

Downing AIM Estate Planning Service



Commentary for the quarter ending 31 March 2021

In the three month period ending 31 March 2021, Wynnstay Group (up 44.13%) and Hargreaves Services (up 25.39%) were positive contributors to performance, while Lok'nStore (down 11.85%) and FireAngel (down 20.55%) were detractors.

[Wynnstay](#) announced resilient results despite the unprecedented challenges for the agricultural sector. However, farmer confidence significantly improved with the EU trade deal and stronger farmgate prices. The UK Agriculture Bill creates opportunities with farmers now incentivised for efficiency and environmental initiatives. Trading for the new financial year is in line with management expectations.

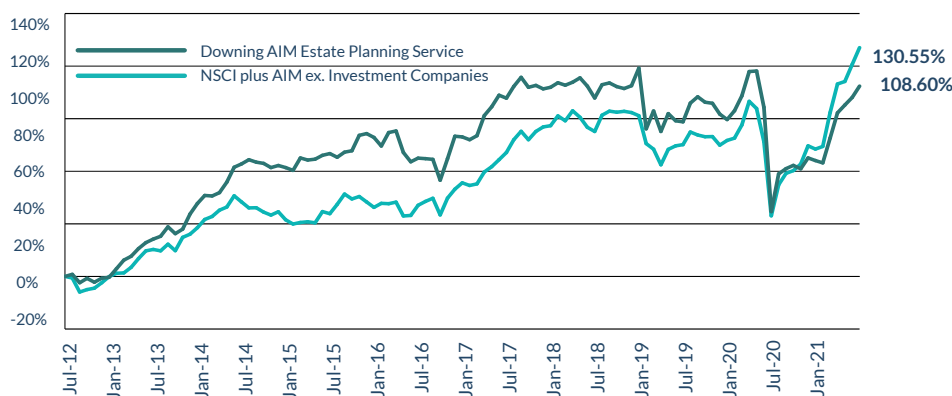
[Hargreaves](#) reported that its German joint venture continues to deliver profits and the group has made significant progress in reshaping its future beyond coal. The reduction in net bank debt was substantial and has been eliminated totally as a result of the sale of speciality coal. [Hargreaves](#) also announced the sale of a further phase of land at Blindwells, and that its specialist earthworks business has been [appointed](#) by the EKFB JV to carry out earthworks on part of the HS2 project.

[Lok'nStore](#) provided an update on trading and reported strong revenue and occupancy growth and an expanding new store pipeline. Self-storage revenue was up 11.0% on the previous year, and unit occupancy was up 24.7%, a gain of 175,897 sq. ft over 12 months. This positive news was not reflected in the share price. A pipeline of new stores will add considerable momentum to sales and earnings growth over the medium term. More sites for further new store openings are being actively targeted.

[FireAngel](#) issued a trading update and reported that Covid-19 resulted in the group reporting reduced sales and a delay in making substantive progress on its Connected Homes strategy. However, the recovery in markets and subsequent positive trading trajectory has been encouraging. The group recently [announced a contract](#) win with a Scottish Social Housing customer, it has [launched](#) and received an initial order for its New Generation Cellular Gateway, and has been selected as an official supplier to the UK Fire and Rescue Service for the next four years.

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	3.21	7.90	25.58	7.90	52.23	3.35	24.54	108.60
Index*	4.34	9.90	33.53	9.90	71.31	26.22	63.94	130.55

Discrete performance (%)					
	31/03/2020 - 31/03/2021	31/03/2019 - 31/03/2020	31/03/2018 - 31/03/2019	31/03/2017 - 31/03/2018	31/03/2016 - 31/03/2017
Service	52.23	-27.19	-6.75	0.05	20.44
Index*	71.31	-23.18	-4.09	6.98	21.41



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 7.90% for the three-month period ending 31 March 2021 compared with the index, which was up 9.90%.

The Downing AIM Estate Planning Service launched in March 2012.

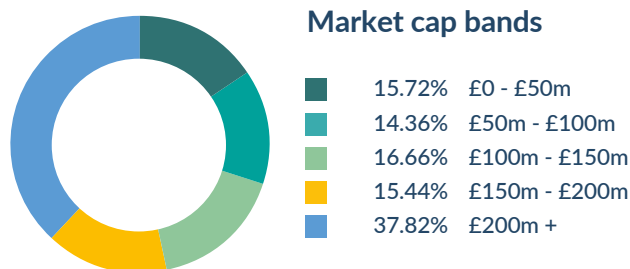
**The Index is shown for illustrative purposes only and is not considered directly comparable to the performance of this Service. Index: Numis Smaller Companies Index Plus AIM Ex. Investment Companies. Source of Service data: IBP Markets Ltd & Downing LLP. Source of Index data: Numis.*

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

Portfolio summary As at 31 March 2021

Top 5 portfolio holdings	%
Volex plc	7.37
Caretech Holdings plc	6.82
Strix Group plc	5.61
Latham (James) plc	5.55
Hargreaves Services plc	5.05

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 The Downing AIM Estate Planning Service.

About the Downing AIM Estate Planning Service

The Downing AIM Estate Planning Service 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.

The Downing AIM Estate Planning Service 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

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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