

# MI Downing Monthly Income Fund

February  
2018

## Market commentary

In January 2018, the Fund fell 0.55%, while the MSCI UK All Cap Total Return Index fell 1.86%. Key contributors were Liontrust Asset Management (up 21.63%) and Ramsdens Holdings (up 11.79%). Key detractors included Card Factory (down 34.56%) and Galliford Try (down 15.09%).

Liontrust issued a trading update in January for the three-month period ended 31 December 2017. Highlights included strong fund flows with assets under management increasing 9.5% to £10.6 billion. This followed net inflows of £571 million for the quarter (and £749 million in total for the nine months ended 31 December 2017). Its Sustainable Investment team made a significant contribution to the company's overall assets under management since joining in April 2017.

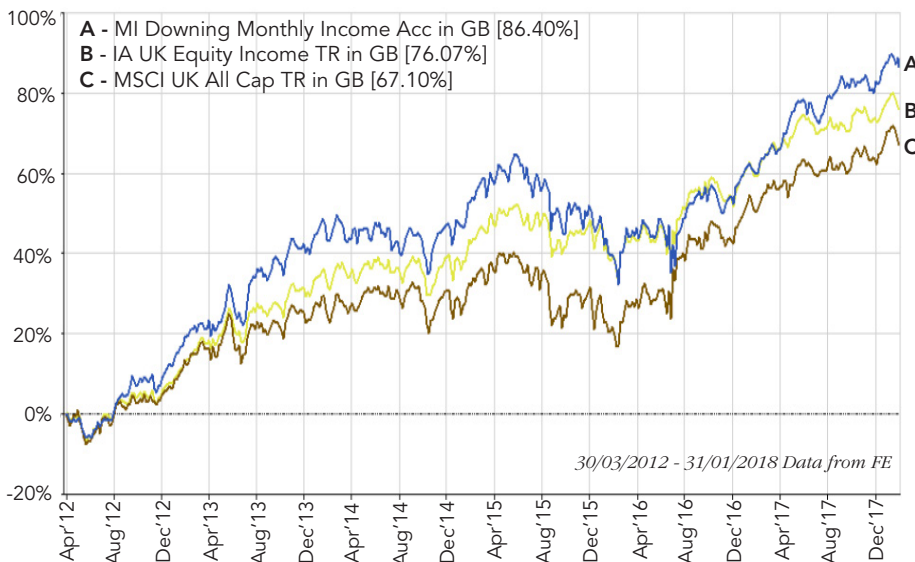
Ramsdens issued no news during the month, although we believe investor confidence in the company remains strong. The company reported gross profits in foreign exchange (FX), pawnbroking, purchases of precious metals and retailing segments of the company of 37%, 25%, 18% and 14% respectively in their 2017 Annual Report. Our analysis indicates that these business segments should continue to grow at good growth rates. We also anticipate organic growth (i.e. new store openings) for the company.

During the month, Card Factory fell following the release of their trading update in January for the 11 months ending 31 December 2017. The company experienced year-to-date sales growth of 5.9% and opened 48 net new stores. However, there has been continued margin pressure relating to the anticipated impact of FX and wage inflation in the 2019 financial year. The company has forecast these factors will result in £7 - £8 million of additional costs, limiting EBITDA growth for that year. Despite these headwinds, we anticipate continued growth post-2019 and expect a reduction in FX risk, given sterling's recent growth.

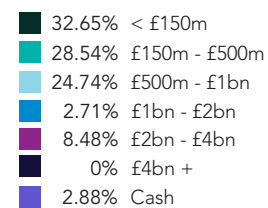
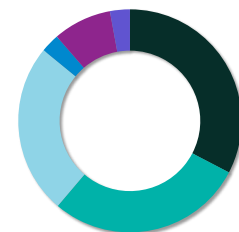
Galliford Try fell during the month in part due to construction giant Carillion going into liquidation. The Group is engaged in a joint venture with Carillion and Balfour Beatty on the £550 million Aberdeen Western Peripheral Route contract. Both Galliford and Balfour Beatty are contractually obliged to complete the project and make up any shortfall of Carillion's outstanding cash contribution, which is estimated at £60 - £80 million. However, we believe that some of associated revenue from the project will flow to Galliford and should mitigate the costs to an extent. As a result, we believe the market has misinterpreted the impact on Galliford Try as overly negative.

