

# MI Downing Monthly Income Fund



## July 2020 Commentary

In July, the fund was down 0.11% while the IA UK Equity Income Total Return Index was down 2.93%. Key contributors were DiscoverIE (up 16.02%) and Drax Group (up 8.63%). Key detractors included Duke Royalty (down 22.48%) and John Laing Group (down 16.36%).

**DiscoverIE**, a designer, manufacturer and supplier of customised electronics, issued a trading update and reported that conditions in the group's markets continue to be in line with those previously anticipated and the order book remains strong. Since May, orders increased sequentially by around 10% per month in June and July, at a level similar to sales. We believe the group is well positioned for a return to strong growth as conditions recover.

**Drax**, a sustainable energy provider, issued robust half year results for the six months to 30 June 2020 and reported that it is delivering for shareholders with an increased dividend. The group is generating reliable and renewable electricity and also progressing towards negative emissions that will help the UK meet its 2050 net zero carbon target.

**Duke Royalty** is a provider of alternative capital solutions. We believe the share price decline is partly due to fears over the group having to support investee companies during a downturn. We believe the shares offer good value at these levels.

**John Laing**, a manager of infrastructure projects, issued a pre-close update for the six months ending 30 June 2020. While performance has been adversely impacted by external factors, the underlying operational performance of the portfolio has been robust. The balance sheet and liquidity position remain strong, with financial resources of c.£320m available as at 18 June 2020.

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

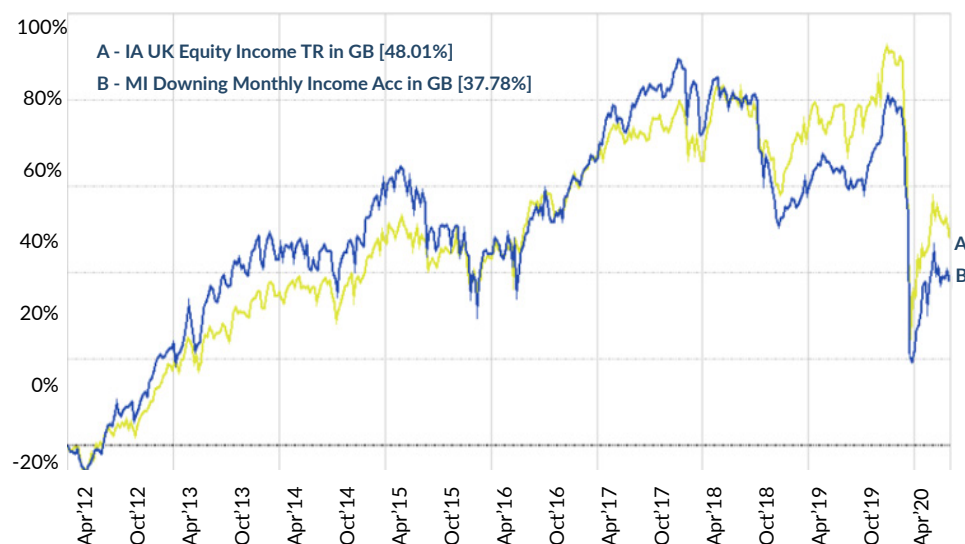


**Fund Manager**  
**James Lynch**

James joined Downing in February 2012 as part of the private equity team, gaining transaction experience in the SME space across a range of industries before transferring to Downing Fund Managers in 2013.

Prior to Downing, James worked within the asset management division of Ernst & Young after specialising in smaller companies at HW Fisher & Company. James is a CFA Charterholder, Chartered Accountant (ACA) and holds the Investment Management Certificate. James manages the MI Downing Monthly Income Fund and co-manages the Downing Strategic Micro-Cap Investment Trust.

## Performance

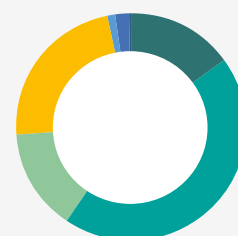


	Cumulative performance (%)			
	6m	1y	3y	5y
MI Downing Monthly Income Acc	-22.23	-15.96	-22.72	-11.76
IA UK Equity Income TR index	-20.50	-17.14	-13.60	-0.11
Quartile ranking	4	1	4	4

	Discrete performance (%)				
	31/07/2019 -31/07/2020	31/07/2018 -31/07/2019	31/07/2017 -31/07/2018	31/07/2016 -31/07/2017	31/07/2015 -31/07/2016
MI Downing Monthly Income Acc	-15.96	-9.45	1.55	19.81	-4.71
IA UK Equity Income TR index	-17.14	-1.85	6.24	13.22	2.11
Quartile ranking	1	4	4	1	4

Past performance is not a reliable indicator of future results. Performance figures source: FE Analytics.

