

# Downing AIM Estate Planning Service



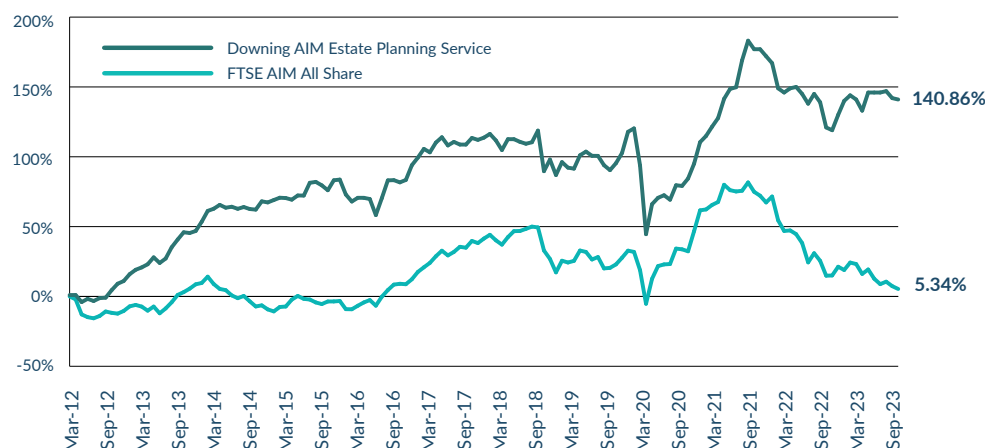
## Commentary for the quarter ending 30 September 2023

In the quarter to September, the Service lost 2.1% versus the index which lost 3.2%. This was a tale of two halves as the Service initially underperformed in July and early August as inflation expectations eased. We then outperformed as it became apparent that a higher-for-longer cycle may be necessary. Regardless, we believe that the portfolio is well positioned to generate value under either backdrop, and we remain focused on managing the downside as a priority while macro conditions remain more uncertain.

There were eight double-digit positive performers in the month. **DX (+34%)** was subject to a possible bid from private equity. **Equals (+17%)** reported very strong revenue and earnings growth in their interim results. **CentralNic (+15%)** released a reassuring set of interim results following wider sector concerns. **Ashtead Technology (+14%)** reported another strong set of results with high utilisation and contribution from acquisitions. **Hargreaves Services (+11%)** reported a robust set of results and outlined a value realisation plan which would see significant cash returns to shareholders over the medium term. **Volex (+11%)** reiterated following a reassuring AGM update and the completion of their largest acquisition to date. **OnTheMarket (+16%)** and **Tatton (+10%)** reported no new news.

There were nine double-digit detractors in the month. **Argentex (-21%)** reported in-line results but a larger second-half weighting than expected. **Inspects (-18%)** reported strong interims with a small upgrade to operating earnings and excellent free cash generation. **Kitwave (-16%)** reported strong interim results in July but subsequently de-rated on no new news. **Lok'NStore (-13%)** released a positive trading update and raised capital to fund future developments. **Wynnstay (-15%)** announced lower profitability following an exceptional 2022 which benefitted from one-off fertiliser volatility. **Ramsdens (-13%)** released a strong set of interim results highlighting a recovery in earnings. **Smart Metering Systems (-10%)** announced good growth but higher interest costs reducing the effect at the bottom line.

## Performance



### Cumulative performance (%)

	1m	3m	6m	YTD	1y	3y	5y	Launch
Service	-0.31	-2.12	3.27	0.56	8.82	34.47	10.11	140.86
FTSE AIM* All Share TR	-1.90	-3.20	-9.27	-11.43	-8.28	-21.23	-29.50	5.34

### Discrete performance (%)

	30/09/2022 - 30/09/2023	30/09/2021 - 30/09/2022	30/09/2020 - 30/09/2021	30/09/2019 - 30/09/2020	30/09/2018 - 30/09/2019
Service	8.82	-20.09	54.64	-5.93	-12.95
FTSE AIM* All Share TR	-8.28	-34.34	30.79	11.03	-19.38

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: Third Platform Services Ltd & Downing LLP. Source of Index data: FTSE.*

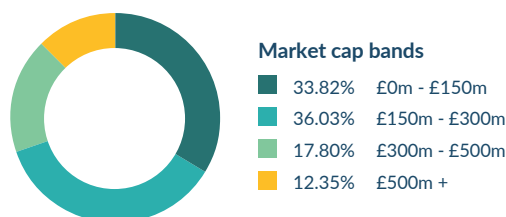
*Past performance is not a reliable indicator of future performance.*

# Portfolio summary

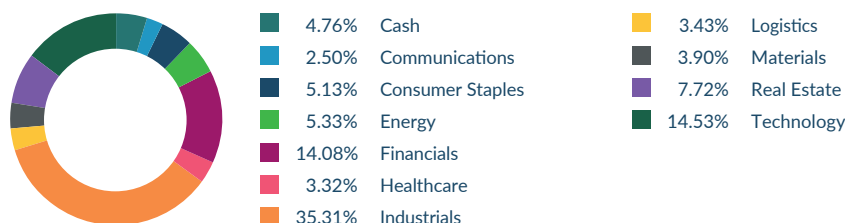
As at 30 September 2023

Top 10 portfolio holdings	%
Volex Plc	5.79
Ashtead Technology Holdings Plc	5.33
Ramsdens Holdings Plc	4.57
Avingtrans Plc	4.50
Hargreaves Services Plc	4.35
Team Internet Group Plc	4.31
Tracsis Plc	4.29
Restore Plc	4.26
Cohort Plc	4.12
Sigmaroc Plc	3.90

## Portfolio by market cap



## Portfolio by sector



Source of sector, market cap and top holdings data: Factset, Third Platform Services Ltd 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/daeps](https://downing.co.uk/daeps).

## 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](https://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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