All performance figures for securities include net reinvested income where applicable. Source: StatPro & FE Analytics.

## Performance



## Market Cap Breakdown



Source: Factset

## Top 10 Holdings

	% of Fund
Ramsdens Holdings	5.41
Lok'nStore Group	4.07
discoverIE Group	4.02
Duke Royalty	4.01
Photo-Me International	3.92
Sabre Insurance Group	3.64
Conviviality	3.29
Chesnara	3.19
Maintel Holdings	3.19
Close Brothers Group	3.08
<b>Total</b>	<b>37.82</b>

Source: Maitland Institutional Services

	Cumulative performance			
	6m	1y	3y	5y
MI Downing Monthly Income Acc	4.56%	16.26%	22.24%	57.32%
IA UK Equity Income TR index	2.79%	10.25%	22.97%	55.90%
MSCI UK All Cap TR index	3.97%	11.35%	27.18%	48.50%
Quartile ranking	1st	1st	3rd	2nd

	Discrete performance				
	2017	2016	2015	2014	2013
MI Downing Monthly Income Acc	16.98%	7.65%	0.84%	1.74%	30.26%
IA UK Equity Income TR index	11.32%	8.84%	6.20%	3.16%	25.20%
MSCI UK All Cap TR index	13.09%	17.29%	0.13%	0.44%	20.62%
Quartile ranking	1st	3rd	4th	3rd	1st

Past performance is not a reliable indicator of future results.

## 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) £49.3m

### Yield

4.7%

### Income paid

Monthly

### Number of holdings

42

### Prices as at 31 January 2018

Accumulation shares: 214.34p

Income shares: 148.16p

### 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:

Maitland Institutional Services Ltd  
Springfield Lodge, Colchester Road  
Chelmsford, Essex CM2 5PW

www.maitlandgroup.com

Dealing: 034 5305 4215

### Investment Manager

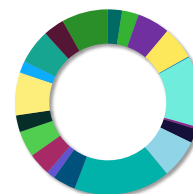
Downing LLP was appointed Investment Manager to the Fund on 1 June 2015.

Following the change of ACD, the Fund name was changed to MI Downing Monthly Income Fund from 31 March 2017.

### Platforms and wraps

AJ Bell	James Hay
Ascentric	Old Mutual Wealth
Aviva	Novia
Cofunds	Nucleus
Fidelity (Inst)	Standard life
Fidelity (FFN)	Transact
Hargreaves Lansdown	Zurich

## Sector Breakdown



2.50%	Banks
2.90%	Cash
5.69%	Construction and building materials
5.75%	Electronics and electrical equipment
0.15%	Food producers and processors
12.36%	General retailers
0.42%	Housing goods and textiles
2.44%	Information technology
6.83%	Insurance
16.79%	Investment companies
3.98%	Leisure, entertainment and hotels
1.47%	Loans
3.92%	Media and photography
4.56%	Mining
2.92%	Personal care and other household products
7.49%	Real estate
2.06%	Software and computer services
6.04%	Speciality and other finance
3.68%	Support services
8.05%	Telecommunications services

Source: Maitland Institutional Services

## Income Distribution

Period to	Income
28/02/2017	0.6056p
31/03/2017	0.9030p
30/04/2017	0.5619p
31/05/2017	0.4359p
30/06/2017	0.6131p
31/07/2017	0.4213p
31/08/2017	0.5326p
30/09/2017	0.5511p
31/10/2017	0.6013p
30/11/2017	0.4701p
29/12/2017	0.7413p
31/01/2018	0.4053p

Source: Maitland Institutional Services 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 based on the last year's expenses as at 30 September 2017 is 1.13%, however, it 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 and Consultant

**John Bearman:** Independent Chairman

**Peter Ashworth:** Independent Member

**Judith MacKenzie:** Non-Independent Member

**Statistics correct as at 31/01/2018.** Performance figures source: FE. Fund performance is based on accumulation shares, indices include net reinvested income. 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.

### Important notice

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