## Market Cap Breakdown



- 15.13% <£150m
- 44.41% £150m - £500m
- 14.36% £500m - £1bn
- 23.02% £1bn - £2bn
- 0.93% £2bn - £4bn
- 2.04% £4bn+
- 0.11% Cash

Source: Factset

## Top 10 Holdings

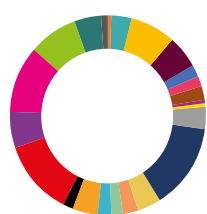
	% of Fund
Diversified Gas & Oil Plc	4.24
Contourglobal Plc	3.95
Lok'nStore Group Plc	3.81
Caretech Holdings Plc	3.75
Telecom Plus Plc	3.75
Chesnara Plc	3.71
Paypoint Plc	3.59
Drax Group Plc	3.58
Brewin Dolphin Holdings Plc	3.33
Strix Group Plc	3.31
Total	37.02

Source: Maitland Institutional Services Ltd

# Portfolio summary

As at 31 July 2020

## Sector breakdown



0.11% Cash	0.51% Health	4.24% Oil & gas
0.48% Construction & building materials	0.61% Housing goods & textiles	1.44% Pharmaceuticals
3.31% Diversified industrials	3.71% Insurance	12.29% Real estate
7.52% Electricity	13.77% Investment companies	5.89% Software & computer services
5.39% Electronic & electrical equipment	3.88% Leisure, entertainment & hotels	10.92% Speciality & other Finance
2.02% Financials	2.58% Loans	7.98% Support services
1.50% Food producers & processors	1.94% Media & photography	4.44% Telecommunication services
2.27% General retailers	2.21% Mining	0.97% Water

Source: Maitland Institutional Services Ltd

## Key facts As at 31 July 2020

### 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\*

### IMA sector

UK Equity Income

### Currency

UK Sterling

### Types of shares

Income & Accumulation

### Fund size

(Income & Accumulation shares combined)  
£43.68m

### Yield

5.3%\*\*

### Income paid

Monthly

### Number of holdings

54

### Prices as at 31 July 2020

Accumulation shares: 158.43p

Income shares: 97.38p

### Charges

Initial charge: 0%

Annual Mgmt charge: 0.75%

Ongoing charges charged to capital\*\*\*: 1.00%

### Minimum Investment

Lump sum: £1,000

Subsequently: £500

Monthly savings: £100

### SEDOL & ISIN numbers

#### Accumulation shares:

SEDOL B61JRG2

ISIN GB00B61JRG28

#### Income shares:

SEDOL B625QM8

ISIN GB00B625QM82

### Authorised Corporate Director

Maitland act as ACD and manage the administration for the Fund.

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.

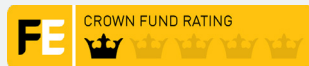
### Investment Committee

**Stephen Whittaker:** Fund Founder & Consultant

**Judith MacKenzie:** Non-Independent Member

**Donald Robertson:** Independent Member

**Darrell O'Dea:** Independent Member



## Income distribution

Period to	Income
30/08/2019	0.4969p
30/09/2019	0.5928p
31/10/2019	0.4985p
29/11/2019	0.4989p
31/12/2019	0.4992p
31/01/2020	0.4995p
29/02/2020	0.4999p
31/03/2020	0.0000p
30/04/2020	0.5000p
31/05/2020	0.3500p
30/06/2020	0.3500p
31/07/2020	0.3500p

Source: Maitland Institutional Services Ltd and Downing LLP

## Platforms and wraps

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

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

\*\* 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.

\*\*\* Ongoing 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 2020 is 1.00% and is currently capped at 1.00%.

[www.downingmonthly.co.uk](http://www.downingmonthly.co.uk)

**Statistics correct as at 31/07/2020.** 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 31/01/2020, 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.

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