

Downing AIM Estate Planning Service and the Downing AIM ISA Value Assessment

Downing LLP has undertaken a Customer Fair Value Assessment as the manufacturer of this product, in accordance with our obligations under PRIN 2A.

Date of most recent Customer Fair Value Assessment	July 2023
Date of next Customer Fair Value Assessment to be completed by	Within the next 12 months*

* We continuously monitor our products and apply a risk-based approach to our product governance; the next review and assessment may take place before this date and this document updated accordingly.

Outcome of the Customer Fair Value Assessment

As a result of the product governance activities undertaken across this product we can confirm:

1. The product remains consistent with the needs of the identified target market.
2. The product remains consistent with the fair value assessment.
3. The intended distribution strategy remains appropriate.

Further information about the Customer Fair Value Assessment

We (Downing LLP) have concluded the assessment of our core manufactured products to determine whether they offer fair value to customers for a reasonably foreseeable period. Our own analysis has been combined with information from our partners' distribution arrangements.

Our Customer Fair Value Assessments consider the performance of our products against pricing, customer experience, complaints & servicing metrics, Target Market alignment and product distribution arrangements including fees to understand the impact on the overall value of the product to our customers. Our findings for our latest product reviews are summarised below.

Review/ Assessment Area	Key indicators and measures to be considered where available	Summary outputs and actions
Product Description	Downing AIM Estate Planning Service & Downing AIM ISA (the "product" or the "Service")	The product full IHT relief on their investment, if held for two years and at the date of death, by investing in a diversified target portfolio of 25-40 companies that are listed on the Alternative Investment Market (AIM) and carry out a business relied qualifying trade.

<div>Product Performance</div>	<div><ul style="list-style-type: none">Target Market reviewComplaints frequencyComplaints acceptanceComplaints rejectionsCancellationsEarly withdrawalCultural biasBenchmarking</div>	<div><p>The product provides value when the performance achieves a close match or outperforms the FTSE AIM* All Share TR and also performs well in comparison to other managers' similar products over a range of time periods.</p><p>Cumulative Performance (net of fees)</p><table><tr><td></td><td>1y</td><td>3y</td><td>5y</td></tr><tr><td>The Service</td><td>-10.16</td><td>9.93</td><td>12.09</td></tr><tr><td>FTSE AIM* All Share TR</td><td>-30.67</td><td>-30.67</td><td>-10.43</td></tr></table><p>The Index noted is not considered directly comparable to the performance of this Service. Please refer to the factsheet for additional performance information. Past performance is not a guide to future performance. Overall, the Service outperformed its comparator, at a model portfolio level. We note that the Service did not return a positive return in 2022, however in light of volatile markets and in comparison to its peers, we are of the view that the product continues to provide value and meet with the target market financial objective.</p><p>Target Market: A typical investor will be a UK resident, although they may also be tax resident in other jurisdictions. They are likely to be a retail client, either advised by an FCA authorised adviser or one that is a high net worth or sophisticated client. Professional clients are also target clients.</p><p>An investor should:</p><ul style="list-style-type: none">be seeking to shelter assets from UK inheritance tax (i.e. have an estate which inheritance tax (IHT) would be payable on); andhave no short term requirement to withdraw funds, although the shares have a secondary market there is no guarantee that liquidity will be met in the short term.<p>Negative Target Market:</p><ul style="list-style-type: none">Investors who may need access to capital in the short to medium term;Investors who do not have a capacity for loss;Investors who do not have an inheritance tax liability; orInvestors who cannot handle the volatility of the AIM market.</div>		1y	3y	5y	The Service	-10.16	9.93	12.09	FTSE AIM* All Share TR	-30.67	-30.67	-10.43
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<div>Price</div>	<div><ul style="list-style-type: none">Loss RatioCommission levelsCustomer tenureComparable market ratesComparable services</div>	<div><p>Our assessment of these measures confirmed the ongoing good value of this product.</p><p>The product also offers Downside Protection Cover for all investors. Please see the link here for more details.</p><p>As required by the assessment of value rules, we compared the charges made by Downing to the product for the services provided, with the actual costs incurred in providing those services.</p><p>We are satisfied that the charges to the investor are reasonable in relation to the underlying costs and services provided. We adopt a simple approach to charges paid by investors: for example, we do not charge performance fees and we do not have entry or exit charges.</p></div>												

Annual charges Downing Management Charge: 1.5% plus VAT per annum of the value of each Portfolio, payable quarterly in arrears. Where annual trail commission is payable to an Intermediary, Downing will charge an annual fee of 2.0% plus VAT.

Out of its fees, Downing will pay the Insurance Premium, Custodian and Nominee fees and annual trail commission, where applicable.

Other charges Bargain charges: A charge of £35 will apply to each bargain made within the investor's Portfolio, payable quarterly in arrears. A bargain charge will apply to the acquisition of new shares into the investor's Portfolio or the sale of existing shares from the investor's Portfolio. Bargain charges will be capped on an annual basis, so that the total cost of the bargain charges for the 12 month period (or less where applicable) through to the 31 December will be no more than 0.5% per annum of the value of each Portfolio at that date.

