

# MI Downing Monthly Income Fund



## October 2020 Commentary

In October, the fund was down 0.48% while the IA UK Equity Income Total Return Index was down 3.60%. Key contributors were Volex (up 34.22%) and Bloomsbury Publishing (up 33.17%). Key detractors included Anglo Pacific (down 14.34%) and Smart Metering Systems (down 10.19%).

**Volex**, a global supplier of integrated manufacturing services and power products, issued a trading update and reported that the group's performance has continued to improve since its last update on 30 July. Consequently, the board now expects revenue and profitability to be above current market expectations for both the half-year period and the full year as a whole.

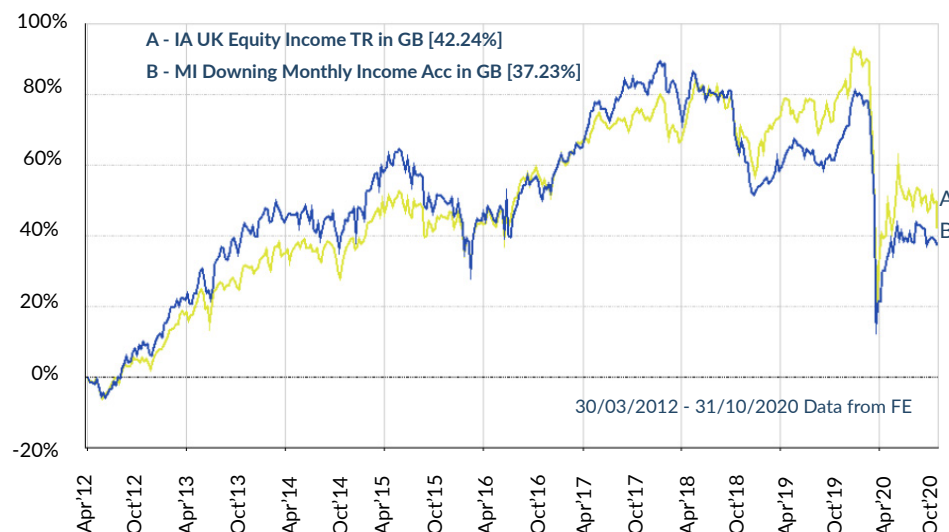
**Bloomsbury**, the leading independent publisher, reported that the group had experienced excellent trading in the first half of its financial year, with year-on-year profit growth of 60% to £4.0 million. This has delivered its highest first half earnings since 2008 and exceeded the board's expectations. Given its strong financial position and the importance of its dividend policy, the group is resuming an interim dividend of 1.28 pence per share, in line with last year.

**Anglo Pacific**, a natural resources royalty and streaming company, made no new news announcements during the month and we continue to believe that the shares offer good value at current levels.

**Smart Metering Systems** installs and manages smart meters, data and carbon reduction assets to facilitate effective energy management. The group announced that a SCRIP dividend is being offered in respect of the first interim dividend. We believe that SMS is a strong structural growth investment and think shares are significantly undervalued at current levels.

*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	0.01	-17.22	-25.10	-9.21
IA UK Equity Income TR index	-4.66	-20.23	-18.87	-2.40
Quartile ranking	1	1	4	3

	Discrete performance (%)				
	31/10/2019-31/10/2020	31/10/2019-31/10/2019	31/10/2017-31/10/2018	31/10/2016-31/10/2017	31/10/2015-31/10/2016
MI Downing Monthly Income Acc	-17.22	0.93	-10.36	20.84	-0.31
IA UK Equity Income TR index	-20.23	5.55	-3.64	12.42	7.00
Quartile ranking	1	4	4	1	4

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

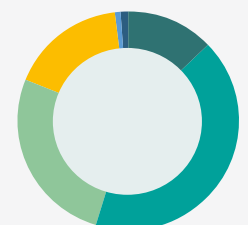


**Fund Manager**  
**James Lynch**

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



12.86%	<£150m
42.04%	£150m - £500m
26.46%	£500m - £1bn
16.70%	£1bn - £2bn
0.85%	£2bn - £4bn
0.00%	£4bn+
1.09%	Cash

Source: Factset

## Top 10 Holdings

	% of Fund
Diversified Gas & Oil Plc	5.19
Caretech Holdings Plc	4.25
Contourglobal Plc	3.88
Strix Group Plc	3.75
Chesnara Plc	3.67
Volex Plc	3.64
Lok'nStore Group Plc	3.61
Paypoint Plc	3.37
Telecom Plus Plc	3.28
Brewin Dolphin Holdings Plc	3.19
<b>Total</b>	<b>37.83</b>

Source: Maitland Institutional Services Ltd

# Portfolio summary

As at 31 October 2020

## Sector breakdown



1.10% Cash	0.43% Health	8.24% Oil & gas
0.45% Construction & building materials	0.52% Housing goods & textiles	1.54% Pharmaceuticals
3.75% Diversified industrials	4.66% Insurance	9.88% Real estate
5.45% Electricity	13.19% Investment companies	5.84% Software & computer services
5.68% Electronic & electrical equipment	5.29% Leisure, entertainment & hotels	10.19% Speciality & other Finance
0.85% Financials	2.74% Loans	8.21% Support services
1.52% Food producers & processors	2.61% Media & photography	3.53% Telecommunication services
2.22% General retailers	2.11% Mining	

Source: Maitland Institutional Services Ltd

## Key facts As at 31 October 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)  
£41.14m

### Yield

4.8%\*\*

### Income paid

Monthly

### Number of holdings

53

### Prices as at 31 October 2020

Accumulation shares: 157.80p  
Income shares: 95.97p

### 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.

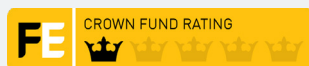
Maitland Institutional Services Ltd  
Hamilton Centre, Rodney Way,  
Chelmsford, Essex, CM1 3BY  
www.maitlandgroup.com  
Dealing: 034 5305 4215

### 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
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
31/07/2020	0.3500p
31/08/2020	0.3500p
30/09/2020	0.3500p
31/10/2020	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 31 March 2020 is 1.00% and is currently capped at 1.00%.

[www.downingmonthly.co.uk](http://www.downingmonthly.co.uk)

**Statistics correct as at 31/10/2020.** 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 31/07/2020, source Trustnet/FE. 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

This document is intended for retail investors and their advisers and has been approved and issued as a financial promotion under the Financial Services and Markets Act 2000 by Downing LLP ("Downing"), St Magnus House, 3 Lower Thames Street, London EC3R 6HD. This document is issued by Downing LLP ("Downing") authorised and regulated by the Financial Conduct Authority (Firm Reference No. 545025). Registered in England No. OC341575. Please refer to the latest Full Prospectus, Key Investor Information Document and Supplementary Information Document before investing; your attention is drawn to the risk factors contained therein. Downing does not offer investment or tax advice.