

VT Downing Monthly Income Fund



August 2021 Commentary

In August, the fund was up 5.74% while the IA UK Equity Income Total Return Index was up 2.72%. Key contributors were Stock Spirits (up 52.14%) and Volex (up 22.54%). Key detractors included Morses Club (down 10.11%) and Augean (down 4.41%).

Stock Spirits, an alcoholic beverage business, announced a recommended cash offer for the business from CVC Capital Partners, had been endorsed by the board. CVC has offered £3.77 a share, a premium of approximately 41%, or £767 million for the company. The board believe that CVC's support for its existing strategy and the investment that it intends to make in order to grow the business means that this offer will benefit all of Stock Spirits' stakeholders.

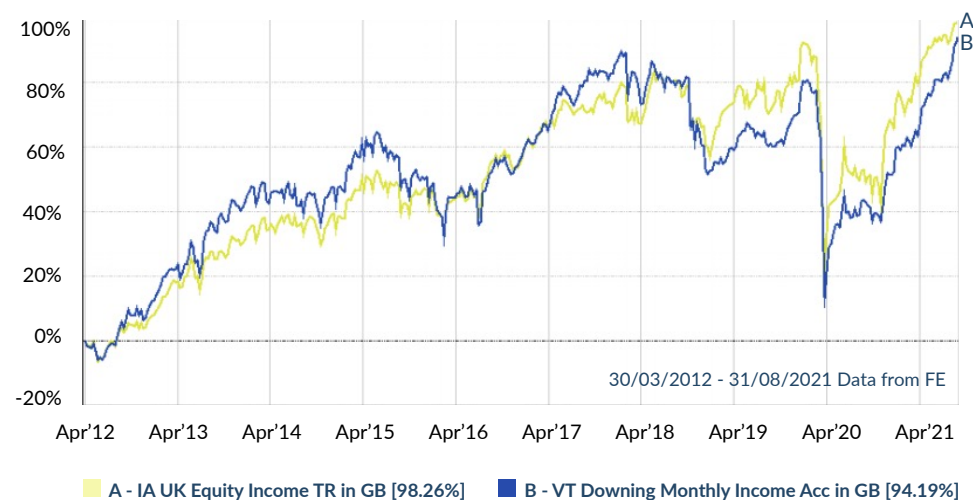
Volex, a supplier of integrated manufacturing services and power products, announced the acquisition of Irvine Electronics for \$16.4 million. The board believe that the acquisition of Irvine increases Volex geographic coverage and technical capabilities in the key North American market. The deal will be earnings enhancing from completion.

Morses Club, a provider of non-standard financial services, issued a trading update highlighting that the group continues to perform in line with expectations and demand has steadily increased across all lending products in both the Home Collected Credit (HCC) and Digital divisions.

Augean, a waste management company, was the subject of a takeover bid. The shares were trading ahead of the initial offer from Morgan Stanley Infrastructure and came back as no further bids had been received at the time. The fund has now exited this position and crystallised the gains achieved from the initial bid.

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	5.74	21.22	35.74	7.52	26.30
IA UK Equity Income TR index	2.72	14.07	31.26	10.63	27.14
Quartile ranking	1	1	1	3	3

	Discrete performance (%)				
	31/08/2020 - 31/08/2021	31/08/2020	31/08/2019	31/08/2018	31/08/2016 - 31/08/2017
VT Downing Monthly Income Acc	35.74	-10.65	-11.35	-0.85	18.46
IA UK Equity Income TR index	31.26	-12.41	-3.78	4.04	10.46
Quartile ranking	1	2	4	4	1

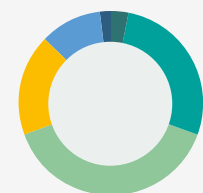
Past performance is not a reliable indicator of future results. Performance figures source: FE Analytics.



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



3.14%	<£150m
27.54%	£150m - £500m
38.82%	£500m - £1bn
17.83%	£1bn - £2bn
10.79%	£2bn - 4bn
0.00%	£4bn+
1.88%	Cash

Source: Factset

Top 10 Holdings

	% of fund
Strix Group PLC	4.87
Volex PLC	4.84
Watkin Jones PLC	4.35
Caretech Holdings PLC	4.22
Diversified Energy Company PLC	3.77
Alpha Financial Markets Consulting PLC	3.58
Smart Metering Systems PLC	3.58
Lokn Store Group PLC	3.45
Computacenter PLC	3.13
Zegona Communications PLC	2.86
Total	38.65

Source: Valu-Trac Investment Management Ltd

Portfolio summary

As at 31 August 2021

Sector breakdown



1.88%	Cash	7.39%	Healthcare	1.60%	UK corporate bonds
0.96%	Commodity and energy	14.19%	Industrials	4.82%	Utilities
4.64%	Communications	18.83%	Information technology		
7.58%	Consumer discretionary	1.99%	International fixed interest		
5.28%	Consumer staples	1.11%	Other financial		
4.78%	Energy	5.10%	Property		
12.05%	Financials	7.80%	Real estate		

Source: Valu-Trac Investment Management Ltd

Key facts As at 31 August 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)
£47.48m

Yield

3.2%***

Income paid

Monthly

Number of holdings

45

Prices as at 31 August 2021

Accumulation shares: 223.3014p
Income shares: 131.3277p

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

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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

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

Statistics correct as at 31/08/2021. 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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