



MI Downing Monthly Income Fund

August 2019

Portfolio commentary

In July, the Fund was up 0.62% while the MSCI UK All Cap Total Return Index was up 1.85%. Key contributors were Ramsdens Holdings (up 8.52%) and Strix Group (up 9.33%). Key detractors included Morses Club (down 7.58%) and Urban Exposure (down 19.20%).

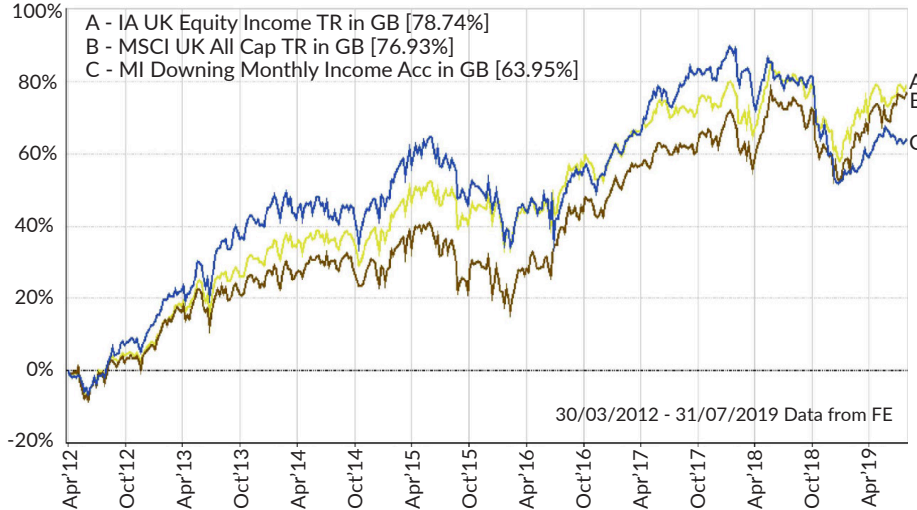
Ramsdens, the diversified financial services provider and retailer, issued no material news but has witnessed its share price improve. The company continues to perform ahead of our expectations.

Strix Group, a designer, manufacturer and supplier of kettle safety controls, had seen its share price fall despite announcing a positive trading update. We believe the shares were weak due to the suspension of a high-profile fund and the subsequent need to exit its large holding. We took advantage of this and were able to buy shares at a significant discount to our intrinsic valuation before the share price rebounded towards the end of July.

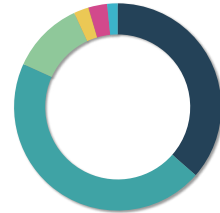
Morses Club, the UK's second largest home collected credit lender, has been adversely impacted by the suspension of trading in a high-profile fund which we believe has created a disconnect between pricing and fundamentals in a number of smaller companies. Shares in Morses were trading at a high of 177p in May 2019 and, following a milestone acquisition, we believe the fall in share price is unwarranted. We participated in a placing of a large block of shares at 130p to remove the downward pressure on the share price and give our investors access to an opportunity not accessible to retail investors.

Urban Exposure, the development finance and asset management company, has performed well in terms of the economic drivers of the business since IPO. Strong demand for loans and from asset management partners such as KKR underpin the long term performance of the business. However, we believe a longer drawdown period, slightly higher costs incurred as the business builds its platform for growth, and a change in accounting policy have left the shares trading at a significant discount to NAV. We believe the progress made will result in a higher quality and very cash generative business in the long run that will continue to be supported by significant underlying demand for its product. In our view the shares represent good value at this level.

Performance



Market Cap Breakdown



36.44%	< £150m
45.36%	£150m - £500m
11.31%	£500m - £1bn
2.37%	£1bn - £2bn
0.00%	£2bn - £4bn
2.89%	£4bn +
1.63%	Cash

Source: Factset

Top 10 Holdings

	Cumulative performance (%)			
	6m	1y	3y	5y
MI Downing Monthly Income Acc	5.33	-9.45	10.18	15.17
IA UK Equity Income TR index	6.96	-1.79	18.14	31.86
MSCI UK All Cap TR index	10.48	0.85	26.46	37.03
Quartile ranking	4th	4th	4th	4th

	Discrete performance (%)				
	31/07/2018 31/07/2019	31/07/2017 31/07/2018	31/07/2016 31/07/2017	31/07/2015 31/07/2016	31/07/2014 31/07/2015
MI Downing Monthly Income Acc	-9.45	1.55	19.81	-4.71	9.69
IA UK Equity Income TR index	-1.79	6.24	13.22	2.11	9.30
MSCI UK All Cap TR index	0.85	9.16	14.88	3.76	4.43
Quartile ranking	4th	4th	1st	4th	1st

Past performance is not a reliable indicator of future results.

