

MI Downing Monthly Income Fund

December
2017

Market commentary

In November 2017, the Fund fell 0.29% but outperformed the MSCI All Cap Total Return Index which fell 1.73%. Key contributors included Lok'nStore Group Plc (up 13.60%) and Premier Asset Management Group (up 5.45%) while key detractors included Accrol Group (down 55.49%) and Card Factory (down 7.17%).

Lok'nStore, a leading company in the UK self-storage market, announced at the end of October 2017 its preliminary results for the year ended 31 July 2017. During the year, highlights included expanding its pipeline to 11 new stores, taking its total number of stores to 37. Group revenue increased 3.7% to £16.65 million and annual dividends grew 11.1% to 10 pence per share. Total net assets also increased 24.7% to £89.1 million. All of which we believe makes for a positive outlook for future growth.

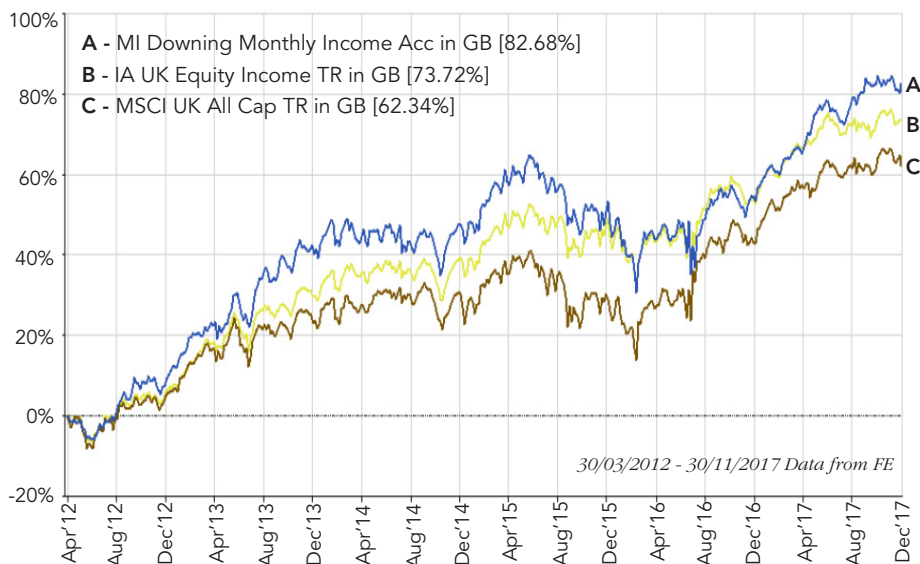
Premier asset management, an AIM-listed Investment Management Firm, released their annual results for the year ended 30 September 2017. The results announced a 22% increase in AUM to £6.1 billion, having experienced 18 consecutive quarters of net positive inflows. Adjusted EBITDA increased 38% to £15 million. The business has strong distribution capabilities, good investment performance and a growing brand which we believe makes them well placed for future growth.

In October 2017, Accrol Group issued a trading update announcing a temporary suspension of trading in its shares. This was a result of recent challenges likely to have a significant effect on trading performance for the 2018 financial year, including an increase in input costs due to parent reel price inflation, which has not been offset by product price increases. The company also incurred higher than anticipated operational costs relating to their business growth plans. Furthermore, Accrol is preparing for the possibility of a higher than anticipated fine relating to a pre-AIM-IPO health and safety incident. These developments have had a material impact on our investment case. Therefore, in accordance with our investment process, we made the decision to start removing the holding from our portfolio.

In November 2017, Card Factory released a trading update outlining a total sales growth of 6.7% for the nine months ended 31 October 2017 and have opened 38 new UK stores with an expected pipeline of 50 new stores. Despite this positive news, the company has acknowledged ongoing external pressures including foreign exchange and national living wage, both of which will impact margins into 2019. While we are mindful of these headwinds, we believe Card Factory remains highly cash generative with strong margins and is highly competitive in the popular value chain space.

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

Performance

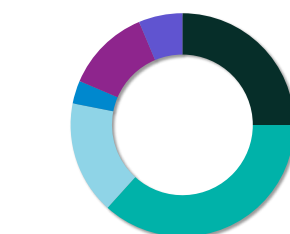


	Cumulative performance			
	6m	1y	3y	5y
MI Downing Monthly Income Acc	2.55%	18.37%	24.12%	67.10%
IA UK Equity Income TR index	-0.59%	12.58%	25.13%	63.82%
MSCI UK All Cap TR index	-0.28%	13.22%	24.49%	54.84%
Quartile ranking	1st	1st	3rd	2nd

	Discrete performance			
	2016	2015	2014	2013
MI Downing Monthly Income Acc	7.65%	0.84%	1.74%	30.26%
IA UK Equity Income TR index	8.84%	6.20%	3.16%	25.20%
MSCI UK All Cap TR index	17.29%	0.13%	0.44%	20.62%
Quartile ranking	3rd	4th	3rd	1st

Past performance is not a reliable indicator of future results.

Market Cap Breakdown



25.03%	< £150m
36.65%	£150m - £500m
16.41%	£500m - £1bn
3.33%	£1bn - £2bn
12.25%	£2bn - £4bn
0%	£4bn +
6.34%	Cash

Source: Factset

Top 10 Holdings

	% of Fund
Maintel Holdings	4.58
DiscoverIE Group	4.31
Morses Club	3.73
Photo-Me International	3.70
Close Brothers Group	3.44
Manx Telecom	3.41
Pacific Industrial & Logistics	3.38
Kier Group	3.26
Premier Asset Management	3.09
Chesnara	3.06
Total	35.96

Source: Maitland Institutional Services

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

4.5%

Income paid

Monthly

Number of holdings

43

Prices as at 30 November 2017

Accumulation shares: 210.06p

Income shares: 146.39p

Charges

Initial charge	0%
Annual management charge	0.75%
Ongoing charges charged to capital	1.00% ³

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:

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Springfield Lodge, Colchester Road
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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
Ascentric	Old Mutual Wealth
Aviva	Novia
Cofunds	Nucleus
Fidelity (Inst)	Standard life
Fidelity (FFN)	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. This figure may vary. It excludes portfolio transaction costs. The ongoing charges figure based on the last year's expenses as at 31 March 2017 is 1.47%, however, it 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

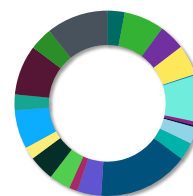
Stephen Whittaker: Fund Founder and Consultant

John Bearman: Independent Chairman

Peter Ashworth: Independent Member

Judith MacKenzie: Non-Independent Member

Sector Breakdown



3.05%	Banks
7.03%	Cash
4.51%	Construction and building materials
5.31%	Electronics and electrical equipment
0.19%	Food producers and processors
8.21%	General retailers
0.64%	Housing goods and textiles
0.34%	Industrials
2.89%	Information technology
3.06%	Insurance
15.83%	Investment companies
4.20%	Leisure, entertainment and hotels
1.45%	Loans
3.70%	Media and photography
4.44%	Mining
2.18%	Personal care and other household products
6.79%	Real estate
2.72%	Software and computer services
8.73%	Speciality and other finance
3.99%	Support services
10.74%	Telecommunications services

Source: Maitland Institutional Services

Income Distribution

Period to	Income
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
31/05/2017	0.4359p
30/06/2017	0.6131p
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

Source: Maitland Institutional Services and Downing LLP

Statistics correct as at 30/11/2017. 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.

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