

VT Downing Small & Mid-Cap Income Fund



April 2023 Commentary

In April, the Accumulation share class was up 1.74% while the IA UK Equity Income Total Return Index was up 2.32%. Key contributors were Alpha Financial Markets Consulting (up 11.50%) and Moneysupermarket.com (up 10.44%). Key detractors included iEnergiser (down 89.42%) and Redcentric (down 4.44%).

Alpha FMC, a provider of specialist consultancy services, issued little news in the month. The group confirmed that Luc Baqué was appointed CEO from 1 April 2023. On 2 May, the group announced the acquisition of Shoreline, a boutique consultancy that provides services to the asset and wealth management industry in Asia Pacific.

Moneysupermarket.com, the price comparison website, announced a trading update and reported a strong performance in Q1 2023. A year after the introduction of the FCA General Insurance pricing regulations which significantly reduced the market in Q1 2022, car insurance has recovered strongly supported by double-digit growth in market switching volumes. Travel insurance also grew with revenue at c.50% above 2019 levels.

iEnergizer, a business process outsourcing business, announced that it was seeking shareholder approval for the cancellation of shares trading on AIM. The group believe that staying on the stock exchange is unlikely to provide the company with significantly wider access to capital. Additionally, the cost and legal implications of maintaining its admission to trading on AIM are disproportionate to the benefits.

Redcentric, a managed IT services business, released its results for the year ended 31 March 2023 and reported revenues up 52% to £141.8m and adjusted EBITDA up 4.6% to £24.8m. The results reflect the contribution from five acquisitions completed over the last two financial years. However, the group warned it continues to experience widespread inflationary increases across its cost base, primarily wage inflation, electricity costs and software license costs.

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.

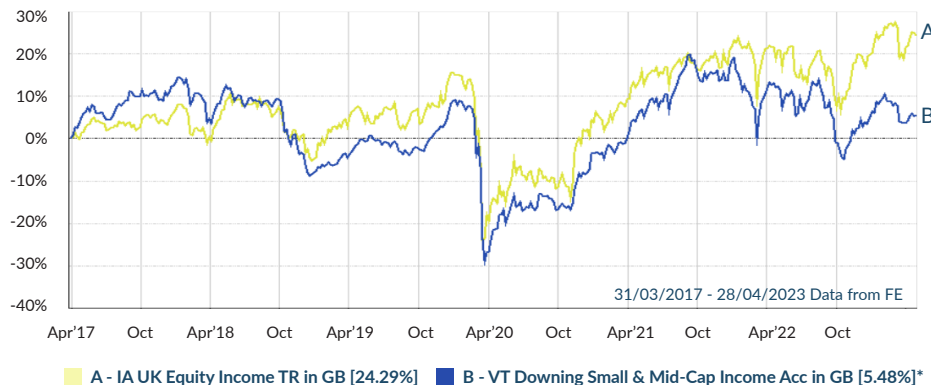
About the fund

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 a sustainable 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



*VT Downing Small & Mid-Cap Income Fund is formerly known as the VT Downing Monthly Income Fund.

	Cumulative performance (%)						
	1m	3m	6m	YTD	1y	3y	5y
VT Downing Small & Mid-Cap Income Fund (Acc)	1.74	-3.60	8.15	-0.05	-6.02	27.35	-3.63
IA UK Equity Income TR index	2.32	-0.01	11.56	4.27	2.94	38.76	16.64
Quartile ranking	4	4	4	4	4	4	4

	Discrete performance (%)				
	30/04/2022 - 30/04/2023	30/04/2021 - 30/04/2022	30/04/2020 - 30/04/2021	30/04/2019 - 30/04/2020	30/04/2018 - 30/04/2019
VT Downing Small & Mid-Cap Income Fund (Acc)	-6.02	5.55	28.39	-16.86	-8.98
IA UK Equity Income TR index	2.94	6.79	26.23	-16.51	0.68
Quartile ranking	4	3	2	2	4

Past performance is not a reliable indicator of future results. Performance figures source: FE Analytics.

