

VT Downing Monthly Income Fund



July 2021 Commentary

In July, the fund was up 1.79% while the IA UK Equity Income Total Return Index was up 0.95%. Key contributors were Lok'nStore (up 17.32%) and Watkin Jones (up 8.14%). Key detractors included Volex (down 6.98%) and Fonix Mobile (down 15.10%).

Lok'nStore, a self-storage company, issued a trading update and highlighted its growing new store development pipeline. As new stores are opened and their occupancy built up, their value increases significantly whilst generating strong cash flows. These can fund future growth and an increasing dividend to shareholders.

Watkin Jones, a housing developer, announced that as part of its [board succession planning](#), Alan Giddins had been appointed as non-executive director and Chair-designate. Sarah Sergeant is appointed to the board as CFO-designate with effect from 6 October 2021. In addition, directors purchased shares in the business.

Volex, the manufacturer supplying power products and integrated manufacturing services, reported that increased levels of customer demand in the H2 of FY2021 continued into the first quarter of FY2022. Given these positive trends, the board expects to deliver full year underlying operating profit slightly ahead of market expectations*. We believe the dip in share price was due to some modest profit taking.

Fonix Mobile, a mobile payments and messaging provider, reported that revenue and profit remain comfortably in line with management's expectations. High levels of repeating revenue, a strong exit run-rate for FY21, new supplier connections and a growing pipeline of client prospects, give the board confidence in the growth potential into FY22 and beyond.

*Latest company compiled view of market expectations shows an underlying operating profit consensus of \$50.0m with a range of \$48.9 million to \$51.0 million.

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.



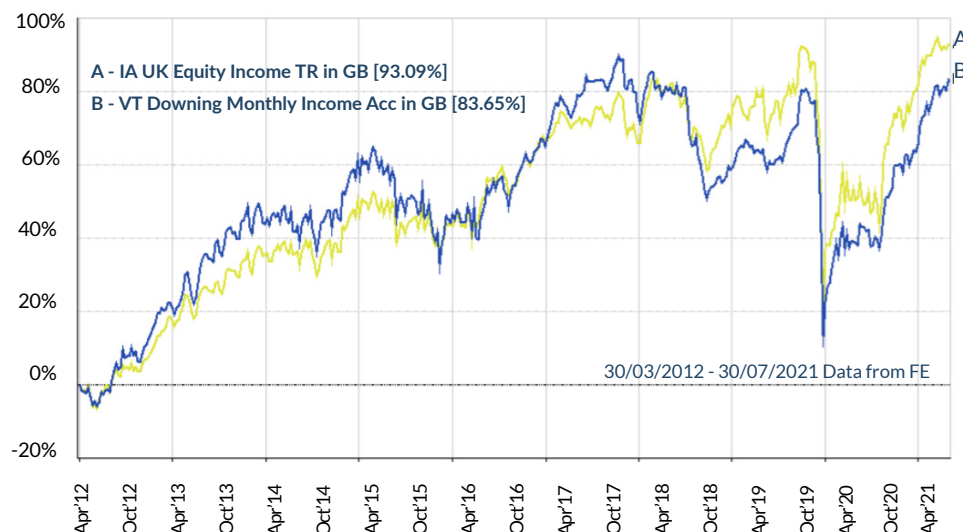
Fund Manager

Josh McCathie

Josh McCathie joined Downing in 2018 as an analyst and took over as lead manager of the VT Downing Monthly Income Fund in April 2021. Prior to this, Josh had been working as co-manager dedicated to the VT Downing Monthly Income Fund for over two years.

Josh has over 7 years' experience in the industry. After studying Economics & Politics, he began his career at BRI Wealth Management focusing on UK equity research and portfolio management.

Performance

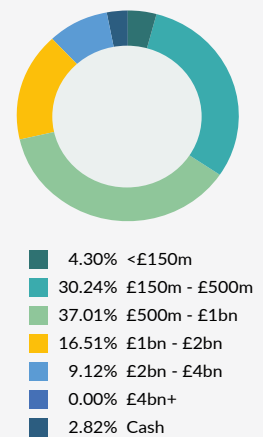


	Cumulative performance (%)				
	1m	6m	1y	3y	5y
VT Downing Monthly Income Acc	1.79	16.05	33.30	1.44	23.43
IA UK Equity Income TR index	0.95	13.98	30.55	6.1	27.63
Quartile ranking	1	1	2	3	3

	Discrete performance (%)				
	31/07/2020 - 31/07/2021	31/07/2020	31/07/2019	31/07/2018	31/07/2017
VT Downing Monthly Income Acc	33.30	-15.96	-9.45	1.55	19.81
IA UK Equity Income TR index	30.55	-17.19	-1.85	6.24	13.22
Quartile ranking	2	2	4	4	1

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

Market Cap Breakdown



Source: Factset

Top 10 Holdings

	% of fund
Strix Group plc	4.78
Watkin Jones plc	4.77
Caretech Holdings plc	4.37
Volex plc	4.30
Lokn Store Group plc	3.90
Diversified Energy Company plc	3.86
Alpha Financial Markets Consulting plc	3.68
Smart Metering Systems plc	3.56
Computacenter plc	3.02
Zegona Communications plc	2.92
Total	39.16

Source: Valu-Trac Investment Management Ltd

Portfolio summary

As at 31 July 2021

Sector breakdown



2.82% Cash	10.65% Financials	5.34% Property
0.46% Commodity and energy	7.47% Healthcare	8.66% Real estate
4.87% Communication services	15.70% Industrials	1.69% UK corporate bonds
5.88% Consumer discretionary	17.85% Information technology	5.05% Utilities
4.51% Consumer staples	2.07% International fixed interest	
5.81% Energy	1.17% Other financial	

Source: Valu-Trac Investment Management Ltd

Key facts As at 31 July 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)
£44.83m

Yield

3.4%***

Income paid

Monthly

Number of holdings

44

Prices as at 31 July 2021

Accumulation shares: 211.1828p

Income shares: 124.5317p

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
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
30/04/2021	0.3500p
31/05/2021	0.3500p
30/06/2021	0.3500p
31/07/2021	0.3500p

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 31/07/2021. Performance figures source: FE Analytics. Fund performance is based on accumulation shares, indices include net reinvested income. defaqto, 2021. 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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