31 December 2024

VT Downing Small & Mid-Cap Income Fund

December 2024 commentary

In December, the Accumulation share class was down 1.08% while the IA UK Equity Income Total Return Index was down 1.21%. Key contributors were Zegona Communications (up 15.73%) and LSL Property Services (up 15.78%). Key detractors included Hollywood Bowl (down 8.35%) and Restore (down 9.40%).

Zegona Communications, an investor in the European telecoms, media and technology sector, published unaudited condensed consolidated financial information to satisfy its external debt reporting obligations in mid-December. The group, which acquired Vodafone Spain in 2024, announced on 2 January that it had entered a binding contract with MasOrange, to create a new fibre network company in Spain that will be the largest and most highly developed FibreCo in Europe.

LSL Property Services, a provider of financial services, surveying and valuation, issued very little news in December. The share price has been volatile, reflecting the rotation in sentiment towards the sector.

Hollywood Bowl, a ten-pin bowling operator in the UK and Canada, issued its final results and reported that it had been a year of record revenue driven by strong customer demand and operational delivery. Total revenue was up 7.1% to £230.4m, with like-for-like revenue growth up slightly on the prior year. Despite reporting positive results, the shares fell. We believe this is in part due to the weak consumer environment and partly due to the scale of tax rises announced in the Budget, which has dented business confidence.

Restore, a provider of information management and secure lifecycle services, issued no news in the month. We continue to like the business and believe the shares offer 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.

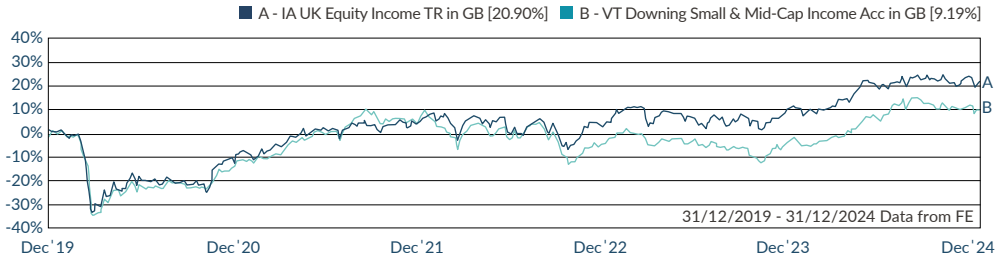
About the fund

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)	-1.08	-1.90	1.93	11.54	11.54	0.45	9.19
IA UK Equity Income TR index	-1.21	-1.34	1.42	8.73	8.73	14.40	20.90
Quartile ranking	2	3	2	1	1	4	4

Discrete performance (%)	31/12/2023 - 31/12/2024	31/12/2022 - 31/12/2023	31/12/2021 - 31/12/2022	31/12/2020 - 31/12/2021	31/12/2019 - 31/12/2020
VT Downing Small & Mid-Cap Income Fund (Acc)	11.54	1.32	-11.12	23.43	-11.93
IA UK Equity Income TR index	8.73	7.02	-1.69	18.39	-10.73
Quartile ranking	1	4	4	1	3

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

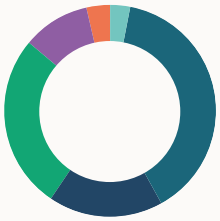


Josh McCathie
Fund Manager

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

3.16%	<£150m
38.81%	£150m-£500m
17.60%	£500m-£1bn
26.61%	£1bn-£2bn
10.37%	£2bn-£4bn
–	£4bn+
3.45%	Cash

Source: Factset

Top 10 portfolio holdings	%
Frp Advisory Group Plc	4.28
Galliford Try Plc	3.98
Telecom Plus Plc	3.84
XPS Pensions Group Plc	3.76
WH Smith Plc	3.56
Hollywood Bowl Group Plc	3.21
Mony Group Plc	3.12
Zegona Communications Plc	3.08
Kitwave Group Plc	3.03
Fonix Plc	2.99
Total	34.85

Source: Valu-Trac Investment Management Ltd.

Portfolio summary

As at 31 December 2024

Sector breakdown



3.48%	Basic Materials	18.91%	Industrials
8.08%	Consumer Non-Durables	11.90%	Technology
15.98%	Consumer Services	3.84%	Utilities
34.36%	Finance	3.45%	Cash

Source: Factset

Key facts *(As at 31 December 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) £36.98m

Yield:
4.1%

Income paid:
Quarterly

Number of holdings:
43

Prices as at 31 December 2024
Accumulation shares: 227.1844p
Income shares: 115.1303p

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
30/09/2022	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
31/12/2024	1.1290p*

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 1 December 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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