

MI Downing Monthly Income Fund

August
2018



Market commentary

In July 2018, the Fund was up 1.45%, while the MSCI UK All Cap Total Return Index was up 1.31%. Key contributors were ADEPT Telecom (up 17.74%) and Morses Club (up 12.00%). Key detractors included McColl's Retail Group (down 28.23%) and Ramsdens Holdings (down 11.27%).

ADEPT, a leading UK independent provider of award-winning managed services for IT, unified communications, connectivity and voice solutions, posted a strong set of financial year results for the year ended 31 March 2018. The company reported its 15th consecutive year of increased underlying EBITDA, increased gross margins and adjusted fully diluted earnings per share. We are also encouraged by the growth in the company's managed services division which now accounts for 69.8% of total revenue.

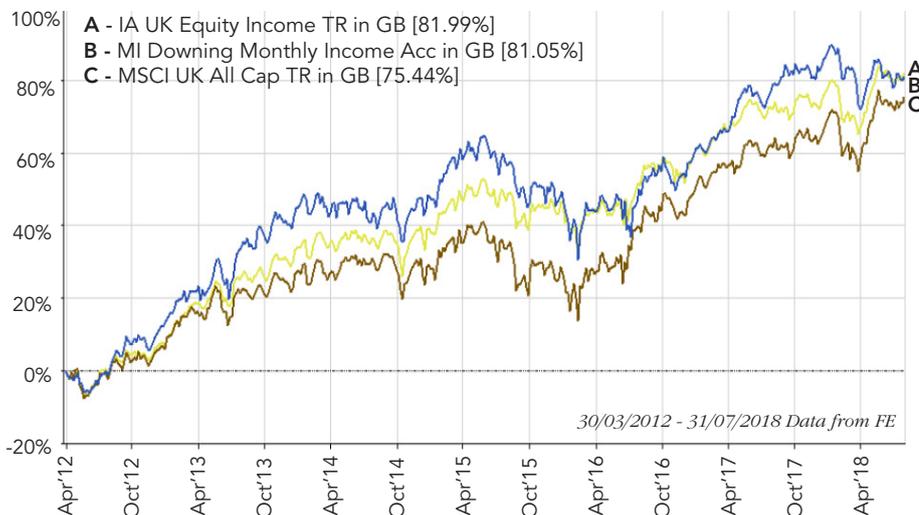
Morses Club, the UK's second largest home collected credit lender, reported no news during the month. However, at the end of June the board reported that trading in the first four months of its current financial year was strong and in line with expectations. High quality customer numbers and the net loan book continue to be well ahead of the previous year and impairments remain within its guidance range, reflecting the company's focus on higher quality lending.

McColl's, the convenience retailer, announced interim results for the period ended 27 May 2018, reporting continued strategic progress despite significant headwinds for the sector. Total revenue was up 19.2%, however like-for-like sales were down 2.7%, with availability impacted by supply chain disruption following the failure of Palmer & Harvey.

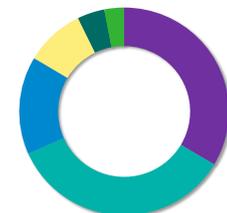
Ramsdens, the diversified financial services provider and retailer, issued a positive set of results in June for the year ended 31 March 2018. However, the share price fell as management reduced their holdings in the business. We believe the share sales were to allow the directors to take advantage of entrepreneur's relief and came post expiry of the lock-in provision put in place at IPO. Post sales, management still retain material shareholdings and we believe they are committed to the business for the long term.

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

Performance



Market Cap Breakdown



33.52%	< £150m
34.83%	£150m - £500m
15.22%	£500m - £1bn
9.19%	£1bn - £2bn
4.21%	£2bn - £4bn
0.00%	£4bn +
3.03%	Cash

Source: Factset

Top 10 Holdings

	% of Fund
Duke Royalty	4.62
Lok'nStore Group	4.44
Ramsdens Holdings	4.27
Photo-Me International	4.05
Morses Club	4.01
Maintel Holdings	3.89
Chesnara	3.84
Sabre Insurance Group	3.68
Warpaint London	3.67
Urban Exposure	3.39
Total	39.86

Source: Maitland Institutional Services

	Cumulative performance			
	6m	1y	3y	5y
MI Downing Monthly Income Acc	-2.87%	1.55%	15.95%	34.06%
IA UK Equity Income TR index	3.36%	6.24%	22.83%	44.07%
MSCI UK All Cap TR index	4.99%	9.16%	30.12%	43.51%
Quartile ranking	4th	4th	4th	4th

	Discrete performance				
	2017	2016	2015	2014	2013
MI Downing Monthly Income Acc	16.98%	7.65%	0.84%	1.74%	30.26%
IA UK Equity Income TR index	11.32%	8.84%	6.20%	3.16%	25.20%
MSCI UK All Cap TR index	13.09%	17.29%	0.13%	0.44%	20.62%
Quartile ranking	1st	3rd	4th	3rd	1st

Past performance is not a reliable indicator of future results.

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)
£49.8m

Yield

4.9%

Income paid

Monthly

Number of holdings

39

Prices as at 31 July 2018

Accumulation shares: 208.19p

Income shares: 140.32p

Charges

Initial charge 0%

Annual management charge 0.75%

Ongoing charges 1.00%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



2.18%	Banks
3.06%	Cash
6.12%	Construction and building materials
2.91%	Electricity
3.44%	Electronic and electrical equipment
0.08%	Food producers and processors
7.08%	General retailers
2.27%	Information technology hardware
7.52%	Insurance
13.31%	Investment companies
2.11%	Leisure, entertainment and hotels
3.45%	Loans
5.25%	Media and photography
1.22%	Mining
3.67%	Personal care and other household products
7.94%	Real estate
12.02%	Speciality and other finance
2.90%	Support services
9.46%	Telecommunication services
4.01%	Transport

Source: Maitland Institutional Services

Income Distribution

Period to	Income
31/08/2017	0.5326p
30/09/2017	0.5511p
31/10/2017	0.6013p
30/11/2017	0.4701p
29/12/2017	0.7413p
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

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

Peter Ashworth: Independent Member

Judith MacKenzie: Non-Independent Member

Statistics correct as at 31/07/2018. 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.

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