

VT Downing Monthly Income Fund



March 2021 Commentary

In March, the fund was up 3.60% while the IA UK Equity Income Total Return Index was up 4.79%. Key contributors were Zegona Communications (up 41.58%) and Volex (up 14.19%). Key detractors included Diversified Gas & Oil (down 9.20%) and Lok'nStore (down 4.80%).

Zegona, an investor in European Telecommunications, Media and Technology, saw its shares rise on takeover news concerning Euskaltel, a company in which it has a 21.4% stake. The private equity funds of KKR, Providence and Cinven have launched a tender to acquire Euskaltel for €11.17 a share, a 27% premium.

Volex, a supplier of power cords and cable assemblies, issued no news over the month. However, consistent performance and improvement along with market recognition have supported the strong performance of late. We remain confident of its prospects and the ability of management to identify and acquire value accretive businesses.

Diversified Gas & Oil, an independent energy company, announced results for the year ended 31 December 2020. While the share price fell, management said that its long-standing strategy of focusing on low-risk assets and reliable cash flows position the business for further growth, and enable it to maintain its commitment to shareholder returns, evidenced by the increase in the dividend, which was raised twice during the year.

Lok'nStore, the self-storage company, issued no significant news but had provided an update on trading in February. Several directors have been purchasing shares and believe that these offer good value at current levels.

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.

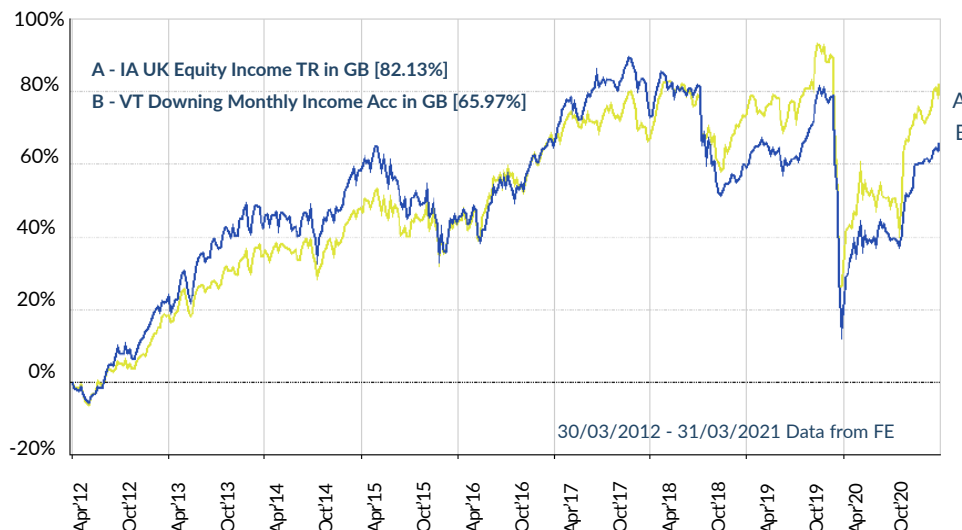


Fund Manager
James Lynch

James joined Downing in February 2012 as part of the private equity team, gaining transaction experience in the SME space across a range of industries before transferring to Downing Fund Managers in 2013.

Prior to Downing, James worked within the asset management division of Ernst & Young after specialising in smaller companies at HW Fisher & Company. James is a CFA Charterholder, Chartered Accountant (ACA) and holds the Investment Management Certificate. James manages the VT Downing Monthly Income Fund and co-manages the Downing Strategic Micro-Cap Investment Trust.

Performance

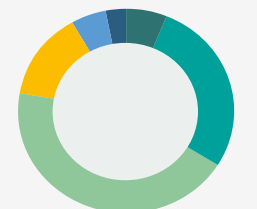


	Cumulative performance (%)			
	6m	1y	3y	5y
VT Downing Monthly Income Acc	20.36	35.02	-4.20	14.01
IA UK Equity Income TR index	23.44	32.62	9.03	25.90
Quartile ranking	3	2	4	4

	Discrete performance (%)				
	31/03/2020-31/03/2021	31/02/2019-31/02/2020	31/02/2018-31/02/2019	31/02/2017-31/02/2018	31/02/2016-31/02/2017
VT Downing Monthly Income Acc	35.02	-22.57	-8.36	4.58	13.80
IA UK Equity Income TR index	32.62	-20.64	3.59	0.29	15.14
Quartile ranking	2	3	4	1	3

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

Market Cap Breakdown



- 6.32% <£150m
- 27.69% £150m - £500m
- 43.77% £500m - £1bn
- 14.08% £1bn - £2bn
- 5.12% £2bn - £4bn
- 0.00% £4bn+
- 3.02% Cash

Source: Factset

Top 10 Holdings

	% of fund
Volex plc	5.61
Watkin Jones plc	5.07
Diversified Gas & Oil plc	4.95
Caretech Holdings plc	4.79
Strix Group plc	4.39
Smart Metering Systems plc	3.97
ContourGlobal plc	3.94
Lokn Store Group plc	3.92
Chesnara plc	3.87
IG Design Group plc	3.00
Total	42.64

Source: Valu-Trac Investment Management Ltd

Portfolio summary

As at 31 March 2021

Sector breakdown



3.02% Cash	7.10% Healthcare	1.21% Other financial
5.42% Communication services	14.68% Industrials	5.08% Property
5.01% Consumer discretionary	13.42% Information technology	8.99% Real estate
1.40% Consumer staples	0.03% Infrastructure	2.63% UK corporate bonds
7.46% Energy	2.01% International fixed interest	8.31% Utilities
13.41% Financials	0.82% Materials	

Source: Valu-Trac Investment Management Ltd

Key facts As at 31 March 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)
£42.87m

Yield

3.8%***

Income paid

Monthly

Number of holdings

44

Prices as at 31 March 2021

Accumulation shares: 190.8503p

Income shares: 113.8332p

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



Income distribution

Period to	Income
30/04/2020	0.5000p
31/05/2020	0.3500p
30/06/2020	0.3500p
31/07/2020	0.3500p
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

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 31/03/2021. Performance figures source: FE Analytics. Fund performance is based on accumulation shares, indices include net reinvested income. defaqto, 3 Diamond rated, 2020. 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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