

5 June 2020



Dear Shareholder,

**Downing Strategic Micro-Cap Investment Trust plc – Annual General Meeting 2020**

With public meetings banned, we are going to hold, as best we can, an electronic, 'virtual' AGM using the conferencing software Zoom. Planning that has taken time, but I can now confirm that the third AGM of Downing Strategic Micro-Cap Investment Trust plc will be held at **2:15pm on Wednesday 1 July 2020**. Please adjust your diaries and note the requests that come with this letter.

Notice of the meeting and your proxy form are attached and some notes in respect of the special business to be dealt with at the meeting are included overleaf.

If you wish to attend the meeting on Zoom, please send an email with your name, postcode and shareholding to [dsmagm@downing.co.uk](mailto:dsmagm@downing.co.uk). We will then tell you how to register using details that will be emailed to you nearer the meeting date. Voting will have to be by proxy only, which will be managed by the registrars. Please ensure that you have submitted your email by 2:15pm on Monday 29 June 2020 in order to allow time for the registration process.

As the meeting will not be in the same form as a usual physical meeting with voting cards, I request that shareholders do the following:

- (i) Submit proxy forms ahead of the meeting indicating your votes so that these can be confirmed by the registrars.
- (ii) Submit any questions you may have on the Annual Report or matters relevant to the formal AGM business by email to the address noted above.

You can submit your proxy votes by completing and returning your proxy form by post or by voting online in accordance with the enclosed instructions.

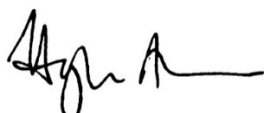
We will run the formal AGM business by first taking any questions submitted by shareholders on the Report and Accounts, then taking the resolutions, announcing the votes on each. We are not going to attempt a 'show of hands' on Zoom or questions on formal business not emailed ahead of the meeting.

After formal business we will move on to presentations from our managers covering developments in the portfolio and their views looking forward. For this part of the meeting, we will use the text process in Zoom so that shareholders can submit questions in text during the presentations, to which the managers can respond when convenient.

Fingers crossed! Although this new way of holding our AGM will initially be a learning process, I am sure it will result in changes to the way we run meetings in future after the pandemic is behind us and that should bring benefits for both the company and shareholders.

I hope you will be able to attend on 1 July at 2:15pm.

Yours sincerely



**Hugh Aldous**  
Chairman

# **Downing Strategic Micro-Cap Investment Trust plc**

## **Notes in respect of special business to be proposed at the Annual General Meeting**

Resolutions relating to the following items of special business will be proposed at the forthcoming AGM to be held on 1 July 2020:

### **Resolution 8**

#### **Authority to allot shares**

The directors may only allot shares for cash if authorised to do so by shareholders in a general meeting. Company law permits that authority to be given to allot up to 20% of current issued share capital. Any such allotment under this authority would have to be made for cash at net asset value or above (as set out in resolution 9). This resolution, 8, seeks to renew the existing authority of the directors to allot ordinary shares for cash up to an aggregate nominal amount of £10,893 (or such other amount as shall be equivalent to 20% of the Company's issued ordinary share capital (excluding treasury shares) as at the date of the Notice of AGM). DSM is a small investment company and, in light of the updated guidance from the Pre-Emption Group, the board has decided it would be worthwhile to seek authority to allot up to 20% of the current issued share capital, which would increase the liquidity of the shares in the market. This authority will ensure that the Company has maximum flexibility.

### **Resolution 9**

#### **Authority to disapply pre-exemption rights**

By law, directors require specific authority from shareholders before allotting new shares or selling shares out of treasury for cash without first offering them to existing shareholders in proportion to their holdings. Resolution 9 empowers the directors to allot new ordinary shares for cash or to sell shares held by the Company in treasury, otherwise than to existing shareholders on a pro rata basis, up to an aggregate nominal amount of £10,893 (or such other amount as shall be equivalent to 20% of the Company's issued ordinary share capital (excluding treasury shares) as at the date of the Notice of AGM).

### **Resolution 10**

#### **Authority to make market purchase of the Company's shares**

The resolution to be proposed will seek to renew the authority granted to directors enabling the Company to purchase its own shares. The directors will only consider repurchasing shares in the market if they believe it to be in shareholders' interests and as a means of correcting any imbalance between supply and demand for the Company's shares. The directors are seeking authority to purchase up to 8,164,603 (being the equivalent of 14.99% of the issued ordinary share capital (excluding treasury shares) or such other amount as shall be equivalent to 14.99% of the Company's issued ordinary share capital (excluding treasury shares) as at the date of passing the resolution. This authority will expire at the conclusion of the AGM to be held in 2021 unless renewed prior to that date. Any ordinary shares purchased pursuant to resolution 10 shall be cancelled immediately upon completion of the purchase or held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Companies Act 2006.

