

KEY INFORMATION DOCUMENT

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

DOWNING STRATEGIC MICRO-CAP INVESTMENT TRUST PLC

Product: Ordinary Shares of 0.001p each nominal value issued by Downing Strategic Micro-Cap Investment Trust plc (“Shares”)

ISIN: GB00BF0SCX52

LSE Symbol: DSM

Names of PRIIP manufacturers: Downing Strategic Micro-Cap Investment Trust plc (reg. number 10626295) (the “Company”)

Website for the PRIIP manufacturer: www.downingstrategic.co.uk

Call this telephone number for more information: +44(0)207 416 7780

Competent Authority of the PRIIP Manufacturer in relation to the KID: UK Financial Conduct Authority

Date of production of this Key Information Document: 1 October 2020

Comprehension alert: You are about to purchase a product that is not simple and may be difficult to understand.

What is this product?

Type: Investment Trust

Summary: The information contained in this document and the methodologies for calculating risks, costs and potential returns are prescribed by EU rules.

Downing Strategic Micro-Cap Investment Trust plc (“DSM”) is a public limited liability company governed by a board of directors, with an allotted number of shares of 54,467,002 as at 1 October 2020. DSM had its initial public offering on 9 May 2017 and its shares were issued and subscribed for at 100 pence each.

The Company’s shares are listed for trading on the Premium Segment of the Main Market of the London Stock Exchange. Investing in the Company is done through buying its shares on that market and disinvestment by selling shares on that market, as shareholders would do in any public company listed on the London Stock Exchange.

As a company with allotted and fully paid up share capital, DSM is commonly known as a closed-ended investment company. It is categorised by EU rules as an alternative investment fund under the Alternative Investment Fund Managers Directive.

The Company’s product is a portfolio of strategic investments in micro-cap companies (companies with market capitalisations of less than £150m) that in turn are listed on the London Stock Market, usually on AIM (the Alternative Investment Market) of that exchange. That portfolio has been constructed and is managed by, Downing LLP, adopting an exceptional approach to identify undervalued stocks as outlined in the Company’s prospectus.

The investment objective of the Company is to generate capital growth for shareholders, from a focused portfolio of UK micro-cap companies, targeting a compound return of 15% p.a. over the long-term.

The target investors are institutions, private investors who are financially sophisticated and familiar with stock markets, and professionally advised investors.

The value of the Company’s net assets, principally its investments, and the demand for, and supply of, its shares will influence the price of those shares – normally quoted at an ‘offer’ price at which they are offered for sale to investors and a slightly lower ‘bid’ price at which the market will buy them. Although shares may remain for as long as the Company continues to trade, the directors are empowered to buy back shares available in the market and there is a discretionary share redemption procedure set out in the Company’s issuing prospectus (available on the Company’s website). If there is demand and good investment opportunities the Directors may issue more shares through London Stock Market procedures. The Company may borrow (known as gearing) within the constraints set out within its prospectus.

There is no fixed maturity date. There is no ability for the Company to terminate holdings unilaterally or for the shares to be terminated automatically.

Risk Indicator

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you.



← Lower risk Higher risk →



The summary risk indicator is a guide to the level of risk of this product compared to other products. It is intended to show how likely it is that the product will lose money because of movements in the markets. This assessment is based on past share price performance which should not be taken as an indication of future performance.

We have classified this product as 5 out of 7 which is a medium-high risk class. This has been calculated using the prescribed methodology based on historic share price data. This rates the potential losses from future performance at a medium-high level, and poor market conditions are may to impact the amount you could get back.

Performance Scenarios

This table shows the money you could get back over the next 5 years, under different scenarios, assuming that you invest £10,000. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past and are not an exact indicator of what your returns will be. Your returns will depend on how the market performs and how long you keep the investment. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you.

Investment Scenarios		1 year	3 years	5 years (recommended holding period)
Stress scenario	What you might get back after costs	£517	£2,453	£1,565
	Average return each year	-94.83%	-37.41%	-30.99%
Unfavourable scenario	What you might get back after costs	£5,563	£2,639	£1,354
	Average return each year	-44.37%	-35.86%	-32.96%
Moderate scenario	What you might get back after costs	£7,803	£4,756	£2,899
	Average return each year	-21.97%	-21.94%	-21.94%
Favourable scenario	What you might get back after costs	£10,963	£8,586	£6,217
	Average return each year	9.63%	-4.95%	-9.07%

What happens if Downing Strategic Micro-Cap Investment Trust plc is unable to pay out?

As a shareholder of a listed company you would not be able to make a claim to the Financial Services Compensation Scheme about the Company in the event the Company becomes insolvent. A default by the Company or any of the underlying holdings could affect the value of your investment.

What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs. The amounts shown here are the cumulative costs of the Company itself, for three different holding periods. The figures assume you invest £10,000. The figures are estimates and may change in the future. The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs and show you the impact that all costs will have on your investment over time.

Costs over time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs and show you the impact that all costs will have on your investment over time.

Investment Scenarios	If you cash in after 1 year	If you cash in after 3 years	If you cash in after 5 years
Total costs	£154	£287	£298
Impact on return (RIY) per year	1.54%	1.54%	1.54%

Composition of costs

The table below shows the compounding impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period and the meaning of the different cost categories.

This table shows the impact on return per year

One-off costs	Entry costs	0.00%	The impact of the costs you pay when entering your investment. (This is the most you could pay and could pay less). The impact of costs already included in the price.
	Exit costs	0.00%	The impact of costs of exiting your investment when it matures.
On-going costs	Portfolio transaction costs	0.00%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	1.54%	The impact of the costs that we take each year for managing your investment.
Incidental costs	Performance fees	0.00%	The impact of the performance fee.
	Carried interests	0.00%	The impact of carried interests.

How long should I hold it and can I take money out early?

The recommended minimum holding period of 5 years has been selected for illustrative purposes only and reflects the long-term nature of the Company's investment objectives, but investors may elect to sell their shares on the market at any time without penalty by the Company. The value of shares and the income derived from them (if any) may go down as well as up, and investors may not get back the full value of their investments. Whilst the shares are traded on the main market, it is possible that there may not be a liquid market in the shares and investors may have difficulty selling them.

How can I complain?

As a shareholder of Downing Strategic Micro-cap Investment Trust plc you do not have the right to complain to the Financial Ombudsman Service (FOS) about the management of Downing Strategic Micro-Cap Investment Trust plc. Complaints about the Company or the Key Information Document should be sent to the Company Secretary: Mr. Grant Whitehouse, Downing LLP, St. Magnus House, 3 Lower Thames Street, London EC3R 6HD, email dsadmin@downing.co.uk.

Other relevant information:

The cost, performance and risk calculations included in this KID follow the methodology prescribed by EU rules.

Investors should note that the performance scenarios presented in this document are derived exclusively from the past performance of the Company's share price and that past performance is not a guide to future returns.

Depending on how you buy these shares you may incur other costs, including broker commission, platform fees and Stamp Duty.

Other relevant information on the Company's style and objectives and the management team's track record can be obtained from the Company's web page: www.downingstrategic.co.uk.