

QAM Downing Monthly Income Fund

March 2017



Market commentary

In February the MSCI UK All Cap Total Return Index returned 3.15%, the Fund returned 2.14%. Key contributors to the portfolio throughout the month were AstraZeneca, Conviviality, and Kier which generated returns of 14.41%, 13.13%, and 5.51% respectively. Key detractors were BP and Rio, down 4.08% and 2.78% respectively.

AstraZeneca's share price advanced following full year results with "Performance in line with expectations". Full year revenues were down 7% to \$23 billion, operating profit was up 19% to \$4.9 billion and earnings per share up 24% to \$2.77. CEO Pascal Soriot commented, "2017 has the potential to be a turning point for our company as we near the end of our patent-expiry period and bring new medicines to patients across the globe."

Conviviality's share price responded to interim results released at the end of January as revenues grew 211% to £782.5 million and profit before tax increased by 285% to £7.4 million. Management confirmed that the integration of recent acquisitions is ahead of plan and on track to deliver cost savings of £6 million in FY17. We remain positive on the business and the CEO, Diana Hunter, confirmed that "the Group continues to trade in line with expectations for the full year".

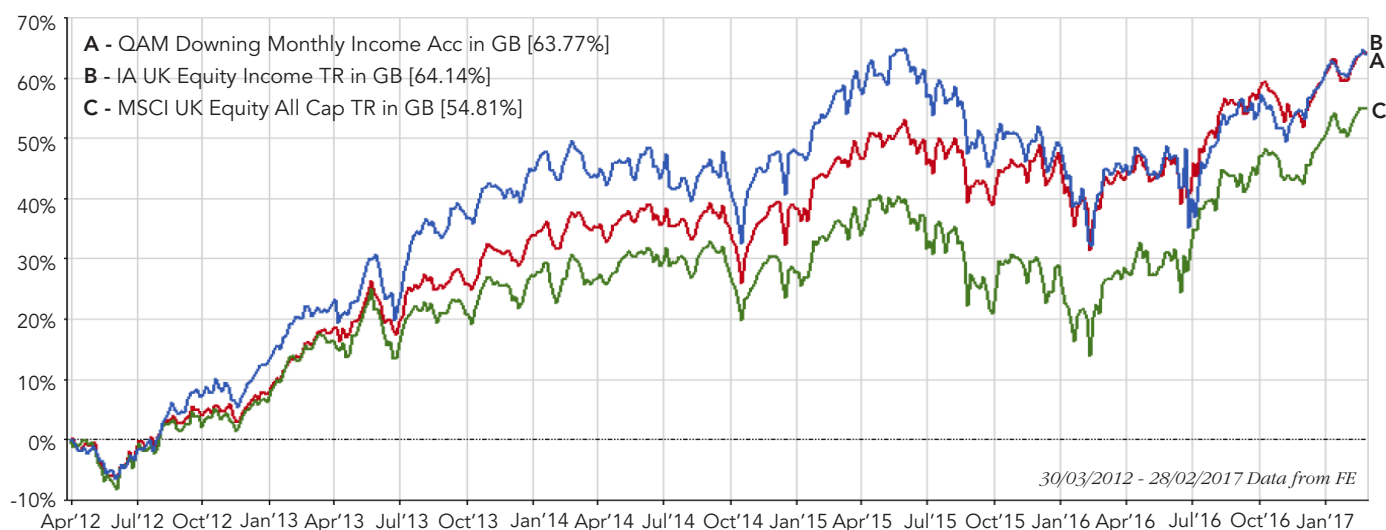
Kier's share price was boosted by the Housing White Paper during the month. This paper is designed to begin the process of addressing the issues facing the UK housing market. The content of the paper was not seen as ground-breaking, however several new measures were introduced with the aim of boosting housing supply and making the planning process easier. Kier would stand to benefit from any increase in housing supply.

BP's share price fell following the release of its full year results. The headline reported result for the full year was a profit of \$115 million, compared with the headline loss of \$6.5 billion reported for 2015. The 2016 headline result included a total of \$4 billion non-operating charges taken through the year associated with the resolution of the remaining legacy of the 2010 oil spill. The headline profit excluding these legacy charges was \$4.1 billion for 2016, compared with \$2.0 billion for 2015.

Rio Tinto's share price fell over the month despite a 12% increase in underlying earnings. We believe this is a result of profit-taking following the shares reaching their highest level since February 2013.

All performance figures for securities include net reinvested income where applicable. Source: StatPro & FE Analytics.

Performance



	Cumulative performance			Discrete performance			
	6m	1y	3y	2016	2015	2014	2013
QAM Downing Monthly Income Acc	6.51%	14.84%	9.71%	7.65%	0.84%	1.74%	30.26%
IA UK Equity Income TR index	5.25%	15.58%	19.06%	8.84%	6.20%	3.16%	25.20%
MSCI UK Equity All Cap TR index	8.70%	23.19%	19.01%	17.29%	0.13%	0.44%	20.62%
Quartile ranking	2nd	2nd	4th	3rd	4th	3rd	1st

Fund Managers

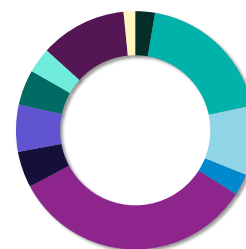


James Lynch
James draws on experience gained in managing a top performing micro-cap fund as well as time spent as a private equity and venture capital investor.



Stephen Whittaker
Stephen has 35 years' experience of managing a variety of UK portfolios, including small companies, special situations, income and growth funds.

Sector Breakdown



2.67%	Cash
19.01%	Consumer discretionary
9.42%	Consumer staples
2.91%	Energy
33.17%	Financials
4.91%	Healthcare
6.39%	Industrials
4.78%	IT
3.44%	Materials
11.73%	Real estate
1.57%	Telecom services

Source: StatPro

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

4.6%²

Income paid

Monthly

Number of holdings

37

Prices as at 28 February 2017

Accumulation shares: 188.31p

Income shares: 136.14p

Charges

Initial charge 0%

Annual management charge 0.75%

Ongoing charges 1.44%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

Querns act as ACD and manage the administration for the Fund

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Investment Manager

Downing LLP was appointed Investment Manager to the Fund on 1 June 2015 and, to further represent the strength of the relationship, the Fund name was changed to QAM Downing Monthly Income Fund from 1 November 2015

Platforms and wraps

Ascentric Hargreaves Lansdown

Cofunds Nucleus

Fidelity (Inst) Transact

Income Distribution

Period to	Income
31/03/2016	0.4239p
29/04/2016	0.6078p
31/05/2016	0.5360p
30/06/2016	0.5710p
29/07/2016	0.4012p
31/08/2016	0.5296p
30/09/2016	0.5432p
31/10/2016	0.6115p
30/11/2016	0.5120p
31/12/2016	0.4449p
31/01/2017	0.5061p
28/02/2017	0.6056p

Top 10 Holdings

	% of Fund
Martin McColl Retail	5.10
Kier Group	4.91
Conviviality	4.32
Primary Health Properties	4.25
Intermediate Capital	4.05
Connect Group	3.68
Phoenix	3.47
Rio Tinto	3.44
B&M	3.35
Marston's	3.16
Total	39.73

Source: StatPro

Statistics correct as at 28/02/2017. 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. All references to FE Crown rankings are sourced from Trustnet via www.trustnet.com. All ratings are for the 3 year period ended 28/02/2017.

Important notice

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