

September  
2018

## August commentary

In August, the NAV decreased by 0.19%. Positive contributions came from Volex plc and Ramsdens Holdings plc, while there were negative contributions from AdePT Telecom plc, and Real Good Food plc.

Additionally, the Trust made a commitment to a new investment, Duke Royalty plc. As at 31 August 2018, the new position represented 4.45% of the Trust NAV and Downing managed funds combined own over 6.4% of the equity.

*For more detailed analysis of our underlying holdings, performance and process, please see our quarterly Investor Letters. Data source: Maitland Institutional Services and Factset.*

## Discrete performance

**Rolling 12-month period -8.29% (31/08/2017-31/08/2018)**

Fund discrete performance (%)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2018	-0.98	-1.49	-1.76	-1.15	1.14	-2.24	-1.04	-0.19					-7.48
2017 <sup>1</sup>					-0.02	-0.12	-0.64	-1.31	-0.16	-1.02	-0.55	0.86	-2.94

*Please note that past performance is not a reliable indicator of future results.*

## Trust objectives

- ▶ The Trust aims to generate a return of 15% p.a. compound over the long term. Please note that this is a target only and is not guaranteed.
- ▶ The Manager employs a value approach and seeks to be influential through taking strategic stakes.
- ▶ The Trust seeks to hold a concentrated portfolio between 12-18 holdings.
- ▶ The Trust will typically hold between 3 – 25% of the equity of investee companies, notwithstanding ability to use debt instruments alongside equity.
- ▶ Long-term investment horizon over three to seven years.
- ▶ Buyback mechanism for up to 14.99% of the equity of the Trust seeking to closely control discount (at the Board's ultimate discretion and subject to shareholders' annual approval).

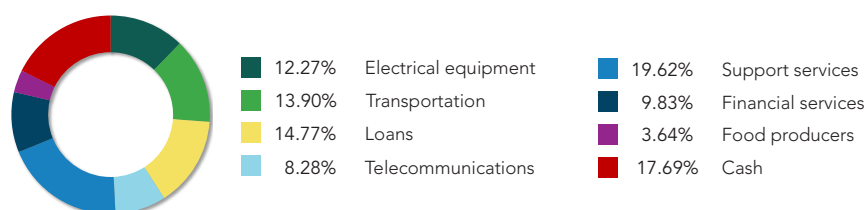
## Investment rationale

- ▶ Private-equity approach to research and engagement seeks to unlock greater shareholder value over the long term.
- ▶ We believe a strategic, proactive investment approach can help smaller companies realise their potential.
- ▶ UK micro caps offer a wider investment universe and can offer better value relative to larger caps<sup>3</sup>.

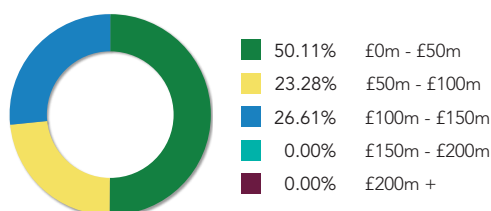
## Top five holdings

Holding	Sector	% of Trust
Real Good Food plc <sup>2</sup>	Food producers	15.42
Volex plc	Electrical equipment	10.52
Gama Aviation plc	Transportation	8.73
Adept Telecom plc	Telecommunications	8.28
Hargreaves Services plc	Support services	7.36

## Sector



## Market cap



*Source of performance, holding and sector data is Maitland Institutional Services. Source of market cap data is Factset.*

<sup>1</sup>From inception 09/05/2017 to 31/12/2017.

<sup>2</sup>Includes loan notes.

<sup>3</sup>Source: Factset.

## Dedicated team

The Downing Public Equity team consists of four investment managers and an investment operations manager. The concentrated portfolio allows the team to devote more time to each investment seeking quality over quantity in terms of idea generation and investment opportunity.

## Judith MacKenzie, Lead Investment Manager

Judith joined Downing in October 2009. Previously she was a partner at Acuity Capital, where she managed small company assets with an activist strategy. Prior to this, Judith spent seven years with Aberdeen Asset Management Growth Capital as Co-Fund Manager of five Aberdeen VCTs.

Judith is a Certified Fellow of the Securities Institute and has held a number of public and private directorships. She founded Downing Public Equity and was named Small-Cap Fund Manager of the Year at the Small-Cap Awards in 2013 and 2015 for the Downing UK Micro-Cap Growth Fund.



## Key facts as at 31 August 2018

The Trust targets positive returns over the long term from a focused portfolio of UK micro-cap companies believed to be undervalued and could benefit from strategic and operational initiatives.

**Total market value**  
£50,318,001.81

**Total net assets**  
£48,952,630.41

**No of Ordinary Shares in issue**  
55,600,002

**NAV incl. income (starting NAV 98.04p)**  
88.04

**Market price of Ordinary Shares**  
90.50

**Premium (Discount)**  
2.79%

## Dividends

The Company has no stated dividend target. No dividends have been declared or paid to date.

## Codes and fees

**Ordinary Share ISIN** GB00BF0SCX52

**Ordinary Share SEDOL** BF0SCX5

**Ordinary Share Ticker** DSM

**AMC on market cap** 1%

## Ongoing charges

The ongoing charges represent the Company's management fee and all other operating expenses excluding any finance costs, expressed as a percentage of the average daily net assets during the year. The ongoing charges for the period 17/02/2017 - 28/02/2018 were 1.48%.

## Financial calendar

The Company's annual financial statements will be prepared to 28 February in each year and will typically be sent to shareholders within four months of its financial year end.

The Company also publishes an unaudited interim report covering the six months to 31 August each year, typically within two months of that date.

## Company information

**Launch date** 9 May 2017

**Morningstar sector** UK Smaller Companies

## Managers

- ▶ Judith MacKenzie
- ▶ James Lynch
- ▶ Alyx Wood
- ▶ Nick Hawthorn

## Directors

- ▶ Hugh Aldous, Chairman
- ▶ Stephen Yapp, Non-Executive Director
- ▶ Andrew Griffiths, Non-Executive Director

## Further information

### Company's registered office

St Magnus House  
3 Lower Thames Street  
London  
EC3R 6HD  
Telephone: 0207 416 7780

### Company Secretary

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

**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 are taken from daily valuations provided by Maitland Institutional Services. Return is the total return (value of the investments plus cash including income after all expenses and charges), ignoring taxation. Because shares in an investment Trust are listed on the London Stock Exchange their price is affected by supply and demand. This means that the share price may be different from the NAV. The Company's investment strategy may involve the use of leverage, which exposes the Company to risks associated with borrowings. Please note that past performance is not a guide to future performance.

## Important notice

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14 September 2018

**Downing**

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