

MI Downing UK Micro-Cap Growth Fund Update

You may be aware of the current suspension of trading for the MI Downing UK Micro-Cap Growth Fund. We have now had confirmation that the fund will close on 19th February 2021.

The fund had seen a reduction in assets as a number of institutional investors sold out of the open ended fund to move into the Investment trust. This meant that whilst the underlying assets the fund was holding were viable, the increasing reduction in size did raise some concerns.

We had been reducing our holding in the fund over the last 18 months but following the withdrawal of a sizeable discretionary manager mandate in the latter part of 2020, the fund was suspended. This allowed redemptions to be organised (assets liquidated) but it also became clear that the size of the fund had fallen to a level where it was arguably uneconomical to continue managing when considering the ongoing fund costs (dealing, legal, accounting fees etc). There was some debate between fund manager and the ACD (Authorised Corporate Director - the fund custodian) as to the best way forward and further trading on the fund was suspended whilst Downing and the ACD decided whether to merge the assets with another fund or to progressively sell the underlying assets and return the funds to investors. The latter has been chosen as the preferred course of action and is being carried out in a way so as not to detrimentally impact on the value of the holdings. The cash will be paid to your account and will then be available to be reinvested across the portfolio.

We have been regularly liaising with Downing since November and we expect the process to complete in March.

As always, please contact your adviser at Beckford James with any questions, or call the Head Office on 01225 437 600.