30 November 2024

VT Downing Small & Mid-Cap Income Fund

November 2024 commentary

In November, the Accumulation share class was down 0.53% while the IA UK Equity Income Total Return Index was up 2.11%. Key contributors were TP ICAP (up 17.54%) and Telecom Plus (up 7.77%). Key detractors included Fonix (down 13.34%) and WH Smith (down 8.02%).

TP ICAP, a company that connects buyers and sellers in global financial, energy, and commodities markets, issued a positive trading update and highlighted a 10% increase in revenue for the nine months to 30 September 2024. Group revenue for the period was £557m, with Rates, its largest and most profitable trading division, growing 14% in reported currency terms. The Liquidnet, Energy & Commodities, and Parameta Solutions divisions all reported strong trading.

Telecom Plus, a supplier of utility services, issued results for the six months to 30 September and reported that compounding double-digit customer growth had continued. While the group reported lower revenues in the period as a result of falling energy prices, a combination of improved efficiency and the strength of Telecom's multiservice model led to a 5.5% increase in adjusted profit before tax.

Fonix, a mobile payments and messaging service, issued an AGM statement and highlighted a positive start to the financial year, in line with expectations, across both the UK and Ireland. The company is also progressing well with its plans to roll out interactive services with a number of broadcasters in Portugal in early 2025. We believe the shares sold off as the stock went ex-dividend on 21 November.

WH Smith, the global travel retailer, issued preliminary results for the year ended 31 August 2024. It was a strong period for the group, with group profit up 16% and total group revenue up 7%. Despite these positive results, the shares fell. However, we believe they still represent good value and are a solid long-term income investment.

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.

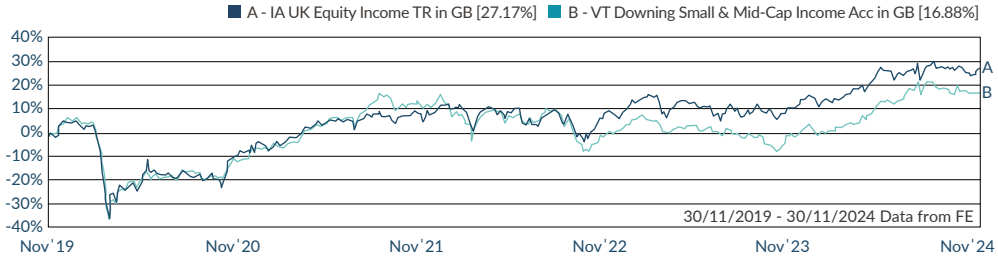
About the fund

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 an enduring 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)	-0.53	-3.65	3.43	12.76	18.72	6.41	16.88
IA UK Equity Income TR index	2.11	-1.45	1.34	10.04	15.39	21.29	27.17
Quartile ranking	4	4	1	1	1	4	4

Discrete performance (%)	30/11/2023 -30/11/2024	30/11/2022 - 30/11/2023	30/11/2021 - 30/11/2022	30/11/2020 - 30/11/2021	30/11/2019 - 30/11/2020
VT Downing Small & Mid-Cap Income Fund (Acc)	18.72	-1.54	-8.97	24.42	-11.71
IA UK Equity Income TR index	15.39	1.52	3.54	17.14	-10.49
Quartile ranking	1	4	4	1	3

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

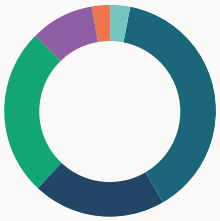


Josh McCathie
Fund Manager

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

3.23%	<£150m
38.58%	£150m-£500m
20.34%	£500m-£1bn
25.40%	£1bn-£2bn
9.83%	£2bn-£4bn
–	£4bn+
2.62%	Cash

Source: Factset

Top 10 portfolio holdings	%
Telecom Plus Plc	4.72
Frp Advisory Group Plc	4.35
XPS Pensions Group Plc	3.87
Galliford Try Plc	3.75
Conduit Holdings Ltd	3.63
WH Smith Plc	3.46
Hollywood Bowl Group Plc	3.43
Mony Group Plc	3.15
Kitwave Group Plc	2.98
TP ICAP Plc	2.93
Total	36.27

Source: Valu-Trac Investment Management Ltd.

Portfolio summary

As at 30 November2024

Sector breakdown



3.63%	Basic Materials	19.40%	Industrials
7.88%	Consumer Non-Durables	11.38%	Technology
16.02%	Consumer Services	4.72%	Utilities
34.35%	Finance	2.62%	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

Key facts *(As at 30 November 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) £37.79m

Yield:
4.2%

Income paid:
Quarterly

Number of holdings:
44

Prices as at 30 November 2024
Accumulation shares: 229.6754p
Income shares: 117.5341p

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:

- 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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