

VT Downing Small & Mid-Cap Income Fund

March 2026 commentary

In March, the Accumulation share class was down 8.13% while the IA UK Smaller Companies Sector was down 11.45%. Key contributors were Bloomsbury Publishing (+21.10%) and Sabre Insurance (+13.23%). Key detractors included Safestore (-18.56%) and Galliford Try (-11.72%).

Bloomsbury Publishing, an independent publishing house, issued a trading update and announced that bestselling author Sarah J. Maas has confirmed the publication dates of her next two novels. Bloomsbury expects group profit for the year ended 28 February 2026 to be in-line but looking ahead, group profit for the year ending 28 February 2027 is now expected to be materially ahead of market consensus expectations.¹

Sabre Insurance, a car and motorcycle insurer, reported FY25 results, with profit up 4.9% YoY, supported by strong underwriting performance. Premium momentum remained positive into 2026, alongside a £5m share buyback. The board sees a clear opportunity to grow both premiums and profits over the medium term. For 2026, Sabre expects continued premium growth and profit slightly ahead of 2025 as higher-margin business written in 2025 earns through.

Safestore (-18.56%), a self-storage provider, announced no significant news in the month, but the stock went ex-dividend on 12 March. We believe the shares have been weak due to ongoing macroeconomic uncertainty and think they offer good value at current levels.

Galliford Try, a construction group, issued strong results for the six months ended 31 December 2025, and reported profits at the top end of expectations and a positive trading outlook. Following a rally post-results, the shares fell back, possibly as investors locked in gains. The shares also went ex-dividend on 12 March. We remain confident on the stock given the positive long-term infrastructure and housing demand outlook.

¹ The board considers market consensus expectation (before this publication) for profit before taxation and highlighted items for the year ending 28 February 2026 to have been £44.3m and the year ending 28 February 2027 to have been £44.5m.

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.

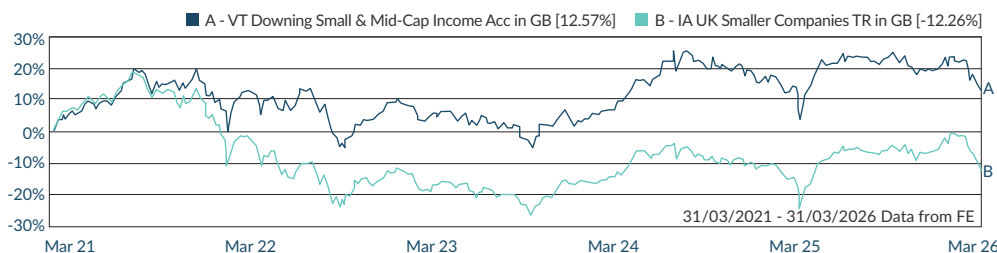
About the fund

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)	-8.13	-5.86	-8.81	-5.86	0.67	8.79	12.57
IA UK Smaller Companies TR Index	-11.45	-6.86	-7.15	-6.86	4.69	7.10	-12.26
Quartile ranking	1	2	3	2	3	2	1

Discrete performance (%)					
	31/03/2025 - 31/03/2026	31/03/2024 - 31/03/2025	31/03/2023 - 31/03/2024	31/03/2022 - 31/03/2023	31/03/2021 - 31/03/2022
VT Downing Small & Mid-Cap Income Fund (Acc)	0.67	4.31	3.60	-6.90	11.15
IA UK Smaller Companies TR Index	4.69	-2.55	4.98	-16.65	-1.71
Quartile ranking	3	1	3	1	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 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	3.95
Redcentric Plc	3.81
XPS Pensions Group Plc	3.27
Sabre Insurance Group Plc	3.23
FRP Advisory Group Plc	3.13
Telecom Plus Plc	3.09
Safestore Holdings Plc	3.06
Fonix Plc	2.98
Mitie Group Plc	2.94
Restore Plc	2.83
Total	32.29

Source: Valu-Trac Investment Management Ltd.



As at 1st February 2026

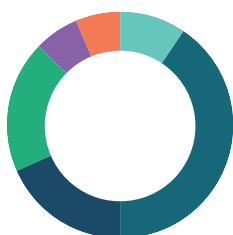


As at 1 December 2024

Portfolio summary

As at 31 March 2026

Market cap breakdown

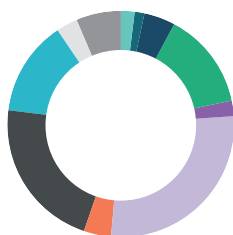


Market cap bands

9.72%	<£150m
40.52%	£150m-£500m
18.32%	£500m-£1bn
18.78%	£1bn-£2bn
6.39%	£2bn-£4bn
0.00%	£4bn+
6.27%	Cash

Source: Factset

Sector breakdown



1.98%	Basic Materials
1.50%	Consumer Durables
4.36%	Consumer Non-Durables
14.08%	Consumer Services
2.06%	Energy
27.43%	Finance
3.98%	Healthcare
21.73%	Industrials
13.52%	Technology
3.09%	Utilities
6.27%	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
30/09/2025	1.3511p
31/12/2025	1.2422p
31/03/2026*	0.9953p

Source: Valu-Trac Investment Management Ltd and Downing

* Estimated

Key facts (As at 31 March 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) £26.01m

Yield¹:

4.9%

Income paid:

Quarterly

Number of holdings:

46

Prices as at 31 March 2026

Accumulation shares: 214.8459p

Income shares: 102.7614p

Charges

Initial charge: 0%

Annual Mgmt charge: 0.75%

Ongoing charges

charged to capital²: 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 31 December 2025. This figure may vary from year to year. It excludes portfolio transaction costs.

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