

# MI Downing Monthly Income Fund

January 2018

## Market commentary

In December 2017, the Fund was up 2.60% while the MSCI UK All Cap Total Return Index was up 4.89%. Key contributors included Ladbrokes Coral Group (up 35.75%) and discoverIE Group (formally Acal plc) (up 12.64%). Key detractors included Maintel Holdings (down 16%) and Braemar Shipping Services (down 9.78%).

Ladbrokes Coral Group, a British-based betting and gambling company announced that they are to be acquired by GVC Holdings. GVC believe the combination will create a fast-growing, diversified and international online and retail sports betting-led gaming group, with a portfolio of strong brands and proprietary technology.

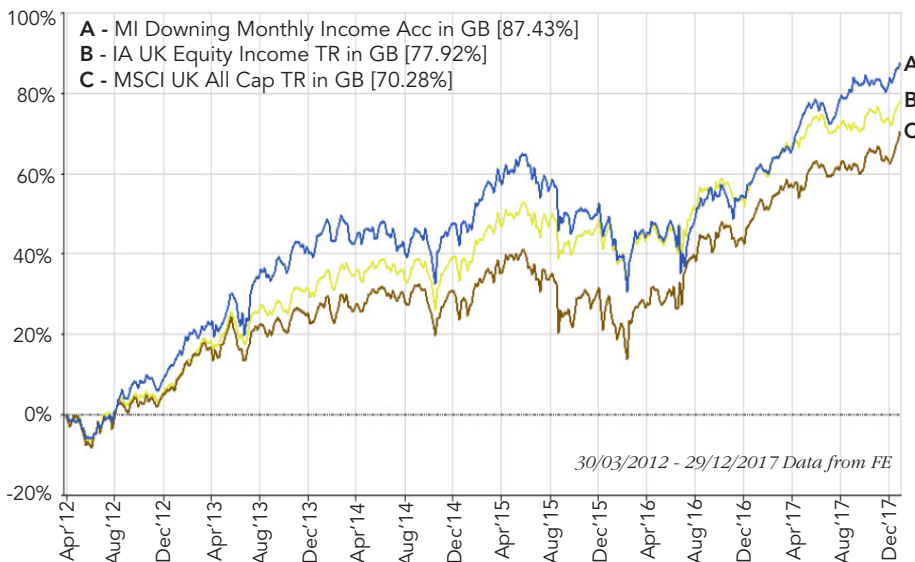
discoverIE Group plc is an international group of businesses that designs, manufactures and supplies components for electronic applications. At the end of November 2017, the company released their interim results for the six-month period ended 30 September 2017. Highlights included a strong growth in profitability, sales (up 21%) and earnings per share (up 24%), its interim dividend also increased by 8%. We believe the company is well-positioned for further growth, having recorded their highest ever period-end order book of £111 million.

Maintel Holdings, a leading systems integrator and managed services provider, fell 16% during the month. Management had expected to recover the reduction in gross margin in the first half of this financial year, however the company did not achieve this recovery. This was due to two large contracts coming to an end sooner than expected, along with delays in installations connected with the Avaya platform. We believe these incidents are one-off in nature and do not undermine the company's longer-term prospects.

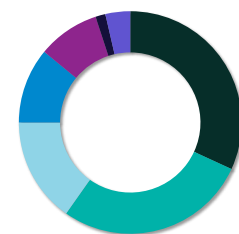
Braemar Shipping Services, a leading international provider of broking, financial, consultancy, technical and other services to the shipping, marine, energy, offshore and insurance industries, fell by 9.78% during the month. We believe that a news article published on 11 December 2017, by TradeWinds, the global shipping news source, sparked an overreaction in the markets as it reported that four of Braemar's tanker brokers resigned. It is our view that the business continues to be competitive in its space and that the long-term fundamentals remain intact.

All performance figures for securities include net reinvested income where applicable. Source: StatPro & FE Analytics.

## Performance



## Market Cap Breakdown



- 32.05% < £150m
- 27.89% £150m - £500m
- 15.23% £500m - £1bn
- 10.97% £1bn - £2bn
- 9.00% £2bn - £4bn
- 1.44% £4bn +
- 3.42% Cash

Source: Factset

## Top 10 Holdings

|                        | % of Fund    |
|------------------------|--------------|
| Ramsdens Holdings      | 5.11         |
| Duke Royalty           | 4.13         |
| discoverIE Group       | 4.11         |
| Sabre Insurance Group  | 3.80         |
| Lok'nStore Group       | 3.74         |
| Photo-Me International | 3.41         |
| Maintel Holdings       | 3.22         |
| Galliford Try          | 3.13         |
| Close Brothers Group   | 2.98         |
| Kier Group             | 2.92         |
| <b>Total</b>           | <b>36.55</b> |

