

VT Downing Monthly Income Fund



February 2021 Commentary

In February, the fund was up 1.23% while the IA UK Equity Income Total Return Index was up 2.70%. Key contributors were Ramsdens (up 20.22%) and Diversified Gas & Oil (up 9.90%). Key detractors included Lok'nStore (down 8.03%) and Volex (down 4.64%).

Ramsdens, the diversified financial services provider and retailer, issued no significant news in February. We believe that the shares, which have been depressed through the lockdowns, responded positively to news of a return to more normalised trading conditions.

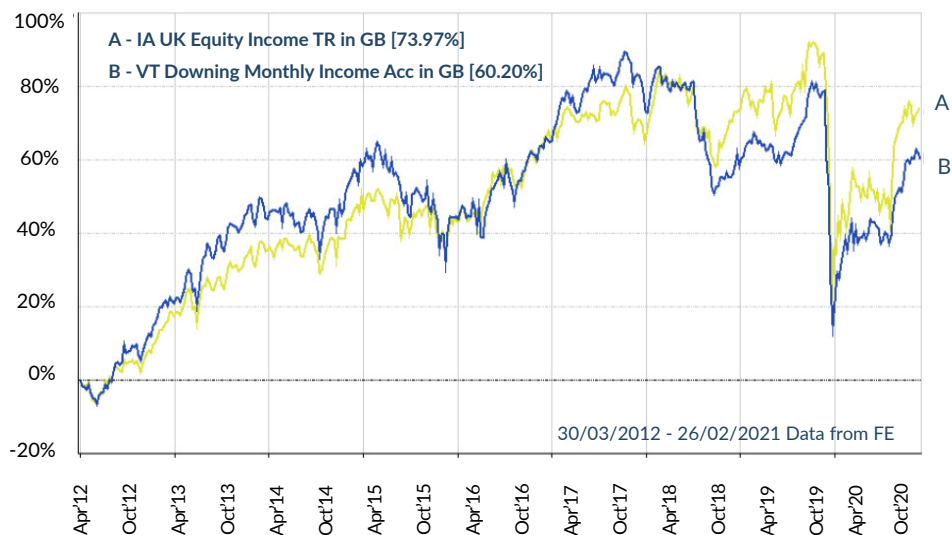
Diversified Gas & Oil, an independent energy company, issued no new news but we believe that the positive trading update issued at the end of January and confirming 2020 results are in line with market expectations combined with rising natural gas pricing, improved sentiment towards the group.

Lok'nStore, a self-storage company, issued a market update and reported that trading in the first half of FY2021 was strong, with self-storage revenue up 11.0% on the previous year. At 31 January 2021 unit occupancy was up 24.7%, a gain of 175,897 sq. ft over 12 months. The group is making significant progress on its new store pipeline of 11 sites whilst remaining conservatively geared. We believe that this pipeline of new stores will add considerable momentum to sales and earnings growth.

Volex, a supplier of integrated manufacturing services and power products, saw its share price fall following a period of strong performance. The group announced that the acquisition of DEKA, a leading European power cord manufacturer, had been approved. The board believe that DEKA is a perfect fit with Volex' existing business and will accelerate its strategy of creating the most efficient and lowest cost global producer in the industry.

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.

Performance



	Cumulative performance (%)			
	6m	1y	3y	5y
VT Downing Monthly Income Acc	11.98	0.35	-12.95	12.34
IA UK Equity Income TR index	15.18	3.50	1.72	22.50
Quartile ranking	3	3	4	4

	Discrete performance (%)				
	29/02/2020-28/02/2021	29/02/2020	28/02/2019	28/02/2018	29/02/2016-28/02/2017
VT Downing Monthly Income Acc	0.35	2.46	-15.34	12.38	14.84
IA UK Equity Income TR index	3.50	-1.20	-0.53	4.20	15.58
Quartile ranking	3	1	4	1	3

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

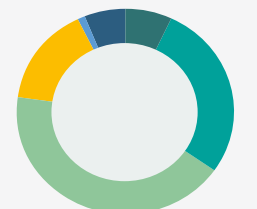


Fund Manager
James Lynch

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 VT Downing Monthly Income Fund and co-manages the Downing Strategic Micro-Cap Investment Trust.

Market Cap Breakdown



6.32%	<£150m
35.03%	£150m - £500m
38.27%	£500m - £1bn
14.11%	£1bn - £2bn
0.98%	£2bn - £4bn
0.00%	£4bn+
5.29%	Cash

Source: Factset

Top 10 Holdings

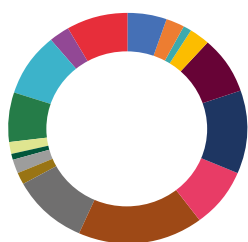
	% of fund
Diversified Gas & Oil plc	5.60
Volex plc	5.28
Watkin Jones plc	4.87
Caretech Holdings plc	4.67
Lokn Store Group plc	4.16
ContourGlobal plc	4.12
Strix Group plc	4.09
Chesnara plc	3.66
Smart Metering Systems plc	3.37
Ramsdens Holdings plc	2.82
Total	42.64

Source: Valu-Trac Investment Management Ltd

Portfolio summary

As at 28 February 2021

Sector breakdown



5.29% Cash	8.46% Healthcare	1.88% Other financial
2.54% Communication services	16.89% Industrials	6.74% Property
1.27% Consumer discretionary	10.14% Information technology	9.03% Real estate
2.58% Consumer staples	1.63% Infrastructure	2.66% UK corporate bonds
8.28% Energy	2.06% International fixed interest	8.25% Utilities
11.57% Financials	0.73% Materials	

Source: Valu-Trac Investment Management Ltd

Key facts As at 28 February 2021

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)
£42.42m

Yield

3.6%***

Income paid

Monthly

Number of holdings

46

Prices as at 28 February 2021

Accumulation shares: 184.2169p

Income shares: 110.2046p

Charges

Initial charge: 0%

Annual Mgmt charge: 0.75%

Ongoing charges charged to capital****: 0.87%

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

Valu-Trac act as ACD and manage the administration for the fund.

Valu-Trac Investment Management Ltd

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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. This was changed again from 30 November 2020 and is now VT Downing Monthly Income Fund.

Investment Committee

Judith MacKenzie: Non-Independent Member

Donald Robertson: Independent Member

Darrell O'Dea: Independent Member



Income distribution

Period to	Income
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
31/08/2020	0.3500p
30/09/2020	0.3500p
31/10/2020	0.3500p
30/11/2020	0.3500p
31/12/2020	0.3500p
31/01/2021	0.3500p
28/02/2021	0.3500p

Source: Valu-Trac Investment Management Ltd and Downing LLP

Platforms and wraps

Aegon	James Hay
AJ Bell	Novia
All Funds	Nucleus
Ascentric	Old Mutual Wealth
Aviva	Raymond James
Canada Life International	Standard life
Elevate	Transact
Fidelity (Inst)	Zurich
Fidelity (FFN)	
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.

**** The ongoing charges figure is based on expenses and the net asset value as at 31 December 2020. This figure may vary from year to year. It excludes portfolio transaction costs. The funds annual report for each financial year will include detail on the exact charges made.

www.downingmonthly.co.uk

Statistics correct as at 28/02/2021. Performance figures source: FE Analytics. Fund performance is based on accumulation shares, indices include net reinvested income. defaqto, 3 Diamond rated, 2020. 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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