

MI Downing Monthly Income Fund

June 2017



Market commentary

In May, the MSCI UK All Cap Total Return Index returned 4.43% while the Fund returned 2.03%. Key contributors to the portfolio throughout the month were B&M European Value Retail (up 8.10%), Conviviality (up 12.50%) and Intermediate Capital Group (up 13.00%). Key detractors included Kier Group (down 6.13%) and One Savings Bank (down 7.07%).

B&M European Value Retail reported strong results in May for their preliminary results to 25 March 2017. B&M has opened 53 new stores across the UK and 19 in Germany, with a further 40-50 stores planned for the UK and another 15 for Germany this financial year. Trading momentum gathered pace during the second half of the year and overall the business delivered strong increases in sales and profits with a dividend increase of 20.8%.

Conviviality reported 85% sales growth in their May trading update for the year ended 30 April 2017. As a leading UK drinks wholesaler and distributor, their success has been aided in part by acquisitions such as Bibendum PLB Group, a UK beverages distributor. Conviviality has also reinforced their management team and reorganised the business into three distinct areas: Conviviality Direct, Conviviality Retail and Conviviality Trading, which specifically focus on wholesalers, franchisees and events-related sales, respectively.

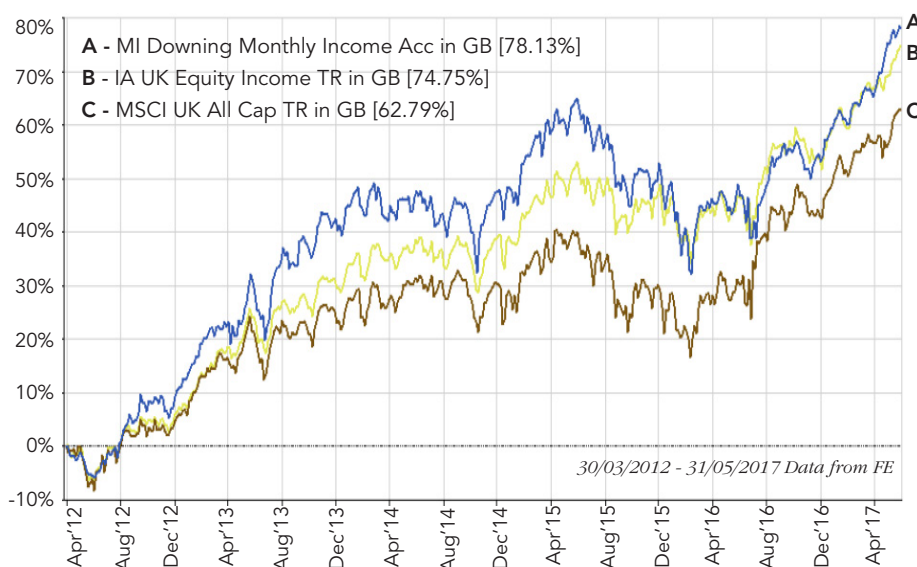
Intermediate Capital Group announced a strong performance in their full-year results for the year ended 31 March 2017. Highlights included a 10% AUM increase to €23.8 billion, driven by new diversifying strategies, strong capital gains and robust portfolio performance. Year on year, earnings have risen by 78% and adjusted group profit by 35.3%, with their dividend increasing from 23p to 27p following the Board's new dividend policy that closely aligns dividends with its strategy of growing the fund management business.

Kier Group's share price fell despite no new updates. We continue to believe the shares remain attractively valued and concur with Kier's projections that the business and management are on target for double-digit earnings through to 2020.

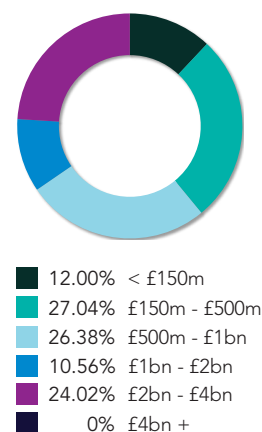
Earlier in the month, the share price for OneSavings Bank saw a spike, driven in part by the acquisition of Shawbrook by Pollen Street Capital and BC Partners and generally positive statements surrounding challenger banks. Following this, the share price fell, as investors took profits. We do not believe that this fall in share price undermines their previous positive trading update issued at the beginning of May, and our investment case for the bank remains intact.

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

Performance



Market Cap Breakdown



Source: Thompson Reuters

Top 10 Holdings

	% of Fund
Martin McColl Retail	5.33
Conviviality	4.76
Intermediate Capital	4.63
Primary Health Properties	4.02
Kier Group	3.90
B&M	3.75
Character Group	3.61
Card Factory	3.59
Shawbrook Group	3.58
Caretech Holdings	3.53
Total	40.70

Source: Maitland Institutional Services

	Cumulative performance			
	6m	1y	3y	5y
MI Downing Monthly Income Acc	15.42%	20.13%	20.80%	88.70%
IA UK Equity Income TR index	13.25%	19.06%	26.30%	85.10%
MSCI UK All Cap TR index	13.54%	24.76%	24.10%	75.06%
Quartile ranking	1st	2nd	4th	2nd

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

Fund Managers



James Lynch

James draws on experience gained in managing a top performing micro-cap fund as well as time spent as a private equity and venture capital investor.



Stephen Whittaker

Stephen has 35 years' experience of managing a variety of UK portfolios, including small companies, special situations, income and growth funds.

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

Yield

4.6%²

Income paid

Monthly

Number of holdings

37

Prices as at 31 May 2017

Accumulation shares: 204.83p

Income shares: 145.88p

Charges

Initial charge 0%

Annual management charge 0.75%

Ongoing charges charged to capital 1.00%³

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 based on the last year's expenses as at 31 March 2017 is 1.47%, however, it is currently capped at 1.00%.

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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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.

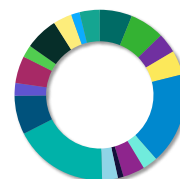
Platforms and wraps

Ascentric Hargreaves Lansdown

Cofunds Nucleus

Fidelity (Inst) Transact

Sector Breakdown



6.13%	Banks
6.57%	Construction and building materials
3.78%	Electronics and electrical equipment
4.63%	Financials
17.42%	General retailers
2.86%	Housing goods and textiles
4.11%	Industrials
1.08%	Information technology
2.99%	Insurance
17.91%	Investment companies
7.36%	Leisure, entertainment and hotels
2.41%	Media and photography
5.16%	Real estate
2.33%	Software and computer services
6.28%	Speciality and other finance
3.53%	Support services
1.61%	Telecommunications services
3.84%	Cash

Source: Maitland Institutional Services

Income Distribution

Period to	Income
30/06/2016	0.5710p
29/07/2016	0.4012p
31/08/2016	0.5296p
30/09/2016	0.5432p
31/10/2016	0.6115p
30/11/2016	0.5120p
31/12/2016	0.4449p
31/01/2017	0.5061p
28/02/2017	0.6056p
31/03/2017	0.9030p
30/04/2017	0.5619p
31/05/2017	0.4359p

Source: Maitland Institutional Services

Statistics correct as at 31/05/2017. 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. All references to FE Crown rankings are sourced from Trustnet via www.trustnet.com. All ratings are for the 3 year period ended 31/01/2017.

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