

Downing AIM Estate Planning Service

December 2025 Commentary

In the fourth quarter, the Service returned -2.9% versus the FTSE AIM All Share TR which returned -1.7%. Over the year the Service returned 6.9%, underperforming the index which returned 8.5%. The outperformance of the index was largely driven by stocks which don't qualify for Business Relief and fall outside of the investable universe for the Service. Looking forward, there are several reasons to be optimistic about 2026 for equity returns. In light of falling inflation, poor jobs data, and lower growth, there is significant scope for policy rates to decrease, which is a major catalyst for equities. 2025 returns were highly concentrated around a few stocks and large companies generally outperformed smaller ones. We expect a broadening of returns through 2026 where capital is recycled from overvalued large caps into better priced, and higher growth small caps. As with the last few years, stock picking will be key and the potential for Trump-induced chaos remains extremely high.

There were four double-digit positive contributors in the period. Inspecs (+81%) announced several bidders followed by a firm takeover offer at 84p. However, with a competitor acquiring 25% of the equity in the period, it remains to be seen if the takeover will be successful. 1Spatial (+38%) was subject to a possible takeover offer at 73p by VertiGIS. Springfield Properties (+21%) re-rated strongly as the strategic pivot to focus on the North of Scotland looks to be paying off with an initial agreement now agreed with SSE Transmission to build almost 300 homes as part of SSE Transmission's investment programme. We expect this number to grow and further demand to be generated through the Inverness & Cromarty Firth Green Freeport. Volex (+15) published very strong half year results demonstrating 13% revenue growth; 20% operating profit growth; and 30% EPS growth. We continue to believe that Volex is in a strong position in global structural growth markets.

There were 11 double-digit detractors in the period. Cohort (-37%) issued interim results which pointed to a higher second half weighting and declining order book. In a period when defence stocks were de-rating, the company was severely punished. The shares have since rebounded, up over 26% year to date. Tracsis (-28%) announced in line results but no strategic change which the market may have been looking for to reinvigorate growth. Regardless, the business is cheap given reasonable earnings and over 25% of its market cap in cash. Syneetics (-22%) declined due to uncertainty around future guidance and increased investment, notwithstanding early wins in new markets which could generate higher revenues going forward. Gateley's (-19%) half year results reported good revenue growth but also higher costs resulting in lower margins and a greater second half weighting, as well as a significant increase in net debt. hVIVO (-19%) reported a new contract for over £5 million, mostly realised in 2026, but the share price continues to be weak and reflects ongoing uncertainty in the sector. Gaming Realms (-11%) was significantly impacted by the November budget and the gaming taxes levied. The business is growing quickly in non-UK markets but will have to generate exceptional growth to offset this. The rest of the detractors reported no meaningful news in the period.

Performance



Cumulative performance (%)

	1m	3m	6m	YTD	1y	3y	5y	Launch
Service	0.41	-2.94	-2.40	6.94	6.94	20.63	37.30	188.93
FTSE AIM* All Share TR	1.69	-1.70	0.31	8.53	8.53	-2.43	-28.22	16.04

Discrete performance (%)

	31/12/2024 - 31/12/2025	31/12/2023 - 31/12/2024	31/12/2022 - 31/12/2023	31/12/2021 - 31/12/2022	31/12/2020 - 31/12/2021
Service	6.94	5.97	6.45	-10.16	26.69
FTSE AIM* All Share TR	8.53	-3.95	-6.40	-30.67	6.12

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 the business in 2009 and founding Downing Fund Managers in 2010. Previously, she was a Partner at Acuity Capital, managing AIM-quoted VCT and IHT investments and a small-cap activist fund. Prior to this, 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 markets. Judith has managed the Downing AIM Estate Planning Service since 2012. The strategy employs a value-based style that favours a deep-dive approach to investing in public markets.



Nick Hawthorn
Fund Manager

Nick began working on the buy side in 2013 and joined Downing Fund Managers in September 2015 from BP Investment Management. Prior to this, he worked for Aberdeen Asset Management. Nick holds a MSc in Finance and Investment from Durham University and a MA in Accounting and Economics from the University of Aberdeen. Nick manages the Downing AIM Estate Planning Service alongside Judith.

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.*

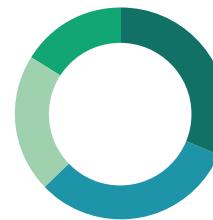
Past performance is not a reliable indicator of future performance.

Portfolio summary

As at 31 December 2025

Top 10 portfolio holdings	%
Volex Plc	6.50
Ramsdens Holdings Plc	6.07
Avingtrans Plc	5.96
Sigmaroc Plc	5.95
Hargreaves Services Plc	5.38
Restore Plc	5.35
FRP Advisory Group Plc	4.97
Kitwave Group Plc	4.66
Cohort Plc	4.18
Tatton Asset Mgmt Plc	3.73

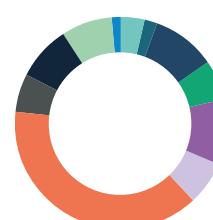
Portfolio by market cap



Market cap bands

31.46%	£0m - £150m
31.56%	£150m - £300m
21.01%	£300m - £500m
15.97%	£500m +

Portfolio by sector



Market cap bands

3.64%	Cash	38.57%	Industrials
2.05%	Communications	5.95%	Materials
9.66%	Consumer Discretionary	8.15%	Real Estate
6.27%	Consumer Staples	7.97%	Technology
9.81%	Financials	1.18%	Telecommunications
6.75%	Healthcare		

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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