31 May 2024

VT Downing Small & Mid-Cap Income Fund

May 2024 commentary

In May, the Accumulation share class was up 4.67% while the IA UK Equity Income Total Return Index was up 3.09%. Key contributors were Integrafin Holdings (up 19.33%) and Alpha Financial Markets Consulting (up 21.79%). Key detractors included Macfarlane Group (down 14.11%) and Kitwave Group (down 7.62%).

IntegraFin, operator of the Transact investment platform for clients and UK financial advisers, issued positive results for the six months to 31 March 2024. The group reported revenue up 6% and underlying profit before tax up 14%. Transact continues to grow its client and adviser numbers, as well as delivering resilient net inflows. The record levels of client and adviser numbers also give the group a solid pipeline for future flows.

Alpha Financial Markets Consulting, a specialist financial services consultancy, confirmed on 1 May that it had received a proposal regarding a possible cash offer from Bridgepoint Advisers. It also confirmed Cinven Ltd was also considering a bid. Cinvin later announced it would not make an offer but the attractions of London-listed businesses to private equity buyers look set to continue.

Macfarlane, a protective packaging company, issued a trading update covering 2024 to date. While first-quarter sales and profits were below the same period in 2023, board expectations for the full year are unchanged. Management expects an improved trading performance in the second half of 2024 through the conversion of a strong new business pipeline combined with some sales recovery from existing customers, good management of gross margins, control of costs, and further benefits from M&A activity.

Kitwave, a delivered wholesale business, announced a trading update and reported operating profit is expected to be slightly behind the prior year. The group has increased investment in its infrastructure ahead of the revenue-generating opportunities associated with these investments. Some of the benefits, in addition to the inclusion of trade from the recent acquisition of Total Foodservice, will further increase this year's weighting of trading toward the second half of the year. The group continues to trade in line with current market expectations for the full year ending 31 October 2024.

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.

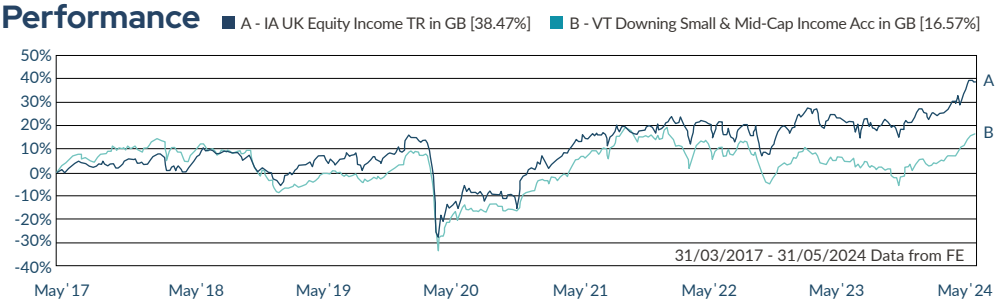
About the fund

The fund aims to have a portfolio of 30-50 holdings, with no exposure to the FTSE 100. Josh seeks to invest in equities with unique assets or a sustainable competitive advantage. These businesses have the potential to generate excess returns on invested capital over the long term which can compound both capital and shareholder distributions.

Investment objective

The investment objective of the fund is to achieve a quarterly income, together with capital growth over the long term (5 years).

Performance



Cumulative performance (%)	1m	3m	6m	YTD	1y	3y	5y
VT Downing Small & Mid-Cap Income Fund (Acc)	4.67	11.17	14.79	9.02	12.31	8.05	16.15
IA UK Equity Income TR index	3.09	10.60	13.81	8.54	15.18	19.91	34.01
Quartile ranking	1	2	2	2	4	4	4

Discrete performance (%)	31/05/2023 - 31/05/2024	31/05/2022 - 31/05/2023	31/05/2021 - 31/05/2022	31/05/2020 - 31/05/2021	31/05/2019 - 31/05/2020
VT Downing Small & Mid-Cap Income Fund (Acc)	12.31	-6.19	2.55	27.47	-15.66
IA UK Equity Income TR index	15.18	-1.49	5.69	27.30	-12.21
Quartile ranking	4	4	3	2	3

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

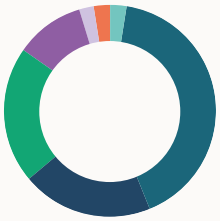


Josh McCathie
Fund Manager

Josh McCathie joined Downing in 2018 as an analyst and co-manager of the VT Downing Small & Mid-Cap Income Fund. He took over as lead manager in April 2021.

