

VT Downing Small & Mid-Cap Income Fund

June 2025 commentary

In June, the Accumulation share class was up 2.99% while the IA UK Equity Income Total Return Index was up 1.27%. Key contributors were The Property Franchise Group (+13.61%) and Record (+22.04%). Key detractors included Breedon Group (-16.82%) and Kitwave (-21.21%).

The Property Franchise Group, a multi-brand lettings and estate agency franchising business, issued no news in June. However, the group had previously reported significant growth following the completion of two major acquisitions – Belvoir and GPEA – in 2024. We believe that the improved liquidity post-merger and increased market cap is likely to have attracted more institutional investors.

Record, a specialist currency and asset manager, announced FY results and highlighted strategic progress with higher earnings per share and an increased dividend. The group reported that AUM remained above \$100bn throughout the year, with strong inflows and new business wins partially offsetting the impact of isolated outflows. Lower performance fees reduced total revenue, while costs were well controlled during a period of leadership change and operational restructuring.

Breedon, a producer and supplier of raw earth products and materials, issued no significant new news in the month and we believe the shares offer good value at current levels.

Kitwave, a delivered wholesale business, saw its shares sell off sharply at the end of the month following a strong run. The group issued interim results on 1 July that were broadly in line with expectations. However, this was overshadowed by a more cautious outlook due to additional investment relating in its new South West depot, the increase in employer NI contributions, weakening consumer confidence and lower volumes in the destination leisure sector.

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.

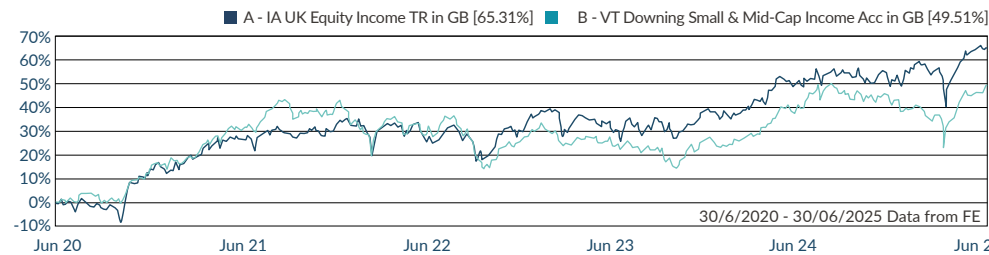
About the fund

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)	2.99	11.11	4.38	4.38	6.39	15.96	49.51
IA UK Equity Income TR index	1.27	7.78	9.09	9.09	10.63	32.14	65.31
Quartile ranking	1	1	4	4	4	4	4

Discrete performance (%)					
	30/06/2024 - 30/06/2025	30/06/2023 - 30/06/2024	30/06/2022 - 30/06/2023	30/06/2021 - 30/06/2022	30/06/2020 - 30/06/2021
VT Downing Small & Mid-Cap Income Fund (Acc)	6.39	12.96	-3.51	-1.44	30.81
IA UK Equity Income TR index	10.63	14.54	4.28	-0.27	25.44
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	4.60
WH Smith Plc	4.19
Telecom Plus Plc	3.96
Restore Plc	3.77
Kitwave Group Plc	3.72
FRP Advisory Group Plc	3.47
Fonix Plc	3.45
Hollywood Bowl Group Plc	3.33
TP ICAP Plc	3.30
Mony Group Plc	3.23
Total	37.02

Source: Valu-Trac Investment Management Ltd.

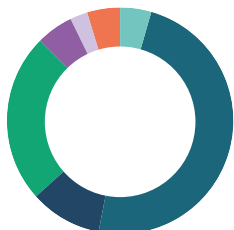


As at 1 December 2024

Portfolio summary

As at 30 June 2025

Market cap breakdown



Market cap bands

4.63%	<£150m
48.60%	£150m-£500m
10.18%	£500m-£1bn
24.10%	£1bn-£2bn
5.50%	£2bn-£4bn
2.42%	£4bn+
4.57%	Cash

Source: Factset

Sector breakdown



3.72%	Basic Materials
3.79%	Consumer Non-Durables
20.75%	Consumer Services
33.93%	Finance
18.53%	Industrials
10.75%	Technology
3.96%	Utilities
4.57%	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
30/06/2025	1.5140p*

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

Key facts (As at 30 June 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) £35.06m

Yield:

4.7%

Income paid:

Quarterly

Number of holdings:

40

Prices as at 30 June 2025

Accumulation shares: 237.1279p

Income shares: 117.1683

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

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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 12 June 2025. This figure may vary from year to year. It excludes portfolio transaction costs.

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