

MI Downing UK Micro-Cap Growth Fund

November
2017



About the Fund

MI 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 - F.E. Three Crown¹ 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 diversification.
- ▶ Access to strategic investments.
- ▶ Only invests in profitable businesses with strong management teams and a sustainable competitive advantage.

¹Source: Trustnet/FE (for the three year period to 31/07/2017)

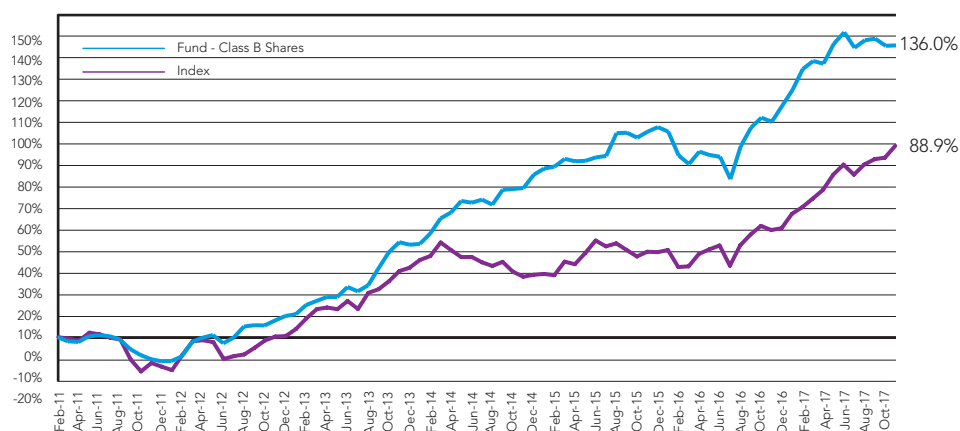
Market commentary

In the month, the Fund gained 0.1%, underperforming the benchmark by 2.9%. Positive contributors to performance included Smart Metering Systems plc (up 16.3%) and Adept Telecom plc (up 12.3%). Detractors included Redhall Group plc (down 17.3%) Universe Group plc (down 19.7%).

Smart Metering Systems announced a positive set of interim results with revenues up 14% and the company's portfolio of meters and data assets up 34% for the six months to 30 June 2017. We believe the company will continue to benefit from the mandatory roll out of smart meters through to the end of 2020. Adept Telecom issued a positive AGM statement in October, indicating an 13.3% increase to the interim dividend. We believe that the business remains attractively priced, especially in light of their recent acquisition of Atomwide.

Redhall announced the slippage of one of their large engineering contracts. As a result, the margin on this will not be realised until the year ending 30 September 2018. This is a delay rather than a contract termination so our investment case remains unchanged. Universe Group shares continued to sell off during October on the back of a cautious outlook statement in their interim results released in September. The financial results, as in past years, are second half weighted and the recent interim statement pointed to potential delays in the completion of key, high value implementations which would result in them missing current market expectations.

Cumulative performance under Downing management



The graph shows the cumulative performance under Downing management (since Feb 2011)

Cumulative performance - Class B Shares (%)

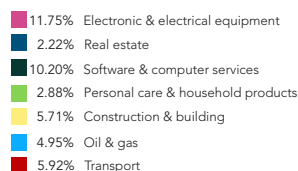
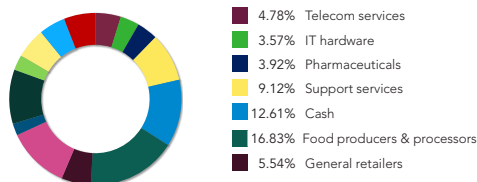
	1m	3m	6m	YTD	1y	3y	5y
Fund	0.09	-1.00	-0.30	9.67	17.77	39.26	118.92
Index	3.00	4.87	7.65	20.10	26.13	47.52	88.29

Discrete performance - Class B Shares (%)

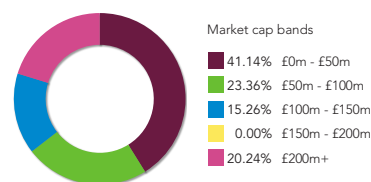
	31/10/2016 31/10/2017	31/10/2015 31/10/2016	31/10/2014 31/10/2015	31/10/2013 31/10/2014	31/10/2012 31/10/2013
Fund	17.77	2.38	15.50	17.50	33.79
Index	26.13	7.23	9.07	-1.98	30.22

Index: Numis Smaller Companies Index Plus AIM Excluding Investment Trusts. Source of all Fund data is Maitland Institutional Services, source of all index data is Thomson Reuters. 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*



Top 5 portfolio holdings*

Company	% of Fund
Real Good Food PLC	8.62**
Redhall Group PLC	5.71
Pennant International Group PLC	5.01
Smart Metering Systems PLC	4.95
Adept Telecom PLC	4.78

*Source: Maitland Institutional Services

As at 31 October 2017

**Holding includes an 1.62% equity and 7.00% 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, and is a Fellow of the Securities Institute.

Key facts as at 31 October 2017

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)
£32.9m

Share price

Class B 216.36p
Class C 137.65p

Number of holdings

28*

Dividends

Accumulation only

Liquidity

Daily pricing and daily dealing

ISIN codes:

B Accumulation GB00B2403R79
C Accumulation GB00B7SB5C00

*This does not include the two holdings which have been written down to zero.

Contact details

Manager

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Horseferry Road, London SW1P 2AL
Tel: 020 7416 7780

Authorised Corporate Director

Maitland Institutional Services Ltd
Springfield Lodge, Colchester Road
Chelmsford, Essex CM2 5PW

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: 1.33%
C Accumulation: 1.08%

Ongoing charges are based on expenses, including the annual management charge, for the year ending 31 January 2017. These figures may vary. It excludes portfolio transaction costs.

Management charge

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

Performance charge

There are performance fees on the C Share class only. Full details can be found in the Key Investor Information Document.

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
Aegon	Novia Global
Ascentric	Novia Financial
Aviva	Nucleus Financial
Cofunds Institutional	SEI Investments
Cofunds Retail	Standard Life
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 Maitland Institutional Services. Downing 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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16 November 2017



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