Josh has over 9 years' experience in the industry that has been focused on UK equities. Prior to Downing he was at BRI Wealth Management focusing on UK equity research. Josh is a CFA charterholder.

Market cap breakdown



Market cap bands

2.71%	<£150m
41.18%	£150m-£500m
20.23%	£500m-£1bn
20.77%	£1bn-£2bn
10.57%	£2bn-£4bn
2.12%	£4bn+
2.42%	Cash

Source: Factset

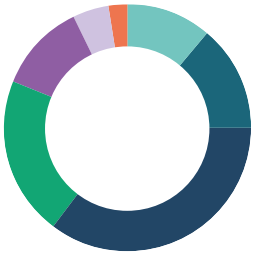
Top 10 portfolio holdings	%
Telecom Plus Plc	4.55
XPS Pensions Group Plc	4.47
Conduit Holdings Ltd	4.45
Frp Advisory Group Plc	3.75
Britvic Plc	3.65
Bloomsbury Publishing Plc	3.49
Sabre Insurance Group Plc	3.23
Hilton Food Group Plc	3.19
Restore Plc	3.09
Hollywood Bowl Group Plc	3.09
Total	36.96

Source: Valu-Trac Investment Management Ltd.

Portfolio summary

As at 31 May 2024

Sector breakdown



11.25%	Consumer Non-Durables	11.60%	Technology
13.78%	Consumer Services	4.60%	Utilities
35.50%	Finance	2.42%	Cash
20.85%	Industrials		

Source: Factset

Quarterly distribution:

Period to	Income
31/03/2022	1.6452p
30/06/2022	1.1928p
30/09/2022	1.3105p
31/12/2022	1.1963p
31/03/2023	1.0496p
30/06/2023	1.1652p
30/09/2023	1.5106p
31/12/2023	1.3821p
31/03/2024*	0.9790p

Source: Valu-Trac Investment Management Ltd and Downing
** Estimated*

Key facts *(As at 31 May 2024)*

Fund objective
To achieve a quarterly income, together with long-term capital growth

Launch date:
14 June 2010

IA sector:
UK Equity Income

Currency:
UK Sterling

Types of shares:
Income & Accumulation

Fund size:
(Income & Accumulation shares combined) £38.05m

Yield:
4.3%**

Income paid:
Quarterly

Number of holdings:
41

Prices as at 31 May 2024
Accumulation shares: 222.0606p
Income shares: 116.1862p

Charges
Initial charge: 0%
Annual Mgmt charge: 0.75%
Ongoing charges
charged to capital***: 1.00%

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 Orton, Moray
IV32 7QE
Tel: +44 (0) 1343 880 217
www.valu-trac.com

Investment Manager:
Downing 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. As from the 1 November 2021, the fund is now known as the VT Downing Small & Mid-Cap Income Fund.

Advisory Committee:
Judith MacKenzie: Non-Independent Member
Donald Robertson: Independent Member
Darrell O'Dea: Independent Member

How to apply

Telephone: +44 (0) 1343 880217 or visit:
www.valu-trac.com/administration-services/clients/downing/dsmi/

Platforms and wraps:

- 7IM
- Aegon
- AJ Bell
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- Canada Life International
- Elevate
- Embark
- Embark Advance
- Fidelity (Inst)
- Fidelity (FFN)
- Hargreaves Lansdown
- Hubwise
- Interactive Investor
- iWeb
- James Brearley
- James Hay
- Novia
- Nucleus
- M&G
- Praemium
- Quilter
- Raymond James
- Standard life
- Transact

*** The historic yield reflects distributions declared over the past twelve months as a percentage of the fund price as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions*

**** The ongoing charges figure is based on expenses and the net asset value as at 05 February 2024. This figure may vary from year to year. It excludes portfolio transaction costs.*

defaqto Single-Asset Return Focused 2024 EXPERT RATED

defaqto REVIEWED

As at 20 December 2023

CITYWIRE GOLD

As at 31 December 2023

Risk warning: Your capital is at risk. The value of your investment is not guaranteed and may go down as well as up and you may not get back the amount invested. Any subscription to the fund should be made on the basis of the relevant product literature available from Downing, or from the ACD, Valu-Trac Investment Management Limited and your attention is drawn to the charges and risk factors contained therein.

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