

VT Downing Monthly Income Fund



January 2021 Commentary

In January, the fund was down 0.69% while the IA UK Equity Income Total Return Index was down 0.66%. Key contributors were Watkin Jones (up 11.37%) and AFH Financial Group (up 33.53%). Key detractors included Duke Royalty (down 16.39%) and Chesnara (down 8.72%).

Watkin Jones, a property developer and manager, announced full year results and reported a solid financial performance which demonstrated the resilience of the business. Operations performed well and management has taken the opportunity to secure sites to significantly increase the group's development pipeline, positioning it to deliver its growth strategy.

AFH Group, a financial planning-led wealth manager, announced that it had received a £225 million takeover offer from US private equity investor Cortina Bidco. The acquisition price of 463 pence per scheme share represents a premium approximately 40.3% higher than AFH's closing price of 330 pence per share on 1 December 2020.

Duke Royalty, a provider of alternative capital solutions, completed a follow-on investment of £2.2 million into existing royalty partner, Step Investments. Step is the holding company for a range of interests in the private education, advertising and hospitality sectors. Long-term capital is recognised as being an ideal solution for facilitating acquisition strategies and Duke is supporting Step as it diversifies, following a challenging period.

Chesnara, a Life and Pensions consolidator, saw its share price fall on no new news during the month. We continue to believe that the shares offer 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.

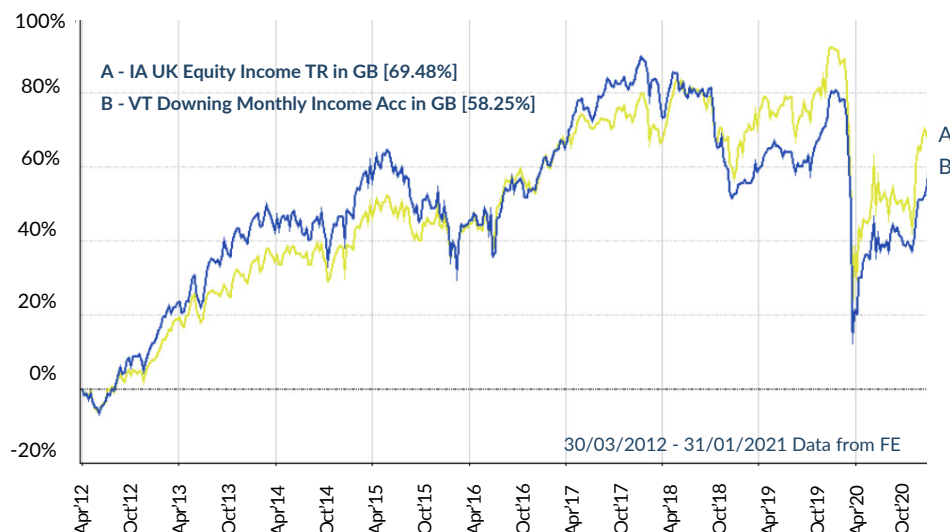


Fund Manager
James Lynch

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 VT Downing Monthly Income Fund and co-manages the Downing Strategic Micro-Cap Investment Trust.

Performance

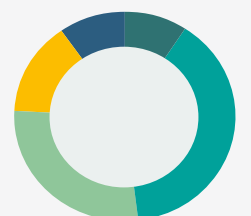


	Cumulative performance (%)			
	6m	1y	3y	5y
VT Downing Monthly Income Acc	14.86	-10.67	-15.10	12.33
IA UK Equity Income TR index	14.58	-8.97	-3.74	20.63
Quartile ranking	2	3	4	3

	Discrete performance (%)				
	31/01/2020-31/01/2021	31/01/2019-31/01/2020	31/01/2018-31/01/2019	31/01/2017-31/01/2018	31/01/2016-31/01/2017
VT Downing Monthly Income Acc	-10.67	13.81	-16.49	16.26	13.81
IA UK Equity Income TR index	-8.97	11.41	-5.09	10.25	13.66
Quartile ranking	3	2	4	1	2

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

Market Cap Breakdown



- 9.44% <£150m
- 38.74% £150m - £500m
- 27.82% £500m - £1bn
- 14.32% £1bn - £2bn
- 0.00% £2bn - £4bn
- 0.00% £4bn+
- 9.68% Cash

Source: Factset

Top 10 Holdings

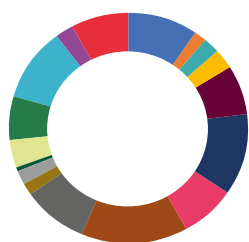
	% of fund
Diversified Gas & Oil plc	4.73
Watkin Jones plc	4.17
Lokn Store Group plc	4.16
Volex plc	4.05
Caretech Holdings plc	4.02
ContourGlobal plc	3.60
Strix Group plc	3.46
Chesnara plc	3.43
Smart Metering Systems plc	3.05
Telecom Plus plc	2.82
Total	37.49

Source: Valu-Trac Investment Management Ltd

Portfolio summary

As at 31 January 2021

Sector breakdown



9.68% Cash	7.61% Healthcare	3.76% Other financial
1.62% Communication services	14.39% Industrials	6.13% Property
2.23% Consumer discretionary	8.88% Information technology	10.47% Real estate
2.68% Consumer staples	1.55% Infrastructure	2.42% UK corporate bonds
6.90% Energy	1.91% International fixed interest	7.60% Utilities
11.50% Financials	0.67% Materials	

Source: Valu-Trac Investment Management Ltd

Key facts As at 31 January 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)
£46.56m

Yield

3.8%***

Income paid

Monthly

Number of holdings

49

Prices as at 31 January 2021

Accumulation shares: 181.9752p
Income shares: 109.2064p

Charges

Initial charge: 0%
Annual Mgmt charge: 0.75%
Ongoing charges charged to capital****: 0.88%

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

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IV32 7QE

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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
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
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

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 30 November 2020. This figure may vary from year to year. The funds annual report for each financial year will include detail on the exact charges made.

www.downingmonthly.co.uk

Statistics correct as at 31/01/2021. Performance figures source: FE Analytics. Fund performance is based on accumulation shares, indices include net reinvested income. defaqto, 3 Diamond rated, 2020. 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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