

# Downing Strategic Micro-Cap Investment Trust

## March 2024 Commentary

In the month, the Company's NAV declined by 2.7% and the share price declined by 6.5%. The ending cash position totalled £13.1m, almost 45% of NAV. The Board and manager aim to return 50% of NAV via a special dividend imminently, in conjunction with the managed wind-down process as voted on and supported by shareholders. Further information pertaining to the managed wind-down can be found [here](#).

**Norman Broadbent (+43%)** issued positive final results, with net fee income growing over 40% and driving a return to profitability for the group. The shares have been well bid and the Company has provided liquidity to several buyers of the shares comfortably in excess of the 5.8p book cost. **Digitalbox (+9%)** issued results in line with previously downgraded guidance, with £2.8 million of revenue and a break-even EBITDA outturn. Net cash was £1.7m. The expectation is for a recovery through 2024 driven by self-help improvements on titles combined with a recovery in the ad market more generally. **Flowtech (+4)** issued in-line results, underlining the refreshed strategic direction for the group. We expect Flowtech will now rebuild from a trough year following a period of refocusing on the competitive strengths of the business.

**National World (+8%)** issued strong full-year results in what was a tough year for ad-facing businesses. The outlook is more positive with a recovery in yields and audience, combined with ongoing restructuring improvements and acquisition contributions to drive over £100m of revenue at improved EBITDA margins. **FireAngel (-64%)** is in a protracted takeover process but unfortunately announced a new and substantial warranty claim for defective units between 2011 and 2019. The FireAngel subsidiary, against which the claims have been issued, believes them to be without merit.

*Opinions expressed represent the views of the fund managers at the time of publication, are subject to change, and should not be interpreted as investment advice.*



**Judith MacKenzie**

Lead Investment 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 to Acuity, 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**

Investment 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.

Fund Discrete Performance										Rolling 12-month period -17.36% (31/03/2023 to 31/03/2024)			
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2024	-1.68	-0.76	-2.66										-5.02
2023	9.47	0.97	-1.35	-0.88	-1.37	-2.75	-0.54	-1.63	-1.43	5.12	-13.57	4.45	-5.14
2022	4.83	-3.90	2.61	2.15	-5.57	-6.43	6.59	-5.53	-11.51	-0.78	1.72	-0.84	-16.79
2021	1.63	3.80	2.46	7.64	-0.62	0.69	-1.02	5.73	-1.63	-1.51	-7.27	0.70	10.22
2020	1.26	-10.64	-17.04	8.45	0.64	0.12	-2.09	6.44	-2.09	2.04	8.69	5.17	-2.36
2019	-1.81	-3.59	1.65	4.01	-3.93	-1.20	0.57	-3.75	-2.83	0.72	5.23	5.57	-0.02
2018	-0.98	-1.49	-1.76	-1.15	1.14	-2.24	-1.04	-0.19	-0.51	-7.23	1.07	-4.04	-17.18
2017*					-0.02	-0.12	-0.64	-1.31	-0.16	-1.02	-0.55	0.86	-2.94

Source: Downing.

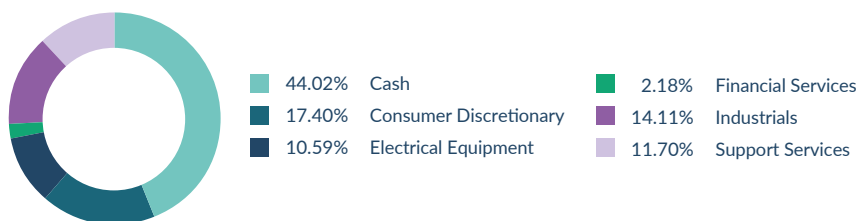
Please note that past performance is not a reliable indicator of future results.

\*From inception 09/05/2017 to 31/12/2017

# Portfolio summary

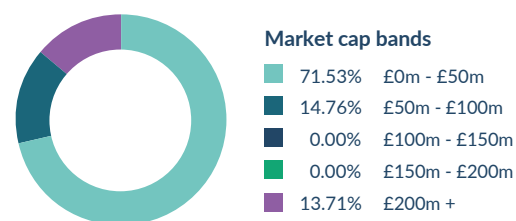
As at 31 March 2024

## Portfolio by sector



Source of sector data: Downing

## Market cap



Source of market cap data is Factset.

Top 5 portfolio holdings	Sector	% of Company
Synectics Plc	Support Services	10.70
Volex Plc	Electrical Equipment	8.16
Centaur Media Plc	Consumer Discretionary	6.99
Flowtech Fluidpower Plc	Industrials	5.59
Equals Group Plc	Industrials	5.55

Source of Top 5 holdings: Downing

## Key Facts (As at 31 March 2024)

### Launch Date:

9 May 2017

### Morningstar sector:

UK Small Cap Equity

### Total market value:

£27,032,921.88

### Total net assets:

£29,632,430.70

### No of ordinary shares in issue:

46,608,486

### NAV incl. income (starting NAV 98.04p):

63.58

### Market Price of Ordinary Shares:

58.00p

### Premium (Discount):

-8.77%

### Dividends:

The company has no stated dividend target

Source of data: Downing

### Codes and Fees:

- Ordinary Share ISIN: GB00BF0SCX52
- Ordinary Share SEDOL: BF0SCX5
- Ordinary Share Ticker: DSM
- AMC on market cap: 1%

### Ongoing charges:

The ongoing charges represent the company's management fee and all other operating expenses excluding any finance costs, expressed as a percentage of the average daily net assets during the year.

The ongoing charges for the year ending 28 February 2023 were 1.94%.

### Managers:

- Judith MacKenzie
- Nick Hawthorn

### Directors:

- Hugh Aldous, Chairman
- Linda Bell, Non-Executive Director
- Robert Legget, Non-Executive Director
- William Dawkins, Non-Executive Director

### Financial Calendar:

The company's annual financial statements will be prepared to 28 February in each year and will typically be sent to shareholders within four months of its financial year end. The company also publishes an unaudited interim report covering the six months to 31 August each year, typically within two months of that date.

### Further information:

#### Registered Office:

St Magnus House  
3 Lower Thames Street  
London, EC3R 6HD

Telephone: +44 (0) 207 416 7780

Email: [customer@downing.co.uk](mailto:customer@downing.co.uk)

For more information about this fund please visit: [downingstrategic.co.uk](http://downingstrategic.co.uk)

**Risk warning. Your capital is at risk.** The value of your investment is not guaranteed and may go down as well as up and you may not get back the amount invested. Any subscription should be made on the basis of the relevant product literature available from Downing, and your attention is drawn to the charges and risk factors contained therein.

This document has been prepared for existing investors and their advisers and has been approved as a financial promotion in line with Section 21 of the FSMA by Downing LLP. Downing is a trading name of Downing LLP. Downing does not offer investment or tax advice or make recommendations regarding investments. This document contains information and analysis that is believed to be accurate at the time of publication but is subject to change without notice. Whilst care has been taken in compiling the content of this document, no representation or warranty, express or implied, is made by Downing LLP as to its accuracy or completeness, including for external sources (which may have been used) which have not been verified. Downing LLP is authorised and regulated by the Financial Conduct Authority (Firm Reference No. 545025). Registered in England No. OC341575. Registered Office: St Magnus House, 3 Lower Thames Street, London EC3R 6HD.