Downing FOUR VCT plc

AIM share class

Tax years 2021/22 and 2022/23

Downing

About this brochure

Welcome to this introduction to the AIM share class offer set out in the Downing FOUR VCT plc Prospectus dated 12 August 2021. You should not rely on this brochure to provide you with full information about Downing FOUR. Please talk to your financial adviser and read the Prospectus before making any decision to invest.

If you are in any doubt about the content of this brochure, the Prospectus, or any action that you should take, please seek advice from a financial adviser authorised under the Financial Services and Markets Act 2000 (FSMA) who specialises in advising on investments of this type.

This brochure constitutes a financial promotion in line with Section 21 of the FSMA. It is issued by Downing LLP (Downing), St Magnus House, 3 Lower Thames Street, London EC3R 6HD. Downing is authorised and regulated by the Financial Conduct Authority in the United Kingdom (Firm Reference Number 545025).

Downing has taken all reasonable care to ensure that the facts in this brochure are true and accurate in all material respects and that there are no other material facts whose omission would make any statement of fact or opinion misleading. All statements of opinion or belief contained in this brochure, and all views expressed and statements made regarding future events, represent Downing's own assessment and interpretation of information available to it at the date of the brochure.

No representation is made, or assurances given, that such statements or views are correct, or that the objectives of the offer will be achieved. Investors must determine for themselves what reliance they should place on such statements, views or forecasts, and Downing does not accept responsibility in respect of these.

Nothing in this brochure constitutes investment, tax, legal or other advice from Downing.

For UK investors only.

Information correct as at 12 August 2021.

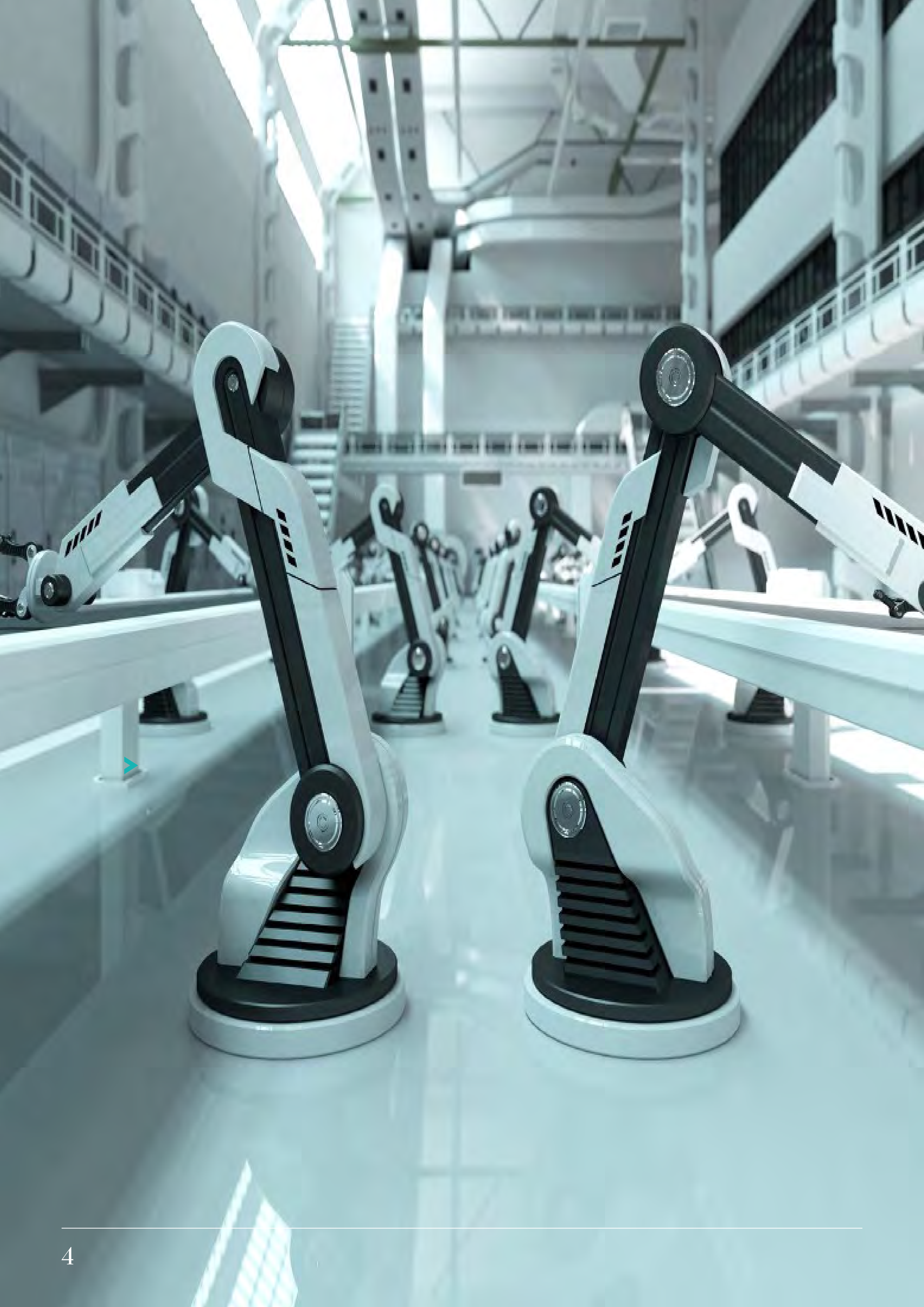
If you have any questions, please email us at sales@downing.co.uk or call us on 020 7630 3319. (Calls may be recorded for monitoring purposes.)

