

# PFS Downing UK Micro-Cap Growth Fund

November  
2015



## About the Fund

PFS Downing UK Micro-Cap Growth Fund ("the Fund") invests 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 & qualified team headed by Judith MacKenzie - Citywire AAA<sup>1</sup> and F.E. Five Crown<sup>2</sup> rated.
- ▶ Private equity approach to micro cap companies drawing on Downing's private equity and venture capital heritage.
- ▶ Investment Committee oversight provides access to 100+ years of investment experience.
- ▶ Value strategy with rigorous bottom up approach.
- ▶ Exhaustive diligence process that can take up to 18 months.
- ▶ Concentrated portfolio of 25 to 30 investments which we believe provides optimal diversification.
- ▶ Access to strategic investments.
- ▶ Only invests in profitable businesses with strong management teams and a sustainable competitive advantage.

<sup>1</sup> Source: Citywire (for the three year risk adjusted performance 30/11/2012 - 30/11/2015)

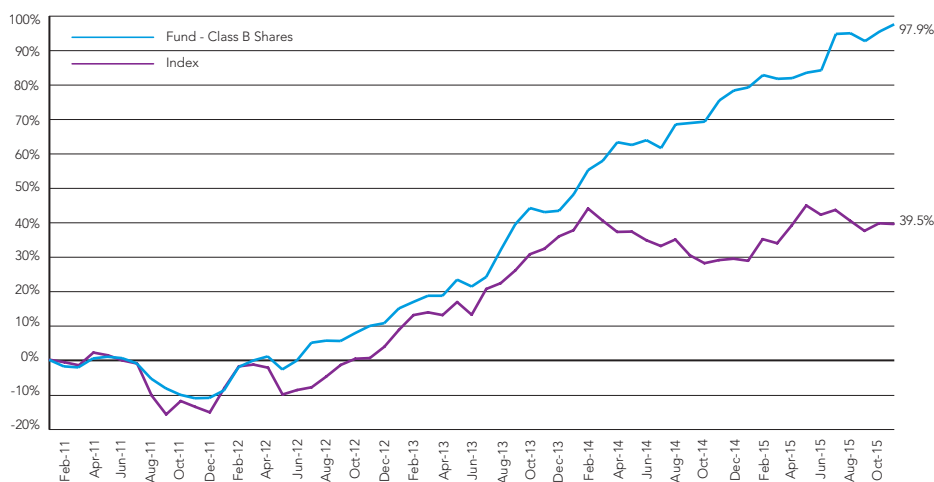
<sup>2</sup> Source: Trustnet/F.E (for the three year period to 30/11/2015)

## Market commentary

November was a strong month for the Fund, returning over 1% and outperforming the index by almost 1.2%. We noted strong performances from several of our portfolio companies, including Conviviality Retail Plc, which owns a number of franchised off-licence retail chains branded Bargain Booze and Wine Rack. After successfully integrating Matthew Clark (one of the UK's largest wine wholesalers), the company issued an upbeat trading statement. We continue to be impressed with this business, which is now over a 5% weighting in the Fund. Finsbury Food Group Plc, the UK baked goods manufacturer, also performed well in the month, and was up 10% on the back of a positive trading update.

Underperformers in the month included Red24, who provide risk management services to companies throughout the UK, South Africa and the US. Their half year results were impacted by the already known loss of a contract with HSBC and a lack of one-off revenues which typically arise from special projects. However, the company has largely replaced the loss of the HSBC revenue and is investing in the USA which, since the end of the month, has yielded a long term contract with insurance company Hiscox. Redhall Plc - a relatively new holding providing support services in the engineering, nuclear and manufacturing sectors - experienced some share price volatility and fell 18% in the month, largely due to sector-wide negative sentiment. There was no company specific news and we await the announcement of their results in December.

