

November 2020

Notification - MI Downing UK Micro-Cap Growth Fund

You may have received notification that trading in the MI Downing UK Micro-Cap Growth Fund has been suspended at this time.

Maitland Institutional Services Ltd is the Authorized Corporate Director (“ACD”) of the Fund and in that capacity, they have decided to suspend the £8.4m fund. The ACD believes that the current investment climate, future redemptions and the on-going costs of operation do not support the viability of the Fund at its current size and liquidity profile. The continued operation of the Fund is therefore, in their opinion, no longer in the best interests of investors.

We understand that this was a unilateral decision by Maitland and the Investment Manager Downing LLP believe the fund continues to be viable. Some of the trades that led to suspension were technical in that they were moves by investors into the Investment Trust structure rather than any loss of confidence in the underlying trades. We also understand that the fund had liquidity of 19% and proposed redemptions only amounted to 8%. Many fund investors understood that despite periods of strong performance in its near 10-year history, this is a small fund with a value style which has underperformed growth and momentum strategies for some years and that the current climate with Covid-19 had not helped, with the UK value small-cap space remaining deeply out of favour with markets.

Both Maitland and Downing are now evaluating a range of options to ensure an outcome that is in the best interests of investors including rolling the portfolio into another fund. If no viable solution is found within a reasonable timescale, the ACD will seek regulatory approval for an orderly winding up of the fund and a controlled liquidation of the assets. In this scenario, the aim will be to return cash to investors.

Beckford James portfolios have a small exposure to this fund and this is not intended to be part of the portfolio going forwards. As some sales had already been instructed before suspension, the remaining trades will be realised either as the suspension is lifted or as the fund is wound up, with the proceeds to be rebalanced across the V15 portfolio. We are discussing timing expectations with Downing.

This means that this small element of your portfolio will not be accessible for the immediate future but the remaining approximate 99% of the portfolio will be.