Important note

It's important you understand the risks of investing in a VCT, which are set out on page 16 of this brochure and detailed in the Prospectus.

VCT investments are high risk and not appropriate for everyone. The value of your investment may go down as well as up and you may not get back the full amount you invest. Tax rules and regulations depend on personal circumstances and are subject to change.

What's inside?



About Downing LLP

Our purpose is to make investment more rewarding: rewarding by being profitable for our investors, rewarding by being supportive to the businesses we fund and, through their success, ultimately rewarding for society.

Our role comes with the responsibility of striving to make better returns for our investors from worthwhile businesses.

Central to Downing's ethos is a commitment to the principles of responsible investment. This firm-wide initiative means we will be assessing opportunities for both their profitability – the level of return compared to the risk – and their environmental and social impact.

We believe that putting environmental, social and governance (ESG) criteria at the core of our business will enhance rather than constrain returns.

As a firm, we share three values that guide our decisions and behaviour:

- We are bold and ambitious, coming up with solutions that solve both business challenges and investment objectives for our customers.
- We aim to be as straightforward as possible – with simple, jargon-free interactions that make what we do accessible to all.
- We believe in the power of relationships and mutual support. Downing invests more than money: we provide help and expertise to build lasting relationships with the companies we back and the investors who trust us with their money.

Founded 1986

c. £1.5 billion of assets under management (31 May 2021)

Managing VCTs since 1996

Total VCT assets of over £170 million (31 May 2021)

PRI Principles for Responsible Investment

HealthInvestor Awards 2020 WINNER Private equity investor of the year

GROWTH FINANCE AWARDS | 2019 WINNER BEST FUND MANAGER

Why invest in a venture capital trust (VCT)?

A VCT is a tax-efficient way for you to invest in the growth of smaller UK companies. VCTs were introduced by the government in 1995 to encourage investment in entrepreneurial businesses in return for attractive tax reliefs.

An established part of the investment landscape, £685 million was invested in VCTs in the 2020/21 tax year.*

But there are many investment opportunities out there, so why should you consider a VCT? Investors with a variety of financial planning goals and aspirations put their money into VCTs and here are just a few reasons why you may want to consider investing.

Generous tax benefits

In return for supporting early stage, potentially high growth companies, you can benefit from attractive tax reliefs on investments up to £200,000 each tax year.

> **Reduce your income tax**

You can claim 30% tax relief on the amount you invest. For example, if you invest £20,000 then £6,000 can be taken off your income tax bill. Note, you can only claim tax relief up to your total tax liability.

> **Tax-free dividends**

You won't need to declare any dividends on your tax return.

> **Tax-free growth**

You don't have to pay capital gains tax on any gains you make from your VCT investment.

Note, you shouldn't invest in a VCT solely for the tax benefits, which depend on your personal circumstances and could change in future. Also, you must remain invested in a VCT for five years to retain your income tax relief. Finally, tax reliefs depend on a VCT maintaining its qualifying status, which isn't guaranteed.

*Source: Association of Investment Companies (April 2021)

Potential for tax-free capital growth

VCTs give you exposure to the potential growth of small companies not listed on a main stock exchange. (AIM is not considered a main stock exchange.)

In the past five years, the AIM All-Share Index has increased by 63% compared to the FTSE 100 Index, which has increased by c.5% over the same period.*

But with smaller size comes higher risk. In particular, you may not get back the full amount you invest.

Create a more diversified investment portfolio

You may already invest in funds that track a main stock market or are solely invested in FTSE 100 companies.

With a VCT, you can diversify your investments and shift the balance of your portfolio away from mainstream funds.

