



MI Downing Monthly Income Fund

October 2019

Portfolio commentary

In September, the Fund was up 1.81% while the MSCI UK All Cap Total Return Index was up 3.01%. Key contributors were Urban Exposure (up 59.46%) and Duke Royalty (up 7.55%). Key detractors included FireAngel Safety Technology (down 26.53%) and Somero Enterprises (down 33.00%).

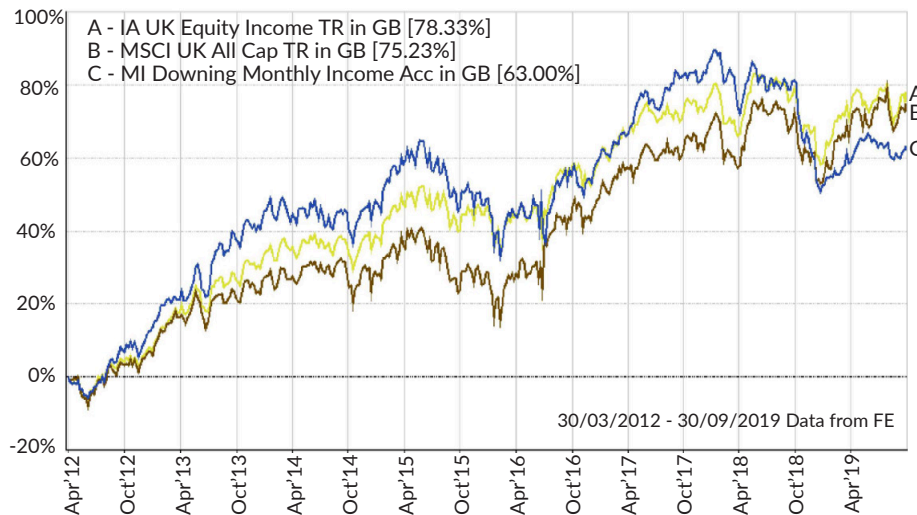
Urban Exposure, a residential development financier and asset manager, announced positive interim results for the six months ended 30 June 2019. Although market sentiment remains subdued, the underlying demand for development finance has continued and the group has a strong progressed loan pipeline of over £1 billion. As the business enters the traditionally busier second half of its calendar year, management remains confident of meeting market expectations.

Duke Royalty, a provider of alternative capital solutions, announced its results for the 12 months ended 31 March 2019 and highlighted the positive performance that its portfolio diversification strategy has delivered. Operating cash flow, a key metric for the business, has grown substantially together with revenue. As a result of the group's high operating leverage, combined with the quadrupling of its royalty portfolio in the past year, the board noted the financial benefits that have been generated - particularly in relation to an increased dividend.

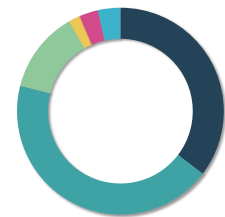
Somero Enterprises, a provider of concrete-levelling equipment, training, and support, reported its interim results for the six months ended 30 June 2019. Management stated that the period fell short of full year expectations, primarily due to extraordinarily heavy rainfall in the US that depressed sales in its largest market. The US non-residential construction market remains very healthy and the board stated that as the weather improves, development in H2 is expected.

FireAngel, a leading developer and supplier of home safety products, announced its results for the six months ended 30 June 2019. In the period the interim loss widened on exceptional costs, leading to expectations of a loss for FY2019. Looking ahead, the board is cautious on when strategically significant trials in progress will be completed, however these trials are expected to generate revenue in 2020 and beyond.

Performance



Market Cap Breakdown



35.35%	< £150m
43.59%	£150m - £500m
12.79%	£500m - £1bn
1.85%	£1bn - £2bn
0.00%	£2bn - £4bn
2.91%	£4bn +
3.51%	Cash

Source: Factset

Top 10 Holdings

	% of Fund
Duke Royalty	7.99
Ramsdens Holdings	6.08
Lok'nStore Group	5.04
PPHE Hotel Group	4.52
Morses Club	4.49
Circle Property	4.48
Photo-Me International	4.45
Watkin Jones	4.22
Real Good Food*	3.85
AdEPT Technology Group	3.57
Total	48.68

Source: Maitland Institutional Services Ltd
*Holding includes a 0.06% equity and 3.79% debt split

	Cumulative performance (%)			
	6m	1y	3y	5y
MI Downing Monthly Income Acc	2.67	-9.97	5.65	14.44
IA UK Equity Income TR index	3.05	-0.15	14.22	31.73
MSCI UK All Cap TR index	4.04	1.99	20.84	36.99
Quartile ranking	4th	4th	4th	4th

	Discrete performance (%)				
	30/09/2018	30/09/2017	30/09/2016	30/09/2015	30/09/2014
MI Downing Monthly Income Acc	-9.97	-0.86	18.37	5.52	2.66
IA UK Equity Income TR index	-0.15	3.43	10.59	11.39	3.54
MSCI UK All Cap TR index	1.99	5.90	11.88	17.16	-3.25
Quartile ranking	4th	4th	1st	4th	2nd

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)
£39.7m

Yield

5.0%²

Income paid

Monthly

Number of holdings

36

Prices as at 30 September 2019

Accumulation shares: 187.43p
Income shares: 119.66p

Charges

Initial charge 0%
Annual management charge 0.75%
Ongoing charges 1.04%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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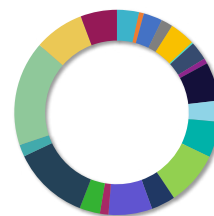
Investment Manager

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	Hargreaves Lansdown
All Funds	James Hay
Ascentric	Old Mutual Wealth
Aviva	Novia
Cofunds	Nucleus
Elevate	Standard life
Fidelity (Inst)	Transact
Fidelity (FFN)	Zurich

Sector breakdown



3.49%	Cash
0.76%	Construction
2.97%	Diversified industrials
1.83%	Electricity
4.02%	Electronic and electrical equipment
0.23%	Engineering and machinery
2.94%	Financials
0.83%	Food producers and processors
6.08%	General retailers
3.34%	Insurance
5.64%	Investment companies
8.52%	Leisure, entertainment and hotels
3.79%	Loans
6.90%	Media and photography
1.34%	Mining
3.23%	Oil & gas
12.06%	Real estate
1.88%	Software & computer services
16.54%	Speciality and other finance
7.87%	Support services
5.74%	Telecommunication services

Source: Maitland Institutional Services Ltd

Income distribution

Period to	Income
31/10/2018	0.6021p
30/11/2018	0.6454p
31/12/2018	0.4498p
31/01/2019	0.2832p
28/02/2019	0.2383p
29/03/2019	0.7669p
30/04/2019	0.4500p
31/05/2019	0.4509p
28/06/2019	0.4907p
31/07/2019	0.4966p
30/08/2019	0.4969p
30/09/2019	0.5928p

Source: Maitland Institutional Services Ltd and Downing LLP

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 as at 31 March 2019 is 1.04% and 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 & Consultant
John Bearman: Independent Chairman
Judith MacKenzie: Non-Independent Member
Donald Robertson: Independent Member
Darrell O'Dea: Independent Member

Statistics correct as at 30/09/2019. Performance figures source: FE Analytics. Fund performance is based on accumulation shares, indices include net reinvested income. Trustnet one-crown rating for the three year performance to 31/07/19, 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. Tax treatment depends on the individual circumstances of each investor.

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10 October 2019