

PFS Downing UK Micro-Cap Growth Fund

October
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 AAA¹ and F.E. Five Crown² 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.

¹For the three year risk adjusted performance (31/01/2012 - 31/01/2015) source: Citywire

²source: Trustnet/F.E.

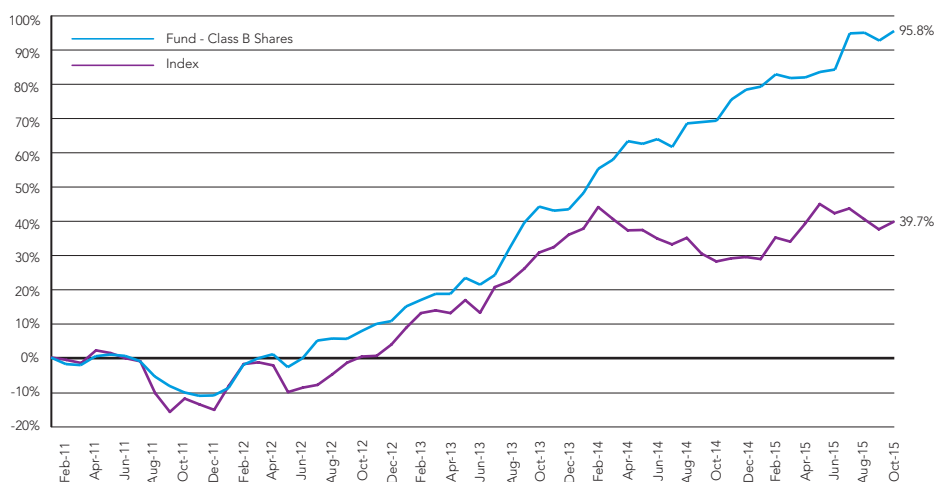
Market commentary

In October, the fund was up 1.43%, slightly under-performing the index which increased by 1.61%. As mentioned last month, we are well into reporting season with a number of our core holdings having now reported interim or full results in October that were broadly in line with expectations, namely Tracsis, Inland Homes, and Braemar.

Inversely, Amino Technologies published a trading update highlighting contract delays which will result in their second half under-performing versus expectation – the shares fell by 30% on the day. Our investment case remains intact and we believed that the sell-off was overdone, and took the opportunity to top up our holding at those depressed levels. We are pleased to have seen the shares recover by around 10%.

Finally, Science in Sport, in which we have been a major shareholder since 2013, announced a placing to fund their international expansion, particularly in Australia and the U.S. We believe that this is the correct strategy for the business, and one which the management team are capable of delivering. We partook in the placing, accepting some dilution of our shareholding in return for a widening of the institutional shareholder base.

Cumulative performance under Downing management*



Cumulative performance - Class B Shares (%)

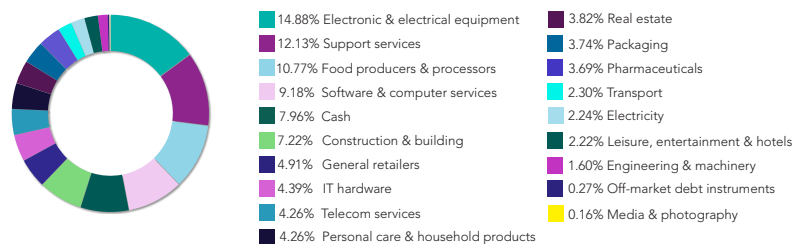
	1m	3m	6m	YTD	1y	3y	5y
Fund	1.43	0.33	7.45	9.64	15.50	81.56	95.36
Index	1.61	-2.70	0.42	8.00	9.07	39.22	56.51

Discrete performance - Class B Shares (%)

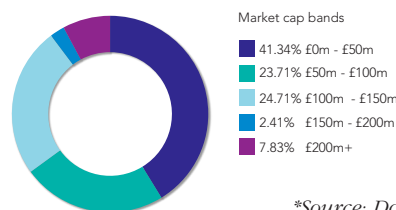
	31/10/2014 31/10/2015	31/10/2013 31/10/2014	31/10/2012 31/10/2013	31/10/2011 31/10/2012	31/10/2010 31/10/2011
Fund	15.50	17.50	33.79	20.04	-10.36
Index	9.07	-1.98	30.22	14.03	-1.41

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: Downing

Top 5 portfolio holdings

Company	% of Fund
Redhall Group PLC	7.2
Universe Group PLC	5.1
Conviviality PLC	4.9
Finsbury Food Group PLC	4.9
Amino Technologies PLC	4.4

As at 31 October 2015, source: Downing

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 31 October 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)
£20.2m

Share price

Class A 166.85p
Class B 179.44p
Class C 117.31p

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

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Authorised Corporate Director

Phoenix Fund Services (UK) Ltd
Springfield Lodge, Colchester Road
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How to apply

Tel: 020 7630 3319
Visit 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.

11 November 2015



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