* Five years to 7 August 2021 (London Stock Exchange):

Invest in the UK's thriving entrepreneurial landscape

We believe that investments can be more than just financial. VCTs invest in companies at the smaller end of the spectrum, some of whom may find it hard to get funding from traditional sources, such as banks. Backing them can help create jobs, develop the economy and boost the UK's prosperity.

A tax-friendly environment for your investments

High earning individuals with excess cash face restrictions on the amount they can contribute to their pension.

Perhaps you've hit your maximum annual pension contribution or have seen the amount you can contribute decline as your salary has gone up. Or you may not want to tie your savings up in a pension, but have capped out this year's ISA allowance.

With either option a VCT can be an alternative way to complement more mainstream ways of investing.

Bear in mind that a VCT carries risks that you need to be aware of before you invest. We go through these in more detail on page 16 and in the Prospectus. If you are unsure as to whether a VCT may be suitable for you, please speak to your financial adviser.

For more information on VCTs please ask your financial adviser or visit our website at: www.downing.co.uk/investor/products/vct

Downing FOUR VCT: AIM share class

Downing FOUR VCT AIM share class is a new investment offer that seeks to give you a select portfolio of small companies mostly listed on AIM.

Your money will be invested in a VCT which will carefully select a group of companies mainly listed on AIM, with a focus on capital growth.

Key Features

Target raise: £10 million (with capacity for an additional £15 million).

Portfolio strategy: Target initial portfolio of 15-20 companies.

Investment limits: Minimum lump sum - £5,000 (which can be split over two tax years and across all Downing FOUR share classes). Maximum per tax year - £200,000.

Access to your capital: It is Downing FOUR VCT's policy to buy back shares at nil discount to its net asset value - see across.

Share buy-back policy

To retain income tax relief you need to remain invested for a minimum of five years.

However, we realise that sometimes investors may need to access their money. Although they are listed investments VCTs are not liquid, which means it's usually relatively hard to sell shares to release cash. To enhance liquidity, Downing FOUR VCT's policy is to buy back shares that become available on the market at a nil discount to its net asset value.

This is subject to applicable regulations, market conditions and the VCT having available reserves.

Making investment more rewarding

What’s special about the AIM share class?

Below are some of the features we believe make this share class stand out from the VCT crowd.

A highly selective portfolio of new investment opportunities

We will not invest your money across the majority of VCT-qualifying investments on AIM. This approach can result in a ‘tracker’ style portfolio which could include poorer quality companies.

Our aim is to give you a deeply researched, hand-picked portfolio of companies either already listed on AIM or going through a listing on AIM. A minority of companies may be unquoted at the time of investment but intend to list at a later date.

True active management

As well as closely screening for quality, our investment managers develop close relationships with portfolio companies, actively engaging with them to manage the risk to your capital and ensure they remain on track to deliver returns.

Spreading risk

Other VCTs often have holdings in early stage companies. Investing in AIM companies that are generally further along in the business life cycle can help reduce the risk to your capital.

Your money may be invested in new opportunities in various sectors such as healthcare, business services and e-commerce. This potentially spreads your risk compared to VCTs that focus on a specific sector.

Ability to deploy your capital quickly

This share class initially aims to raise £10 million.

This amount allows us to deploy your capital more efficiently than funds that are much larger and avoid holding too much cash, which can act as a drag on returns.

The use of any additonal capacity will depend on the pipeline of opportunities.

How your money is invested

Your investment in the Downing FOUR VCT AIM share class is looked after by Downing Fund Managers - an experienced investment manager with a long-term track record of generating returns from small, growing companies.

Decades of experience investing in small companies

Downing Fund Managers (DFM) has extensive experience in making AIM investments. Our robust research and due diligence processes mean that we only consider companies that meet strict qualifying criteria, in particular:

> High calibre management teams with big ambitions

> A large and defined market for the company's product

> Strong defence against competition

Beyond the number crunching: a 'private equity' approach

Analysing company and market data is a major part of DFM's investment approach. But there's a lot more to picking a suitable investment, including analysing the sources of future profits and the prospects for the sector.

DFM looks beyond a company's numbers and current standing to focus on the long-term potential that could be realised with the right funding and support. This is part of DFM's long-standing private equity approach to investing in quoted shares.

Generalist investors with direct access to specific sector expertise

In line with the nature of the AIM market, DFM are generalist investors. But unlike other AIM investment managers, we have the unique advantage of access to the wider Downing investment team's specialist expertise in certain sectors - including healthcare, enterprise software, and deep tech. This can be invaluable at all stages of the stock selection process.

Also, part of DFM's strategy is to build syndicates with other credible investors, aiming to improve governance and reduce risk.

