

# VT Downing Monthly Income Fund



## May 2021 Commentary

In May, the fund was up 1.46% while the IA UK Equity Income Total Return Index was up 2.14%. Key contributors were Alpha Financial Markets Consulting (up 13.46%) and K3 Capital (up 16.72%). Key detractors included Diversified Energy Company (down 9.46%) and Telecom Plus (down 6.77%).

Alpha Financial Markets Consulting, a specialist consultancy services provider, announced that it intends to raise up to £31 million to acquire U.S.-based Lionpoint Holdings. The group believe that Lionpoint, a specialist consultant to the alternative-investment industry, significantly increases its exposure to this market as well as its footprint in North America.

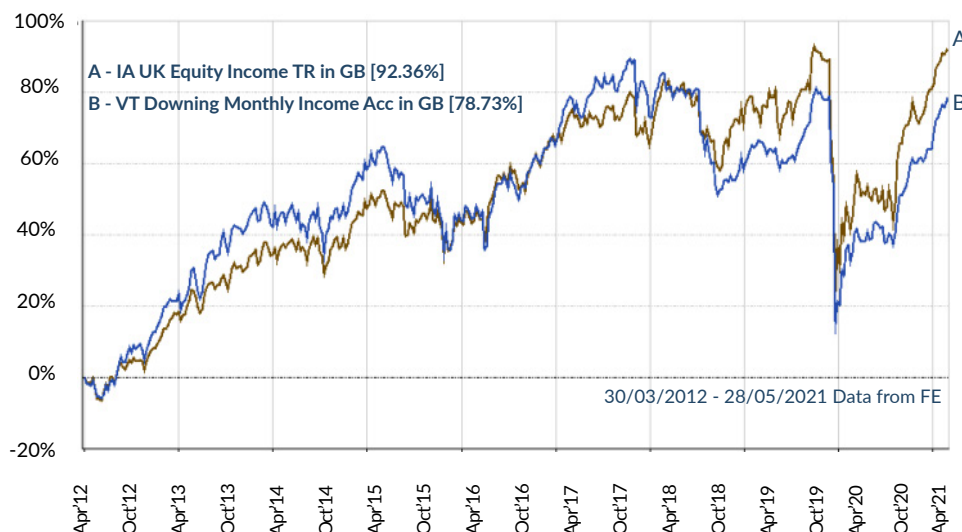
K3 Capital, a professional services group, announced that it has secured total available debt facilities of £15 million through a new committed revolving credit facility of £10 million, with an approved but uncommitted accordion facility of up to £5 million. Alongside the company's existing cash reserves and strong ongoing cash generation, the facilities will be used to support its growth ambitions and its declared intention to acquire complementary professional services businesses.

Diversified Energy, a gas and oil producer, announced it had raised gross proceeds of US\$225 million which will be used to part fund acquisitions including the newly announced Blackbeard deal. The group said that these will significantly add to daily production and will benefit from the additional scale that future infill acquisitions will afford to reduce costs and further improve margins.

Telecom Plus, a utility services provider, saw its share price fall despite issuing no news.

*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 (%)				
	1m	6m	1y	3y	5y
VT Downing Monthly Income Acc	1.46	18.47	27.47	-1.03	20.53
IA UK Equity Income TR index	2.14	16.88	27.31	6.06	31.06
Quartile ranking	4	2	2	3	4

	Discrete performance (%)				
	31/05/2020-31/05/2021	31/05/2020-31/05/2019	31/05/2019-31/05/2018	31/05/2018-31/05/2017	31/05/2017-31/05/2016
VT Downing Monthly Income Acc	27.47	-15.66	-7.94	1.39	20.13
IA UK Equity Income TR index	27.31	-12.21	-5.11	3.79	19.06
Quartile ranking	2	3	4	3	2

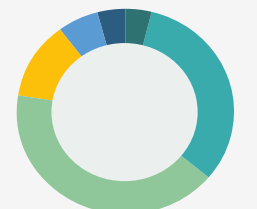
Past performance is not a reliable indicator of future results. Performance figures source: FE Analytics.



Josh McCathie joined Downing in 2018 as an analyst and took over as lead manager of the VT Downing Monthly Income Fund in April 2021. Prior to this, Josh had been working as co-manager dedicated to the VT Downing Monthly Income Fund for over two years.

Josh has over 7 years' experience in the industry. After studying Economics & Politics, he began his career at BRI Wealth Management focusing on UK equity research and portfolio management.

## Market Cap Breakdown



3.93%	<£150m
32.21%	£150m - £500m
41.40%	£500m - £1bn
12.40%	£1bn - £2bn
6.16%	£2bn - £4bn
0.00%	£4bn+
3.90%	Cash

Source: Factset

## Top 10 Holdings

	% of fund
Watkin Jones plc	4.95
Caretech Holdings plc	4.85
Strix Group plc	4.59
Volex plc	4.24
Smart Metering Systems plc	3.95
Alpha Financial Markets Consulting plc	3.94
Diversified Energy Company plc	3.83
Lokn Store Group plc	3.60
Computacenter plc	2.98
Zegona Communications plc	2.90
<b>Total</b>	<b>39.83</b>

Source: Valu-Trac Investment Management Ltd

# Portfolio summary

As at 31 May 2021

## Sector breakdown



3.90% Cash	11.86% Financials	1.14% Other financial
4.60% Communication services	8.08% Healthcare	4.93% Property
3.23% Consumer discretionary	15.62% Industrials	8.55% Real estate
4.31% Consumer staples	15.65% Information technology	1.68% UK corporate bonds
6.43% Energy	1.98% International fixed interest	8.04% Utilities

Source: Valu-Trac Investment Management Ltd

## Key facts As at 31 May 2021

### 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)  
£45.05m

### Yield

3.4%\*\*\*

### Income paid

Monthly

### Number of holdings

42

### Prices as at 31 May 2021

Accumulation shares: 205.5255p

Income shares: 121.8825p

### Charges

Initial charge: 0%

Annual Mgmt charge: 0.75%

Ongoing charges charged to capital\*\*\*\*: 0.87%

### 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

Valu-Trac act as ACD and manage the administration for the fund.

Valu-Trac Investment Management Ltd

Orton, Moray

IV32 7QE

Tel: +44 (0) 1343 880 217

www.valu-trac.com

### 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. This was changed again from 30 November 2020 and is now VT Downing Monthly Income Fund.

### Investment Committee

**Judith MacKenzie:** Non-Independent Member

**Donald Robertson:** Independent Member

**Darrell O'Dea:** Independent Member



## Income distribution

Period to	Income
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
30/11/2020	0.3500p
31/12/2020	0.3500p
31/01/2021	0.3500p
28/02/2021	0.3500p
31/03/2021	0.3430p
30/04/2021	0.3500p
31/05/2021	0.3500p

Source: Valu-Trac Investment Management Ltd and Downing LLP

## Platforms and wraps

Aegon	James Hay
AJ Bell	Novia
All Funds	Nucleus
Ascentric	Old Mutual Wealth
Aviva	Raymond James
Canada Life International	Standard life
Elevate	Transact
Fidelity (Inst)	Zurich
Fidelity (FFN)	
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.

\*\*\*\* The ongoing charges figure is based on expenses and the net asset value as at 31 December 2020. This figure may vary from year to year. It excludes portfolio transaction costs. The funds annual report for each financial year will include detail on the exact charges made.

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

**Statistics correct as at 31/05/2021.** Performance figures source: FE Analytics. Fund performance is based on accumulation shares, indices include net reinvested income. defaqto, 2021. 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.

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.