

Downing AIM Estate Planning Service

June 2025 Commentary

In the quarter to the end of June 2025, the Service increased by 17.15% versus the FTSE AIM All Share Index which was up 13.76%.

Once again, markets have experienced extreme uncertainty, with continuing conflicts in the Middle East and Ukraine. This all adds to geopolitical uncertainty. Politics can dominate, but the economics, and more importantly the barometer of our underlying investments, are the most accurate guide to lead us to where to allocate capital, and the Service has reaped the benefit of solid stock-picking and where the underlying catalysts are playing out.

Interest rates in Europe and the UK look likely to be reduced in H2, which favours UK equities. Some certainty on the trade and tariff regime has put a spotlight on the value of the UK indices, encouraging investors to make tentative steps to allocate to UK markets.

The Service experienced another two takeovers in the period: H&T and Marlowe. Since the start of the year, capital has been received or proceeds are pending from four bid approaches. The average premium over holding cost prior to the bid has been 34.45%.

The predominant positive movers were also those with the larger portfolio weightings: Volex (+58%) announced FY results ahead of expectations, with the key financial metrics all posting double-digit gains, achieving the milestone of over \$1bn of revenues and 29% growth in operating profits. Ramsdens (+46%) also achieved a record milestone, posting its best ever profit before tax for the interim period – up 54% to £6.1m. Frenkel Topping (+40%) announced a possible offer for the company, at a 19.5% premium to the mid-market share price before the potential bid was announced.

The main detractors were Eagle Eye (-46%), Victorian Plumbing (-21%) and 1Spatial (-11%). Eagle Eye announced that a significant contract had been terminated. There needs to be evidence of recovery in growth, whilst a £12m cash balance will enable the business to look for value realisation opportunities. Victorian Plumbing (-21%) announced HY results largely in line with expectations, but the share price was weighed down by the investment in the 're-invention' of MFI into the adjacent homewares market. 1Spatial (-11%) highlighted that their US business continued to experience a slower pace of contract decision-making and conversion.

In the period there were two full exits and one partial exit. As a result, cash and profits were recycled back into the portfolio and some modest changes were made to the model portfolio, with three new positions added.

Performance



Cumulative performance (%)								
	1m	3m	6m	YTD	1y	3y	5y	Launch
Service	4.70	17.15	9.57	9.57	8.29	24.29	71.65	196.03
FTSE AIM* All Share TR	3.45	13.76	8.20	8.20	2.80	-6.98	-5.90	15.69

Discrete performance (%)					
	30/06/2024 - 30/06/2025	30/06/2023 - 30/06/2024	30/06/2022 - 30/06/2023	30/06/2021 - 30/06/2022	30/06/2020 - 30/06/2021
Service	8.29	11.09	3.31	-4.64	44.84
FTSE AIM* All Share TR	2.80	3.41	-12.50	-28.99	42.46

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.*

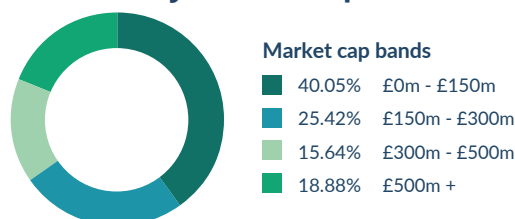
Past performance is not a reliable indicator of future performance.

Portfolio summary

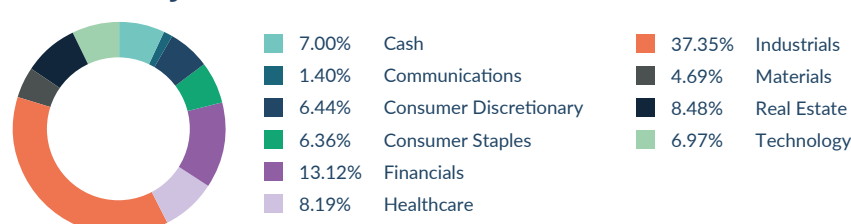
As at 30 June 2025

Top 10 portfolio holdings	%
Volex Plc	6.45
Hargreaves Services Plc	5.82
Cohort Plc	5.27
Ramsdens Holdings Plc	5.19
Avingtrans Plc	4.83
Kitwave Group Plc	4.80
Restore Plc	4.66
Sigmaroc Plc	4.44
FRP Advisory Group Plc	3.99
Tatton Asset Mgmt Plc	3.95

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 an enduring competitive advantage.