Actively managed, focused portfolio of companies in diverse sectors

Combining 'deep-dive' research and stringent due diligence with the breadth of Downing's investment knowledge is intended to give you an initial hand-picked portfolio of 15 to 20 companies in different sectors. The portfolio will be actively managed to keep it fresh and focused on providing you with growth on your investment.

As the share class matures and if further funds are raised, we may seek to add more companies to the portfolio.

Types of holdings: Investments in AIM companies will primarily be in shares, although loans and other types of securities are also possible. And to take advantage of specific opportunities, DFM may also invest in private companies who intend to list on AIM. In this scenario, the managers will seek to take a strategic stake to minimise risk and maximise value following listing.

Why invest in AIM listed companies?

Established in 1995, AIM is the world's premier market of its type, a place for ambitious and growing companies to gain investment to help them succeed. At present, AIM is home to over 800 small companies with a combined value of more than £140 billion.*

*London Stock Exchange Issuer List June 2021

As well as various tax reliefs, what do you get with investing in AIM listed companies?

> Exposure to a portfolio of small companies that may have higher growth potential than investments on a main stock market, reflecting their greater level of risk.

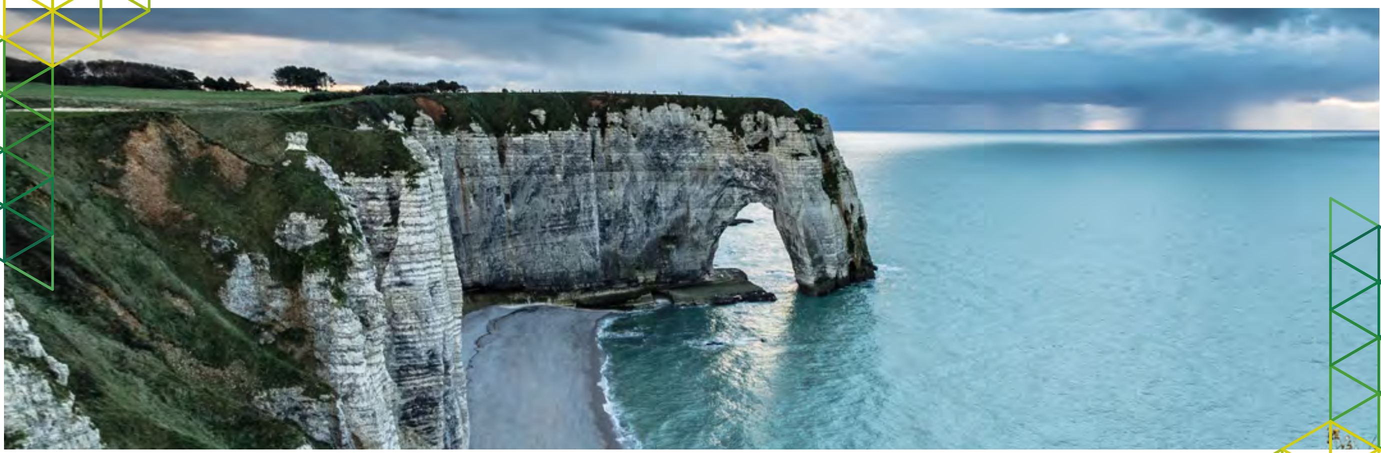
> Investment in companies of various sizes and in various sectors, with business interests and income derived from inside and outside the UK.

> The chance to diversify away from mainstream, larger companies that you may own through your pension plan, ISA or other investments.

> Compared to private equity investment, there are advantages to owning shares in a publicly listed company, such as greater liquidity and the benefits derived from the corporate governance rules for quoted companies.

What does that mean?

Liquidity: the speed and ease by which investors can sell shares and get their money back.



Responsible investment

Downing Fund Managers aim to protect and enhance returns for investors by taking an integrated approach to environmental, social and governance (ESG) issues throughout the investment lifecycle.

An integrated approach

By taking a long-term, sustainable approach to analysis, decision-making and stewardship, Downing Fund Managers strive to take ESG issues into account, mitigate risks and maximise opportunities - the ultimate goal being value creation both through financial returns to shareholders and wider benefits for society.

Our approach is ESG integration rather than blanket negative screening. Holdings in businesses with known ESG risks can be taken provided these are reflected in the current valuation and there is sufficient visibility and influence on management teams to foster change and value creation through an active ownership approach.

This approach ties in with Downing's wider corporate commitment to be a 'Responsible Investor', which is central to the company's ethos as an investment manager.

