

MI Downing Monthly Income Fund

May
2017



Market commentary

In April the MSCI UK All Cap Total Return Index fell 0.47% while the Fund returned 5.40%. Key contributors to the portfolio throughout the month were Card Factory (up 13.72%), B&M European Value Retail (up 12.56%), and Conviviality (up 11.56%). Key detractors were Connect Group (down 6.49%), and Sprue Aegis (down 7.03%).

At the end of March, Card Factory released final results for the year ended 31 January 2017 outlining store growth of 0.4% and a 3.8% growth in underlying profit before tax. These results have been driven by further progress in continuing store roll-out, delivering operational efficiencies and developing complementary online channels. Final results also confirmed a 7.1% total ordinary dividend increase and a further special dividend that together will provide a yield to the Fund of 8.23% on book cost.

There were no new updates regarding B&M European Value Retail during the month. The last announcement was in January, in which the business disclosed year-to-date sales growth of 18.9%. We expect the continued roll-out of new stores to support this growth over the medium term and expect this trend to have continued through to the full-year results that are expected in May.

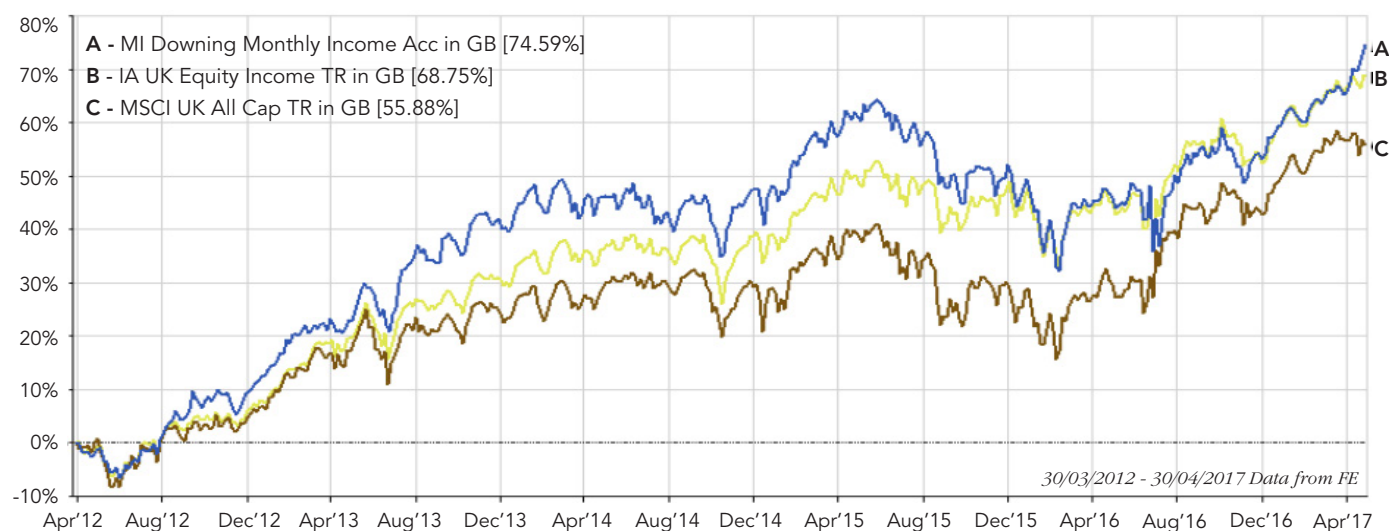
There were also no new updates regarding Conviviality in April, therefore we believe the share price movement is a function of the business becoming more widely understood by the market. We believe further shareholder value can be released as their acquired companies increase overall business efficiencies and economies of scale are created on the purchasing side of the business.

In April, Connect Group released unaudited interim results for the six months to 28 February 2017, which management described as 'resilient' in more challenging market conditions. The decline in the news and media business was partially offset by the growth from the parcel and freight division.

Sprue Aegis, one of Europe's leading developers and suppliers of home safety products, released its full-year results in April for the year ended 31 December 2016, which showed a fall in revenue and profits due to volume declines in France and product certification delays in Germany. The Fund took its initial position following these results as we believe the long-term prospects remain intact for the business, and with the price 40% lower than previous highs, the valuation is attractive.

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

Performance



	Cumulative performance				Discrete performance			
	6m	1y	3y	5y	2016	2015	2014	2013
MI Downing Monthly Income Acc	15.15%	19.55%	19.33%	77.03%	7.65%	0.84%	1.74%	30.26%
IA UK Equity Income TR index	8.21%	16.49%	23.65%	69.69%	8.84%	6.20%	3.16%	25.20%
MSCI UK All Cap TR index	6.91%	20.19%	20.47%	56.36%	17.29%	0.13%	0.44%	20.62%
Quartile ranking	1st	1st	4th	2nd	3rd	4th	3rd	1st

Fund Managers



James Lynch

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



Stephen Whittaker

Stephen has 35 years' experience of managing a variety of UK portfolios, including small companies, special situations, income and growth funds.

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

Yield

4.7%²

Income paid

Monthly

Number of holdings

39

Prices as at 30 April 2017

Accumulation shares: 200.77p
Income shares: 143.54p

Charges

Initial charge 0%
Annual management charge 0.75%
Ongoing charges 1.41%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
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

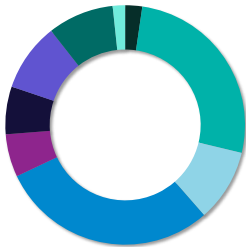
Ascentric Hargreaves Lansdown
Cofunds Nucleus
Fidelity (Inst) Transact

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, for the year ending 30 September 2016. This figure may vary. It excludes portfolio transaction costs.

Sector Breakdown



2.29%	Cash
26.46%	Consumer discretionary
9.82%	Consumer staples
29.39%	Financials
5.79%	Healthcare
6.43%	Industrials
9.22%	IT
8.93%	Real estate
1.67%	Telecom services

Source: StatPro

Market Cap Breakdown



11.70%	< £150m
34.15%	£150m - £500m
18.62%	£500m - £1bn
18.68%	£1bn - £2bn
12.90%	£2bn - £4bn
3.96%	£4bn +

Source: Thompson Reuters

Income Distribution

Period to	Income
31/05/2016	0.5360p
30/06/2016	0.5710p
29/07/2016	0.4012p
31/08/2016	0.5296p
30/09/2016	0.5432p
31/10/2016	0.6115p
30/11/2016	0.5120p
31/12/2016	0.4449p
31/01/2017	0.5061p
28/02/2017	0.6056p
31/03/2017	0.9030p
30/04/2017	0.5619p

Top 10 Holdings

	% of Fund
Martin McColl Retail	5.48
Conviviality	4.37
Kier Group	4.22
Intermediate Capital	4.18
Primary Health Properties	4.12
Shawbrook Group	3.61
Caretech Holdings	3.57
Character Group	3.56
B&M	3.54
Card Factory	3.52
Total	40.17

Source: Maitland Institutional Services

Statistics correct as at 30/04/2017. 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. All references to FE Crown rankings are sourced from Trustnet via www.trustnet.com. All ratings are for the 3 year period ended 31/01/2017.

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