

# MI Downing UK Micro-Cap Growth Fund



## June 2020 Commentary

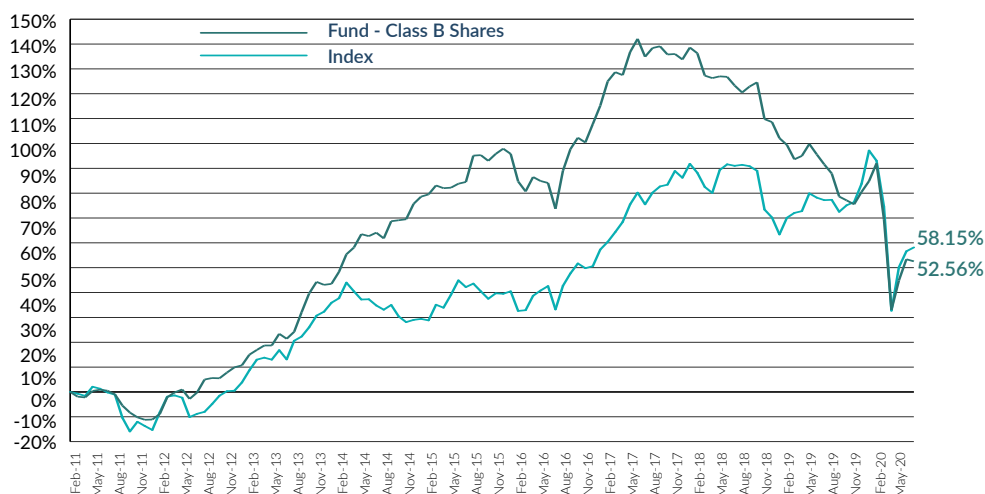
In the month, the Fund returned -0.54%, versus the index which returned 0.97%. While this was a disappointing relative performance, we have been encouraged by the fund's performance through this crisis and we believe many of our largest positions have strong near and medium-term catalysts to deliver value.

Positive contribution came from [Venture Life](#), which had a positive trading update in the month, and [DX Group](#), which has seen widespread director buying coupled with a significant sell-side upgrade at the beginning of July. Negative contributors were [Circle Property](#) and [Universe Group](#), neither had any material newsflow in the month.

The Fund added two new tactical/toehold positions in the month. The first is a market leader across two industries and with a market cap now below asset replacement cost, we think this offers a relatively de-risked entry price. The second is a holding company for, and trading at a significant discount to, a large European telco.

*Opinions expressed represent the views of the Fund Manager at the time of publication, are subject to change, and should not be interpreted as investment advice.*

## 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	-0.54	14.66	-17.47	-17.47	-20.36	-35.07	-17.32
Index	0.97	19.17	-19.78	-19.78	-10.74	-9.90	11.25

Discrete performance - Class B Shares (%)					
	30/06/2019 - 30/06/2020	30/06/2018 - 30/06/2019	30/06/2017 - 30/06/2018	30/06/2016 - 30/06/2017	30/06/2015 - 30/06/2016
Fund	-20.36	-14.20	-4.97	35.24	-5.85
Index	-10.74	-7.22	8.80	31.80	-6.33

**Index:** Numis Smaller Companies Index Plus AIM Excluding Investment Trusts. Source of all Fund data is Maitland Institutional Services Limited (Maitland), source of all index data is Numis Securities Limited. The Index does not reflect fees, brokerage commissions, taxes or other expenses of investing. Investors cannot invest directly in an index. **Downing LLP is responsible for Fund performance from 4 February 2011, the effective date of the investment management mandate. Please note that past performance is not a reliable indicator of future results.**



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.

## About the Fund

MI Downing UK Micro-Cap Growth Fund ("the Fund") aims to invest in a portfolio of up to 40 UK companies within the Numis Smaller Companies Indices - typically those with market capitalisations between £20 million and £350 million\*.

The Fund seeks to generate capital growth, whilst retaining a strong focus on capital preservation.

\*Please note, the fund retains its ability to hold shares in companies which are capitalised greater than £350 million where it is deemed beneficial to the fund.

