28 February 2025

VT Downing Small & Mid-Cap Income Fund

February 2025 commentary

In February, the Accumulation share class was down 2.83% while the IA UK Equity Income Total Return Index was up 0.01%. Key contributors were Zegona Communications (+19.94%) and XPS Pensions (+8.13%). Key detractors included Speedy Hire (-29.11%) and Conduit Holdings (-13.55%).

Zegona, an investor in the European telecoms, media and technology sector, announced in January that Vodafone Spain and MasOrange had entered into a binding contract to create FibreCo. The partnership will transform Vodafone Spain's fixed line strategy. The group issued no real news in February but investor sentiment towards the company has improved and several brokers have raised their price targets.

XPS Pensions, a consulting and administration business, issued a trading update and reported a strong finish to the year, with performance anticipated to be materially ahead of expectations. Revenues for the full year are in the range of £226 million - £229 million, representing YoY growth of 15% - 16%. This has been driven by high demand for its services due to continued regulatory change, new clients, and the inflation-linkage of contracts.

Speedy Hire, a tools and equipment hire services company, issued a trading update and reported that despite delivering YoY growth in the quarter to 31 December 2024, the positive momentum going into its final quarter was negatively impacted by the economic downturn. The group's JV in Kazakhstan also experienced a significant downturn due to the early shutdown of major contracts. The Board expects lower-than-anticipated profitability for the full year.

Conduit, a multi-line Bermuda-based reinsurance business, issued preliminary results and reported that despite rising catastrophe claims, the group reported a jump in gross premiums written for the 2024 financial year. However, losses from Hurricanes Helene and Milton hit earnings and the board has estimated losses of between $100m and $140m from the Californian wildfires. The industry and Conduit have absorbed these losses without calling on additional capital, which will likely support future pricing power.

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.

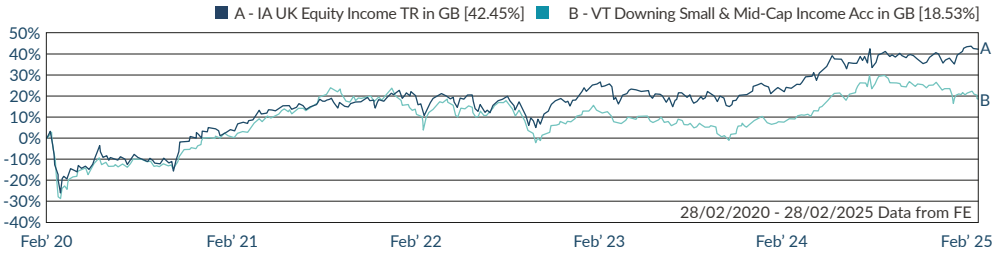
About the fund

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)	-2.83	-5.26	-8.71	-4.22	8.93	6.52	18.53
IA UK Equity Income TR index	0.01	2.37	0.91	3.63	14.82	21.62	42.45
Quartile ranking	4	4	4	4	4	4	4

Discrete performance (%)	29/02/2024 - 28/02/2025	28/02/2023 - 29/02/2024	28/02/2022 - 28/02/2023	28/02/2021 - 28/02/2022	29/02/2020 - 28/02/2021
VT Downing Small & Mid-Cap Income Fund (Acc)	8.93	-3.08	0.90	10.88	0.35
IA UK Equity Income TR index	14.82	-1.19	7.20	13.27	3.41
Quartile ranking	4	3	4	3	4

Please note that past performance is not a reliable indicator of future results.

Performance figures source: FE Analytics.

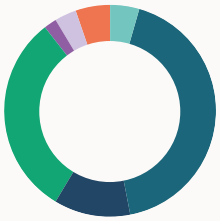


Josh McCathie
Fund Manager

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

4.47%	<£150m
42.63%	£150m-£500m
11.66%	£500m-£1bn
30.91%	£1bn-£2bn
1.78%	£2bn-£4bn
3.42%	£4bn+
5.13%	Cash

Source: Factset

Top 10 portfolio holdings	%
Telecom Plus Plc	4.17
Galliford Try Plc	4.03
Frp Advisory Group Plc	4.02
WH Smith Plc	4.01
Mony Group Plc	3.48
Zegona Communications Plc	3.42
Hollywood Bowl Group Plc	3.36
Kitwave Group Plc	3.28
TP ICAP Plc	3.28
Redcentric Plc	3.02
Total	36.07

Source: Valu-Trac Investment Management Ltd.

Portfolio summary

As at 28 February 2025

Sector breakdown



3.85%	Basic Materials	17.22%	Industrials
5.60%	Consumer Non-Durables	11.54%	Technology
18.37%	Consumer Services	4.17%	Utilities
34.12%	Finance	5.13%	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

Key facts *(As at 28 February 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) £ 33.67m

Yield:
4.3%

Income paid:
Quarterly

Number of holdings:
41

Prices as at 28 February 2025
Accumulation shares: 217.5931p
Income shares: 110.2696p

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

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