30 September 2024

VT Downing Small & Mid-Cap Income Fund

September 2024 commentary

In September, the Accumulation share class was down 2.85% while the IA UK Equity Income Total Return Index was down 1.30%. Key contributors were WH Smith (up 14.13%) and Kitwave (up 6.17%). Key detractors included Restore (down 11.66%) and Bloomsbury Publishing (down 7.71%).

WH Smith, the global travel retailer, issued a pre-close trading update highlighting that the group had delivered performance in line with the board's expectations, with good growth across its Travel businesses. It also announced the launch of a £50m share buyback, which reflects strong ongoing cash flow, the receipt of the pension fund buyout cash return, and the strength of its balance sheet, with leverage now within its target range.

Kitwave, a delivered wholesale business, announced the successful completion of the acquisition of Creed Catering Supplies for £60m. The deal could rise to £71.6m, with up to a further £10m payable over two years, dependent on performance. The acquisition is in line with Kitwave's buy-and-build strategy, and Creed is also expected to significantly enhance the group's earnings along with providing material buying, operational, and financial synergies.

Restore, a digital and information management provider and secure lifecycle services, made no notable announcements in September. However, the group CEO bought 100,000 shares, reflecting his confidence in the business's future success.

Bloomsbury, an independent publisher, made no significant news announcements in the month other than the non-executive chairman announced he had purchased shares in the business. Bloomsbury will announce its results for the six months ended 31 August 2024 on 24 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.

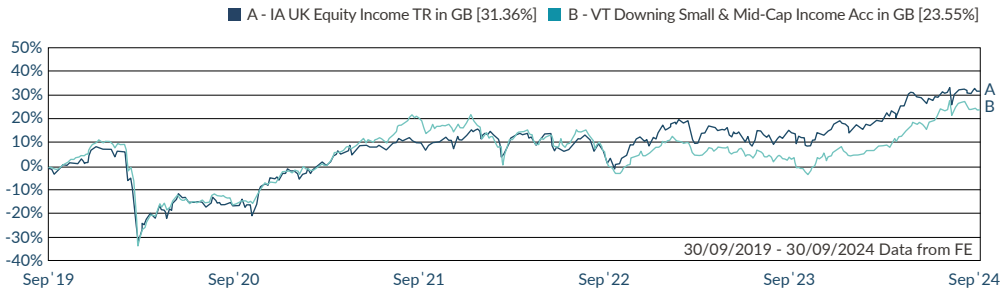
About the fund

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)	-2.85	3.90	13.19	13.70	19.04	4.79	23.55
IA UK Equity Income TR index	-1.30	2.88	7.55	10.20	15.03	19.63	31.36
Quartile ranking	4	2	1	1	1	4	4

Discrete performance (%)	30/09/2023 -30/09/2024	30/09/2022 - 30/09/2023	30/09/2021 - 30/09/2022	30/09/2020 - 30/09/2021	30/09/2019 - 30/09/2020
VT Downing Small & Mid-Cap Income Fund (Acc)	19.04	3.68	-15.10	39.38	-15.40
IA UK Equity Income TR index	15.03	13.62	-8.47	32.67	-17.24
Quartile ranking	1	4	4	1	2

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

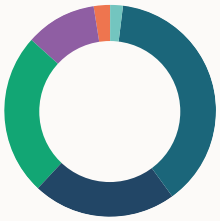


Josh McCathie
Fund Manager

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

1.98%	<£150m
38.13%	£150m-£500m
21.95%	£500m-£1bn
24.61%	£1bn-£2bn
11.04%	£2bn-£4bn
–	£4bn+
2.29%	Cash

Source: Factset

Top 10 portfolio holdings	%
Britvic Plc	4.78
Telecom Plus Plc	4.70
XPS Pensions Group Plc	4.50
Frp Advisory Group Plc	3.98
Conduit Holdings Ltd	3.83
WH Smith Plc	3.69
Bloomsbury Publishing Plc	3.49
Hollywood Bowl Group Plc	3.23
Kitwave Group Plc	3.21
Galliford Try Plc	3.03
Total	38.44

Source: Valu-Trac Investment Management Ltd.

Portfolio summary

As at 30 September 2024

Sector breakdown



3.39%	Basic Materials	18.49%	Industrials
9.85%	Consumer Non-Durables	10.18%	Technology
15.12%	Consumer Services	4.70%	Utilities
35.98%	Finance	2.29%	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
30/09/2024	1.4397p*

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

Key facts *(As at 30 September 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) £38.40m

Yield:
4.2%

Income paid:
Quarterly

Number of holdings:
43

Prices as at 30 September 2024
Accumulation shares: 231.5813p
Income shares: 118.5087p

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.

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