	% of Fund
Duke Royalty	7.37
Ramsdens Holdings	6.51
Lok'nStore Group	5.01
PPHE Hotel Group	4.58
Morses Glub	4.58
Photo-Me International	4.45
Circle Property	4.41
Real Good Food*	4.36
Chesnara	3.97
Urban Logistics	3.86
Total	49.10

Source: Maitland Institutional Services Ltd
*Holding includes a 0.06% equity and 4.30% debt split

Key facts

Fund objective

To achieve a high level of income, together with long-term capital growth

Launch date

14 June 2010

Conversion date

1 April 2012¹

IMA sector

UK Equity Income

Currency

UK Sterling

Types of shares

Income & Accumulation

Fund size

(Income & Accumulation shares combined)
£40.5m

Yield

5.0%²

Income paid

Monthly

Number of holdings

37

Prices as at 31 July 2019

Accumulation shares: 188.52p
Income shares: 121.36p

Charges

Initial charge 0%
Annual management charge 0.75%
Ongoing charges 1.04%³
charged to capital

Minimum investment

Lump sum £1,000
Subsequently £500
Monthly savings £100

SEDOL and ISIN numbers

Accumulation shares:

SEDOL B61JRG2
ISIN GB00B61JRG28

Income shares:

SEDOL B625QM8
ISIN GB00B625QM82

ACD

Maitland act as ACD and manage the administration for the Fund

Contact details

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www.maitlandgroup.com

Dealing: 034 5305 4215

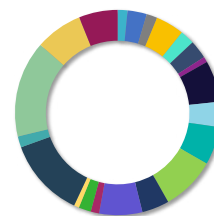
Investment Manager

Downing LLP was appointed Investment Manager to the Fund on 1 June 2015. Following the change of ACD, the Fund name was changed to MI Downing Monthly Income Fund from 31 March 2017.

Platforms and wraps

AJ Bell	Hargreaves Lansdown
All Funds	James Hay
Ascentric	Old Mutual Wealth
Aviva	Novia
Cofunds	Nucleus
Elevate	Standard life
Fidelity (Inst)	Transact
Fidelity (FFN)	Zurich

Sector breakdown



1.57%	Cash
3.03%	Diversified industrials
1.70%	Electricity
4.48%	Electronic and electrical equipment
2.25%	Engineering and machinery
2.90%	Financials
0.87%	Food producers and processors
6.51%	General retailers
3.97%	Insurance
6.01%	Investment companies
8.52%	Leisure, entertainment and hotels
4.30%	Loans
6.80%	Media and photography
1.32%	Mining
1.93%	Oil & gas
0.81%	Personal care and other household products
12.53%	Real estate
1.75%	Software & computer services
15.20%	Speciality and other finance
7.44%	Support services
6.11%	Telecommunication services

Source: Maitland Institutional Services Ltd

Income distribution

Period to	Income
31/08/2018	0.6311p
28/09/2018	0.5787p
31/10/2018	0.6021p
30/11/2018	0.6454p
31/12/2018	0.4498p
31/01/2019	0.2832p
28/02/2019	0.2383p
29/03/2019	0.7669p
30/04/2019	0.4500p
31/05/2019	0.4509p
28/06/2019	0.4907p
31/07/2019	0.4966p

Source: Maitland Institutional Services Ltd and Downing LLP

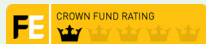
¹The conversion date refers to the date the investment objective and policy were changed.

²The historic yield reflects distributions declared over the previous 12 months net of tax as a percentage of the share price, as at the first business day of the current month. The yield will vary and investors may be subject to tax on their distributions. Fund charges and expenses are charged to capital, effectively increasing the distribution(s) for the year by the amount of the charges and constraining capital performance by the same amount.

³Ongoing charges are based on expenses, including annual management charge. This figure may vary. It excludes portfolio transaction costs. The ongoing charges figure as at 31 March 2019 is 1.04% and is currently capped at 1.00%.

Fund Manager - James Lynch

James draws on experience gained in managing an established micro-cap fund as well as time spent as a private equity and venture capital investor.



Investment committee

Stephen Whittaker: Fund Founder & Consultant
John Bearman: Independent Chairman
Judith MacKenzie: Non-Independent Member
Donald Robertson: Independent Member
Darrell O'Dea: Independent Member

Statistics correct as at 31/07/2019. Performance figures source: FE Analytics. Fund performance is based on accumulation shares, indices include net reinvested income. Trustnet one-crown rating for the three year performance to 31/07/19, source Trustnet/FE. Performance figures are for the period from when the investment objective and policy were changed on 1 April 2012, so that the fund was primarily invested in equities. Past performance is not a guide to future returns. The value of the fund and the income from it may go down as well as up, so you may not get back the amount you invested. The tax treatment of the Fund may change and such changes cannot be foreseen. Tax treatment depends on the individual circumstances of each investor.

Important notice

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15 August 2019