

MI Downing Monthly Income Fund

January
2019



Market commentary

In December 2018, the Fund was down 4.57% while the MSCI UK All Cap Total Return Index was down 3.85%. Key contributors were Morses Club (up 17.80%) and discoverIE (up 7.54%). Key detractors included Photo-Me International (down 18.07%) and McColl's Retail Group (down 53.68%).

Morses Club, the UK's second largest home collected credit lender, reported that its IT platform is set up to deal with the FCA's proposed changes to the UK overdraft and home-credit market. Management stated that it was glad to have contributed to the consultation and considers that regulatory changes are unlikely to have an adverse impact on its business.

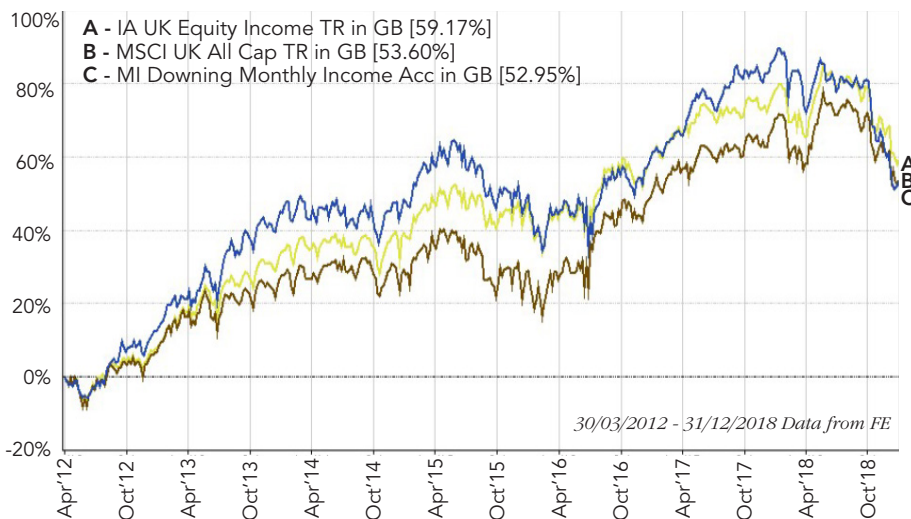
discoverIE is a leading international designer, manufacturer and supplier of customised electronics to industry. It announced interim results for the six months ended September 2018, highlighting strong growth in sales, orders, profits and earnings. Underlying earnings per share increased by 24%, driven by broad-based organic growth, the continued move towards higher value products and good operating leverage. We believe the group is well-positioned for continued growth.

Photo-Me International, the instant-service equipment group, announced results for the six months ended 31 October 2018. It reported profits were down due to a delay to contracted orders. Management stated that it remains confident of achieving its annual guidance, with pre-tax profit of £44 million.

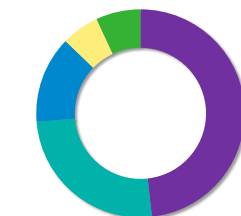
McColl's, the convenience retailer, saw its share price drop significantly after it issued a profit warning, stating that performance had been impacted by transitional challenges and difficult trading conditions. The board expects competition in the grocery retail sector to remain intense, however it will continue to develop its partnership with Morrisons, alongside plans to enhance its offering by improving the quality of its estate and overall customer experience.

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

Performance



Market Cap Breakdown



48.24%	< £150m
25.47%	£150m - £500m
13.51%	£500m - £1bn
5.87%	£1bn - £2bn
0.00%	£2bn - £4bn
0.00%	£4bn +
6.91%	Cash

Source: Factset

Top 10 Holdings

	Cumulative performance			
	6m	1y	3y	5y
MI Downing Monthly Income Acc	-14.30%	-18.40%	2.76%	5.43%
IA UK Equity Income TR index	-12.04%	-10.54%	8.40%	18.75%
MSCI UK All Cap TR index	-11.31%	-9.80%	19.66%	20.33%
Quartile ranking	4th	4th	4th	4th

	Discrete performance				
	2018	2017	2016	2015	2014
MI Downing Monthly Income Acc	-18.40%	16.98%	7.65%	0.84%	1.74%
IA UK Equity Income TR index	-10.54%	11.32%	8.84%	6.20%	3.16%
MSCI UK All Cap TR index	-9.80%	13.09%	17.29%	0.13%	0.44%
Quartile ranking	4th	1st	3rd	4th	3rd

Past performance is not a reliable indicator of future results.

	% of Fund
Duke Royalty	7.25
Ramsdens Holdings	5.73
Lok'nStore Group	5.54
Morses Club	4.66
Circle Property	4.46
Real Good Food*	4.37
Chesnara	4.17
Photo-Me International	4.09
Urban Logistics	3.65
Drax Group	3.58
Total	47.50

Source: Maitland Institutional Services

*Holding includes a 0.06% equity and 4.31% debt split

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)
£39.9m

Yield

5.9%

Income paid

Monthly

Number of holdings

34

Prices as at 31 December 2018

Accumulation shares: 175.87p

Income shares: 116.07p

Charges

Initial charge 0%

Annual management charge 0.75%

Ongoing charges 0.97%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:

Maitland Institutional Services Ltd
Springfield Lodge, Colchester Road
Chelmsford, Essex CM2 5PW

www.maitlandgroup.com

Dealing: 034 5305 4215

Investment Manager

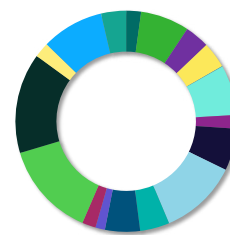
Downing LLP was appointed Investment Manager to the Fund on 1 June 2015.

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



2.17%	Banks
7.12%	Cash
3.58%	Electricity
3.82%	Electronic and electrical equipment
0.06%	Food producers and processors
7.33%	General retailers
1.99%	Information technology hardware
6.15%	Insurance
11.44%	Investment companies
4.31%	Loans
5.11%	Media and photography
1.39%	Mining
1.98%	Personal care and other household products
13.92%	Real estate
14.67%	Speciality and other finance
2.21%	Support services
9.10%	Telecommunication services
3.65%	Transport

Source: Maitland Institutional Services

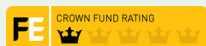
Income Distribution

Period to	Income
31/01/2018	0.4053p
28/02/2018	0.7383p
29/03/2018	0.8777p
30/04/2018	0.4577p
31/05/2018	0.4513p
29/06/2018	0.6253p
31/07/2018	0.3228p
31/08/2018	0.6311p
28/09/2018	0.5787p
31/10/2018	0.6021p
30/11/2018	0.6454p
31/12/2018	0.4498p

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

Judith MacKenzie: Non-Independent Member

Donald Robertson: Independent Member

Darrell O'Dea: Independent Member

Statistics correct as at 31/12/2018. 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 31/07/18, 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. Tax treatment depends on the individual circumstances of each investor.

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14 January 2019