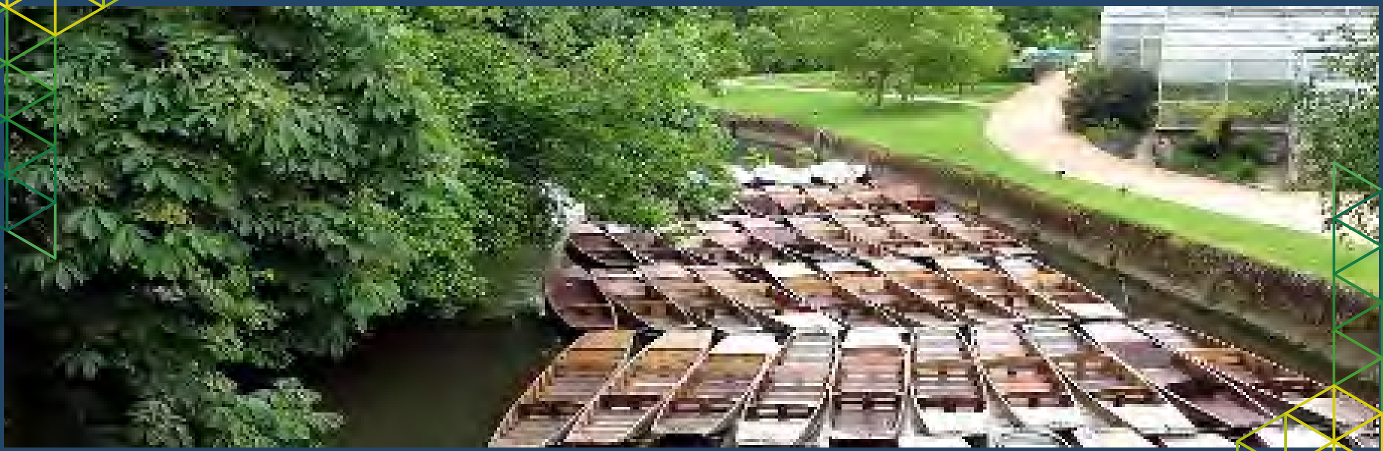
Special focus on good governance

The governance element of ESG investing is a core focus of Downing Fund Managers.

DFM take an active, constructive approach in their relationships with the portfolio companies, aiming to use their experience to enhance corporate governance, protect investors' interests and improve long term value.

Downing is also active at an industry level, being a major supporter of the Quoted Companies Alliance (QCA) and its corporate governance code tailored to small companies.

With the QCA, Downing sponsored the Henley Business School's research report, 'The Role of Non-Executive Directors (NEDS) in Growth Companies', which promotes better governance through a deeper understanding of the roles and responsibilities of chairs and NEDS.



The experienced team investing your money

Investments in Downing FOUR VCT AIM share class are made on your behalf by Downing Fund Managers, who currently manage around £370 million of assets across all portfolios.*

*as at 30 June 2021

Judith MacKenzie
Partner and Head of Downing Fund Managers

Judith joined Downing in October 2009. Previously, she was a partner at Acuity Capital managing AIM-quoted VCT and IHT investments and a smaller companies activist fund. Prior to Acuity, 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. Judith is a non-executive director of the Quoted Companies Alliance and is an active member on boards both in private and public companies.

Nick Hawthorn
Co-Fund Manager

Nick joined Downing in September 2015 from BP Investment Management. Prior to this, he worked for Aberdeen Asset Management. Nick has over eight years of experience in the investment management industry and works across the AIM portfolio mandates, the Downing Strategic Investment Trust, and Downing VCT products. Alongside day-to-day fund management duties, he fulfills board observer rights on Downing portfolio companies. Nick's particular interest is in investigating unloved and overlooked situations in the smaller company universe as these have historically been a source of strong returns. He holds a MSc. in Finance and Investment from Durham University and a MA in Accounting and Economics from the University of Aberdeen.

Josh McCathie
Fund Manager

Josh joined Downing in October 2018, working on the Downing Monthly Income Fund, Downing Strategic Investment Trust and AIM IHT products. Previously, he worked at BRI Wealth Management focusing on UK equities. Josh is keen on identifying companies that can compound above average returns on capital over time, which are under appreciated by the shorter term focus of the wider market. By focusing on companies with strong capital discipline, he believes it offers the potential for the most beneficial shared total returns for the company, investors, employees and the environment. Josh is a CFA Charterholder, CISI Level 7 Chartered Wealth Manager, holds the IMC and was included in the Citywire Top 30 under 30 class of 2018.

As well as the expertise of the wider investment team at Downing, Downing Fund Managers also enlist the services of independent adviser **Donald Robertson**, who is the former co-founder of SVM Asset Management and has over 22 years' smaller company quoted investment experience.