# Downing Strategic Micro-Cap Investment Trust PLC

## Notice of Annual General Meeting

Notice is hereby given that the third Annual General Meeting of Downing Strategic Micro-Cap Investment Trust plc will be held at 2:15pm on 1 July 2020.

The meeting will be held on an online platform through which shareholders who register before the meeting will be able to attend. Shareholders wishing to register to attend should send an email to [dsmagm@downing.co.uk](mailto:dsmagm@downing.co.uk) with a request for registration details by 2:15pm on 29 June 2020.

The following business will be dealt with at the meeting:

### Ordinary business

1. To receive the Directors' Report and the financial statements for the year ended 29 February 2020 with the report of the Auditor thereon.
2. To approve the Directors' Remuneration Report for the year ended 29 February 2020.
3. To approve the payment of a dividend of 1.6p per share to be paid on 3 July 2020
4. To elect William Dawkins as a Director.
5. To elect Robert Legget as a Director.
6. To re-appoint BDO LLP as auditor to the Company to hold office from the conclusion of the annual general meeting of the Company until the conclusion of the next general meeting at which financial statements are laid before the Company.
7. To authorise the Audit Committee to determine the Auditor's remuneration.

### Special business

#### Ordinary resolution

8. THAT the Directors of the Company be and they are hereby generally and unconditionally authorised, (in substitution of any authorities previously granted), in accordance with Section 551 of the Companies Act 2006 (the Act) to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 551 of the Act) up to an aggregate nominal amount of £10,893, representing approximately 20% of the Company's issued Ordinary Share capital (excluding treasury shares) as at the date of this notice provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2021 unless renewed at a general meeting prior to such time, save that the Company may before such expiry make offers, agreements or arrangements which would or might require relevant securities to be allotted after such expiry and so that the Directors of the Company may allot relevant securities in pursuance of such offers, agreements or arrangements as if the authority conferred hereby had not expired.

### Special resolutions

9. THAT subject to the passing of Resolution 8 above, the Directors of the Company be and are hereby empowered pursuant to Sections 570 and 573 of the Companies Act 2006 (the Act) to allot and make offers of agreement to allot equity securities (within the meaning of Section 560 of the Act) and to sell equity securities held by the Company as treasury shares (as defined in section 724 of the Act) for cash pursuant to the authority conferred by Resolution 7 above as if Section 561(1) of the Act did not apply to any such allotment and sales of equity securities, provided this authority:
- a. shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2021 save that the Company may before such expiry make offers, agreements or arrangements which would or might require equity securities to be allotted or sold after such expiry and so that the Directors of the Company may allot and sell equity securities in pursuance of such offers, agreements or arrangements as if the authority conferred hereby had not expired;
  - b. shall be limited to the allotment of equity securities and/or sale of equity securities held in treasury for cash up to an aggregate nominal amount of £10,893 (representing approximately 20% of the Company's issued Ordinary Share capital (excluding treasury shares) as at the date of this notice; and
  - c. shall be limited to the allotment of equity securities and/or sale of equity securities held in treasury at a price not less than the cum income net asset value per share as close as practicable to the allotment or sale.
10. THAT in substitution of any authorities previously granted to make market purchases of ordinary shares of 0.1 pence in the Company (ordinary shares), the Company be and it is hereby authorised in accordance with section 701 of the Companies Act 2006 (the Act) to make market purchases of ordinary shares (within the meaning of section 693 of the Act) provided that:
- a. the maximum number of ordinary shares hereby authorised to be purchased is 8,164,603 (being the equivalent of 14.99% of the issued ordinary share capital (excluding treasury shares) or such other amount as shall be equivalent to 14.99% of the Company's issued ordinary share capital (excluding treasury shares) as at the date of passing the resolution;
  - b. the minimum price (exclusive of expenses) which may be paid for an ordinary share shall be the nominal value per share;
  - c. the maximum price (exclusive of expenses) which may be paid for any such ordinary share shall be the higher of (i) 105% of the average of the middle market quotations (as derived from the Official List) of the ordinary shares for the five dealing days prior to the date on which the market purchase is made and (ii) the higher of the price quoted for (a) the last independent trade of and (b) the highest current independent bid for, any number of ordinary shares on the trading venue where the purchase is carried out; and
  - d. unless revoked, varied or renewed prior to such time, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company to be held in 2021 save that the Company may, prior to such expiry enter into a contract to purchase ordinary shares which will or may be completed or executed wholly or partly after such expiry.

