



MI Downing Monthly Income Fund

March 2020

Portfolio commentary

In February, the Fund was down 9.88% while the IA UK Equity Income Total Return Index* was down 9.65%. Key contributors were Watkin Jones (up 4.04%) and Circle Property (up 3.90%). Key detractors included Ramsdens Holdings (down 23.32%) and Lok'nStore (down 18.69%).

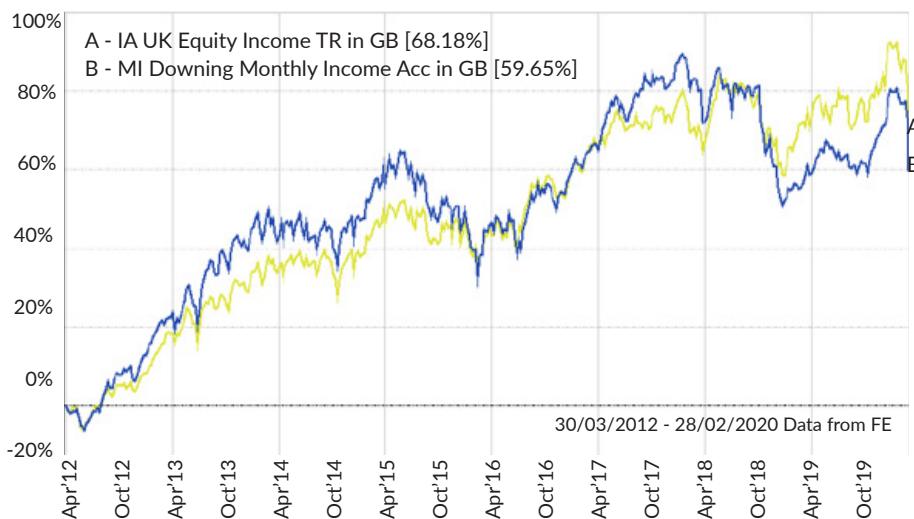
Watkin Jones, a developer and manager of residential for rent market, issued no news. However, CEO Richard Simpson outlined the growth opportunity within the Build to Rent sector, and the further building and replacement programme that they are pursuing in Student Accommodation in a presentation. This, combined with its Fresh Living accommodation management brand, gives it insight and an opportunity to become a dominant player in Build to Rent. Brokers issued a buy rating and increased the target price.

Circle Property, invests in, develops and actively manages well-located regional office assets. Despite the sell-off across markets and sectors in February, Circle Property's share price was driven higher following publication of an article in the Investors Chronicle which outlined the material discount to intrinsic value offered by the group.

Ramsdens, the diversified financial services provider and retailer, saw its share price drop sharply in the period. We believe that this drop was driven by fear over the potential impact of Covid-19 on Ramsdens FX business. Our investment thesis centres on the inclusion of defensive sources of revenue alongside more cyclical activities. We remain confident that this revenue mixture as well as the net cash balance sheet and organic growth opportunities provide a good platform for the business to create shareholder value over the long-term.

Lok'nStore, the AIM listed self-storage company, saw its share price fall, despite issuing a positive market update for the half year to 31 January 2020. Trading was strong, with self-storage revenue up 7.0% like-for-like. The board believes by using its strong balance sheet and low gearing, the group has the capacity to build more stores in an undersupplied market, adding considerable momentum to sales and earnings growth which will allow it to continue to increase the dividend.

Performance

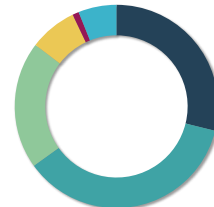


	Cumulative performance (%)			
	6m	1y	3y	5y
MI Downing Monthly Income Acc	-0.29	2.46	-2.52	0.83
IA UK Equity Income TR index	-2.47	-1.15	2.46	14.47
Quartile ranking	1st	1st	4th	4th

	Discrete performance (%)			
	28/02/2019 29/02/2020	28/02/2018	28/02/2017	29/02/2016 29/02/2016
MI Downing Monthly Income Acc	2.46	-15.34	12.38	14.84
IA UK Equity Income TR index	-1.15	-0.53	4.2	15.58
Quartile ranking	1st	4th	1st	4th

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

Market Cap Breakdown



28.86%	< £150m
36.22%	£150m - £500m
20.26%	£500m - £1bn
7.58%	£1bn - £2bn
1.02%	£2bn - £4bn
0.00%	£4bn +
6.06%	Cash

Source: Factset

Top 10 Holdings

	% of Fund
Watkin Jones Ltd	4.28
PPHE Hotel Group Ltd	3.91
Lok'nStore Group Plc	3.83
DiscoverIE Group Plc	3.67
Morses Club Plc	3.66
Circle Property Plc	3.58
Duke Royalty Ltd	3.51
Ramsdens Holdings Plc	3.50
Diversified Gas & Oil Plc	3.28
Adept Technology Group	3.02
Total	36.24

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)
£42.0m

Yield

5.5%²

Income paid

Monthly

Number of holdings

54

Prices as at 29 February 2020

Accumulation shares: 183.58p
Income shares: 114.79p

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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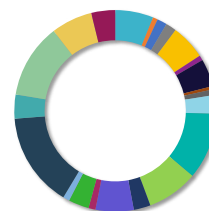
Investment Manager

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



6.12%	Cash
0.78%	Construction & building materials
1.59%	Diversified industrials
1.71%	Electricity
5.60%	Electronic and electrical equipment
0.80%	Food producers and processors
4.43%	General retailers
0.52%	Health
0.91%	Housing goods and textiles
3.00%	Insurance
10.69%	Investment companies
8.19%	Leisure, entertainment and hotels
2.69%	Loans
6.11%	Media and photography
1.12%	Mining
3.28%	Oil and gas
1.05%	Pharmaceuticals
15.15%	Real Estate
3.86%	Software and computer services
11.96%	Speciality & Other Finance
6.61%	Support services
3.83%	Telecommunications services

Source: Maitland Institutional Services Ltd

Income distribution

Period to	Income
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
29/02/2020	0.4999p

Source: Maitland Institutional Services Ltd and Downing LLP

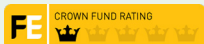
¹The conversion date refers to the date the investment objective and policy were changed.

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 29/02/2020. 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.

Important notice

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17 March 2020