Example investment: Trellus Health plc

Trellus Health provides a connected health solution for managing chronic conditions. The company is a spin-out from EKF Diagnostics plc, held by Downing Fund Managers for a number of years. The initial target of this offering is the large US irritable bowel syndrome market, aiming to provide cost savings for health insurance plans, with the potential to replicate the solution globally and extend to other chronic conditions.

Investment case

> Downing was aware of the technology being commercialised by EKF and involved in 'early look' meetings with the company in advance of its IPO onto AIM.

> The underlying proprietary clinical methodology has been validated at Mount Sinai from over five years of clinical use and has demonstrated an 88-90% reduction in the use of costly healthcare.

> Proposed recurring revenue model features attractive unit economics and high margins.

We invested in Trellus Health with Downing-managed VCT and other funds. This is an example investment to show the type of company that could be included in your portfolio and the way we assess investment opportunities.

The AIM share class is new for this launch and does not yet have a portfolio.

Previous investment: Tracsis plc

Tracsis Plc provides transport software solutions and equipment that automates and optimises labour scheduling for rail and bus services. Mainly based in the UK but expanding to Europe and the US, Tracsis has a blue-chip client base and works extensively with Network Rail, train operators and companies, the Dept. for Transport, TfL, local authorities, major outdoor event organisers, and engineering & infrastructure businesses.

Investment case

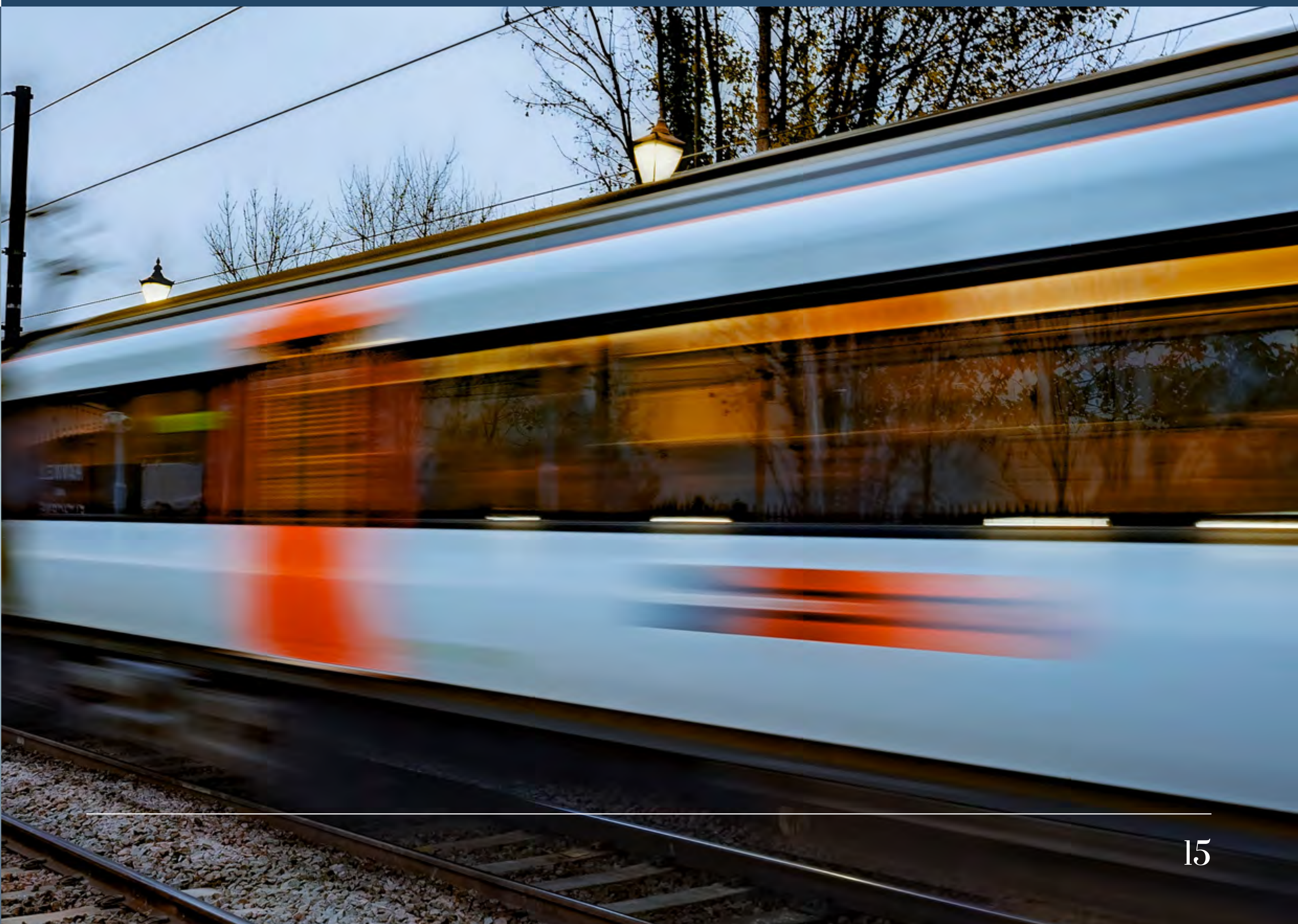
> Long-term software licences associated with the rail refranchise process, underpinning earnings forecasts.

