

Downing AIM Estate Planning Service



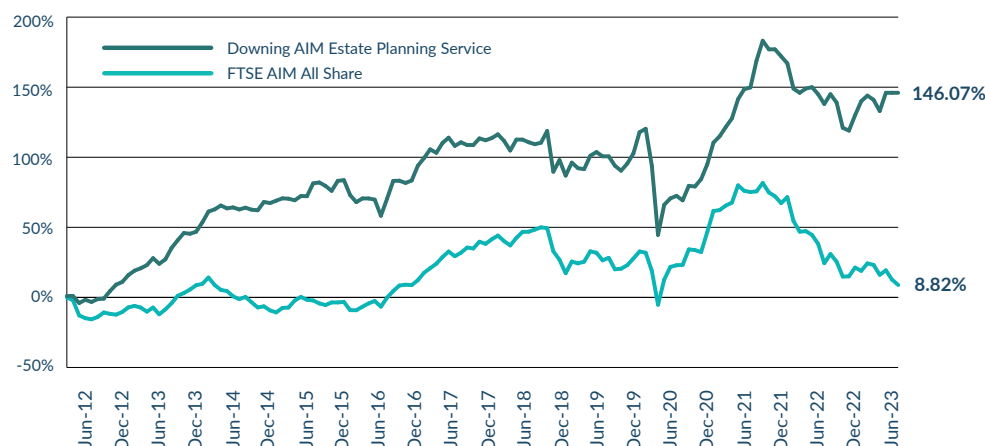
Commentary for the quarter ending 30 June 2023

In the second quarter of 2023, the Service returned to strong growth, returning 5.5% versus the index which lost 6.3%. This significant outperformance was largely driven by strong newsflow from our largest positions, including a takeover at a significant premium. Our relatively cheaper companies continue to be less affected by increases in interest rates and bond yields, and many have enjoyed re-ratings due to their undervaluation.

There were seven double-digit and ten single-digit positive performers in the period. The positive performers were also the most heavily weighted positions across the Service at almost 70% of total assets. **Sureserve (+42%)** rallied on a takeover approach from private equity at what we thought was a very attractive price for shareholders. **Voilex (+31%)** reported a significant EV contract win, strong interim results, and the potential acquisition of Murat Ticaret which is complimentary and highly earnings accretive. **Ashtead Technology (+26%)** also reported good interim results as their end markets remain very tight and pricing is strong. **Inspects (+13%)** reported reassuring full-year results with a strong outlook indicating a marked recovery from the prior year's trading. **Kitwave (+13%)** reported strong interim results, aided by category inflation, which prompted full-year upgrades. **Lok'N Store (+13%)** issued a strong trading update and raised capital to fund the development of its self-store rollout programme. **Ramsdens (+13%)** reported strong trading across all divisions and further estate expansion.

There were five double-digit and six single-digit detractors in the period. **ZOO Digital (-37%)** warned on profits only a few months after raising money for an acquisition, driven by a reduction in streaming content spend. **OnTheMarket (-24%)** has been affected by negative sentiment towards UK housing and its effects on estate agents, despite reporting strong results. We think that the shares are significantly undervalued. **Restore (-13%)** issued a poor trading update in May stating that growth would be affected by poorer trading in the IT segment.

Performance



Cumulative performance (%)								
	1m	3m	6m	YTD	1y	3y	5y	Launch
Service	0.21	5.50	2.74	2.74	3.31	42.68	16.79	146.07
FTSE AIM* All Share TR	-3.44	-6.27	-8.50	-8.50	-12.50	-11.49	-25.91	8.82

Discrete performance (%)					
	30/06/2022 - 30/06/2023	30/06/2021 - 30/06/2022	30/06/2020 - 30/06/2021	30/06/2019 - 30/06/2020	30/06/2018 - 30/06/2019
Service	3.31	-4.64	44.84	-14.06	-4.75
FTSE AIM* All Share TR	-12.50	-28.99	42.46	-2.78	-13.90

Performance from inception to 30 December 2019 is based on the return of the first investor's portfolio in the Downing AIM Estate Planning Service and the Downing AIM ISA Service, net of fees. From 31 December 2019 onwards, all investors' performance across both products has been consolidated, thus capturing every investment decision of the manager, on a net of fees basis. We believe that this new method provides the most relevant way of providing performance information however investors should note that actual portfolio returns may be different to the returns of the model portfolio.



Fund Manager
Judith MacKenzie

Judith is a Partner at Downing, having joined in 2009 and founding Downing Fund Managers. Previously she was a partner at Acuity Capital managing AIM-quoted VCT and IHT investments and a small-cap activist fund. Prior, Judith spent nine years as a senior investment manager with Aberdeen Asset Management Growth Capital as co Fund Manager of the five Aberdeen VCTs, focusing on technology and media investments in both the public and private arenas.



