

MI Downing Monthly Income Fund

August
2017

Market commentary

In July, the MSCI UK All Cap Total Return Index returned 1.34% while the Fund returned 2.48%. Key contributors to the portfolio throughout the month were Conviviality (up 24.92%) and McColl's Retail Group (up 16.75%). Key detractors included Safestyle (down 26.05%) and Accrol (down 9.87%).

Conviviality released their final results for the year ended 30 April 2017 during July. The leading UK drinks wholesaler and distributor reported an 85% increase in revenue as well as a 249% increase in profit after tax largely due to recent acquisitions and improvements in their logistics network.

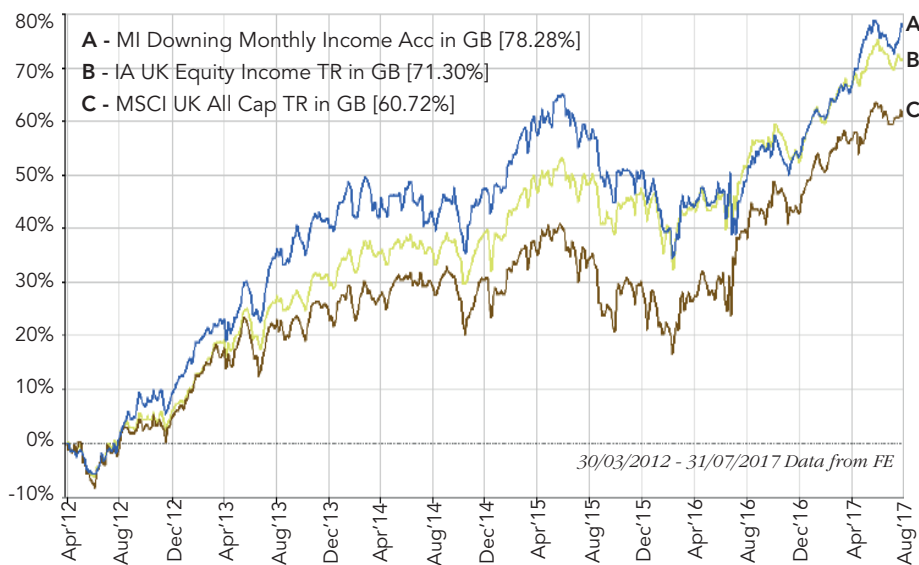
McColl's, a leading UK convenience retailer, announced positive results for the half year ended 28 May 2017. McColl's now have 1,292 convenience stores and 358 newsagents; an 80% increase in convenience stores since their initial public offering in 2014. During the period, the group completed the successful on-boarding of 298 convenience stores acquired from the Co-op. This acquisition is expected to significantly increase revenue and EBITDA by the end of the 2018 financial year.

Safestyle, the leading UK retailer and manufacturer of uPVC replacement windows and doors, released a trading statement for the six months ended 30 June 2017. This showed that the company has continued to trade in line with earlier months and that orders have increased by 2% year on year. However, consumer demand has become more irregular leading to relatively volatile trading. Safestyle continues to outperform the market although management expect revenue and profit for the 2017 financial year to be broadly in line with 2016.

Accrol, manufacturers of soft tissue products, fell during the month despite positive news flow. Preliminary results released in July for the year ended 30 April 2017 highlighted increased revenues and profit, a new manufacturing facility in Lancashire and new contract wins, which have seen market share grow to over 50% within the discount sector. We see Accrol as a defensive business with a unique supply chain and scope to expand production at attractive internal rates of return over the medium term.

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

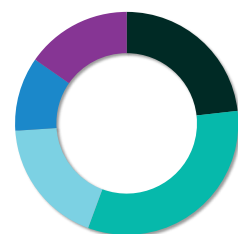
Performance



	Cumulative performance			
	6m	1y	3y	5y
MI Downing Monthly Income Acc	11.19%	19.81%	25.24%	77.05%
IA UK Equity Income TR index	7.26%	13.22%	26.37%	70.30%
MSCI UK All Cap TR index	7.09%	14.88%	24.48%	62.74%
Quartile ranking	1st	1st	3rd	2nd

	Discrete performance			
	2016	2015	2014	2013
MI Downing Monthly Income Acc	7.65%	0.84%	1.74%	30.26%
IA UK Equity Income TR index	8.84%	6.20%	3.16%	25.20%
MSCI UK All Cap TR index	17.29%	0.13%	0.44%	20.62%
Quartile ranking	3rd	4th	3rd	1st

Market Cap Breakdown



23.20%	< £150m
32.42%	£150m - £500m
18.33%	£500m - £1bn
10.75%	£1bn - £2bn
15.30%	£2bn - £4bn
0%	£4bn +

Source: Thompson Reuters

Top 10 Holdings

	% of Fund
Martin McColl Retail	5.49
Conviviality	4.78
Primary Health Properties	3.66
Kier Group	3.55
Caretech Holdings	3.36
B&M	3.31
Character Group	3.21
Anglo Pacific Group	3.09
Telford Homes	3.06
Card Factory	2.91
Total	36.42

Source: Maitland Institutional Services

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

38

Prices as at 31 July 2017

Accumulation shares: 205.00p

Income shares: 144.93p

Charges

Initial charge	0%
Annual management charge	0.75%
Ongoing charges charged to capital	1.00% ³

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
Ascentric	Novia
Cofunds	Nucleus
Fidelity (Inst)	Transact

¹The conversion date refers to the date the investment objective and policy were changed.

²The 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.

³Ongoing charges are based on expenses, including annual management charge. This figure may vary. It excludes portfolio transaction costs. The ongoing charges figure based on the last year's expenses as at 31 March 2017 is 1.47%, however, it is currently capped at 1.00%.

Fund Manager

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.

Investment committee

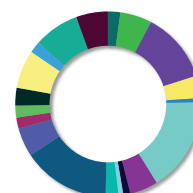
Stephen Whittaker: Fund Founder and Consultant

John Bearman: Independent Chairman

Peter Ashworth: Independent Member

Judith MacKenzie: Non-Independent Member

Sector Breakdown



2.16%	Banks
5.56%	Construction and building materials
12.35%	Cash
3.92%	Electronics and electrical equipment
0.73%	Food producers and processors
16.48%	General retailers
4.91%	Housing goods and textiles
1.21%	Industrials
0.87%	Information technology
2.23%	Insurance
15.25%	Investment companies
5.05%	Leisure, entertainment and hotels
1.92%	Loans
2.10%	Media and photography
3.09%	Mining
6.72%	Real estate
2.00%	Software and computer services
7.90%	Speciality and other finance
5.55%	Support services

Source: Maitland Institutional Services

Income Distribution

Period to	Income
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
31/03/2017	0.9030p
30/04/2017	0.5619p
31/05/2017	0.4359p
30/06/2017	0.6131p
31/07/2017	0.4213p

Source: Maitland Institutional Services

Statistics correct as at 31/07/2017. 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.

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