



MI Downing UK Micro-Cap Growth Fund

May 2020

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. 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.

*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?

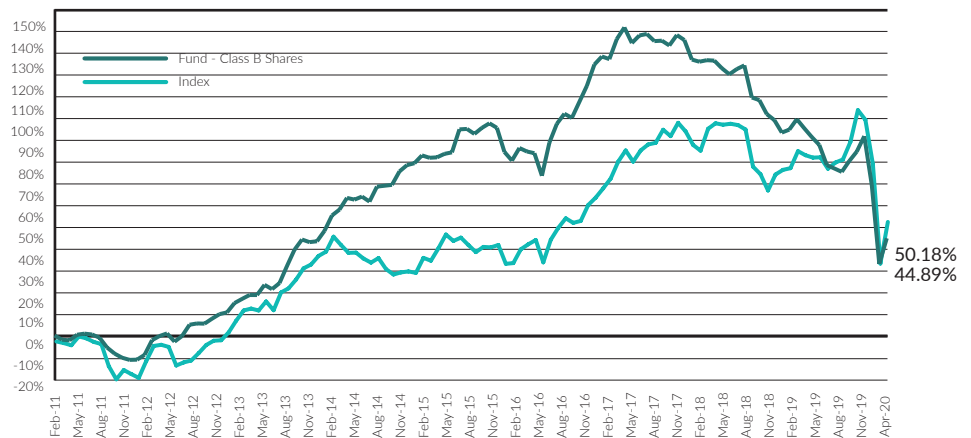
- ▶ Experienced and qualified team headed by Judith MacKenzie.
- ▶ Private equity approach to micro-cap companies, drawing on Downing's private equity and venture capital heritage.
- ▶ Investment Committee oversight provides access to many years of investment experience.
- ▶ Value strategy with rigorous bottom up approach.
- ▶ Exhaustive diligence process that can take up to 18 months.
- ▶ Portfolio of typically up to 40 investments which we believe provides diversification.
- ▶ Access to strategic investments.
- ▶ Seeks to invest in profitable businesses with strong management teams and a sustainable competitive advantage.

Portfolio commentary

The fund returned 8.89% in the month versus 13.17% for the index. We continue to build the cash balance of the fund (now over 16%) as we believe that the fallout from Covid-19 and any longer term issues are not priced into many smaller companies which have enjoyed a resurgence from their lows earlier in the year. This caused cash drag in the period, but we believe that it is the right thing to do over the longer term. However, we are also making small allocations into better quality companies and more attractive relative valuations than where they have traded in the past. We also have a healthy list of work in progress.

Universe Group and DX Group were the largest positive contributors in the month – both had relatively positive trading and coronavirus updates. Norman Broadbent and Sureserve were the largest negative contributors. Neither of these companies reported any new news in the month.

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	8.89	-24.53	-17.43	-21.62	-27.49	-38.80	-20.48
Index	13.17	-22.21	-14.85	-23.82	-16.51	-14.43	7.96

Discrete performance - Class B Shares (%)

	30/04/2019 - 30/04/2020	30/04/2018 - 30/04/2019	30/04/2017 - 30/04/2018	30/04/2016 - 30/04/2017	30/04/2015 - 30/04/2016
Fund	-27.49	-11.96	-4.14	28.07	1.47
Index	-16.51	-4.99	7.88	24.61	1.25

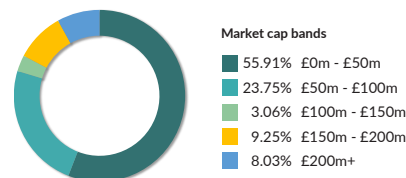
Index: Numis Smaller Companies Index Plus AIM Excluding Investment Trusts. Source of all Fund data is Maitland Institutional Services Limited (Maitland), source of all index data is Numis Securities Limited. The Index does not reflect fees, brokerage commissions, taxes or other expenses of investing. 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.**

Portfolio by sector



Source of sector data: Maitland as at 30 April 2020

Portfolio by company size



Source of market cap data: Factset as at 30 April 2020

Top 5 portfolio holdings

Company	% of Fund
CentralNic Group Plc	7.87
Norman Broadbent Plc	6.82
Real Good Food Company Plc*	6.07
Volex Plc	6.00
Universe Group Plc	5.14

Source: Maitland as at 30 April 2020

*Holding includes a 0.90% equity and 5.17% 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 31/07/2019)

Key facts as at 30 April 2020

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)
£8.92m

Share price

Class B 132.81p
Class C 85.08p

Number of company holdings

29
(Not including three 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

Manager

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London EC3R 6HD
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Authorised Corporate Director
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Hamilton Centre, Rodney Way,
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Dealing: 034 5305 4215

www.maitlandgroup.com

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: 1.75%
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.

Management charge

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

How to apply

Tel: 020 7630 3319

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

Platforms hosting the Fund

A J Bell	Novia Financial
Aegon	Nucleus Financial
Ascentric	Raymond James
Aviva	SEI Investments
Hargreaves Lansdown	Standard Life
Novia Global	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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