

MI Downing Monthly Income Fund

May
2018



Market commentary

In April 2018, the Fund was up 4.66%, while the MSCI UK All Cap Total Return Index was up 6.53%. Key contributors were Lok'nStore (up 10.58%) and Kier Group (up 15.03%). Key detractors included Sprue Aegis (down 20.79%) and Maintel Holdings (down 8.39%).

Lok'nStore, the fast-growing self-storage company, announced a positive set of results for the six months to 31 January 2018. Revenues grew by 5.7% to £8.82 million, group adjusted EBITDA was up by 16.3% to £3.85 million and adjusted pre-tax profit grew to £2.55 million. The business is using its robust balance sheet to invest in future growth, building more new stores in a structurally under-supplied market.

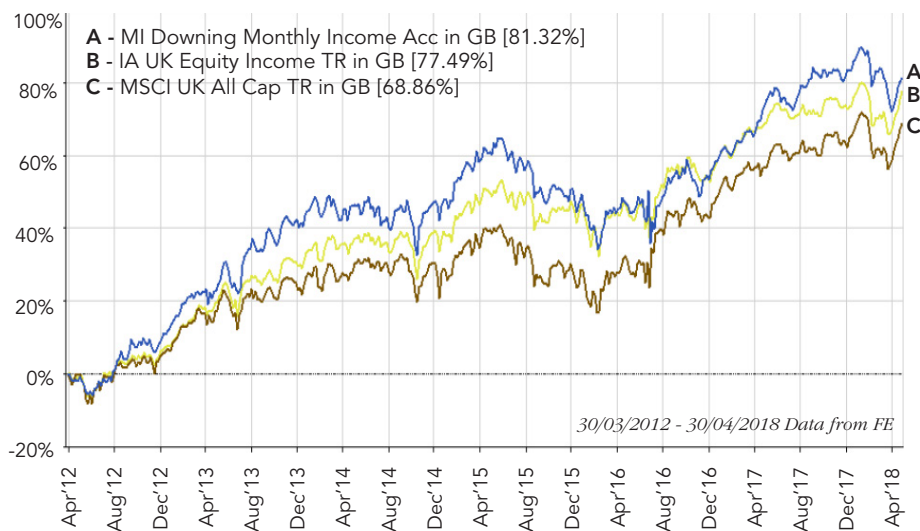
Kier Group, a leading property, residential, construction and services group, also performed well in April. Interim results to 31 December 2017 showed revenues grew by 8% to £2.15 million and its order book of approximately £9.5 billion reflects strong pipeline conversion in regional building and highways. Net debt is £239 million, and this is expected to be less than 1x EBITDA at 30 June 2018. The group's performance reflects the strength of the business model and its financial and operational disciplines.

Sprue Aegis announced the early termination by BRK Brands of a distribution agreement held by Sprue to distribute BRK products in Europe. This agreement was already due to end on 31 March 2018 with Sprue having served notice 12 months ago. The shares fell due to BRK disputing amounts repayable to Sprue for stock return. This resulted in a £3.8m one-off charge to Sprue.

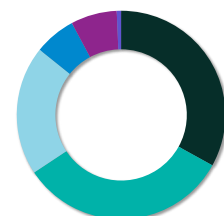
Maintel Holdings had a more difficult month despite reporting solid annual results for the year to 31 December 2017. Group revenue increased by 23% to £133.1 million, and adjusted EBITDA decreased by 2%. Following the challenges of 2017, notably delays with several large projects, the group is now well placed to capitalise on future growth opportunities.

All performance figures for securities include net reinvested income where applicable. Source: Factset.

Performance



Market Cap Breakdown



33.04%	< £150m
32.64%	£150m - £500m
20.08%	£500m - £1bn
6.42%	£1bn - £2bn
7.15%	£2bn - £4bn
0.00%	£4bn +
0.67%	Cash

Source: Factset

Top 10 Holdings

	% of Fund
Ramsdens Holdings	5.24
Lok'nStore Group	4.66
discoverIE Group	4.40
Duke Royalty	4.37
Photo-Me International	3.56
Maintel Holdings	3.46
Morses Club	3.45
Sabre Insurance Group	3.44
Warpaint London	3.31
Chesnara	3.31
Total	39.20

Source: Maitland Institutional Services

	Cumulative performance			
	6m	1y	3y	5y
MI Downing Monthly Income Acc	-1.04%	3.85%	13.24%	47.65%
IA UK Equity Income TR index	1.24%	5.18%	19.56%	48.41%
MSCI UK All Cap TR index	2.22%	8.32%	22.23%	44.22%
Quartile ranking	4th	3rd	4th	3rd

	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 2012¹

IMA sector

UK Equity Income

Currency

UK Sterling

Types of shares

Income & Accumulation

Fund size

(Income & Accumulation shares combined)
£49.6m

Yield

4.8%

Income paid

Monthly

Number of holdings

43

Prices as at 30 April 2018

Accumulation shares: 208.50p

Income shares: 142.08p

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:

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Investment Manager

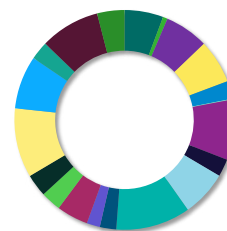
Downing LLP was appointed Investment Manager to the Fund on 1 June 2015.

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

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



5.71%	Banks
0.68%	Cash
6.45%	Construction and building materials
6.44%	Electronics and electrical equipment
2.63%	Financials
0.11%	Food producers and processors
8.89%	General retailers
2.59%	Information technology
6.74%	Insurance
10.96%	Investment companies
2.41%	Leisure, entertainment and hotels
1.95%	Loans
4.64%	Media and photography
2.97%	Mining
3.31%	Personal care and other household products
10.21%	Real estate
7.82%	Speciality and other finance
2.70%	Support services
8.79%	Telecommunications services
4.00%	Transport

Source: Maitland Institutional Services

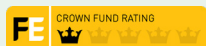
Income Distribution

Period to	Income
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
28/02/2018	0.7383p
29/03/2018	0.8777p
30/04/2018	0.4577p

Source: Maitland Institutional Services and Downing LLP

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 & Consultant

John Bearman: Independent Chairman

Peter Ashworth: Independent Member

Judith MacKenzie: Non-Independent Member

Statistics correct as at 30/04/2018. Performance figures source: FE. Fund performance is based on accumulation shares, indices include net reinvested income. Trustnet one-crown rating for the three year performance to 31/01/18, source Trustnet/F.E. 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.

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