



MI Downing Monthly Income Fund

February 2020

Portfolio commentary

In January, the Fund was down 2.09% while the IA UK Equity Income Total Return Index* was down 2.60%. Key contributors were PPHE Hotel Group (up 8.11%) and Watkin Jones (up 4.78%). Key detractors included Diversified Gas & Oil (down 18.38%) and Maintel Holdings (down 34.89%).

PPHE Hotel Group, the international hospitality real estate group, announced that it now owns 100% of W29 Development. The board believes the acquisition enables PPHE to fully control the design and construction process of its first hotel in New York. The art'otel brand will utilise PPHE's 30-year track record to ensure it creates value for our shareholders and guests.

PPHE Hotel Group, announced its full year trading update for the year ended 31st December 2019. The company reported that it expects full year results to be in line with expectations after solid performance continued in the final quarter, and management are confident that they're well positioned for future growth.

Watkin Jones, a developer and manager of residential for rent, announced its results for the year ended 30 September 2019. The board reported another year of growth for the group, which demonstrates the strength and resilience of its capital light business model. Despite the difficult macro environment, the group delivered further profitable growth, in line with expectations.

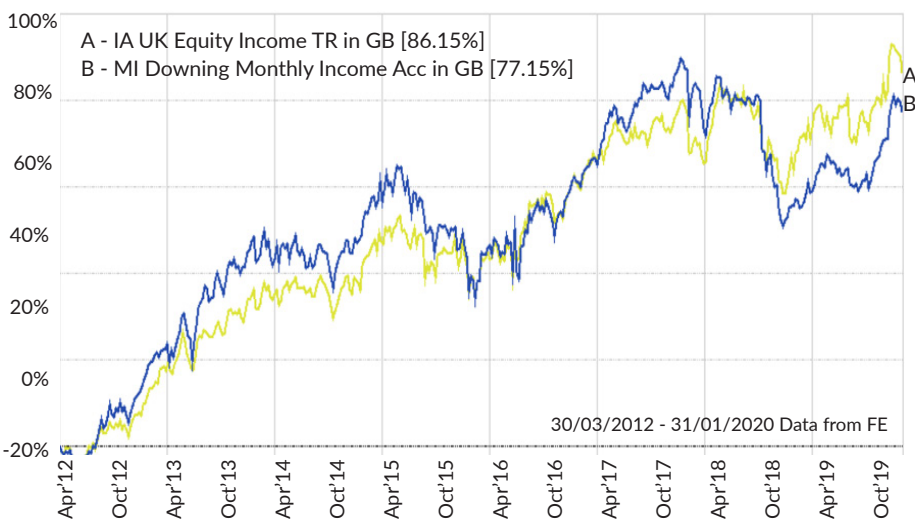
Diversified Gas & Oil, a U.S. based owner and operator of natural gas, oil wells and midstream assets in the Appalachian Basin, saw its share price fall in January.

The management reported that quarterly production was in line with previous guidance and that production over the quarter was largely hedged at prices greater than the prevailing spot price, demonstrating the ongoing focus on maintaining cashflow protection.

Maintel Holdings, a cloud and managed services company with a focus on communication, issued an update for the financial year ending 31st December 2019 and warned that it expects to report a lower level of revenue and adjusted EBITDA* than previously anticipated. For FY2020, the board anticipates delivering low single digit organic revenue growth, underpinned by the improved order intake in Q4 and a return to healthier levels of activity in the public sector. A current review of measures to improve margins is expected to deliver benefits in the latter part of FY2020.

*Adjusted EBITDA is earnings before interest, tax, depreciation and amortisation, adjusted for share based payments and exceptional costs.

Performance

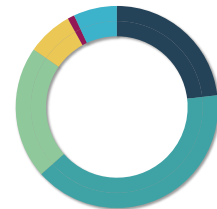


	Cumulative performance (%)			
	6m	1y	3y	5y
MI Downing Monthly Income Acc	8.06	13.81	10.49	16.18
IA UK Equity Income TR index	4.21	11.39	16.56	30.01
Quartile ranking	1st	1st	4th	4th

	Discrete performance (%)				
	31/01/2020	31/01/2019	31/01/2018	31/01/2017	31/01/2016
MI Downing Monthly Income Acc	13.81	-16.49	16.26	13.81	-7.61
IA UK Equity Income TR index	11.39	-5.09	10.25	13.66	-1.87
Quartile ranking	1st	4th	1st	1st	4th

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

Market Cap Breakdown



23.14%	< £150m
40.30%	£150m - £500m
21.20%	£500m - £1bn
7.31%	£1bn - £2bn
1.10%	£2bn - £4bn
0.00%	£4bn +
6.95%	Cash

Source: Factset

Top 10 Holdings

	% of Fund
Watkin Jones Ltd	4.48
PPHE Hotel Group Ltd	4.14
Lok'nStore Group Plc	4.07
Ramsdens Holdings Plc	3.98
DiscoverIE Group Plc	3.62
Morses Club Plc	3.60
Circle Property Plc	3.55
Duke Royalty Ltd	3.43
Photo-Me International Plc	3.40
Chesnara Plc	3.24
Total	37.51

Source: Maitland Institutional Services Ltd

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)
£47.9m

Yield

4.7%²

Income paid

Monthly

Number of holdings

53

Prices as at 31 January 2020

Accumulation shares: 203.71p
Income shares: 127.87p

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

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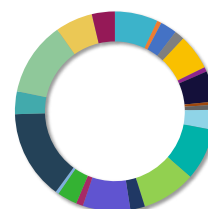
Investment Manager

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.

Platforms and wraps

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

Sector breakdown



6.98%	Cash
0.72%	Construction & building materials
2.69%	Diversified industrials
1.60%	Electricity
5.75%	Electronic and electrical equipment
0.74%	Food producers and processors
4.97%	General retailers
0.51%	Health
0.80%	Housing goods and textiles
3.24%	Insurance
8.39%	Investment companies
8.76%	Leisure, entertainment and hotels
2.36%	Loans
7.69%	Media and photography
1.12%	Mining
3.23%	Oil and gas
0.53%	Pharmaceuticals
14.46%	Real Estate
3.69%	Software and computer services
12.01%	Speciality & Other Finance
6.04%	Support services
3.72%	Telecommunications services

Source: Maitland Institutional Services Ltd

Income distribution

Period to	Income
28/02/2019	0.2383p
29/03/2019	0.7669p
30/04/2019	0.4500p
31/05/2019	0.4509p
28/06/2019	0.4907p
31/07/2019	0.4966p
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

Source: Maitland Institutional Services Ltd and Downing LLP

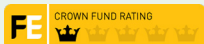
¹The conversion date refers to the date the investment objective and policy were changed.

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 as at 30 September 2019 is 1.00% and 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 & Consultant
Judith MacKenzie: Non-Independent Member
Donald Robertson: Independent Member
Darrell O'Dea: Independent Member

Statistics correct as at 31/01/2020. 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 31/07/19, 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. Tax treatment depends on the individual circumstances of each investor.

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