31 October 2024

VT Downing Small & Mid-Cap Income Fund

October 2024 commentary

In October, the Accumulation share class was down 0.30% while the IA UK Equity Income Total Return Index was down 2.07%. Key contributors were XPS Pensions (up 23.25%) and Galliford Try (up 26.80%). Key detractors included Telecom Plus (down 8.37%) and WH Smith (down 8.49%).

XPS Pensions, a consulting and administration business, issued a trading update and reported that the group has continued to perform strongly, with revenues from continuing operations[1] growing 23% YoY. Pensions Actuarial Consulting saw revenues grow 17% YoY. There was also strong growth in Pensions Administration, with revenue up 40% YoY. This was driven by significant project work, on-boarding of recent client wins, and inflationary price increases.

Galliford Try, a construction group, issued its annual results and reported that the business had delivered another year of sequential, robust revenue and margin growth. It delivered a strong performance across all operations, including increased revenue and profit, that was ahead of analysts' previous expectations at 1 July 2024. A house-builder-friendly UK government that investments in economic and social infrastructure should support growth in the markets Galliford Try operates in going forward.

Telecom Plus, a supplier of utility services, issued a trading update and reported that compounding double-digit growth had continued in the six-month reporting period to the end of September. The current growth rate keeps the business on track to increase the size of its high-quality base to 2m customers over the medium term. We believe the shares were held back on investor concerns leading up to the Budget.

WH Smith, the global travel retailer, issued no significant news in the month and we believe the shares represent good value at current levels.

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] *Excluding the National Pension Trust (NPT) which was sold in November 2023. Group revenue including NPT grew 19% YoY.*

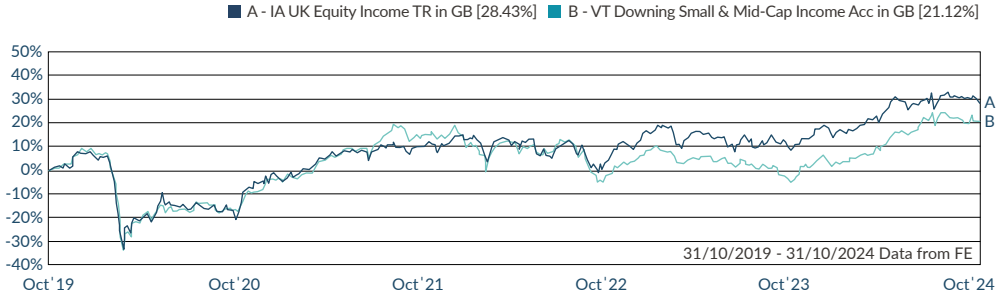
About the fund

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)	-0.30	-2.08	8.83	13.36	25.88	5.35	21.12
IA UK Equity Income TR index	-2.07	-3.28	2.50	7.92	17.97	16.60	28.61
Quartile ranking	1	1	1	1	1	4	4

Discrete performance (%)	31/10/2023 - 31/10/2024	31/10/2022 - 31/10/2023	31/10/2021 - 31/10/2022	31/10/2020 - 31/10/2021	31/10/2019 - 31/10/2020
VT Downing Small & Mid-Cap Income Fund (Acc)	25.88	-1.28	-15.22	38.88	-17.22
IA UK Equity Income TR index	17.97	4.75	-5.64	38.27	-20.23
Quartile ranking	1	4	4	2	2

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

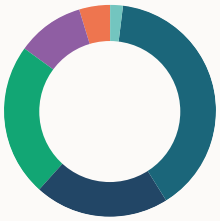


Josh McCathie
Fund Manager

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

2.07%	<£150m
39.27%	£150m-£500m
20.50%	£500m-£1bn
23.37%	£1bn-£2bn
10.33%	£2bn-£4bn
–	£4bn+
4.46%	Cash

Source: Factset

Top 10 portfolio holdings	%
Telecom Plus Plc	4.33
Frp Advisory Group Plc	4.04
Galliford Try Plc	3.87
XPS Pensions Group Plc	3.83
Conduit Holdings Ltd	3.83
Hollywood Bowl Group Plc	3.46
Britvic Plc	3.42
Fonix Plc	3.29
WH Smith Plc	3.08
Kitwave Group Plc	2.99
Total	36.14

Source: Valu-Trac Investment Management Ltd.

Portfolio summary

As at 31 October 2024

Sector breakdown



3.64%	Basic Materials	19.56%	Industrials
8.59%	Consumer Non-Durables	9.13%	Technology
15.62%	Consumer Services	4.33%	Utilities
34.67%	Finance	4.46%	Cash

Source: Factset

Key facts *(As at 31 October 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) £38.14m

Yield:
4.2%

Income paid:
Quarterly

Number of holdings:
43

Prices as at 31 October 2024
Accumulation shares: 230.8880p
Income shares: 118.1541p

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

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*

How to apply

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

Platforms and wraps:

- Abrdn - Wrap
- Abrdn - Wrap DFM Hub
- Abrdn - Elevate
- Abrdn - Fundzone
- Aegon
- Aegon Platform
- AJ Bell
- AJ Bell - Investcentre
- Allfunds EO
- M&G/ Ascentric
- Aviva
- Canada Life
- Embark Platform/ Scottish Widows
- Fidelity - Platform
- FNZ
- FNZ Institutional
- Fundment
- Fusion/Benchmark Capital
- Halifax
- Hargreaves Lansdown
- Hubwise
- Interactive Investor
- Iweb
- J Brearley
- Novia - Wealthtime
- Nucleus
- Quilter
- Seven IM
- Standard Life
- Standard Life - Fundzone
- Scottish Widows - Fund Supermarket
- Stocktrade (Embark Group)
- 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 30 September 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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