Downing

Downing AIM Estate Planning Service

March 2025 Commentary

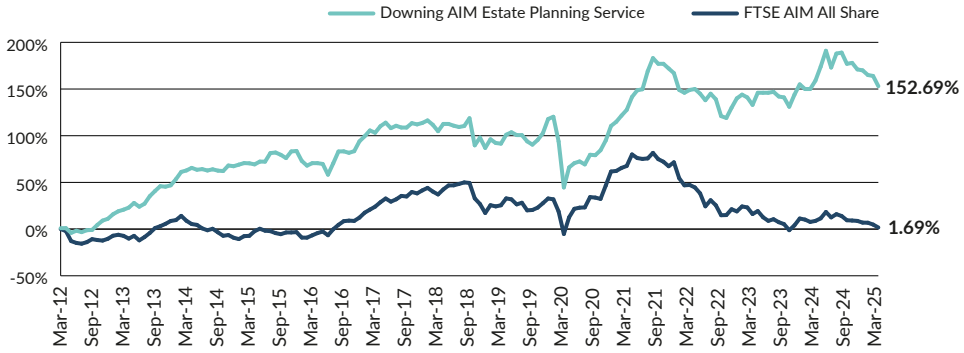
In the quarter to the end of March 2025, the Service declined by 6.5% versus the index which declined by 4.9%. The period was once again characterised by extreme uncertainty, primarily stemming from the Trump administration's foreign and trade policy. In the context of a derisking of America and falling inflation in the UK and Europe, the broad-based sell-off of risk assets is creating many attractive opportunities for companies we own, and ones which we don't.

There were three double digit positive performers in the quarter. SigmaRoc (+25%) rerated on strong results and from expected future growth potentially underwritten by Germany's new infrastructure fund, where SigmaRoc generate significant revenues from lime sold into the German steel industry. Other stimulus could come from residential construction exposure where falling interest rates may prove a tailwind. Optima Health (+19%) announced several contract wins, the largest being a seven year, £210m contract to deliver medical services to the UK Armed Forces. This was followed up by a higher margin software contract with an NHS Trust. INSPECS (+11%) announced no new news, but likely rerated due to US tariffs on Chinese imported eyewear which could drive demand for its recently completed Vietnam manufacturing facility.

There were twelve double-digit fallers in the period. hVIVO (-35%) downgraded near term guidance due to customer delays and a softer vaccine market, driven by Trump's administration. Tracsis (-26%) downgraded earnings due to delays in the Network Rail contracting cycle. 1Spatial (-24%) and Eagle Eye (-23%), both software focused businesses, downgraded due to reducing services revenue as their models transition to recurring revenues. Flowtech (-24%) downgraded due to ongoing industrial weakness reflected in the fluidpower market. The other fallers either reported no new news or saw their share prices fall on in-line or ahead trading updates as investors search for opportunities to take liquidity.

In the period there were full exits of Loungers and Equals as they were taken private. As a result, cash and profits were recycled back into the portfolios and some modest changes were made to the model portfolio, with two new positions added and several positions in the process of being scaled up across all client accounts. One other position was removed from the model.

Performance



Cumulative performance (%)	1m	3m	6m	YTD	1y	3y	5y	Launch
Service	-4.22	-6.47	-8.87	-6.47	-2.42	1.57	74.79	152.69
FTSE AIM* All Share TR	-3.01	-4.89	-7.09	-4.89	-6.50	-30.95	7.32	1.69

Discrete performance (%)	31/03/2024 - 31/03/2025	31/03/2023 - 31/03/2024	31/03/2022 - 31/03/2023	31/03/2021 - 31/03/2022	31/03/2020 - 31/03/2021
Service	-2.42	11.02	-6.25	9.27	57.50
FTSE AIM* All Share TR	-6.50	-6.32	-21.16	-12.14	76.89



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.

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.

Portfolio summary

As at 31 March 2025

Top 10 portfolio holdings	%
Cohort Plc	5.97
Hargreaves Services Plc	5.91
Ramsdens Holdings Plc	5.15
Restore Plc	4.97
Volex Plc	4.92
Avingtrans Plc	4.75
SigmaRoc Plc	4.52
Kitwave Group Plc	4.46
Tatton Asset Mgmt Plc	4.35
FRP Advisory Group Plc	4.18

Portfolio by market cap



Market cap bands

- 34.95% £0m - £150m
- 30.69% £150m - £300m
- 23.87% £300m - £500m
- 10.49% £500m +

Portfolio by sector



- 5.02% Cash
- 2.96% Communications
- 4.34% Consumer Discretionary
- 5.46% Consumer Staples
- 3.67% Energy
- 13.82% Financials
- 7.42% Healthcare
- 38.23% Industrials
- 4.52% Materials
- 7.53% Real Estate
- 7.04% Technology

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.

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 an enduring competitive advantage.

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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