Fund Manager
Nick Hawthorn

Nick began working on the buy side in 2013 and joined Downing in September 2015 from BP Investment Management. Prior to this, he worked for Aberdeen Asset Management. Nick holds an MSc in Finance and Investment from Durham University and a MA in Accounting and Economics from the University of Aberdeen.

Opinions expressed in Judith and Nick's commentary represent their views at the time of publication, are subject to change, and should not be interpreted as investment advice. Not all portfolios contain the holdings mentioned.

**The Index is shown for illustrative purposes only and is not considered directly comparable to the performance of this Service. Index: FTSE AIM All Share Index. Source of Service data: IBP Markets Ltd & Downing LLP. Source of Index data: FTSE.*

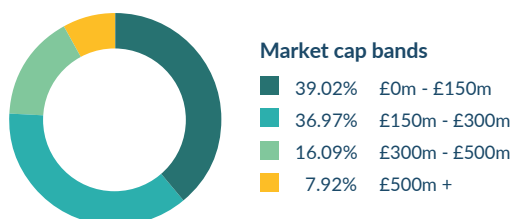
Past performance is not a reliable indicator of future performance.

Portfolio summary

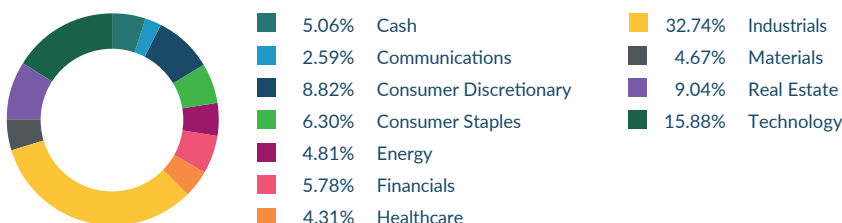
As at 30 June 2023

Top 10 portfolio holdings	%
Sureserve Group Plc	6.52
Volex Plc	5.72
Ramsdens Holdings Plc	5.43
Hargreaves Services Plc	5.11
Tracsis Plc	5.05
Ashtead Technology Holdings Plc	4.81
Avingtrans Plc	4.68
SigmaRoc Plc	4.67
Centralnic Group Plc	4.44
Kitwave Group Plc	4.26

Portfolio by market cap



Portfolio by sector



Source of sector, market cap and top holdings data: Factset and Downing LLP.

About the Downing AIM Estate Planning Service

The Downing AIM Estate Planning Service allows investors to obtain IHT relief after only two years by owning a portfolio of qualifying companies quoted on AIM, provided shares have been held for at least two years at death.

Our strategy enables investors to maintain control of their assets (no need for trusts or to gift assets to obtain IHT relief) and to withdraw funds from their portfolio at any time, subject to liquidity and 10 days' notice.

The Downing AIM Estate Planning Service aims to manage risk by spreading your funds across at least 25 companies across a variety of sectors.

The service also benefits from Downside Protection Cover, covering a loss in value of up to 20% on the net initial investment on death under the age of 90 years. This policy is included at no extra cost, with no medical exclusions or questionnaires. Please note, this is an annual policy and there is no guarantee that it will remain in place throughout the life of the investment.

There is also an option for life cover - insurance which covers 40% of your original gross investment (before charges) if you die in your first two years in the service. (Subject to terms and conditions).

Downing AIM Estate Planning service is also available within an ISA wrapper.

Fees and charges are payable in respect of both the Downing AIM Estate planning Service and ISA, please see the relevant product brochure for details. Visit downing.co.uk.

Why Downing Small-Cap?

- ▶ Experienced and qualified Downing Fund Managers team headed by Judith MacKenzie.
- ▶ Private equity approach to micro-cap investing, drawing on our private equity and venture capital heritage.
- ▶ Advisory Committee oversight provides access to many years of investment experience.
- ▶ Value strategy with rigorous bottom up approach.
- ▶ Exhaustive diligence process that can take up to 18 months.
- ▶ Aims to manage risk by spreading your funds across at least 25 AIM-quoted companies in a variety of sectors.
- ▶ Seeks to invest in profitable businesses with strong management teams and a sustainable competitive advantage.

downing.co.uk/daeps

Risk warning: Your capital is at risk, and you may not get back the full amount invested. Tax treatment depends on the individual circumstances of each investor and may be subject to change. The availability of tax reliefs depends on investee companies maintaining their qualifying status. Investments in smaller companies will normally involve greater risk or volatility than investments in larger, more established companies. Return is the value of investments, plus cash, including income, after deducting all charges, excluding any initial fee. Please note that past performance is not a guide to future performance.

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