



Downing Strategic Micro-Cap Investment Trust Factsheet

Portfolio commentary

The Trust's NAV increased by 5.23% over the period. Positive contributions came from Volex and Hargreaves Services, while the main detractors were AdEPT Technology Group and Ramsdens. Below are a series of announcements we believe indicate that the strategic initiatives we have helped put in place are beginning to deliver on their objective of value realisation:

AdEPT announced its results for the six months ended 30 September 2019. The board believes that organic revenue growth has been

December 2019

achieved and its acquisitive growth strategy continues. Trading continues to be in line with management's expectations. Duke Royalty announced that it had paid down the outstanding balance of its new revolving credit facility from £11.65 million to zero following its recent fundraising. This will save interest and reduce the inefficiencies of idle cash on Duke's balance sheet.

Ramsdens issued a market update confirming that it does not offer unsecured personal loans nor high-cost, short-term credit loans as defined by the FCA. The group continues to trade in line with management's expectations, reporting strong results for the six months to 30 September 2019 post period end.

Real Good Food announced its half-year results for the six months ended 30 September 2019 and reported improved underlying performance benefitting from focus on two core divisions. Trading remains in line with management's expectations for the year in both divisions.

Science in Sport issued an update on trading to date for the financial year ending 31 December 2019 and reported that the integration of the PhD acquisition had been completed and the growth rate of the PhD brand had doubled over historic rates. The SIS brand has continued to grow strongly, in line with its six-year compound annual growth rate of more than 25%.

Volex issued its half-year results ended 29 September 2019 and announced that the group would recommence the payment of a dividend. Volex is now in acquisitive growth mode and cash generative, generating healthy profits across its two business divisions. The board remains confident of delivering its full-year expectations and in the company's ability to drive shareholder value.

Fund discrete performance (%)	Rolling 12-month period -9.13% (30/11/2018-30/11/2019)												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	-1.81	-3.59	1.65	4.01	-3.93	-1.20	0.57	-3.75	-2.83	0.72	5.23		-5.30
2018	-0.98	-1.49	-1.76	-1.15	1.14	-2.24	-1.04	-0.19	-0.51	-7.23	1.07	-4.04	-17.18
2017 ¹					-0.02	-0.12	-0.64	-1.31	-0.16	-1.02	-0.55	0.86	-2.94 ¹

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

Key facts as at 30 November 2019

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
£35,639,501.30

Total net assets
£40,922,674.19

No of Ordinary Shares in issue
54,830,002

NAV incl. income (starting NAV 98.04p)
74.64p

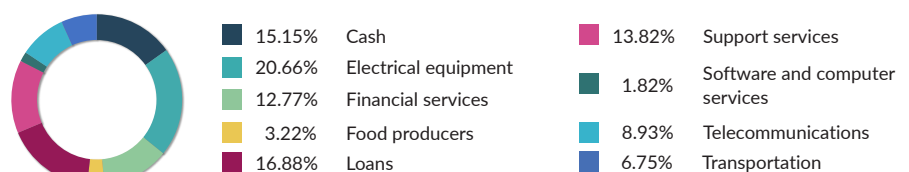
Market price of Ordinary Shares
65.00p

Premium (Discount)
-12.91%

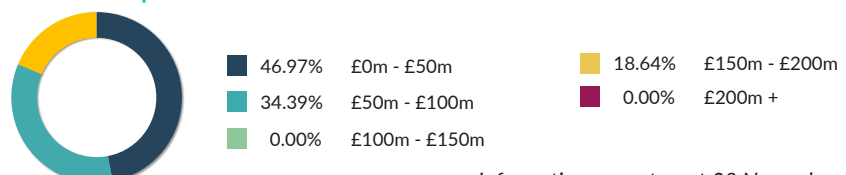
Top five holdings

Holding	Sector	% of Trust
Volex plc	Electrical equipment	18.64
Real Good Food plc ²	Food producers	17.69
AdEPT Technology Group plc	Telecommunications	8.93
Ramsdens Holdings plc	Financial services	7.46
Hargreaves Services plc	Support services	7.01

Sector



Market cap



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

¹From inception 09/05/2017 to 31/12/2017.

²Includes loan notes.

Information correct as at 30 November 2019.

Judith MacKenzie, Lead Investment Manager

Judith founded Downing Public Equity in 2009 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.



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 (Factset).

Share price information, the latest investor letter which contains comprehensive information on the Trust's performance, strategy and holdings, plus historical factsheets, RNS announcements, and video interviews with the manager, are all available to download from the homepage of the Downing Strategic Micro-Cap Investment Trust website.

Dividends

The Company has no stated dividend target. A maiden dividend of 1.25p for the year ending 28 February 2019 was paid to shareholders on 5 July 2019.

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 year ending 28 February 2019 were 1.84%.

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
- ▶ Nick Hawthorn

Directors

- ▶ Hugh Aldous, Chairman
- ▶ Linda Bell, Non-Executive Director
- ▶ Robert Legget, Non-Executive Director
- ▶ William Dawkins, 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
Hamilton Centre
Rodney Way
Chelmsford, Essex
CM1 3BY

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 Limited. 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.

10 December 2019

Downing 

Downing LLP, St Magnus House,
3 Lower Thames Street, London
EC3R 6HD

020 7416 7780 / www.downing.co.uk

Important notice

This document has been approved and issued by Downing LLP ("Downing"), St Magnus House, 3 Lower Thames Street, London EC3R 6HD. This document is for information only and does not form part of a direct offer or invitation to purchase, subscribe for or dispose of securities and no reliance should be placed on it. Opinions expressed in this document represent the views of the Investment Manager at the time of publication, are subject to change, and should not be interpreted as investment advice. You should only invest based on the information contained in the relevant product literature available from Downing. Downing does not offer investment or tax advice or make recommendations regarding investments. Please see the relevant product literature for details of charges; your attention is drawn to the risk factors contained therein. Downing is authorised and regulated by the Financial Conduct Authority (Firm Reference No. 545025). Registered in England No. OC341575.