

# MI Downing Monthly Income Fund

June  
2018



## Market commentary

In May 2018, the Fund was down 0.40%, while the MSCI UK All Cap Total Return Index was up 2.71%. Key contributors were Braemar Shipping Services (up 10.19%) and Maintel (up 7.04%). Key detractors included Sprue Aegis (down 33.94%) and Photo-Me International (down 31.29%).

During the month, Braemar Shipping Services, a leading international provider of broking, financial, consultancy, technical and logistics services to the shipping, marine, energy, offshore and insurance industries, announced preliminary results for the year ended 28 February 2018. This showed a 93% increase in underlying operating profit and a 97% increase in underlying basic earnings per share. We expect to see an increase in demolition as new environmental legislation takes effect by 2020 as we believe it would be a positive medium-term driver of earnings enhancement.

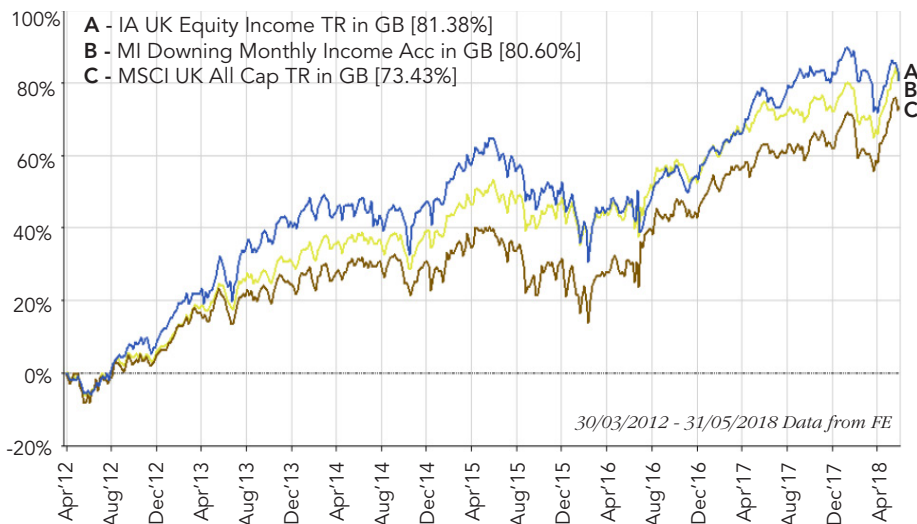
There were no new material updates regarding Maintel during the month, however, we believe the market is beginning to appreciate the combination of high quality recurring revenues and earnings growth that the investment case offers.

Sprue Aegis, a leading developer and supplier of home safety products, announced their results for the year to 31 December 2017, which highlighted overstocking the German market, leading to trading for the four months to 30 April 2018 being 20% lower than the same period in 2017. Following this release, it was confirmed that a new Finance Director has been appointed with effect from 3 December 2018 and that the incumbent Executive Chairman will step down following the appointment of a suitable replacement Non-Executive Chairman.

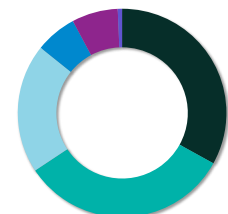
Photo-Me International, the instant-service equipment group, released a trading update that contained revised guidance for the year ending April 2019. It is now expected that profit before tax for the period will not be less than £44 million, which compares to the £48.6 million expected for 2018. This reduction in earnings is largely attributable to trading headwinds in Japan that we believe the planned restructuring will largely resolve. In our view, the sharp fall in the share price represents an attractive buying opportunity, as the wider business is well protected through integration with government systems and the laundry business can be expected to continue its current growth trajectory for some years. The net cash balance sheet also allows for further acquisitions while paying an attractive yield which, based on consensus forecasts, could be over 7% at a share price of 113p.

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

## Performance



## Market Cap Breakdown



34.28%	< £150m
32.59%	£150m - £500m
15.82%	£500m - £1bn
12.04%	£1bn - £2bn
1.50%	£2bn - £4bn
0.00%	£4bn +
3.78%	Cash

Source: Factset

## Top 10 Holdings

	% of Fund
Ramsdens Holdings	4.97
Lok'nStore Group	4.70
Duke Royalty	4.28
discoverIE Group	4.02
Maintel Holdings	3.65
Morses Club	3.51
Warpaint London	3.43
Galliford Try	3.38
Sabre Insurance Group	3.37
Braemar Shipping Services	3.25
<b>Total</b>	<b>38.56</b>

Source: Maitland Institutional Services

	Cumulative performance			
	6m	1y	3y	5y
MI Downing Monthly Income Acc	-1.14%	1.39%	9.54%	40.47%
IA UK Equity Income TR index	4.41%	3.79%	18.43%	47.24%
MSCI UK All Cap TR index	6.84%	6.54%	23.94%	43.91%
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 2012<sup>1</sup>

### IMA sector

UK Equity Income

### Currency

UK Sterling

### Types of shares

Income & Accumulation

### Fund size

(Income & Accumulation shares combined)  
£50.3m

### Yield

4.9%

### Income paid

Monthly

### Number of holdings

43

### Prices as at 31 May 2018

Accumulation shares: 207.67p

Income shares: 141.06p

### Charges

Initial charge 0%

Annual management charge 0.75%

Ongoing charges 1.00%<sup>3</sup>  
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

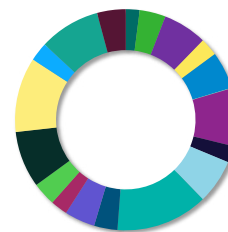
Downing LLP was appointed Investment Manager to the Fund on 1 June 2015.

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	James Hay
Ascentric	Old Mutual Wealth
Aviva	Novia
Cofunds	Nucleus
Fidelity (Inst)	Standard life
Fidelity (FFN)	Transact
Hargreaves Lansdown	Zurich

## Sector Breakdown



2.01%	Banks
3.81%	Cash
6.44%	Construction and building materials
2.61%	Electricity
5.45%	Electronics and electrical equipment
0.07%	Food producers and processors
8.46%	General retailers
2.41%	Information technology
6.50%	Insurance
13.44%	Investment companies
3.41%	Loans
4.46%	Media and photography
2.47%	Mining
3.43%	Personal care and other household products
8.26%	Real estate
10.94%	Speciality and other finance
2.75%	Support services
8.90%	Telecommunications services
4.18%	Transport

Source: Maitland Institutional Services

## Income Distribution

Period to	Income
30/06/2017	0.6131p
31/07/2017	0.4213p
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

Source: Maitland Institutional Services and Downing LLP

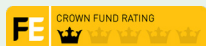
<sup>1</sup>The conversion date refers to the date the investment objective and policy were changed.

<sup>2</sup>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.

<sup>3</sup>Ongoing 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 30 September 2017 is 1.13%, however, it is currently capped at 1.00%.

## 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 31/05/2018.** Performance figures source: FE. Fund performance is based on accumulation shares, indices include net reinvested income. Trustnet one-crown rating for the three year performance to 31/01/18, 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.

## Important notice

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