

Downing AIM Estate Planning Service

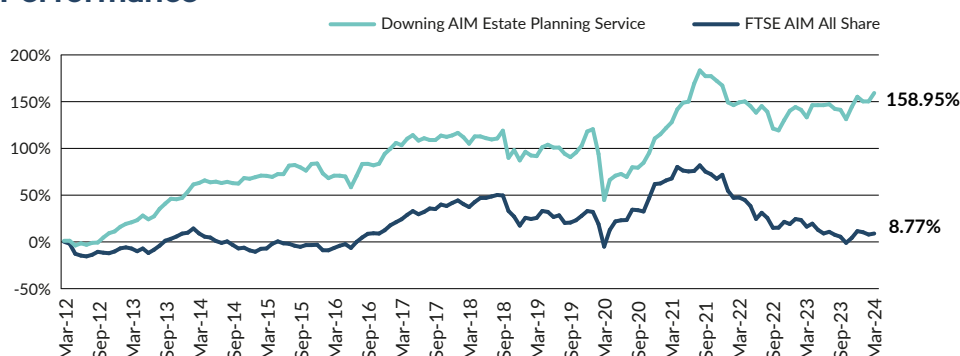
March 2024 Commentary

In the first quarter of 2024, the Service returned 1.6%, versus the AIM Index which lost 2.3%. The outperformance was driven predominately by strong results from many of our largest holdings.

There were nine double-digit positive performers in the period. **Kitwave (+45%)** reported strong full-year results and an earnings accretive acquisition of Total Foodservice Solutions, for £17m, which bolsters their higher margin foodservice division. **SigmaRoc (+27%)** re-rated following the CRH lime transaction and the announcement of in-line results. **Ashtead Technology (+24%)** announced no new news. However, we note a particularly strong read across from comparable businesses and a strong oil price. **Marlowe (+21%)** announced the disposal of its GRC software business (around 40% of group earnings) for £405m, which was more than the market cap of the business at the time of the announcement. Proceeds will be used to retire £220m of debt and return more than £150m to shareholders, with the balance held to reinvest and grow the remainder of the group. **Cohort (+21%)** announced a material contract win for £135m with the Royal Navy for an innovative countermeasures system. **1Spatial (+20%)** announced a positive trading update and a contract with UK Power Networks for its innovative 1Streetworks software. **Hargreaves Services (+20%)** announced reassuring interims and a significant increase to the dividend supported by improved repatriations from the German associate. **Team Internet (+16%)** reported encouraging operating results, an increased dividend, and an accretive acquisition. **Eagle Eye (+11%)** reported interims with double-digit growth across most operating metrics.

There were seven double-digit detractors in the period. **Frenkel Topping (-10%)** disappointed due to a higher propensity for clients to invest in high-interest savings accounts rather than equities. **Volex (-10%)** declined on poor read across from other industrial and healthcare companies who have suffered from destocking. We don't expect that Volex will be affected in the same way. **Ramsdens (-12%)** and **H&T (-14%)** declined due to concerns about a weaker consumer affecting their retail divisions. **FRP (-16%)** issued a positive Q3 update but likely traded lower on expectations of falling interest rates. **Gateley (-18%)** guided to a potentially weaker H2 as the Corporate division continues to be weak. **Inspecs (-43%)** missed earnings guidance despite growing earnings by 16%. There is still considerable value on offer but the turnaround is taking longer than expected.

Performance



Cumulative performance (%)								
	1m	3m	6m	YTD	1y	3y	5y	Launch
Service	3.45	1.57	7.51	1.57	11.02	13.73	35.22	158.95
FTSE AIM* All Share TR	1.02	-2.29	3.25	-2.29	-6.32	-35.11	-13.31	8.77

Discrete performance (%)					
	31/03/2023 - 31/03/2024	31/03/2022 - 31/03/2023	31/03/2021 - 31/03/2022	31/03/2020 - 31/03/2021	31/03/2019 - 31/03/2020
Service	11.02	-6.25	9.27	57.50	-24.50
FTSE AIM* All Share TR	-6.32	-21.16	-12.14	76.89	-24.48

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, net of fees. From 31 December 2019 onwards, the performance calculation includes every investor across both products, net of fees. Individual portfolio returns may be different to the consolidated returns stated on this factsheet.



Judith MacKenzie
Fund Manager

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.



Nick Hawthorn
Fund Manager

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. Source of Index data: FTSE.*

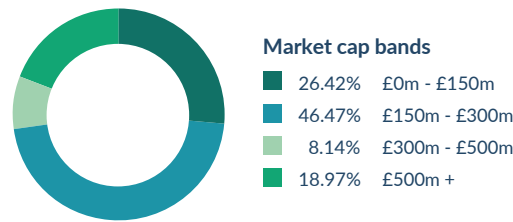
Past performance is not a reliable indicator of future performance.

Portfolio summary

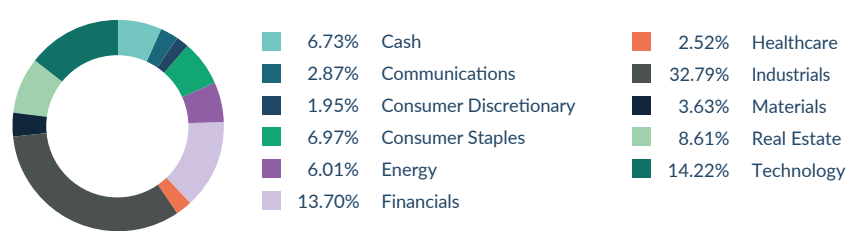
As at 31 March 2024

Top 10 portfolio holdings	%
Ashtead Technology Holdings Plc	5.97
Kitwave Group Plc	5.42
Cohort Plc	5.27
Hargreaves Services Plc	4.65
Volex Plc	4.64
Marlowe Plc	4.63
Tracsis Plc	4.41
Ramsdens Holdings Plc	4.27
Team Internet Group Plc	4.24
Restore Plc	4.10

Portfolio by market cap



Portfolio by sector



Source of sector, market cap and top holdings data: Factset, Third Platform Services Ltd and Downing.

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 Wealth Guard 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.

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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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
- Material sustainability factors are integrated into investment decisions, followed by active ownership to manage their risk and opportunity