



MI Downing Monthly Income Fund

September 2019

Portfolio commentary

In August, the Fund was down 2.34% while the MSCI UK All Cap Total Return Index was down 3.85%. Key contributors were Watkin Jones (up 2.81%) and Warehouse REIT (up 3.92%). Key detractors included Chesnara (down 15.86%) and Maintel Holdings (down 11.88%).

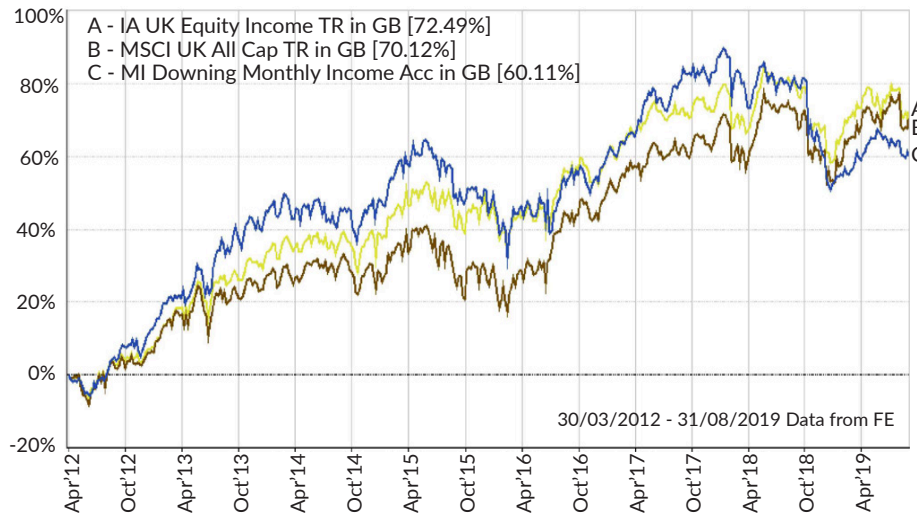
Watkin Jones, a developer and constructor of multi-occupancy residential property assets, saw its share price tick up during the period on no significant news. In a trading update issued at the end of July, management stated that it continued to see positive momentum across all key areas of the business. The final quarter of the financial year is typically a busy period in terms of forward sale activity, and this is expected to be the case again this year. Given the defensive nature of the business we believe the shares offer good value at these levels.

Warehouse REIT, a specialist warehouse investor, announced that it had agreed a 10-year lease renewal with Alliance Healthcare (Distribution) Ltd, the distribution arm of Walgreens Boots Alliance in Basingstoke. It is one of several successful asset management initiatives executed by Tilstone Partners this year, as it continues to drive value and income growth across the portfolio.

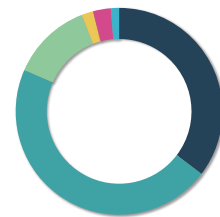
Chesnara, the life assurance group, issued its half-year report, and highlighted that in the first half of 2019 it had delivered good growth in economic value (EcV). The closing EcV of £645.1 million is 3% higher than at the end of 2018, after payment of the 2018 final dividend of £20.2 million. The market capitalisation of £410 million represents a 36% discount to its reported EcV as at the end of August – this is a fundamental mispricing in our view given that other similar businesses have recently been bought at premiums to EcV.

Maintel, a leading provider of communications and cloud management service, made no material announcements during the period. We believe the share price declined as a result of thin trading volumes.

Performance



Market Cap Breakdown



35.34%	< £150m
46.21%	£150m - £500m
12.58%	£500m - £1bn
1.81%	£1bn - £2bn
0.00%	£2bn - £4bn
2.78%	£4bn +
1.28%	Cash

Source: Factset

Top 10 Holdings

	% of Fund
Duke Royalty	7.57
Ramsdens Holdings	6.61
Lok'nStore Group	5.09
Morses Club	4.70
Photo-Me International	4.66
PPHE Hotel Group	4.53
Circle Property	4.49
Watkin Jones	4.14
Real Good Food*	3.91
AdEPT Technology Group	3.74
Total	49.45

Source: Maitland Institutional Services Ltd
*Holding includes a 0.06% equity and 3.85% debt split

	Cumulative performance (%)			
	6m	1y	3y	5y
MI Downing Monthly Income Acc	2.76	-11.35	4.13	10.30
IA UK Equity Income TR index	1.39	-3.75	10.61	24.91
MSCI UK All Cap TR index	3.85	-0.21	19.45	29.04
Quartile ranking	2nd	4th	4th	4th

	Discrete performance (%)				
	31/08/2019	31/08/2018	31/08/2017	31/08/2016	31/08/2015
MI Downing Monthly Income Acc	-11.35	-0.85	18.46	2.55	3.29
IA UK Equity Income TR index	-3.75	4.04	10.46	9.89	2.76
MSCI UK All Cap TR index	-0.21	4.54	14.51	11.81	-3.39
Quartile ranking	4th	4th	1st	4th	2nd

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 2012¹

IMA sector

UK Equity Income

Currency

UK Sterling

Types of shares

Income & Accumulation

Fund size

(Income & Accumulation shares combined)
£39.1m

Yield

5.1%²

Income paid

Monthly

Number of holdings

37

Prices as at 31 August 2019

Accumulation shares: 184.11p
Income shares: 118.04p

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

Maitland Institutional Services Ltd
Hamilton Centre, Rodney Way,
Chelmsford, Essex, CM1 3BY

www.maitlandgroup.com

Dealing: 034 5305 4215

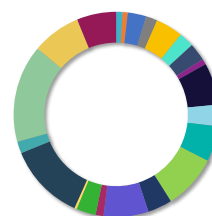
Investment Manager

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



1.01%	Cash
0.80%	Construction and building materials
2.92%	Diversified industrials
1.79%	Electricity
4.32%	Electronic and electrical equipment
2.36%	Engineering and machinery
2.77%	Financials
0.88%	Food producers and processors
6.61%	General retailers
3.40%	Insurance
5.60%	Investment companies
8.59%	Leisure, entertainment and hotels
3.84%	Loans
7.08%	Media and photography
1.24%	Mining
3.09%	Oil & gas
0.36%	Personal care and other household products
12.18%	Real estate
1.86%	Software & computer services
15.40%	Speciality and other finance
7.69%	Support services
6.21%	Telecommunication services

Source: Maitland Institutional Services Ltd

Income distribution

Period to	Income
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
30/08/2019	0.4969p

Source: Maitland Institutional Services Ltd and Downing LLP

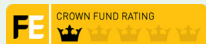
¹The conversion date refers to the date the investment objective and policy were changed.

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 31/08/2019. 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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