> Respectable free cash flow yield with recurring revenues.

> Significant international potential for condition monitoring equipment and well-positioned for rapid urbanisation, big data and performance in travel.

We invested in Tracsis with Downing-managed VCT and other funds. This is an example investment to show how we engage with companies to help drive performance and returns for investors. Tracsis is no longer available for new investment from VCT funds.

The AIM share class is new for this launch and does not yet have a portfolio.



Key risks

There are always risks involved with investing. Please make sure you are familiar with the following before you invest.

Tax

The availability of the tax reliefs depends on the portfolio companies maintaining their qualifying status. If the VCT loses its status, you could lose the 30% income tax relief and all other tax benefits.

VCT tax reliefs also depend on your personal circumstances and may change in the future.

HMRC provides further details on VCT tax reliefs at www.gov.uk/guidance/venture-capital-schemes-tax-relief-for-investors, or you can speak to your financial adviser.

Investment

Selling shares: It may be difficult for shareholders to sell their shares at a fair price, or at all. However, Downing FOUR's policy is to buy back shares at nil discount to the latest published net asset value. This depends on liquidity, cash resources, regulations, board policy, and is subject to change.

Risk level: Downing FOUR VCT AIM share class will invest in small, AIM-listed and unlisted companies, which, by their nature, are higher risk than larger 'blue-chip' companies quoted on the main market.

Past performance: This is not a reliable guide to future returns.

Investment restrictions: The VCT's ability to obtain maximum value from its investments may be limited by the VCT rules. Changes to the VCT rules may be applied retrospectively and may reduce the level of returns or increase the level of risk for investors.

Investment term: You should be prepared to hold VCT shares for a minimum of five years to qualify for income tax relief.

Concentration: Initially, the share class aims to invest in between 15 and 20 companies, which may vary by sector and value. The relative concentration in the portfolio can create more risk compared to investing in a wider group of companies. Also, there is no guarantee that the target number of companies will be achieved.

Capital and income

Capital: As with all investments, the money you invest is at risk. You may not receive back the full amount you put in. Making money from a VCT is not guaranteed and the value of your shares can go down as well as up.

Income: There is no expectation that dividends will be paid in the early years of this share class. Any future dividend payments will depend on the performance of the portfolio companies.

For a full list of the risks associated with investing in the AIM share class, see pages 7 and 8 of the Prospectus.

Charges and fees

There are a variety of costs involved in building, managing and exiting the portfolio of investments in a VCT. We value transparency, so here are the fees designed to cover these costs. For further details please see pages 17-19 of the Prospectus.

Early bird special offers

1.0% reduction in initial fee for applications received by 29 October 2021 (1.5% reduction for existing Downing investors); 0.5% reduction in initial fee for applications received between 30 October 2019 and 11 February 2022 (1.0% reduction for existing Downing investors).

Charge	Amount	Paid by
Initial fee[1] (before any discounts)	2.5% of the sum invested (via an adviser) **OR** 4.5% of the sum invested (direct or via an intermediary)	Investor
Annual management charge	1.75% p.a. of the net assets of the AIM share class [2]	Downing FOUR VCT

[1] Also referred to as 'promoter's fee' in the Prospectus.

[2] Total running costs are capped at 3.0% p.a. of the net assets of the share class. This includes all the usual running costs (e.g. Downing's annual management charge, administration fees, and secretarial costs) and is inclusive of VAT where applicable.

Downing may also receive the following from the portfolio companies:
- arrangement fees: capped at 3.0% of the sum invested by the VCT.
- monitoring fees: capped at the higher of £10,000 p.a. or 0.5% p.a. of the cost of the investment. This includes any directors' fees for sitting on the boards of the companies.

Downing also charges a trail commission fee to the VCT of 0.25% p.a. of the net asset value of the new shares issued, for five years. Downing uses this to pay the costs of trail commission to the intermediary, where appropriate. If the total cost of trail commission is less than the above amount, Downing will reimburse the VCT for the difference.

The offer

Please read the Prospectus to make sure you understand the key features of the offer.

Price of the offer

The offer price will be calculated on the latest net asset value (NAV), adjusted to reflect Downing's initial fee and, if applicable, any adviser charges, waived commission or early application discounts.