## Cumulative performance under Downing management\*



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

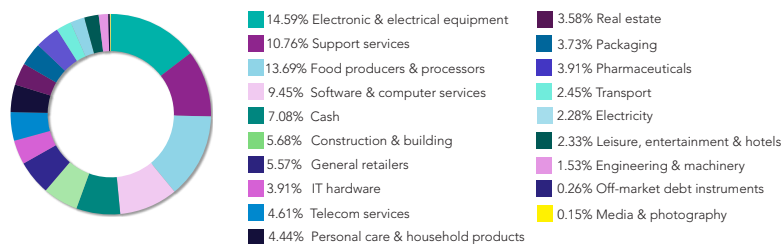
	1m	3m	6m	YTD	1y	3y	5y
Fund	1.07	1.33	7.65	10.81	12.60	80.03	103.52
Index	-0.11	-0.72	-3.72	7.88	8.17	38.78	56.68

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

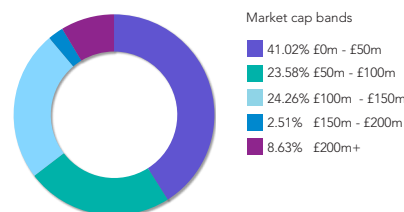
	30/11/2014 30/11/2015	30/11/2013 30/11/2014	30/11/2012 30/11/2013	30/11/2011 30/11/2012	30/11/2010 30/11/2011
Fund	12.60	22.84	30.16	23.76	-8.65
Index	8.17	-2.49	31.59	16.54	-3.13

Index: Numis Smaller Companies Index Plus AIM Excluding Investment Trusts. Source of all fund data is Phoenix Fund Services, source of all index data is Bloomberg. The Index does not reflect fees, brokerage commissions, taxes or other expenses of investing. Investors cannot invest directly in an index. **Downing is responsible for fund performance from 4 Feb 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: Phoenix Fund Services

## Top 5 portfolio holdings

Company	% of Fund
Redhall Group PLC	5.7
Conviviality Retail PLC	5.6
Finsbury Food Group PLC	5.3
Universe Group PLC	5.0
Science in Sport Ltd	4.8

As at 30 November 2015  
Source: Phoenix Fund Services

## 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, and is a Fellow of the Securities Institute.

## Key facts as at 30 November 2015

### 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

(A, B and C Share Class combined)  
£21.0m

### Share price

Class A 168.53p  
Class B 181.36p  
Class C 118.57p

### Number of holdings

30

### Dividends

Accumulation only

### Liquidity

Daily pricing and daily dealing

### Minimum initial investment

A Accumulation - £1,000  
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 1st of each month.

### Fund charges

Initial charge: A, B & C Accumulation = 5%

Management charge  
A Accumulation = 1.75% per annum  
B Accumulation = 1.00% per annum  
C Accumulation = 0.75% per annum

### Performance charge

There are performance fees on the C Share Class only. For further information please refer to the Key Investor Information Document. The Fund may also pay fees and charges related to administration, custody and other reasonable expenses.

### ISIN codes:

A Accumulation GB00B2403D34  
B Accumulation GB00B2403R79  
C Accumulation GB00B75B5C00

## Contact details

### Manager

Downing LLP, Ergon House,  
Horseferry Road, London SW1P 2AL  
Tel: 020 7416 7780

### Authorised Corporate Director

Phoenix Fund Services (UK) Ltd  
Springfield Lodge, Colchester Road  
Chelmsford, Essex CM2 5PW

## How to apply

Tel: 020 7630 3319  
Visit [www.downing.co.uk](http://www.downing.co.uk) to access the Application Form

## Platforms hosting the Fund

A J Bell	James Hay
Ascentric	Novia Financial
Cofunds Institutional	Nucleus Financial
Cofunds Retail	SEI Investments
Hargreaves Lansdown	Transact

**Risk warning:** your capital is at risk. Investments & 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 Phoenix Fund Services. Inception is the date of the commencement of the investment management mandate – 4 Feb 2011. 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.

## Important notice

This document is intended for retail investors and their advisers and has been approved and issued as a financial promotion under the Financial Services and Markets Act 2000 by Downing LLP ("Downing"), Ergon House, Horseferry Road, London SW1P 2AL. This document is for information only and does not form part of a direct offer or invitation to purchase, subscribe for or dispose of securities and no reliance should be placed on it. Opinions expressed in this document represent the views of the Fund Manager at the time of publication, are subject to change, and should not be interpreted as investment advice. You should only invest based on the information contained in the relevant product literature available from Downing. Downing does not offer investment or tax advice or make recommendations regarding investments. Please see the relevant product literature for details of charges; your attention is drawn to the risk factors contained therein. Downing is authorised and regulated by the Financial Conduct Authority (Firm Registration No. 545025). Registered in England No. OC341575. Registered Office: Ergon House, Horseferry Road, London SW1P 2AL.

16 December 2015

**Downing**

Downing LLP, Ergon House,  
Horseferry Road, London SW1P 2AL  
020 7416 7780 / [www.downing.co.uk](http://www.downing.co.uk)