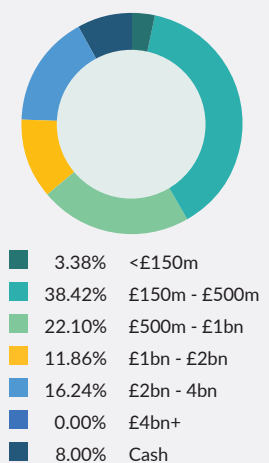


Fund Manager
Josh McCathie

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



Source: Factset

Top 10 Holdings

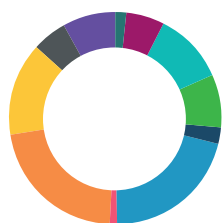
	% of fund
Conduit Holdings Ltd	3.68
XPS Pensions Group Plc	3.54
Britvic Plc	3.46
Alpha Financial Markets Consulting Plc	3.42
Computacenter Plc	3.42
Foresight Group Holdings Ltd	3.33
Smart Metering Systems Plc	3.28
Moneysupermarket.Com Group Plc	3.10
Drax Group Plc	3.07
Redcentric Plc	3.01
Total	33.31

Source: Valu-Trac Investment Management Ltd

Portfolio summary

As at 30 April 2023

Sector breakdown



1.74%	Basic materials	2.50%	Energy	14.10%	Technology
5.81%	Consumer durables	20.86%	Finance	5.21%	Utilities
10.97%	Consumer non-durables	1.03%	Healthcare	8.00%	Cash
8.01%	Consumer services	21.77%	Industrials		

Source: Factset

Key facts As at 30 April 2023

Fund Objective

To achieve a quarterly income, together with long-term capital growth

Launch date

14 June 2010

Conversion date

1 April 2012**

IMA sector

UK Equity Income

Currency

UK Sterling

Types of shares

Income & Accumulation

Fund size

(Income & Accumulation shares combined)
£43.02m

Yield

4.3%***

Income paid

Quarterly

Number of holdings

46

Prices as at 30 April 2023

Accumulation shares:	200.9262p
Income shares:	110.2276p

Charges

Initial charge:	0%
Annual Mgmt charge:	0.75%
Ongoing charges [^] charged to capital****:	0.97%

[^] The methodology for calculation of synthetic expense ratio has changed. Following guidance issued by the Investment Association on 2 July 2020, the synthetic OCF calculation has been expanded to include closed ended vehicles such as investment trusts.

www.downingincomefund.co.uk

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 LLP 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.

Investment Committee

Judith MacKenzie: Non-Independent Member
Donald Robertson: Independent Member
Darrell O'Dea: Independent Member



Awarded date 1 October 2022

As at 31 December 2022

Quarterly distribution

Period to	Income
31/12/2021	1.0500p
31/03/2022*	1.6452p
30/06/2022	1.1928p
30/09/2022	1.1928p
31/12/2022	1.1963p
31/03/2023	1.0496p

Source: Valu-Trac Investment Management Ltd and Downing LLP

* The distributions changed from monthly to quarterly from October 2021. The total 2021/2022 year distribution was 5.1451p.

Platforms and wraps

7IM	Hubwise
Aegon	Interactive Investor
AJ Bell	iWeb
All Funds	James Brearley
Aviva	James Hay
Barclays	Novia
Canada Life International	Nucleus
Elevate	M&G
Embark	Praemium
Embark Advance	Quilter
Fidelity (Inst)	Raymond James
Fidelity (FFN)	Standard life
Hargreaves Lansdown	Transact

** The conversion date refers to the date the investment objective and policy were changed.

*** 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 30 December 2022. This figure may vary from year to year. It excludes portfolio transaction costs.

Statistics correct as at 30/04/2023. Performance figures source: FE Analytics. Fund performance is based on accumulation shares, indices include net reinvested income. Performance figures are for the period from when the mandate was updated (31/03/2017) to focus on small and mid caps, in a similar vein to how the fund is currently run. Past performance is not a guide to future returns. The value of the fund and the income from it may go down as well as up, so you may not get back the amount you invested. The tax treatment of the fund may change and such changes cannot be foreseen. Tax treatment depends on the individual circumstances of each investor.

This document is intended for retail investors and their advisers and has been approved and issued as a financial promotion under the Financial Services and Markets Act 2000 by Downing LLP ("Downing"), St Magnus House, 3 Lower Thames Street, London EC3R 6HD. This document contains information and analysis that is believed to be accurate at the time of publication, but is subject to change without notice. Whilst care has been taken in compiling the content of this document, no representation or warranty, express or implied, is made by Downing LLP as to its accuracy or completeness, including for external sources (which may have been used) which have not been verified. This document is issued by Downing LLP ("Downing") authorised and regulated by the Financial Conduct Authority (Firm Reference No. 545025). Registered in England No. OC341575. Please refer to the latest Full Prospectus, Key Investor Information Document and Supplementary Information Document before investing; your attention is drawn to the risk factors contained therein. Downing does not offer investment or tax advice.

DMI4095_May (Apr) 2023