The number of shares to be issued to each applicant will be calculated on the following pricing formula (rounded down to the nearest whole share):

Number of offer shares	=	Amount subscribed, less: (i) Downing's initial charge and (ii) initial adviser charge (if any)	÷	Latest published NAV per offer share

Closing date

The closing date for applications is 3pm on 5 April 2022 for the 2021/22 tax year, and 3pm on 31 May 2022 for the 2022/23 tax year (unless the offer is fully subscribed before then, or extended at the discretion of the VCT's directors).

Online portal

Downing FOUR VCT has an online portal for investors and advisers, which is provided through its Registrar, City Partnership. Investors and advisers can use the portal to view shareholdings, transactions and dividend history - as well as update personal information and get an up-to-date valuation.

Applications for the AIM share class can be made through City Partnership's online receiving agent service.

Reporting

In July each year, we'll send you the annual report and accounts to 31 March.

Each January, we'll also send you a half-yearly report for the six months to 30 September of the previous year.

Conflicts of interest policy

Downing FOUR VCT may co-invest alongside other funds managed or advised by Downing LLP. This can allow the VCT to invest in a broader range of transactions or access larger scale investments than it might otherwise be able to do on its own.

With these relationships, there's a chance that the interests of one group of investors will be in conflict with the interests of another group, or with the interests of Downing.

The VCT's co-investment policy is summarised in the Prospectus. In the event of a conflict of interest, the VCT directors will work with Downing to ensure that any conflicts are resolved fairly and in accordance with Downing's conflicts policy.

What does that mean?

Net asset value (NAV) per offer share: the total value of the assets of the share class less its total liabilities per share.

What to do now

Before you apply, please read the Prospectus, paying particular attention to the risks, and the Key Information Document - or get in touch with your financial adviser to discuss whether this VCT is suitable for you. Please note, Downing does not provide investment or tax advice.

1. When you're ready to invest...

You or your adviser should fill in the online application form, which you can access by going to www.downing.co.uk/d4offer (select AIM share class and then scroll down to 'How to invest'), or by contacting our Sales team.

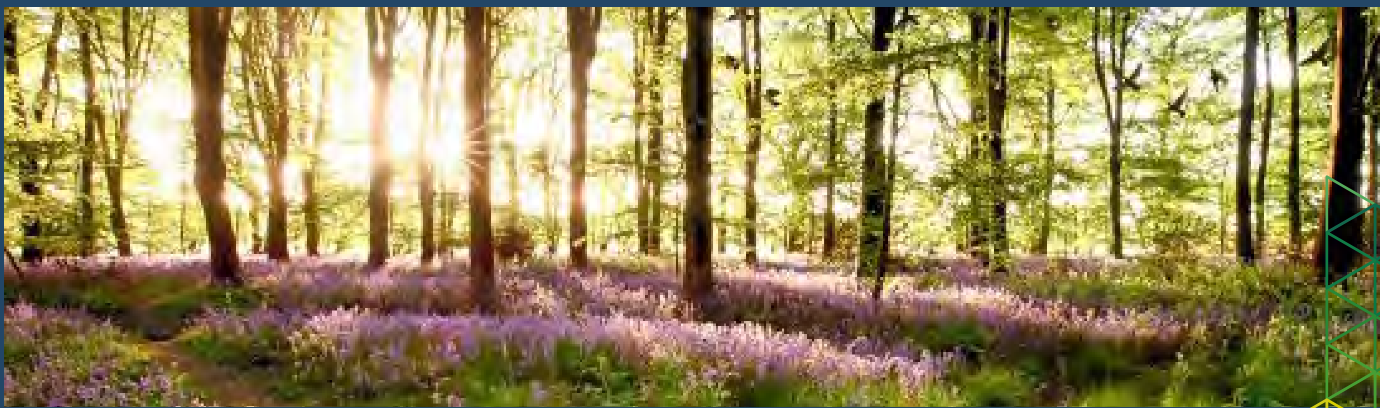
2. After we receive your application...

You and your adviser will receive an email confirming receipt of the application, so you can then arrange to transfer the funds for your investment. We will send you another email confirming that your money has been received.

We intend to make share allotments, i.e. create and issue shares, at least once per quarter. Shortly after your shares have been allotted, we'll send you and your adviser an email, which will contain a PDF version of your tax certificate that you can use to claim income tax relief.

You will receive a share certificate in the post within 10 working days of an allotment.

If you need any more information, call our helpline on **020 7630 3319,** email us at **sales@downing.co.uk**, or visit **www.downing.co.uk/investor/products/vct.**



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12 August 2021

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