We will continue to monitor our fees regularly to ensure that Downing maintains its position of providing good value to investors.

Vulnerable Customers: All customers are at risk of becoming vulnerable, but this risk is increased by having characteristics of vulnerability. These could be poor health, life events, low resilience to cope with financial or emotional shocks and low capability.

In the context of this service, vulnerable customers could refer to:

- Customers who lack experience and understanding of high-risk investments and who, as a result, may not fully understand the potential risks of investing which may make them more susceptible to making unsuitable investment decisions.
- Customers facing health issues or diminished cognitive abilities may be susceptible to making investment decisions without fully comprehending the risks involved.
- Customers experiencing major life events may be more susceptible to making unsuitable investment decisions without the appropriate consideration of their circumstances.

To ensure the fair treatment of all customers in our products and services, we have implemented a vulnerable customer framework which includes:

- Training for all front-line staff to ensure that they have the appropriate skill to identify and deal with vulnerable customers.
- Operating and maintaining Vulnerable Customer Policy.
- Ongoing monitoring of customer interaction to ensure we continue to meet and respond to the needs of customers with characteristics of vulnerability.
- Issuance of customer surveys and reviewing any customer feedback, making changes to our processes where relevant.

Quality of Service

- Operational Service Metrics
- Any Fee structure
- Complaints root causes

Our assessment of these measures confirmed the ongoing fair value of this product.

An investor should be clear about what they are buying and what they are paying for. Effective, good quality communications and, in particular, the range of documents that accompany financial products are therefore crucial to the service provided.

The quality of the manager's structures and systems are also vital to ensuring a high quality of service, including the processes used to manage the portfolio's investments.

Good service also depends on the quality of the practical infrastructure of the product, such as the regular reports sent to clients and how outside service providers deal with record keeping, accounting and other services.

We use a variety of external third-parties, who are experts in their relevant fields, to support the operation of the Service and ensure that a high quality of service is provided to investors in the product.

When assessing the quality of service provided by Downing, the following activities were considered:

Communications. Effective and good quality communication with investors, and the documentation that accompanies financial products, are crucial to the service provided. Communications should be timely and internal service levels should be regularly reviewed. We have considered documents created for investors.

Services provided to investors. Our assessment considers the services experienced directly by investors, including both direct services and outsourced services such as custody and accounting. The quality of outsourced services is continually monitored.

Oversight of distributors. Downing distributes its products directly to investors as well as to professional third parties who distribute our products, such as financial advisers and investment platforms. We assessed the value of the service that Downing provides to these clients and also how it oversees the relationship with third parties who distribute its products. We noted no complaints or breaches related to the oversight of distributors in the assessment period.

Other Services

Support of intermediaries/advisers. Downing continues to offer intermediaries / advisers clear marketing materials to allow them to best support their investors and to help give them an effective assessment of client suitability for the product.

Investment stewardship. Downing's listed products benefit from our investment stewardship programme. The programme is framed around four principles of good governance: board composition and effectiveness, oversight of strategy and risk, environmental and social, executive compensation (remuneration) and shareholder rights. It represents shareholders' long-term interests through industry advocacy, company engagement and proxy voting.

As a result, we concluded that Downing provides good value in terms of quality of service.

Distribution/ Delegation	<ul style="list-style-type: none"> • Review of Distribution Strategy • Broker oversight • Charges/Fees • Add-on/Ancillary Products sold alongside this product • Delegation arrangements • Complaints 	<p>We believe the product we manufacture offers good value, and it is our requirement that the distributor ensures any costs they pass on to the customer offer value for the service the distributor provides and/or the value of any add-ons.</p> <p>Downside Protection Cover is included in the Service. This cover is designed to reduce the impact of a drop in the value of the investor's investment. Should the investor pass away before age 90, the investment will be covered for a fall in value of up to 20% on the net initial investment (i.e. the amount invested after initial charges).</p> <p>We continue to work with our distribution partners to obtain and assess information, and agree actions as required, to ensure the ongoing value of this product.</p>
Assurance Activity	<ul style="list-style-type: none"> • Results of previous assessments of this product • Review of Significant Adaptations • Review of Risks or Incidents associated with this product. • Review of other relevant Monitoring and Oversight activity relating to this product 	<p>Our assessment of these measures confirmed the ongoing good value of this product.</p> <p>Our ongoing assessment of the product will be based on key performance indicators, investor feedback, distributors feedback, breaches, incidents and complaints. Key performance indicators are reported to our Product Governance & Distribution Committee for consideration and review, and products assessed at least annually.</p>

The Service has been categorised as high risk because of the risks involved in smaller AIM listed stocks in addition to the illiquidity of the investments. Investors should not invest unless they are prepared to lose all the money they invest. This is high risk investment, and investors are unlikely to be protected if something goes wrong.

Please refer to the Downing AIM Estate Planning Service Literature for further information on the product and the associated risks.

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