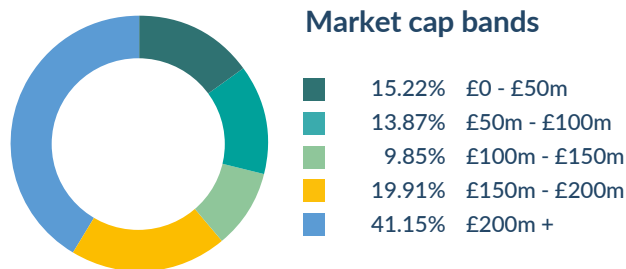
*\*The Index is shown for illustrative purposes only and is not considered directly comparable to the performance of this Service. Index: Numis Smaller Companies Index Plus AIM Ex. Investment Companies. Source of Service data: IBP Markets Ltd & Downing LLP. Source of Index data: Numis.*

*Figures refer to simulated past performance. Past performance is not a reliable indicator of future performance.*

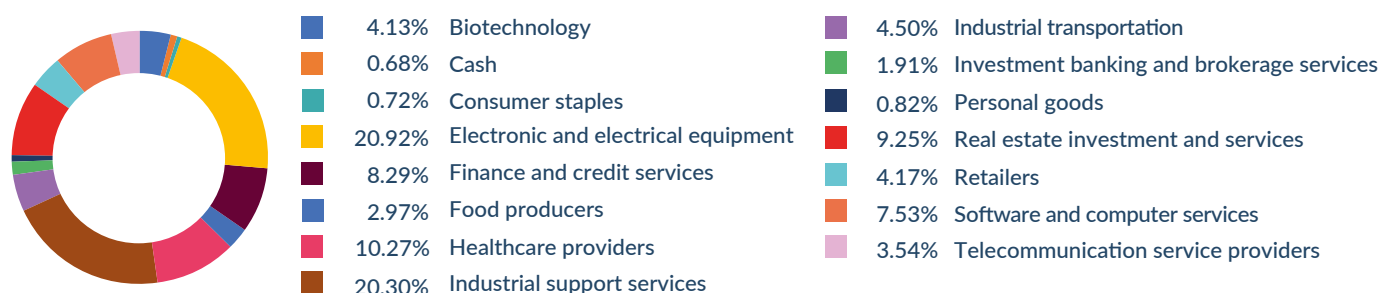
# Portfolio summary As at 31 December 2020

Top 5 portfolio holdings	%
Volex plc	10.20
Caretech Holdings plc	7.11
Lok'N Store Group plc	6.02
Latham (James) plc	5.99
Strix Group plc	5.01

## Portfolio by market cap



## Portfolio by sector



Source of sector and top holdings data: IBP Markets Ltd and Downing LLP. Source of market cap data: Factset. Based on the first investor in DAEPS.

## About the Downing AIM Estate Planning Service

The Downing AIM Estate Planning Service (DAEPS) 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.

DAEPS 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).

## 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.
- ▶ 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.
- ▶ 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](http://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. Figures refer to simulated past performance. Please note that past performance is not a guide to future performance.

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