

# MI Downing Monthly Income Fund



## June 2020 Commentary

In June, the fund was down 1.63% while the IA UK Equity Income Total Return Index\* was up 0.91%. Key contributors were Drax Group (up 22.72%) and Lok'nStore (up 7.77%). Key detractors included Chesnara (down 13.93%) and Paypoint (down 15.84%).

**Drax**, a sustainable energy provider, announced that it has completed a three-year extension to the £125 million Environmental, Social and Governance (ESG) facility agreement entered into in July 2019. The ESG facility includes a mechanism that adjusts the rate of interest paid based on Drax's carbon emissions against an annual benchmark, reflecting the group's continued commitment to reducing its carbon emissions as a part of its overall purpose of enabling a zero-carbon, lower cost energy future.

**Lok'nStore**, a self-storage company, provided an update on its new store development pipeline. The Board reported that despite the current unsettled economic circumstances the group's trading remains resilient. It continues to progress the development of its new store pipeline, however, it is determined to maintain the strength of its balance sheet and substantial liquidity. Management continues to open more landmark stores whilst remaining conservatively geared. The pipeline of new stores will add considerable momentum to sales and earnings growth over the medium term allowing further increases in dividends.

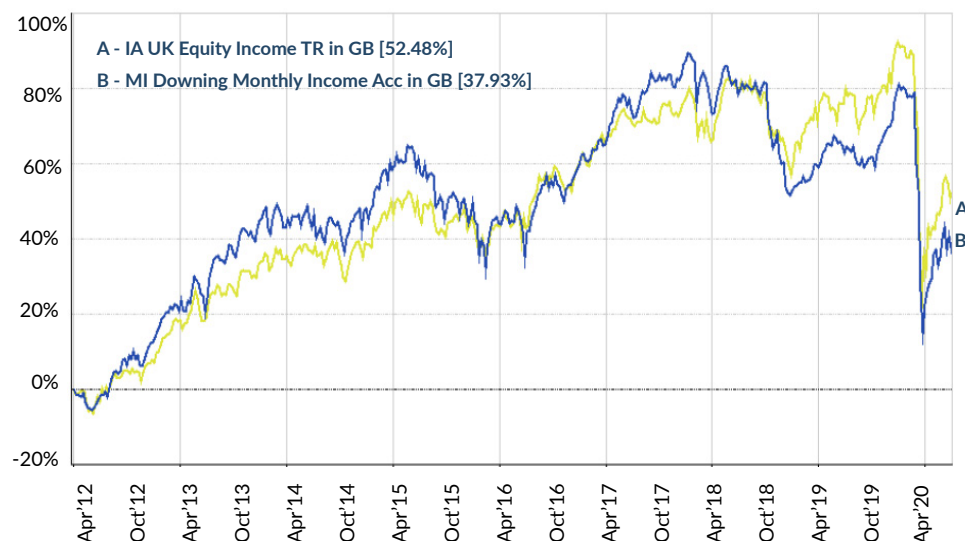
**Chesnara** made no new announcements in the month. We believe the shares came off in the period having climbed above pre-crisis levels in May.

Paypoint, a provider of in-store payment services, made no significant news announcements in the month and we believe that the shares represent good value at current levels.

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

*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
MI Downing Monthly Income Acc	-23.77	-15.34	-20.71	-12.02
IA UK Equity Income TR index	-20.22	-13.58	-10.66	4.68
Quartile ranking	4	4	4	4

	Discrete performance (%)				
	30/06/2019	30/06/2018	30/06/2017	30/06/2016	30/06/2015
	-30/06/2020	-30/06/2019	-30/06/2018	-30/06/2017	-30/06/2016
MI Downing Monthly Income Acc	-15.34	-8.71	2.59	24.20	-10.65
IA UK Equity Income TR index	-13.58	-2.51	6.04	19.34	-1.82
Quartile ranking	4	4	4	1	4

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

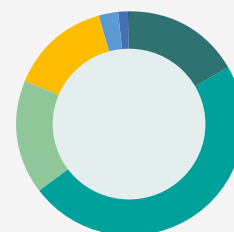


**Fund Manager**  
**James Lynch**

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

## Market Cap Breakdown



- 16.87% <£150m
- 48.19% £150m - £500m
- 16.43% £500m - £1bn
- 14.57% £1bn - £2bn
- 2.65% £2bn - £4bn
- 1.43% £4bn+
- 0.14% Cash

Source: Factset

## Top 10 Holdings

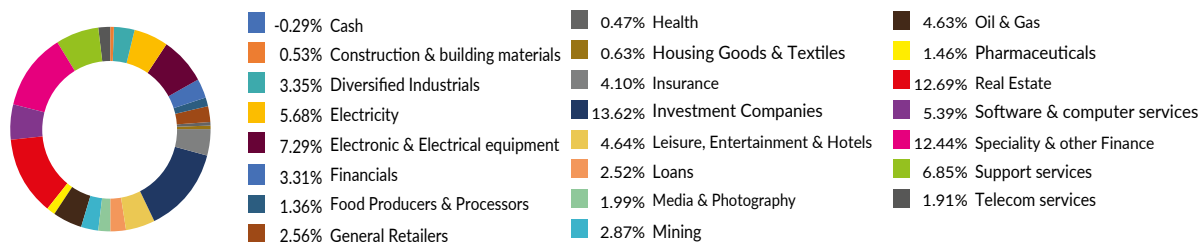
	% of Fund
Diversified Gas & Oil Plc	4.16
Lok'nStore Group Plc	3.84
Caretech Holdings Plc	3.79
Chesnara Plc	3.73
Contourglobal Plc	3.67
Brewin Dolphin Holdings Plc	3.66
Volex Plc	3.42
Strix Group Plc	3.38
Drax Group Plc	3.32
DiscoverIE Group Plc	3.16
Total	36.13

Source: Maitland Institutional Services Ltd

# Portfolio summary

As at 30 June 2020

## Sector breakdown



Source: Maitland Institutional Services Ltd

## Key facts As at 30 June 2020

### 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)  
£43.91m

### Yield

5.4%\*\*

### Income paid

Monthly

### Number of holdings

53

### Prices as at 30 June 2020

Accumulation shares: 158.60p

Income shares: 97.84p

### Charges

Initial charge: 0%

Annual Mgmt charge: 0.75%

Ongoing charges charged to capital\*\*\*: 1.00%

### 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

Maitland act as ACD and manage the administration for the Fund.

Maitland Institutional Services Ltd

Hamilton Centre, Rodney Way,

Chelmsford, Essex, CM1 3BY

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.

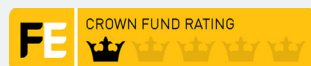
### Investment Committee

**Stephen Whittaker:** Fund Founder & Consultant

**Judith MacKenzie:** Non-Independent Member

**Donald Robertson:** Independent Member

**Darrell O'Dea:** Independent Member



## Income distribution

Period to	Income
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
29/02/2020	0.4999p
31/03/2020	0.0000p
30/04/2020	0.5000p
31/05/2020	0.3500p
30/06/2020	0.3500p

Source: Maitland Institutional Services Ltd and Downing LLP

## 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	

\* 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.

\*\*\* Ongoing 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%.

**Statistics correct as at 30/06/2020.** 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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