Source: Maitland Institutional Services

|                               | Cumulative performance |        |        |        |
|-------------------------------|------------------------|--------|--------|--------|
|                               | 6m                     | 1y     | 3y     | 5y     |
| MI Downing Monthly Income Acc | 7.74%                  | 16.98% | 26.99% | 68.30% |
| IA UK Equity Income TR index  | 4.25%                  | 11.32% | 28.68% | 66.20% |
| MSCI UK All Cap TR index      | 7.36%                  | 13.09% | 32.82% | 60.91% |
| Quartile ranking              | 1st                    | 1st    | 3rd    | 2nd    |

|                               | Discrete performance |        |       |       |        |
|-------------------------------|----------------------|--------|-------|-------|--------|
|                               | 2017                 | 2016   | 2015  | 2014  | 2013   |
| MI Downing Monthly Income Acc | 16.98%               | 7.65%  | 0.84% | 1.74% | 30.26% |
| IA UK Equity Income TR index  | 11.32%               | 8.84%  | 6.20% | 3.16% | 25.20% |
| MSCI UK All Cap TR index      | 13.09%               | 17.29% | 0.13% | 0.44% | 20.62% |
| Quartile ranking              | 1st                  | 3rd    | 4th   | 3rd   | 1st    |

Past performance is not a reliable indicator of future results.

## 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 2012<sup>1</sup>

### IMA sector

UK Equity Income

### Currency

UK Sterling

### Types of shares

Income & Accumulation

### Fund size

(Income & Accumulation shares combined)  
£47.2m

### Yield

4.7%

### Income paid

Monthly

### Number of holdings

43

### Prices as at 29 December 2017

Accumulation shares: 215.52p

Income shares: 149.71p

### Charges

Initial charge 0%  
Annual management charge 0.75%  
Ongoing charges 1.00%<sup>3</sup>  
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:

Maitland Institutional Services Ltd  
Springfield Lodge, Colchester Road  
Chelmsford, Essex CM2 5PW

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 |
| Ascentric       | Old Mutual Wealth   |
| Aviva           | Novia               |
| Cofunds         | Nucleus             |
| Fidelity (Inst) | Standard life       |
| Fidelity (FFN)  | Transact            |

<sup>1</sup>The conversion date refers to the date the investment objective and policy were changed.

<sup>2</sup>The 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.

<sup>3</sup>Ongoing charges are based on expenses, including annual management charge. This figure may vary. It excludes portfolio transaction costs. The ongoing charges figure based on the last year's expenses as at 30 September 2017 is 1.13%, however, it 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

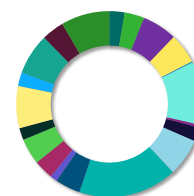
**Stephen Whittaker:** Fund Founder and Consultant

**John Bearman:** Independent Chairman

**Peter Ashworth:** Independent Member

**Judith MacKenzie:** Non-Independent Member

## Sector Breakdown



|        |                                            |
|--------|--------------------------------------------|
| 2.67%  | Banks                                      |
| 3.43%  | Cash                                       |
| 6.06%  | Construction and building materials        |
| 5.26%  | Electronics and electrical equipment       |
| 0.17%  | Food producers and processors              |
| 11.00% | General retailers                          |
| 0.47%  | Housing goods and textiles                 |
| 2.45%  | Information technology                     |
| 6.53%  | Insurance                                  |
| 17.15% | Investment companies                       |
| 4.37%  | Leisure, entertainment and hotels          |
| 1.22%  | Loans                                      |
| 3.41%  | Media and photography                      |
| 4.53%  | Mining                                     |
| 2.09%  | Personal care and other household products |
| 7.33%  | Real estate                                |
| 2.35%  | Software and computer services             |
| 7.18%  | Speciality and other finance               |
| 3.91%  | Support services                           |
| 8.42%  | Telecommunications services                |

Source: Maitland Institutional Services

## Income Distribution

| Period to  | Income  |
|------------|---------|
| 31/01/2017 | 0.5061p |
| 28/02/2017 | 0.6056p |
| 31/03/2017 | 0.9030p |
| 30/04/2017 | 0.5619p |
| 31/05/2017 | 0.4359p |
| 30/06/2017 | 0.6131p |
| 31/07/2017 | 0.4213p |
| 31/08/2017 | 0.5326p |
| 30/09/2017 | 0.5511p |
| 31/10/2017 | 0.6013p |
| 30/11/2017 | 0.4701p |
| 29/12/2017 | 0.7413p |

Source: Maitland Institutional Services and Downing LLP

**Statistics correct as at 29/12/2017.** Performance figures source: FE. Fund performance is based on accumulation shares, indices include net reinvested income. 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.

### Important notice

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