31 January 2025

VT Downing Small & Mid-Cap Income Fund

January 2025 commentary

In January, the Accumulation share class was down 1.44% while the IA UK Equity Income Total Return Index was up 3.58%. Key contributors were Zegona Communications (+13.83%) and WH Smith (+10.18%). Key detractors included Greggs (-23.42%) and Ricardo (-39.41%).

Zegona Communications, an investor in the European telecoms, media and technology sector, announced that Vodafone and MasOrange had entered into a binding contract to create FibreCo. The partnership, alongside recently announced agreements with Telefonica, transforms Vodafone Spain's fixed line strategy. Management believes it will guarantee access to a future-proof all-fibre national network with attractive economic terms and enable substantial cost savings across the business.

WH Smith, the global travel retailer, issued a trading update and reported a good start to its financial year, with strong growth across all Travel divisions and accelerated like-for-like revenue in the US. The UK Travel business delivered excellent performance and continues to make good progress with the rollout of its one-stop-shop for travel essentials format. In North America, actions taken to enhance ranges and introduce new categories have borne fruit.

Greggs, the UK bakery chain, issued a Q4 trading update and reported good progress and a record £2bn in sales. Despite an increase in total sales for FY24 (+ 11.3%), Q4 revenues missed estimates (+7.7%), reflecting more subdued High Street footfall. In 2025, management believes employment costs will result in further overall cost inflation, although wage increases should support consumers. The full-year results are anticipated to be in line with the board's previous expectations

Ricardo, a strategic environmental and engineering consulting company, issued a trading update and reported completing two transactions. The acquisition of E3 Advisory offers a strategic opportunity that will add further scope to its Energy and Environment business and operational scale in Australia, while the disposal of its Defense business has optimised cash for the group. However, delays in orders will impact the business in the short term and performance is likely to be below consensus expectations for FY 24/25.

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.

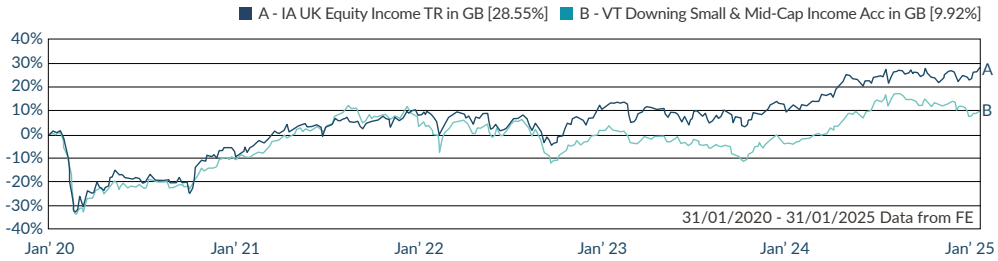
About the fund

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)	-1.44	-3.02	-5.04	-1.44	14.22	5.70	9.92
IA UK Equity Income TR index	3.58	4.50	0.94	3.58	14.25	18.96	28.55
Quartile ranking	4	4	4	4	3	4	4

Discrete performance (%)	31/01/2024 - 31/01/2025	31/01/2023 - 31/01/2024	31/01/2022 - 31/01/2023	31/01/2021 - 31/01/2022	31/01/2020 - 31/01/2021
VT Downing Small & Mid-Cap Income Fund (Acc)	14.22	-5.94	-1.61	16.41	-10.67
IA UK Equity Income TR index	14.25	1.17	2.92	18.76	-9.01
Quartile ranking	3	4	4	3	3

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

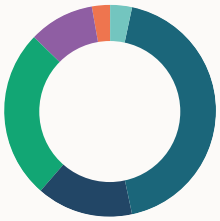


Josh McCathie
Fund Manager

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

3.46%	<£150m
43.23%	£150m-£500m
14.76%	£500m-£1bn
25.85%	£1bn-£2bn
9.93%	£2bn-£4bn
–	£4bn+
2.77%	Cash

Source: Factset

Top 10 portfolio holdings	%
Frp Advisory Group Plc	4.20
WH Smith Plc	4.11
XPS Pensions Group Plc	4.03
Galliford Try Plc	4.01
Telecom Plus Plc	4.00
Hollywood Bowl Group Plc	3.39
Mony Group Plc	3.35
Zegona Communications Plc	3.34
TP ICAP Plc	3.31
Redcentric Plc	3.18
Total	36.92

Source: Valu-Trac Investment Management Ltd.

Portfolio summary

As at 31 January 2025

Sector breakdown



3.64%	Basic Materials	17.94%	Industrials
5.12%	Consumer Non-Durables	11.59%	Technology
18.51%	Consumer Services	4.00%	Utilities
36.43%	Finance	2.77%	Cash

Source: Factset

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*

Key facts *(As at 31 January 2025)*

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) £34.66m

Yield:
4.2%

Income paid:
Quarterly

Number of holdings:
42

Prices as at 31 January 2025
Accumulation shares: 223.9218p
Income shares: 113.4768p

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 31 December 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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