

MI Downing UK Micro-Cap Growth Fund



September 2020 Commentary

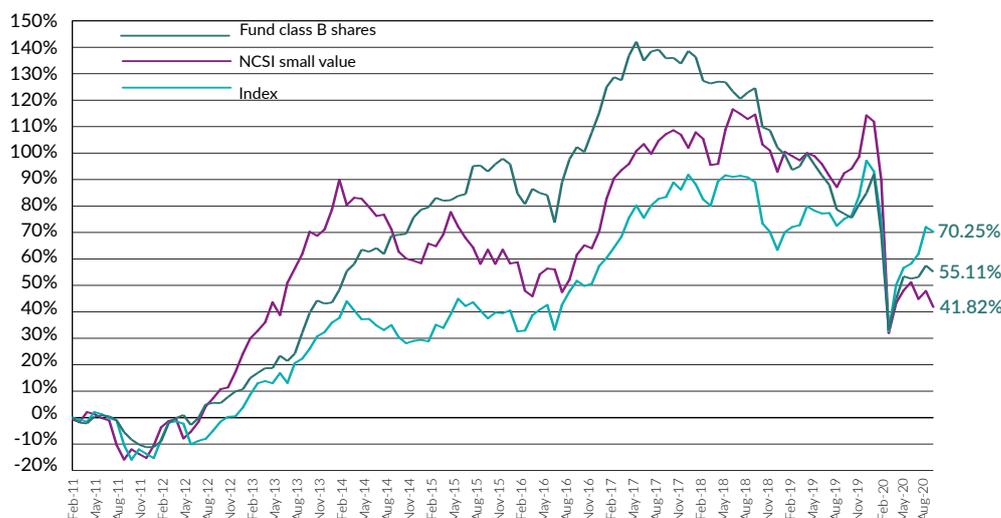
The fund returned -1.52% in the month, underperforming against the NSCI index which returned -1.06%. From this month, we will begin to show the NSCI "Small Value" segment of the index, as well as the NSCI index, which we think provides a useful comparator for our small and micro company focused fund which invests using a value strategy. The NSCI Small Value segment returned -4.10% in the month. Year to date (since the coronavirus outbreak), the fund has significantly outperformed the NSCI Small Value segment by over 17.72%, reflecting successful stock picking under the new mandate.

Positive contributions came from EKF Diagnostics (+8.76%), DX Group (+7.81%) and Venture Life (+3.21%). All reported strong results in the period, with EKF and Venture Life benefitting somewhat from the effects of Covid-19. Other notable newsflow came from Avingtrans (+15.57%), who reported robust results and announced a £36 million HS2 contract, and Flowtech (+13.01), who reported resilient trading and cash generation and progress with management's recovery plan.

Negative contributions came from Universe Group (-12.38%) and Synectics (-15.09%). Universe's interim results were significantly affected by Covid-19 but the group noted a more positive outlook. Synectics issued a trading update which highlighted adverse trading due to Covid-19 as its major customers are in the global casino and gaming space where recovery has been delayed.

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	-1.52	1.67	16.58	-16.09	-12.41	-34.23	-19.63
Index	-1.06	7.65	28.29	-13.64	-2.78	-7.19	23.83
Small Value	-4.10	-6.20	7.44	-33.81	-26.28	-32.02	-10.31

Discrete performance - Class B Shares (%)

	30/09/2019 - 30/09/2020	30/09/2018 - 30/09/2019	30/09/2017 - 30/09/2018	30/09/2016 - 30/09/2017	30/09/2015 - 30/09/2016
Fund	-12.41	-21.16	-4.76	16.60	4.79
Index	-2.78	-7.34	3.04	21.26	10.02
Small Value	-26.28	-10.35	2.86	26.32	4.45

Index: Numis Smaller Companies Index Plus AIM Excluding Investment Trusts. Source of all index data and Numis Small Value data is Numis Securities Limited. These do not reflect fees, brokerage commissions, taxes or other expenses of investing. Investors cannot invest directly in an index. Please note the Numis Small Value segment is not the benchmark for the fund. Source of all fund data is Maitland Institutional Services Limited (Maitland). **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.**



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.

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 September 2020

Top 5 holdings

	% of fund
CentralNic Group Plc	6.43
Real Good Food Company Plc*	6.07
Norman Broadbent Plc	6.02
Universe Group Plc	5.46
Volex Plc	4.19

Source of Top 5 holdings and Sector: Maitland

*Holding includes a 1.06% equity and 5.01% debt split

Portfolio by Sector



Portfolio by Market Cap



Source of market cap data: Factset

Key facts As at 30 September 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

£9.18m (B & C share class combined)

Share price

Class B: 142.17p

Class C: 91.17p

Number of company holdings

31 (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

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Authorised Corporate Director

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Hamilton Centre, Rodney Way,
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Dealing: 034 5305 4215

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 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 other platforms so please let us know if yours is not listed above.



Trustnet/F.E (for the three-year period to 31/07/2020)

www.DowningUKMicro.co.uk

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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