30 September 2026

VT Downing Small & Mid-Cap Income Fund

September 2026 commentary

In September, the Accumulation share class was down 0.14% while the IA UK Smaller Companies sector was down 0.02%. Key contributors were Galliford Try (+14.31%) and Fonix (+18.48%). Key detractors included Mortgage Advice Bureau (-28.40%) and Safestore (-10.27%).

Galliford Try, a construction group, reported a strong set of full-year results, with revenue, profit and cash generation all ahead of the prior year. The company also announced a higher dividend and a new £15m share buyback programme. Management remains confident in the outlook, underpinned by a growing order book and significant planned investment across the UK's social and economic infrastructure.

Fonix, the mobile payments and messaging provider, reported full-year results that demonstrated a return to double-digit growth. Gross profit rose 12.9% and adjusted EBITDA increased 11.0%, both slightly ahead of market expectations. The company also continued to make progress with its international expansion strategy and highlighted growing momentum heading into FY27, supported by new products, expanding overseas operations and strong customer relationships.

Mortgage Advice Bureau, a property finance service, issued a trading update in which it revised its expectations for 2026. Although first-half adjusted profit before tax is expected to be slightly ahead of previous guidance, the company highlighted a weaker-than-expected UK housing market and delays to anticipated lead generation initiatives within Fluent. While these factors have reduced near-term earnings expectations, management highlighted a significant refinancing opportunity supported by substantial levels of fixed-rate mortgage maturities due over the remainder of the year.

Safestore, a self-storage operator, issued a Q3 trading update and reported group revenue increased 4.1% at constant exchange rates, supported by continued growth in the UK and Expansion Markets. While underlying trading remained resilient, management indicated that full-year earnings are now expected to be towards the lower end of analyst expectations and announced a review of the timing of future UK pipeline developments.

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.

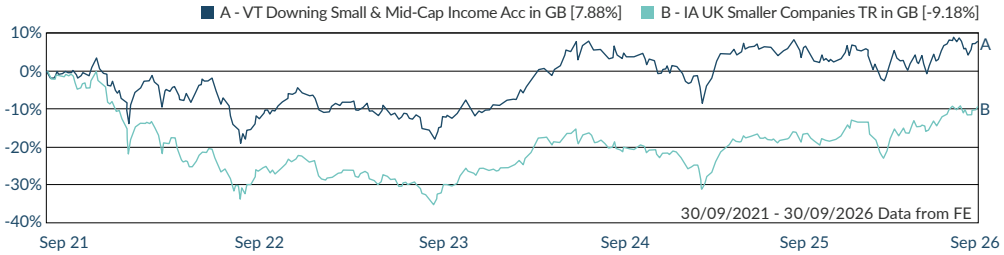
About the fund

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 income, with the potential for 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)	-0.14	5.20	10.97	4.46	1.19	22.54	7.88
IA UK Smaller Companies TR Index	-0.02	6.65	18.11	10.04	9.70	30.55	-9.18
Quartile ranking	3	3	4	4	4	3	1

Discrete performance (%)	30/09/2025 - 30/09/2026	30/09/2024 - 30/09/2025	30/09/2023 - 30/09/2024	30/09/2022 - 30/09/2023	30/09/2021 - 30/09/2022
VT Downing Small & Mid-Cap Income Fund (Acc)	1.19	1.74	19.04	3.68	-15.10
IA UK Smaller Companies TR Index	9.70	2.52	16.08	2.21	-31.94
Quartile ranking	4	3	2	2	1

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

Performance figures source: FE fundinfo.

Josh McCathie
Fund Manager

Josh McCathie serves as the Manager to the VT Downing Small & Mid-Cap Income 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	4.69
FRP Advisory Group Plc	4.35
XPS Pensions Group Plc	4.08
Luceco Plc	3.87
Fonix Plc	3.82
Greencore Group Plc	3.73
Restore Plc	3.00
Bloomsbury Publishing Plc	3.00
Pollen Street Group Ltd	2.81
ZIGUP Plc	2.79
Total	36.14

Source: Valu-Trac Investment Management Ltd.

defaqto
Single-Asset 2026
EXPERT RATED

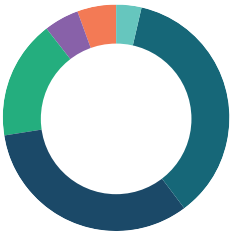
As at 1st February 2026

defaqto
REVIEWED

Portfolio summary

As at 30 September 2026

Market cap breakdown

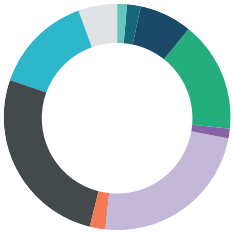


Market cap bands

3.71%	<£150m
36.17%	£150m-£500m
32.82%	£500m-£1bn
16.97%	£1bn-£2bn
4.88%	£2bn-£4bn
0.00%	£4bn+
5.45%	Cash

Source: Factset

Sector breakdown



1.54%	Basic Materials
1.86%	Consumer Durables
7.45%	Consumer Non-Durables
16.02%	Consumer Services
1.28%	Energy
23.63%	Finance
2.38%	Healthcare
26.29%	Industrials
14.10%	Technology
5.45%	Cash

Source: Factset

Quarterly distribution:

Period to	Income shares	Accumulation shares
31/03/2025	1.3029p	n/a – Accumulation units not yet in issue during this period
30/06/2025	1.5140p	n/a – Accumulation units not yet in issue during this period
30/09/2025	1.3511p	n/a – Accumulation units not yet in issue during this period
31/12/2025	1.2422p	n/a – Accumulation units not yet in issue during this period
31/03/2026	0.9953p	n/a – Accumulation units not yet in issue during this period
30/06/2026	1.2121p*	2.4869p*
30/09/2026	1.0121p*†	2.1441p*†

Source: Valu-Trac Investment Management Ltd and Downing

**Distribution figures for Accumulation shares post merger date (13 April 2026).*

†Estimated

Income is allocated between share classes in proportion to each class's net asset value. Following the merger of the VT Downing Unique Opportunities Fund, Accumulation shares now represent approximately 30% of the fund's assets, which affects the proportion of distributable income allocated to Income shares and should be borne in mind when comparing distribution rates year-on-year. This reflects a change in allocation methodology, not a change in the fund's underlying income generation.

Key facts *(As at 30 September 2026)*

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

Launch date:
14 June 2010

IA sector:
UK Smaller Companies

Currency:
UK Sterling

Types of shares:
Income & Accumulation

Fund size:
(Income & Accumulation shares combined) £36.07m

Yield*:
4.0%

Income paid:
Quarterly

Number of holdings:
43

Prices as at 30 September 2026
Accumulation shares: 238.4060p
Income shares: 111.7411p

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
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 Income share distributions declared over the trailing twelve months as a percentage of the fund price as at the date shown. Following the April 2026 merger, Income shares now receive a lower proportion of the fund's total distributable income (see distribution table note). As post-merger quarters progressively replace pre-merger quarters in this trailing calculation, the yield is expected to decline over the following several quarters for this structural reason, independent of the fund's underlying income performance, until the calculation is based entirely on post-merger periods. It does not include any preliminary charge and investors may be subject to tax on their distributions. This is a change in allocation methodology, not a reduction in the fund's underlying income generation. The yield shown is based on the Income share class as at the month end factsheet date. Accumulation shares reinvest income and do not distribute income to investors.*

*** The ongoing charges figure is based on expenses and the net asset value as at 15 May 2026. This figure may vary from year to year. It excludes portfolio transaction costs.*

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