31 July 2025

VT Downing Small & Mid-Cap Income Fund

July 2025 commentary

In July, the Accumulation share class was down 1.11% while the IA UK Equity Income Total Return Index was up 1.56%. Key contributors were Zegona Communications (+25.00%) and TP ICAP Group (+12.18%). Key detractors included Kitwave Group (-23.70%) and Conduit Holdings (-20.18%).

Zegona Communications, an investor in businesses in the European Telecommunications, Media and Technology sector, issued its Annual Report and Q1 26 results, reporting a 'transformational year' for the business. Since it took ownership of Vodafone Spain in May 2024, it has moved fast to execute its transformation plan, highlights of which include: a return to customer growth, profit margin expansion, significant cash-flow improvement, and an organisational restructure.

TP ICAP, an interdealer broker, did not issue any news during the month. However, Canaccord Genuity upgraded forecasts and target price based on its view that shares have been buoyed by a strong Q1 25, and the anticipated continuation of favourable market conditions in Q2 25, plus the increasingly real prospect of a partial IPO of Parameta in the US.

Kitwave, the delivered wholesale business, issued results for the six months ended 30 April. Management reported that as a result of some short-term additional operational investment relating to the new South West depot, the increase in employer NI contributions and the macroeconomic backdrop detrimentally impacting consumer confidence and volumes in the destination leisure sector, the board now anticipates that the Group's adjusted operating profit will be below current market expectations.

Conduit Holdings, a Bermuda-based reinsurance business, issued six-month results and reported that the period was marked by elevated loss activity, including wildfires, severe convective storms and aviation events. Further, the recent UK High Court judgement regarding the 2022 Ukraine loss has significantly increased the industry's insured loss from the event. Actions to rebalance Conduit's portfolio, together with increased losses during the second quarter and an increase in its reserves related to Ukraine, have resulted in a further reduction to Return on Equity expectations to the mid-single digits for 2025.

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.

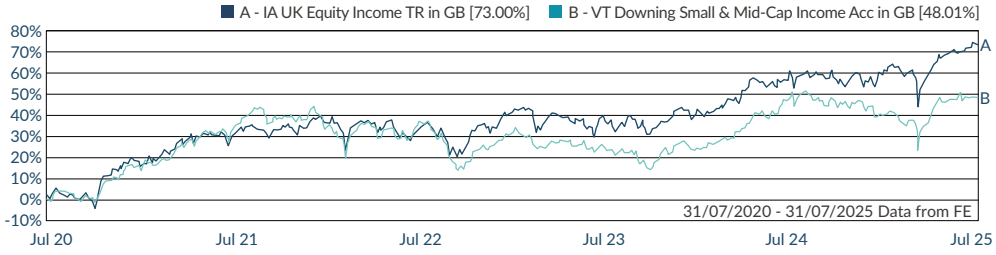
About the fund

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)	-1.11	6.14	4.72	3.22	-0.55	8.46	48.01
IA UK Equity Income TR index	1.56	7.88	6.88	10.75	7.92	29.19	73.00
Quartile ranking	4	4	4	4	4	4	4

Discrete performance (%)	31/07/2024 - 31/07/2025	31/07/2023 - 31/07/2024	31/07/2022 - 31/07/2023	31/07/2021 - 31/07/2022	31/07/2020 - 31/07/2021
VT Downing Small & Mid-Cap Income Fund (Acc)	-0.55	19.38	-8.64	2.38	33.30
IA UK Equity Income TR index	7.92	16.09	3.12	2.62	30.49
Quartile ranking	4	1	4	3	2

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

Performance figures source: FE fundinfo 2025.



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	4.15
WH Smith Plc	3.94
Telecom Plus Plc	3.87
Restore Plc	3.79
TP ICAP Plc	3.77
Frp Advisory Group Plc	3.60
Fonix Plc	3.42
Kitwave Group Plc	3.41
Sabre Insurance Group Plc	3.40
Hollywood Bowl Group Plc	3.31
Total	36.66

Source: Valu-Trac Investment Management Ltd.

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Single-Asset Return Focused 2024
EXPERT RATED

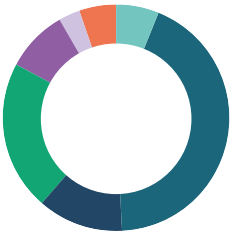
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REVIEWED

As at 1 December 2024

Portfolio summary

As at 31 July 2025

Market cap breakdown



Market cap bands

6.29%	<£150m
43.10%	£150m-£500m
12.06%	£500m-£1bn
21.51%	£1bn-£2bn
8.73%	£2bn-£4bn
3.08%	£4bn+
5.23%	Cash

Source: Factset

Sector breakdown



3.76%	Basic Materials
3.76%	Consumer Non-Durables
20.00%	Consumer Services
35.26%	Finance
17.61%	Industrials
10.51%	Technology
3.87%	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
30/06/2025	1.2941p*

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

Key facts *(As at 31 July 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) £34.42m

Yield:
4.7%

Income paid:
Quarterly

Number of holdings:
40

Prices as at 31 July 2025
Accumulation shares: 234.4933p
Income shares: 115.8664p

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,
Level 4, Dashwood House, 69 Old Broad Street,
London EC2M 1QS
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 12 June 2025. This figure may vary from year to year. It excludes portfolio transaction costs.*

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