All ordinary shares purchased pursuant to the above authority shall either be:

- (i) held, sold, transferred or otherwise dealt with as treasury shares in accordance with the provisions of the Act; or
- (ii) cancelled immediately upon completion of the purchase.

Dated 5 June 2020

By Order of the Board

Grant Whitehouse  
**Secretary**

**Registered Office:**

St Magnus House,  
3 Lower Thames Street,  
London  
EC3M 6HD

**Notes**

- i. This Notice of Annual General Meeting (AGM) is sent to holders of Ordinary Shares, all of whom are entitled to attend, speak and vote at the above AGM.
- ii. Members entitled to attend and vote at the AGM are also entitled to appoint one or more proxies to exercise all or any of their rights to attend and speak and vote on their behalf. Where multiple proxies are appointed, they must be appointed to exercise the rights in relation to different Ordinary Shares. Proxies need not be members of the Company.
- iii. A form of proxy is sent to members with this notice. To be valid the form of proxy and any power of attorney or other authority (if any) under which it is signed (or a notarially certified copy of that power of attorney or authority) must be completed and returned to the office of the Company's Registrar as soon as possible but so as to arrive no later than 2:15pm on 29 June 2020. Where multiple proxies are being appointed additional forms should be obtained from the Company's Registrar and a separate form completed for each proxy identifying, that the proxy is a multiple form and the different Ordinary Shares that each proxy represents. Completion and return of form(s) of proxy will not preclude a member from attending, speaking, and voting in person at the AGM.
- iv. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- v. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("EUI") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent Computershare (ID: 3RA50) by 2:15pm on 29 June 2020. In this respect the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message in the manner prescribed by CREST.

- vi. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by the particular time the CREST member requires.
- vii. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- viii. A person who is not a member of the Company and receives this notice of meeting as a person nominated by a member to enjoy information rights under Section 146 of the Companies Act 2006 ("Act") does not have a right to appoint proxies. However, if a nominated person has an agreement with the member who nominated them, the nominated person may have a right to be appointed as a proxy or a right to instruct the member as to the exercise of voting rights at the AGM.
- ix. Shareholders entered on the Register of Members of the Company at the close of business on 29 June 2020, or the close of business on the day two days prior to the time of an adjourned meeting, shall be entitled to attend and vote at the AGM. Any changes to the Register of Members after such dates shall be disregarded in determining the rights of any Shareholders to attend and vote at the AGM.
- x. Under Section 319(A) of the Act, the Company must cause to be answered any question relating to the business being dealt with at the AGM put by a member attending the AGM unless answering the question would interfere unduly with the preparation for the meeting, would involve the disclosure of confidential information, an answer has already been given on a website, or is undesirable in the interests of the Company or the good order of the AGM.
- xi. Members may not use any electronic address provided in this notice or any related document(s) to communicate with the Company for any purpose other than as specifically stated.
- xii. As at 4 June 2020, the latest practicable date prior to the publication of this notice, the Company's issued share capital comprised 55,550,002 Ordinary Shares of 0.1 pence each, of which 1,083,000 are held in treasury. Each Ordinary Share carries a right to one vote at general meetings of the Company and accordingly the total number of voting rights in the Company as at 4 June 2020 is 54,467,002.
- xiii. Information regarding the AGM, including the information required by Section 311A of the Act, can be found on the Company's website at [www.downingstrategic.co.uk](http://www.downingstrategic.co.uk).
- xiv. No Director has a service agreement with the Company. Directors' letters of appointment can be viewed by contacting the Company Secretary.
- xv. Member(s) have a right in accordance with Section 338 of the Act to require the Company to give to members of the Company entitled to receive the above notice of meeting, notice of any resolution which they may properly move at the meeting. Under Section 338A of the Act member(s) may request the Company to include in the business to be dealt with at the meeting any matter, other than a proposed resolution, which may be properly included in that business.
- xvi. Members may require the Company, under Section 527 of the Act, to publish on a website a statement setting out any matter relating to the audit of the Company's Financial Statements being laid before the meeting, including the Auditor's report and the conduct of the audit at the Company's expense. Where the Company is required to place such a statement on a website it must forward the statement to the Auditor not later than the time it makes the statement available on that website, and include the statement in the business to be dealt with at the meeting.