



# MI Downing Monthly Income Fund

May 2020

## Portfolio commentary

In April, the fund was up 11.62% while the IA UK Equity Income Total Return Index\* was up 8.65%. Key contributors were Morses Club (up 94.85%) and Chesnara (up 20.55%). Key detractors included Duke Royalty (down 18.11%) and Central Asia Metals (down 10.88%).

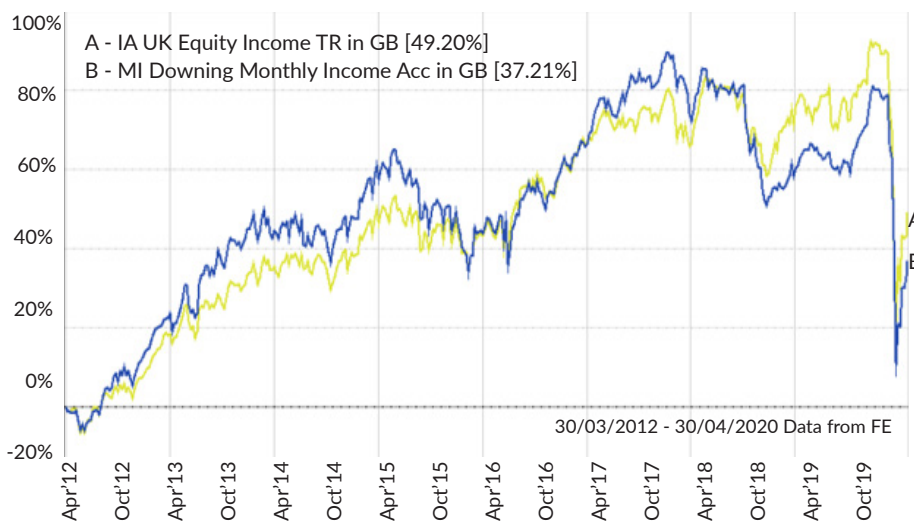
Morses Club, a provider of non-standard financial services, announced the launch of a fully remote lending product. Later in the month, the group also announced that it has secured an extension of its revolving credit facility. This provides sufficient funding for it to meet its requirements, including expanding its product offering.

Chesnara plc, the life assurance group, announced that it had delivered strong cash generation in 2019. Prudent financial and operational management resulted in operations, solvency and dividends all being resilient to the impacts of Covid-19. Despite the challenging circumstances, group operations continue to function effectively and its risk management and control framework continues to be effective.

Duke Royalty, a provider of alternative capital solutions, provided a trading update and reported that cash revenue received from its royalty partners was in line with market expectations for the financial year ending 31 March 2020. Duke has built a diversified portfolio of royalty partners across geographies and industries, however, Covid-19 will no doubt lead to a reduction in its royalty payments in the coming months. This will have a negative impact on the fair value of the portfolio assets, leading to potential write downs in the FY20 year-end financials. The group re-emphasised that it continues to be a high margin and profitable business with a low fixed cost base and is well-placed to trade through this challenging period.

Central Asia Metals, owner of a copper project in central Kazakhstan and a zinc-lead mine in North Macedonia, provided an update on Q1 2020 operations. The group stated that production and sales had been unaffected by COVID-19 pandemic. However, while production is currently on track to meet full year 2020 guidance, global health, metal prices and economic uncertainty remain cautionary factors.

## Performance



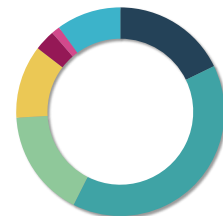
	Cumulative performance (%)			
	6m	1y	3y	5y
MI Downing Monthly Income Acc	-17.23	-16.86	-21.41	-14.31
IA UK Equity Income TR index	-16.33	-16.51	-11.58	-0.50
Quartile ranking	4th	4th	4th	4th

	Discrete performance (%)				
	30/04/2020	30/04/2019	30/04/2018	30/04/2017	30/04/2016
MI Downing Monthly Income Acc	-16.86	-8.98	3.85	19.55	-8.79
IA UK Equity Income TR index	-16.51	0.68	5.18	16.49	-2.42
Quartile ranking	4th	4th	4th	1st	4th

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

## Market Cap Breakdown



17.80%	< £150m
39.62%	£150m - £500m
16.66%	£500m - £1bn
11.33%	£1bn - £2bn
3.24%	£2bn - £4bn
1.33%	£4bn +
10.02%	Cash

Source: Factset

## Top 10 Holdings

	% of Fund
Chesnara Plc	4.38
Diversified Gas & Oil Plc	4.03
Caretech Holdings Plc	3.71
Lok'nStore Group Plc	3.65
DiscoverIE Group Plc	3.37
Contourglobal Plc	2.93
Circle Property Plc	2.85
Watkin Jones Ltd	2.80
PPHE Hotel Group Ltd	2.78
Drax Group Plc	2.65
Total	33.15

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 2012<sup>1</sup>

### IMA sector

UK Equity Income

### Currency

UK Sterling

### Types of shares

Income & Accumulation

### Fund size

(Income & Accumulation shares combined)  
£44.03m

### Yield

5.7%<sup>2</sup>

### Income paid

Monthly

### Number of holdings

56

### Prices as at 30 April 2020

Accumulation shares: 157.78p  
Income shares: 98.17p

### Charges

Initial charge 0%  
Annual management charge 0.75%  
Ongoing charges 1.00%<sup>3</sup>  
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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Hamilton Centre, Rodney Way,  
Chelmsford, Essex, CM1 3BY  
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Dealing: 034 5305 4215

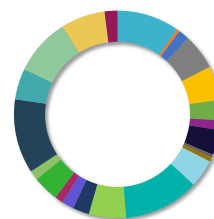
### Investment Manager

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

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



9.73%	Cash
0.49%	Construction and building materials
1.64%	Diversified industrials
5.58%	Electricity
5.34%	Electronic and electrical equipment
3.15%	Financials
1.51%	Food producers and processors
3.93%	General retailers
0.47%	Health
0.66%	Housing goods and textiles
4.38%	Insurance
11.79%	Investment companies
5.82%	Leisure, entertainment and hotels
2.56%	Loans
1.88%	Media and photography
1.30%	Mining
4.03%	Oil and gas
1.49%	Pharmaceuticals
11.59%	Real estate
4.82%	Software and computer services
8.94%	Speciality and other finance
6.89%	Support services
2.01%	Telecommunications services

Source: Maitland Institutional Services Ltd

## Income distribution

Period to	Income
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
31/03/2020	0.0000p
30/04/2020	0.5000p

Source: Maitland Institutional Services Ltd and Downing LLP

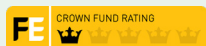
<sup>1</sup>The conversion date refers to the date the investment objective and policy were changed.

<sup>2</sup>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.

<sup>3</sup>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%.

## 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 30/04/2020.** 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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