

MI Downing Monthly Income Fund



August 2020 Commentary

In August, the Fund was up 3.83% while the IA UK Equity Income Total Return Index was up 2.12%. Key contributors were Volex (up 35.53%) and Duke Royalty (up 38.27%). Key detractors included Anglo Pacific (down 12.14%) and Brewin Dolphin (down 6.10%).

Volex, a supplier of integrated manufacturing services and power products, was the strongest performer. There were several significant director purchases, which provided a catalyst for the share price. We believe that the shares remain undervalued given their quality and growth potential.

Duke Royalty, a provider of alternative capital solutions, issued a positive trading update and reported that most of its Royalty Partners had experienced a significant upturn in trading during May and June, and this general upturn has continued into Q2 FY2021. Management reported that it is beginning to see some positive momentum re-emerging from the portfolio, notwithstanding the unprecedented operating environment.

Anglo Pacific, a global natural resources royalty and streaming company, reported in its interim results that the group's portfolio contribution for H1 2020 was 43% lower than H1 2019 due to the significant decrease in coal prices. However, iron ore prices outperformed and there was a significant bounce back in the copper price as some stability returned to the markets. The group is well capitalised, and remains focused on growth and diversification for what should be a stronger half to come in H2 2020.

Brewin Dolphin, a leading independent provider of discretionary wealth management, issued no news in the month. We believe the group continues to deliver resilient results despite the challenges the pandemic has imposed, and that shares represent good value at these 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.

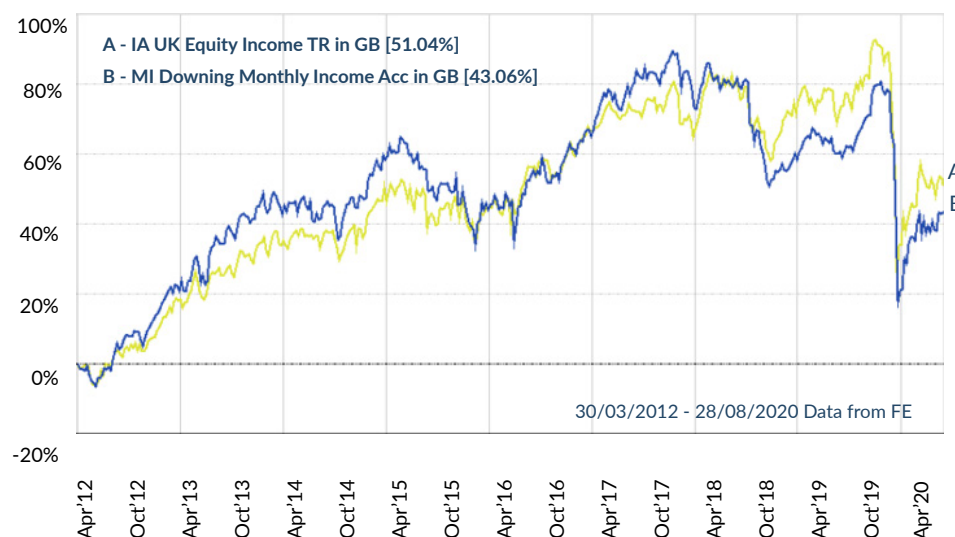


Fund Manager
James Lynch

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.

Performance

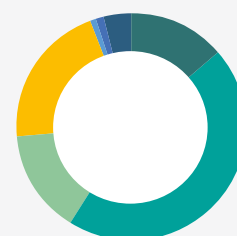


	Cumulative performance (%)			
	6m	1y	3y	5y
MI Downing Monthly Income Acc	-10.39	-10.65	-21.46	-4.59
IA UK Equity Income TR index	-10.14	-12.41	-12.32	6.44
Quartile ranking	2	2	4	4

	Discrete performance (%)				
	31/08/2019 -31/08/2020	31/08/2018 -31/08/2019	31/08/2017 -31/08/2018	31/08/2016 -31/08/2017	31/08/2015 -31/08/2016
MI Downing Monthly Income Acc	-10.65	-11.35	-0.85	18.46	2.55
IA UK Equity Income TR index	-12.41	-3.78	4.04	10.46	9.89
Quartile ranking	2	4	4	1	4

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

Market Cap Breakdown



- 13.88% <£150m
- 45.26% £150m - £500m
- 14.67% £500m - £1bn
- 20.50% £1bn - £2bn
- 0.91% £2bn - £4bn
- 1.07% £4bn+
- 3.71% Cash

Source: Factset

Top 10 Holdings

	% of Fund
Diversified Gas & Oil Plc	4.85
Paypoint Plc	3.93
Contourglobal Plc	3.87
Chesnara Plc	3.80
Caretech Holdings Plc	3.66
Lok'nStore Group Plc	3.63
Strix Group Plc	3.44
Drax Group Plc	3.40
Telecom Plus Plc	3.05
Brewin Dolphin Holdings Plc	3.04
Total	36.67

Source: Maitland Institutional Services Ltd

Portfolio summary

As at 31 August 2020

Sector breakdown



3.71% Cash	0.48% Health	4.85% Oil & gas
0.47% Construction & building materials	0.50% Housing goods & textiles	1.39% Pharmaceuticals
3.44% Diversified industrials	4.83% Insurance	11.89% Real estate
7.27% Electricity	12.70% Investment companies	5.80% Software & computer services
4.97% Electronic & electrical equipment	3.38% Leisure, entertainment & hotels	10.40% Speciality & other Finance
1.98% Financials	2.50% Loans	8.19% Support services
1.43% Food producers & processors	1.95% Media & photography	3.67% Telecommunication services
2.31% General retailers	1.89% Mining	

Source: Maitland Institutional Services Ltd

Key facts As at 31 August 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)
£45.21m

Yield

5.0%**

Income paid

Monthly

Number of holdings

53

Prices as at 31 August 2020

Accumulation shares: 164.50p
Income shares: 100.76p

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.

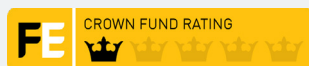
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Chelmsford, Essex, CM1 3BY
www.maitlandgroup.com
Dealing: 034 5305 4215

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
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
31/07/2020	0.3500p
31/08/2020	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

Statistics correct as at 31/08/2020. 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.

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