30 April 2025

VT Downing Small & Mid-Cap Income Fund

April 2025 commentary

In April, the Accumulation share class was up 3.51% while the IA UK Equity Income Total Return Index was up 1.38%. Key contributors were Fonix (+22.89%) and Kitwave (+19.19%). Key detractors included WH Smith (-10.53%) and Hostelworld (-13.86%).

Fonix, a mobile payments and messaging solutions provider, issued positive results for the six months to 31 December 2024. New partnerships with major clients such as News UK, alongside innovative product launches such as PayFlex and DonationPortal, highlight the increasing strength of the group's offering. Fonix secured contracts with each of the major mobile network operators in Portugal, and this expansion marks a key milestone in its ambitions in continental Europe.

Kitwave, a delivered wholesale business, issued no news during the month. The recent spate of good weather in the UK has likely boosted business, prompting more people to shop locally. We believe the shares offer good value at current levels.

WH Smith, the travel retailer, announced interim results and reported that the group had a good first half, with consistent like-for-like growth across all its Travel businesses. The UK Travel business was strong, with trading profit 8% ahead of last year. In North America, it is beginning to see the benefits of work to re-engineer its space and improve its retail offer, with like-for-like revenue growth of 3% in the period. Management reported that the second half of the financial year has started well, and the business remains on track to deliver FY results in line with market expectations.

Hostelworld, a social network-powered online travel agent, provided an update ahead of a capital markets event. Previous strong financial performance has enabled the group to fully repay outstanding debt, significantly strengthen its balance sheet and allow the business to invest in its next phase of growth. Management outlined a new medium-term strategy that is expected to deliver long-term value creation. It is targeting low double-digit revenue growth in 2026 and 2027, pre-M&A, Marketing as a % of revenue of 45 - 50%, adjusted EBITDA margin greater than 20%, and adjusted free cash flow conversion of circa 70%.

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.

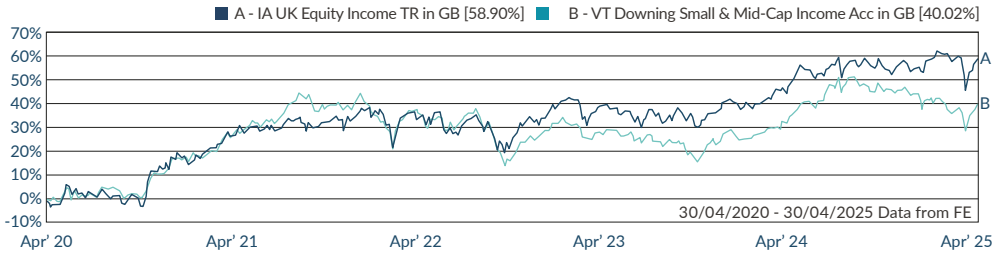
About the fund

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



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

Cumulative performance (%)	1m	3m	6m	YTD	1y	3y	5y
VT Downing Small & Mid-Cap Income Fund (Acc)	3.51	-1.34	-4.32	-2.76	4.13	3.33	40.02
IA UK Equity Income TR index	1.38	-0.98	3.52	2.61	5.97	17.89	58.90
Quartile ranking	1	3	4	4	3	4	4

Discrete performance (%)	30/04/2024 -30/04/2025	30/04/2023 - 30/04/2024	30/04/2022 - 30/04/2023	30/04/2021 - 30/04/2022	30/04/2020 - 30/04/2021
VT Downing Small & Mid-Cap Income Fund (Acc)	4.13	5.59	-6.02	5.55	28.39
IA UK Equity Income TR index	5.97	8.07	2.94	6.79	26.23
Quartile ranking	3	4	4	3	2

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

Performance figures source: FE Analytics.



Josh McCathie
Fund Manager

Josh McCathie serves as the Manager to the VT Downing Small & Mid-Cap Income Fund and VT Downing Unique Opportunities Fund.

Josh joined Downing in 2018 and brings over 10 years' investment management experience, having previously worked at BRI Wealth Management focusing on research of UK equities.

Josh is a CFA charterholder.

Top 10 portfolio holdings	%
Galliford Try Plc	4.32
Telecom Plus Plc	4.04
Zegona Communications Plc	4.02
Kitwave Group Plc	3.94
WH Smith Plc	3.90
Frp Advisory Group Plc	3.83
Hollywood Bowl Group Plc	3.64
Fonix Plc	3.54
Restore Plc	3.36
TP ICAP Plc	3.20
Total	37.79

Source: Valu-Trac Investment Management Ltd.

defaqto
Single-Asset Return Focused 2024
EXPERT RATED

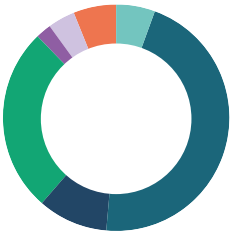
defaqto
REVIEWED

As at 1 December 2024

Portfolio summary

As at 30 April 2025

Market cap breakdown



Market cap bands

5.82%	<£150m
45.72%	£150m-£500m
9.89%	£500m-£1bn
26.59%	£1bn-£2bn
2.12%	£2bn-£4bn
4.02%	£4bn+
5.84%	Cash

Source: Factset

Sector breakdown



3.88%	Basic Materials
4.98%	Consumer Non-Durables
20.24%	Consumer Services
32.58%	Finance
17.67%	Industrials
10.77%	Technology
4.04%	Utilities
5.84%	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
31/03/2025*	1.3029p

Source: Valu-Trac Investment Management Ltd and Downing
**Estimated*

Key facts *(As at 30 April 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) £33.81m

Yield:
4.5%

Income paid:
Quarterly

Number of holdings:
41

Prices as at 30 April 2025
Accumulation shares: 220.9204p
Income shares: 110.6994p

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.*

This document has been approved as a financial promotion. Capital is at risk. The value of any investments may go up as well as down. Downing LLP is authorised and regulated by the Financial Conduct Authority (Reference No. 545025). Registered in England and Wales (No. OC341575). Registered Office: 10 Lower Thames Street London EC3R 6AF.