

MI Downing Monthly Income Fund

November 2017

Market commentary

In October, the Fund returned 0.32% while the MSCI UK All Cap Total Return Index returned 1.82%. Key contributors included Premier Asset Management (up 13.17%) and McColl's Retail Group (up 5.74%) while key detractors included Character Group (down 12.81%) and Kier Group (down 10.58%).

Premier Asset Management Group PLC, a fast-growing UK retail asset management group, released their year-end trading statement as at 30 September 2017. The statement announced a 22% increase in AUM to £6.1bn with total net inflows of £747 million, indicating another successful year for the group.

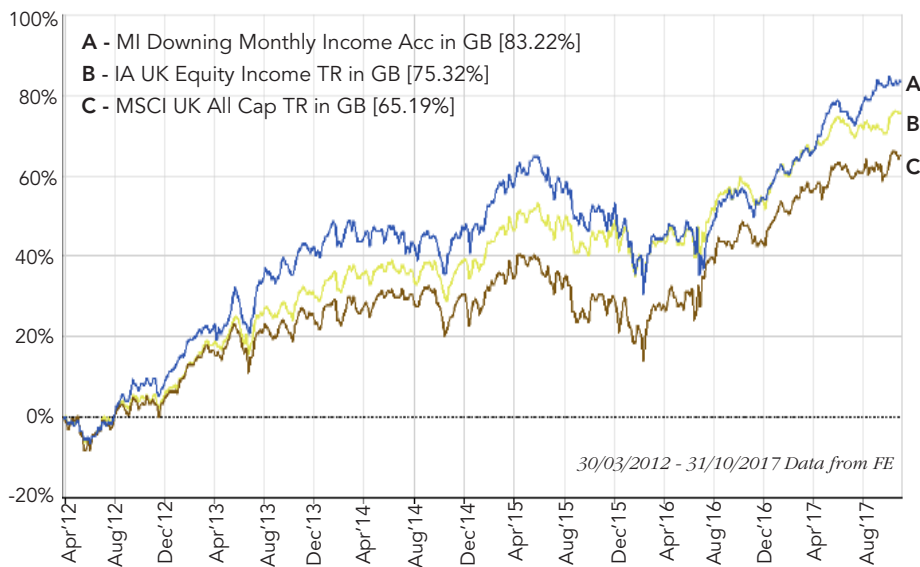
McColl's Retail, one of the UK's leading neighbourhood retailers, announced a departure from their board in October with the resignation of James Lancaster, co-founder and Non-Executive Director. There has been no further news and the company continues to thrive with a growing estate of 1,650 managed convenience stores and newsagents. The management team continue to seek opportunities to further enhance organic growth.

Character Group reported that sales have been adversely affected by several factors during the month, including the US and Canadian arms of Toys R Us entering chapter 11 bankruptcy protection. Character Group design, develop and distribute toys, games and giftware internationally, and now expect their performance for the year ending 31 August 2018 to be significantly below current market estimates. However, they believe this will be a temporary downturn and expect a rebound to previous growth in the second half of 2018.

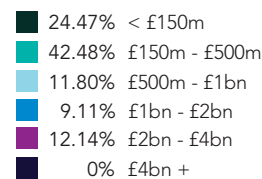
Kier Group, a leading property, residential, construction and services group, was a main detractor, although no adverse news was announced. We believe that one-off costs, estimate revisions and higher levels of debt have clouded the share price. We believe the benefits of the transformation that Kier have been undergoing as part of their V2020 strategy will come to light going forward with double-digit growth in earnings, a progressive dividend policy and strong asset backed balance sheet to underpin our investment case.

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 | 5.59 |
| Card Factory | 5.53 |
| Morses Club | 4.57 |
| Premier Asset Management | 3.57 |
| SafeCharge | 3.50 |
| Character Group | 3.42 |
| Lok'nStore Group | 3.33 |
| Liontrust Asset Management | 3.32 |
| OneSavings Bank | 3.29 |
| Pacific Industrial & Logistics | 3.14 |
| Total | 39.26 |

Source: Maitland Institutional Services

| | Cumulative performance | | | |
|-------------------------------|------------------------|--------|--------|--------|
| | 6m | 1y | 3y | 5y |
| MI Downing Monthly Income Acc | 4.94% | 20.84% | 27.04% | 67.32% |
| IA UK Equity Income TR index | 3.90% | 12.42% | 29.89% | 66.98% |
| MSCI UK All Cap TR index | 5.97% | 13.30% | 30.25% | 60.37% |
| Quartile ranking | 2nd | 1st | 3rd | 3rd |

| | 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 |

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 2012¹

IMA sector

UK Equity Income

Currency

UK Sterling

Types of shares

Income & Accumulation

Yield

4.5%

Income paid

Monthly

Number of holdings

41

Prices as at 31 October 2017

Accumulation shares: 210.68p

Income shares: 147.42p

Charges

Initial charge 0%
Annual management charge 0.75%
Ongoing charges 1.00%³
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 Hargreaves Lansdown
Ascentric Novia
Aviva Nucleus
Cofunds Standard life
Fidelity (Inst) Transact

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%.

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

Sector Breakdown



| | |
|--------|--------------------------------------|
| 3.29% | Banks |
| 4.30% | Cash |
| 4.22% | Construction and building materials |
| 3.56% | Electronics and electrical equipment |
| 0.43% | Food producers and processors |
| 16.39% | General retailers |
| 4.02% | Housing goods and textiles |
| 1.02% | Industrials |
| 0.72% | Information technology |
| 1.90% | Insurance |
| 20.31% | Investment companies |
| 4.91% | Leisure, entertainment and hotels |
| 2.36% | Loans |
| 1.88% | Media and photography |
| 3.02% | Mining |
| 8.26% | Real estate |
| 1.74% | Software and computer services |
| 9.43% | Speciality and other finance |
| 5.76% | Support services |
| 2.48% | Telecommunications services |

Source: Maitland Institutional Services

Income Distribution

| Period to | Income |
|------------|---------|
| 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 |
| 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 |

Source: Maitland Institutional Services and Downing LLP

Statistics correct as at 31/10/2017. 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.

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. The value of your investment, and any income from it, could fall or rise. You may not get back the full amount you invest. Opinions expressed in this document represent the views of the Fund Managers at the time of publication, are subject to change, and should not be interpreted as investment advice. 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.