

MI Downing Monthly Income Fund

July
2018



Market commentary

In June 2018, the Fund was down 1.18%, underperforming the MSCI UK All Cap Total Return Index, which was down 0.15%. Key contributors were Warpaint London (up 13.10%) and Maintel Holdings (up 8.55%). Key detractors included XL Media (down 36.11%) and Photo-Me International (down 7.10%).

Warpaint London, a specialist supplier of colour cosmetics, reported that the company continues to trade in line with expectations and the outlook for the rest of the year remains encouraging. Retra Holdings, acquired by the group in November 2017, has integrated well and is delivering the expected synergies both operationally and from a sales perspective. The Christmas order book for both the W7 and Retra brands is already ahead of last year.

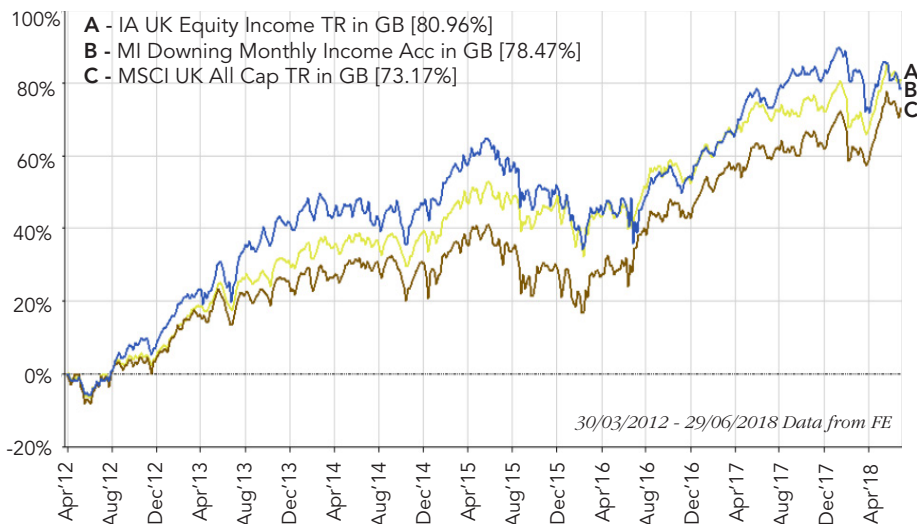
Maintel, a provider of managed communications, announced a strategic partnership with Atos and the acquisition of certain customer contracts with a total net consideration of £5.1 million. This acquisition is expected to be accretive in the first full year of ownership.

XL Media, a provider of digital performance marketing, issued a trading update reporting that the group had seen some impact from regulatory changes. This included the closure of the Australian market and uncertainty over the regulatory status in some European markets. The Board now expects lower revenues of circa \$130 million, with marginally lower adjusted EBITDA compared to the previous year. More positively, the recently acquired personal assets continue to perform well and revenues are expected to grow during 2018.

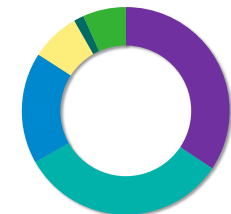
Photo-Me International, the instant-service equipment group, announced that the group expects to achieve turnover growth of approximately 6% versus the prior year. The photo identification business continued to perform well except in Japan, which has remained a difficult market due to oversupply. More positively, the laundry business saw revenue increase by 49% to £32.3 million. The Board now believes that profit before tax will be at least £44 million. Underlying profit before tax (excluding one-off items) for the next financial year is likely to be at a similar level to that of 2018.

All performance figures for securities include net reinvested income where applicable. Source: Factset.

Performance



Market Cap Breakdown



34.35%	< £150m
32.45%	£150m - £500m
17.32%	£500m - £1bn
7.64%	£1bn - £2bn
1.55%	£2bn - £4bn
0.00%	£4bn +
6.69%	Cash

Source: Factset

Top 10 Holdings

	% of Fund
Ramsdens Holdings	4.85
Lok'nStore Group	4.70
Duke Royalty	4.53
Maintel Holdings	4.02
Warpaint London	3.88
Photo-Me International	3.77
Morses Club	3.66
Sabre Insurance Group	3.58
Premier Asset Management	3.23
Urban Exposure	3.14
Total	39.36

Source: Maitland Institutional Services

	Cumulative performance			
	6m	1y	3y	5y
MI Downing Monthly Income Acc	-4.78%	2.59%	13.84%	43.92%
IA UK Equity Income TR index	1.71%	6.04%	24.24%	52.08%
MSCI UK All Cap TR index	1.70%	9.19%	31.46%	51.31%
Quartile ranking	4th	4th	4th	4th

	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 2012¹

IMA sector

UK Equity Income

Currency

UK Sterling

Types of shares

Income & Accumulation

Fund size

(Income & Accumulation shares combined)
£49.6m

Yield

5.0%

Income paid

Monthly

Number of holdings

41

Prices as at 29 June 2018

Accumulation shares: 205.22p

Income shares: 138.95p

Charges

Initial charge 0%

Annual management charge 0.75%

Ongoing charges 1.00%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

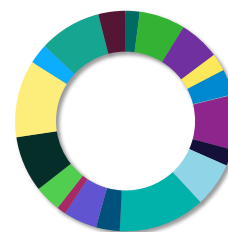
Downing LLP was appointed Investment Manager to the Fund on 1 June 2015.

Following the change of ACD, the Fund name was changed to MI Downing Monthly Income Fund from 31 March 2017.

Platforms and wraps

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



2.06%	Banks
6.75%	Cash
5.96%	Construction and building materials
2.60%	Electricity
3.75%	Electronics and electrical equipment
0.08%	Food producers and processors
8.00%	General retailers
2.42%	Information technology
6.55%	Insurance
12.69%	Investment companies
3.46%	Loans
4.91%	Media and photography
1.33%	Mining
3.88%	Personal care and other household products
8.20%	Real estate
11.34%	Speciality and other finance
2.92%	Support services
9.13%	Telecommunications services
3.97%	Transport

Source: Maitland Institutional Services

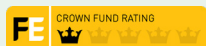
Income Distribution

Period to	Income
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
31/01/2018	0.4053p
28/02/2018	0.7383p
29/03/2018	0.8777p
30/04/2018	0.4577p
31/05/2018	0.4513p
29/06/2018	0.6253p

Source: Maitland Institutional Services and Downing LLP

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

Peter Ashworth: Independent Member

Judith MacKenzie: Non-Independent Member

Statistics correct as at 29/06/2018. Performance figures source: FE. Fund performance is based on accumulation shares, indices include net reinvested income. Trustnet one-crown rating for the three year performance to 31/01/18, source Trustnet/F.E. 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

This document is intended for retail investors and their advisers and has been approved and issued as a financial promotion under the Financial Services and Markets Act 2000 by Downing LLP ("Downing"), St Magnus House, 3 Lower Thames Street, London EC3R 6HD. This document is issued by Downing LLP ("Downing") authorised and regulated by the Financial Conduct Authority (Firm Reference No. 545025). Registered in England No. OC341575. The value of your investment, and any income from it, could fall or rise. You may not get back the full amount you invest. Opinions expressed in this document represent the views of the Fund Managers at the time of publication, are subject to change, and should not be interpreted as investment advice. Please refer to the latest Full Prospectus, Key Investor Information Document and Supplementary Information Document before investing; your attention is drawn to the risk factors contained therein. Downing does not offer investment or tax advice.