

# VT Downing Monthly Income Fund



## September 2021 Commentary

In September, the fund was down 1.03% while the IA UK Equity Income Total Return Index was down 1.27%. Key contributors were Drax (up 18.47%) and Diversified Energy (up 4.60%). Key detractors included Strix (down 9.28%) and Smart Metering Systems (down 11.92%).

Drax owns some of the UK's largest electricity generation assets and is expected to benefit from ongoing surges in wholesale electricity prices. Shares were also strengthened from the prospect the U.K. government may ask Drax to restart generation from previous idle coal power generation to help with current gas shortages.

Diversified Energy Company is an independent energy company and natural gas producer. The group made no news announcements in the period but has seen its shares rise higher as the energy crisis has deepened.

Strix designs and manufactures kettle safety controls. The group reported interim results for the six months to 30 June and reported that the business had achieved significant revenue growth compared to the Covid-affected period the year prior. Management remains confident that Strix will deliver FY21 results in line with market expectations.

Smart Metering Systems, an energy infrastructure company, announced an equity raise to part-fund significant growth opportunities. The group conditionally raised proceeds of £175 million by way of an oversubscribed placing. The shares initially fell significantly but have begun to recover. We believe that the business is well positioned for future growth.

*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	-1.03	15.80	39.38	6.15	24.56
IA UK Equity Income TR index	-1.27	7.48	32.67	9.61	25.38
Quartile ranking	2	1	1	3	2

	Discrete performance (%)				
	30/09/2020 - 30/09/2021	30/09/2020	30/09/2019	30/09/2018	30/09/2016 - 30/09/2017
VT Downing Monthly Income Acc	39.38	-15.40	-9.97	-0.86	18.37
IA UK Equity Income TR index	32.67	-17.24	-0.17	3.43	10.59
Quartile ranking	1	2	4	4	1

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

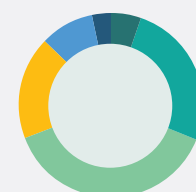


**Fund Manager**  
**Josh McCathie**

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 8 years' experience in the industry. Prior to Downing he was at BRI Wealth Management focusing on UK equity research. Josh is a CFA charterholder.

## Market Cap Breakdown



5.53%	<£150m
25.65%	£150m - £500m
38.15%	£500m - £1bn
17.96%	£1bn - £2bn
9.62%	£2bn - 4bn
0.00%	£4bn+
3.09%	Cash

Source: Factset

## Top 10 Holdings

	% of fund
Volvo PLC	4.56
Strix Group PLC	4.48
Caretech Holdings PLC	4.28
Watkin Jones PLC	4.26
Diversified Energy Company PLC	4.10
Lokn Store Group PLC	3.65
Alpha Financial Markets Consulting PLC	3.63
Computacenter PLC	3.19
Smart Metering Systems PLC	3.13
Drax Group PLC	2.93
<b>Total</b>	<b>38.21</b>

Source: Valu-Trac Investment Management Ltd

# Portfolio summary

As at 30 September 2021

## Sector breakdown



3.09%	Cash	7.71%	Healthcare	2.03%	UK Equities
1.52%	Commodity and energy	14.51%	Industrials	5.29%	Utilities
4.69%	Communications	18.10%	Information technology		
6.48%	Consumer discretionary	1.89%	International fixed interest		
5.16%	Consumer staples	5.05%	Property		
4.10%	Energy	7.90%	Real Estate		
10.86%	Financials	1.62%	UK Corporate Bonds		

Source: Valu-Trac Investment Management Ltd

## Key facts As at 30 September 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)  
£46.87m

### Yield

3.3%\*\*\*

### Income paid

Monthly

### Number of holdings

45

### Prices as at 30 September 2021

Accumulation shares: 221.0002p  
Income shares: 129.6242p

### 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

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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



Source: defaqto, 3 Diamond rated, 2020

## Income distribution

Period to	Income
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
30/06/2021	0.3500p
31/07/2021	0.3500p
31/08/2021	0.3500p
30/09/2021	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 30/09/2021.** 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.

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