## Why Downing Micro-Cap?

- ▶ Private equity approach to micro-cap companies, drawing on Downing's private equity and venture capital heritage.
- ▶ Value strategy with rigorous bottom up approach.
- ▶ Exhaustive diligence process that can take up to 18 months.
- ▶ Seeks to invest in profitable businesses with strong management and a sustainable competitive advantage.

# Portfolio summary

As at 30 June 2020

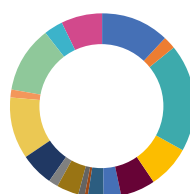
## Top 5 holdings

	% of Fund
Norman Broadbent Plc	7.45
Universe Group Plc	7.29
CentralNic Group Plc	6.94
Real Good Food Company Plc*	6.10
Volex Plc	5.85

Source of Top 5 holdings and Sector: Maitland

\*Holding includes a 1.11% equity and 4.99% debt split

## Portfolio by Sector



12.08%	Cash	3.97%	Media & Photography
2.25%	Construction & building materials	1.74%	Personal Care & Household Products
18.84%	Electronic & electrical equipment	5.71%	Real Estate
7.48%	Engineering & Machinery	10.93%	Software & Computer Services
6.10%	Food producers & processors	1.36%	Speciality & Other Finance
3.11%	General Retailers	11.66%	Support Services
2.78%	Health	3.51%	Telecom Services
0.62%	Investment Companies	6.81%	Transport
1.03%	Leisure, Entertainment & Hotels		

## Portfolio by Market Cap



Market cap bands	
53.25%	£0m - £50m
24.17%	£50m - £100m
2.24%	£100m - £150m
11.65%	£150m - £200m
8.69%	£200m+

Source of market cap data: Factset

## Key facts As at 30 June 2020

### Structure

London listed Open Ended Investment Company (OEIC), established as a "UCITS scheme".

### Incorporation date and date of transfer to Downing and change of ACD

September 2008 / February 2011

### Fund size

£9.23m (B & C share class combined)

### Share price

Class B: 139.83p

Class C: 89.61p

### Number of company holdings

30 (not including 3 holdings which have been written down to zero)

### Dividends

Accumulation only

### Liquidity

Daily pricing and daily dealing

### Minimum initial investment

B Accumulation - £1,000

C Accumulation - £100,000

B Share class monthly savings plan available. Monthly contributions of £100 can be made via standing order on the first business day of each month.

### ISIN Codes:

B Accumulation: GB00B2403R79

C Accumulation: GB00B75B5C00

### Contact details

#### Manager

Downing LLP, St Magnus House,  
3 Lower Thames Street,  
London EC3R 6HD  
Tel: 020 7416 7780

#### Authorised Corporate Director

Maitland Institutional Services Ltd  
Hamilton Centre, Rodney Way,  
Chelmsford, Essex, CM1 3BY  
Dealing: 034 5305 4215

[www.maitlandgroup.com](http://www.maitlandgroup.com)

### Fund charges

Initial charges

B & C Accumulation: 5.00%

Ongoing charges

B Accumulation: 1.75%

C Accumulation: 1.50%

Ongoing charges are based on the last year's expenses, including the annual management charge. Figures are as at 31 January 2020.

These figures may vary. They exclude portfolio transaction costs.

Annual Management Charges

B Accumulation: 1.00% per annum

C Accumulation: 0.75% per annum

### How to apply:

Telephone: +44 (0) 20 7630 3319 or visit: [www.downing.co.uk](http://www.downing.co.uk) to access the Application Form

Also available on the following platforms:

AJ Bell

Aegon

Ascentric

Aviva

Hargreaves Lansdown

Novia Global

Novia Financial

Nucleus Financial

Raymond James

SEI Investments

Standard Life

Transact

We are currently working with the platforms so please let us know if yours is not listed above.

**Risk warning:** Your capital is at risk. Investments and 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 Limited. Downing LLP 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. Past performance is not a guide to future returns. Please refer to the latest full Prospectus and KIID before investing; your attention is drawn to the risk, fees and taxation factors contained therein.

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