31 August 2024

VT Downing Small & Mid-Cap Income Fund

August 2024 commentary

In August, the Accumulation share class was up 1.09% while the IA UK Equity Income Total Return Index was up 0.07%. Key contributors were FRP Advisory Group (up 15.83%) and Restore (up 9.80%). Key detractors included Supreme (down 13.96%) and Redcentric (down 6.57%).

FRP Advisory, a specialist business advisory firm, issued no significant news in August. The business specialises in restructuring, corporate finance, debt, forensics, and financial advisory services. Given the headwinds businesses will face in the coming months, we believe the group is set to continue delivering future sustainable growth.

Restore, a digital and information management provider, issued half-year results on 31 July 2024. Management is focused on improving operational and financial performance and maintaining good cash generation. While group revenue was broadly flat at £139.4m, the business is executing well against its plans. The board believes the business should be targeting an adjusted operating margin of at least 20% in the medium term. Directors have been buying shares.

Supreme, a leading manufacturer, supplier, and brand owner of fast-moving consumer goods, issued no significant news in August. We believe the shares came off due to uncertainty around new legislation that threatens to ban single-use vapes and change the regulatory and tax framework around vaping.

Redcentric, an IT Managed Services provider, announced its FY results for the period ended 31 March 2024. Total revenue was up 15.2%, recurring revenue[1] was up 16.1%, and adjusted EBITDA up 15.6%. The board reported that the acquisitions undertaken in FY22 and FY23 have significantly increased the business's scale and capability. Revenues and profits for FY25 are on course to be double what they were pre-acquisitions, and solid foundations are now in place for sustainable and profitable growth.

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.

1. Contains certain financial measures that are not defined or recognised under IFRS but are presented to provide readers with additional financial information that is evaluated by management and investors in assessing the performance of the group.

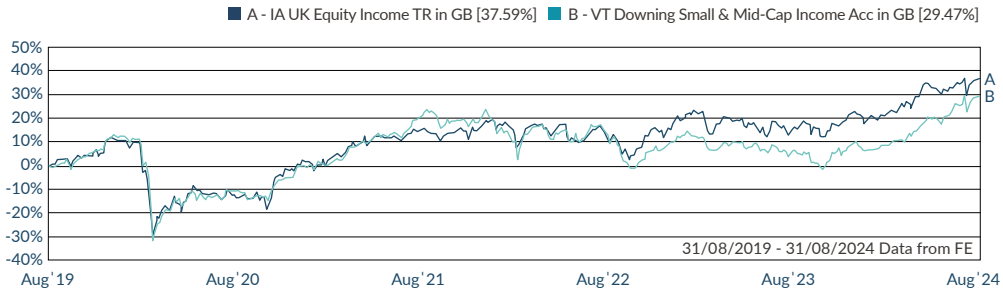
About the fund

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)	1.09	7.34	19.33	17.03	21.36	6.75	29.47
IA UK Equity Income TR index	0.07	2.82	13.78	11.65	18.21	19.67	37.59
Quartile ranking	1	1	1	1	1	4	4

Discrete performance (%)	31/08/2023 -31/08/2024	31/08/2022 - 31/08/2023	31/08/2021 - 31/08/2022	31/08/2020 - 31/08/2021	31/08/2019 - 31/08/2020
VT Downing Small & Mid-Cap Income Fund (Acc)	21.36	-4.44	-7.95	35.74	-10.65
IA UK Equity Income TR index	18.21	4.03	-2.69	31.26	-12.41
Quartile ranking	1	4	4	2	2

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

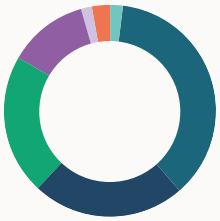


Josh McCathie
Fund Manager

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

1.97%	<£150m
36.74%	£150m-£500m
23.41%	£500m-£1bn
21.42%	£1bn-£2bn
12.05%	£2bn-£4bn
1.87%	£4bn+
2.54%	Cash

Source: Factset

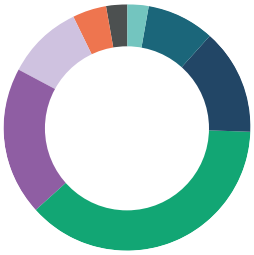
Top 10 portfolio holdings	%
Britvic Plc	4.53
Telecom Plus Plc	4.49
XPS Pensions Group Plc	4.47
Frp Advisory Group Plc	3.99
Conduit Holdings Ltd	3.68
Bloomsbury Publishing Plc	3.58
WH Smith Plc	3.07
Foresight Group Holdings Ltd	3.03
Kitwave Group Plc	3.00
Hollywood Bowl Group Plc	2.99
Total	36.83

Source: Valu-Trac Investment Management Ltd.

Portfolio summary

As at 31 August 2024

Sector breakdown



2.99%	Basic Materials	19.59%	Industrials
8.70%	Consumer Non-Durables	10.02%	Technology
14.12%	Consumer Services	4.49%	Utilities
37.55%	Finance	2.54%	Cash

Source: Factset

Quarterly distribution:

Period to	Income
30/06/2022	1.1928p
30/09/2022	1.3105p
30/12/2022	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
30/06/2024	1.1720p

Source: Valu-Trac Investment Management Ltd and Downing

Key facts *(As at 31 August 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) £40.54m

Yield:
4.1%

Income paid:
Quarterly

Number of holdings:
43

Prices as at 31 August 2024
Accumulation shares: 238.3646p
Income shares: 123.4609p

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
- All Funds
- Aviva
- Barclays
- Canada Life International
- Elevate
- Embark
- Embark Advance
- Fidelity (Inst)
- Fidelity (FFN)
- Hargreaves Lansdown
- Hubwise
- Interactive Investor
- iWeb
- James Brearley
- 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 July 2024

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.

This document has been prepared for existing investors and their advisers and has been approved as a financial promotion in line with Section 21 of the FSMA by Downing LLP. Downing is a trading name of Downing LLP. Downing does not offer investment or tax advice or make recommendations regarding investments. This document contains information and analysis that is believed to be accurate at the time of publication but is subject to change without notice. Whilst care has been taken in compiling the content of this document, no representation or warranty, express or implied, is made by Downing LLP as to its accuracy or completeness, including for external sources (which may have been used) which have not been verified. Downing LLP is authorised and regulated by the Financial Conduct Authority (Firm Reference No. 545025). Registered in England No. OC341575. Registered Office: St Magnus House, 3 Lower Thames Street, London EC3R 6HD.