31 May 2025

VT Downing Small & Mid-Cap Income Fund

May 2025 commentary

In May, the Accumulation share class was up 4.22% while the IA UK Equity Income Total Return Index was up 4.89%. Key contributors were WHSmith (+15.29%) and Restore (+13.29%). Key detractors included Victorian Plumbing (-18.80%) and Bloomsbury Publishing (-11.84%).

WHSmith, the travel retailer, issued no news in May. However, the shares benefitted from a recovery in the travel sector. It was also reported that Nestlé has partnered with WHSmith North America Media Network to launch a first-of-its-kind experiential retail media campaign, targeting travellers in some of the nation's busiest airports. The innovative activation connects with consumers through immersive instore experiences, including full-store takeovers at ten airport locations.

Restore, a provider of secure and sustainable business services, issued a positive trading update for the four months ended 30 April 2025. In the period, revenues increased, underpinned by the group's core storage and highly contracted and recurring income streams. It made significant progress with the inorganic element of its growth strategy, completing three acquisitions. The board remains confident of achieving its full year expectations, with all divisions expected to deliver an increase in adjusted operating profit for the full year.

Victorian Plumbing, a bathroom retailer, announced results for the six months ended 31 March 2025 and highlighted the significant progress made against strategic priorities. Management believes that having invested significantly in preparing the business for future growth last year, it has made strategic progress in the period. A new purpose-built warehouse is fully operational, and the group has expanded its product range, taking significant market share gains against a subdued trading backdrop.

Bloomsbury Publishing, an independent publisher, announced its results for the year ended 28 February 2025. The shares were punished as the group reported a 14% decline in pre-tax profits despite a rise in revenue, and a 10% drop in organic sales in the academic division due to the shift towards digital publications. The share price has since made some recovery.

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.

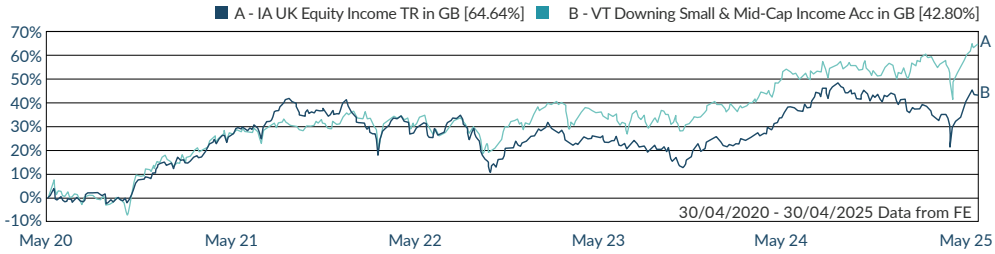
About the fund

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)	4.22	5.82	0.25	1.35	3.69	9.24	42.80
IA UK Equity Income TR index	4.89	3.88	6.37	7.67	7.81	22.38	64.64
Quartile ranking	3	1	4	4	4	4	4

Discrete performance (%)	31/05/2024 - 31/05/2025	31/05/2023- 31/05/2024	31/05/2022 - 31/05/2023	31/05/2021 - 31/05/2022	31/05/2020- 31/05/2021
VT Downing Small & Mid-Cap Income Fund (Acc)	3.69	12.31	-6.19	2.55	27.47
IA UK Equity Income TR index	7.81	15.23	-1.49	5.69	27.30
Quartile ranking	4	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	4.53
WHSmith PLC	4.40
Telecom Plus PLC	4.22
Kitwave Group PLC	4.12
Restore PLC	3.72
Frp Advisory Group PLC	3.60
Hollywood Bowl Group PLC	3.27
TP ICAP PLC	3.22
Fonix PLC	3.19
Bloomsbury Publishing PLC	3.13
Total	37.40

Source: Valu-Trac Investment Management Ltd.

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Single-Asset Return Focused 2024
EXPERT RATED

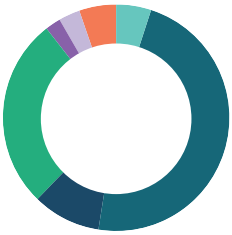
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REVIEWED

As at 1 December 2024

Portfolio summary

As at 31 May 2025

Market cap breakdown



Market cap bands

5.12%	<£150m
47.45%	£150m-£500m
9.85%	£500m-£1bn
27.16%	£1bn-£2bn
2.23%	£2bn-£4bn
2.96%	£4bn+
5.23%	Cash

Source: Factset

Sector breakdown



4.07%	Basic Materials
3.82%	Consumer Non-Durables
21.08%	Consumer Services
32.92%	Finance
18.19%	Industrials
10.47%	Technology
4.22%	Utilities
5.23%	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 31 May 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) £34.53m

Yield:
4.4%

Income paid:
Quarterly

Number of holdings:
40

Prices as at 31 May 2025
Accumulation shares: 230.2503p
Income shares: 115.3743p

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.*

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