

# VT Downing Unique Opportunities Fund



## December 2020 Commentary

In December, the price of accumulation class shares in the VT Downing Unique Opportunities Fund rose from 137.8673 pence to 143.6729 pence. There were 21 risers, eight fallers and two unchanged.

Hopes of an early rollout of the Covid-19 vaccines continued to drive the market upwards, along with the announcement of a Brexit trade deal. Very low interest rates are also driving equity valuations upwards.

The largest contribution in December came from [Impax Asset Management](#), the specialist investment house focussing on sustainability. Impax reported full year results which revealed a 34% increase in assets under management, a 29% increase in adjusted operating profits, and a 56% increase in the annual dividend, as its 20 year record in sustainable investing continues to attract new customers. Technology company [Chemring](#) announced final results ahead of the board's expectations, with revenues up by 20% and net debt down from £75.7 million to £48.2 million in the year. An initial order from the US Department of Defense in Electronic Warfare was a notable milestone. [Softcat](#), a leading UK IT infrastructure and services provider, advanced in anticipation of a recovery in demand, which was confirmed in a trading statement in early January. Softcat is enjoying strong demand from the public sector in particular, which should not come as a surprise, since the company first started to split out Public Sector as a category in its segmental analysis in the 2020 Report & Accounts, and stated then that it expected growth from areas of recent investment in Defence and Central Government.

The only detractor of note was [Avon Rubber](#). Avon announced delays to two contracts to supply the US Department of Defense with body armour, due to a single failure in a test process. The body armour business was acquired from 3M a year ago. The delay is unwelcome, but the rest of the group appears to be trading well.

*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 25-40 holdings. As fund manager, Rosemary seeks to invest in equities she considers to have a unique outlook and opportunity for growth. These businesses will be identified as having sustainable competitive advantages that are difficult to replicate, which can create high barriers for new entrants and have the potential to generate superior returns over the long term.

## Investment Objective

The fund's objective is to achieve capital growth and income over the long term (5+ years). It seeks to invest at least 80% in equities listed on UK markets (including the London Stock Exchange, AIM, and the ICAP Securities and Derivatives Exchange (ISDX)). The remainder will be invested in other equities, fixed income, money market instruments, deposits, warrants, cash and near cash.

The unique characteristics sought include:

- » having intangible assets e.g. brands, patents or regulatory licenses
- » having cost advantages stemming from process, location, scale or access to a unique asset
- » being the leading network in a business segment
- » there being high switching costs, which generate high customer retention rates



Rosemary began her career with James Capel & Co where she was a senior investment analyst for 12 years. She rose to prominence and developed a reputation as a leading female fund manager in the UK after joining Schroders in 1997.

Rosemary spent nearly 20 years at Schroders and was for many years lead manager of the award-winning<sup>1</sup> Schroder UK Mid Cap Fund Plc as well as heading up several other UK equity mandates, managing total assets of circa £1 billion.

The Schroder UK Mid Cap Trust returned 17%<sup>2</sup> p.a. while Rosemary was manager and in her two and a half years (to June 2019) managing money at Sanford DeLand the CFP SDL Free Spirit Fund returned 31%<sup>3</sup>, placing it in the top decile of the IA UK All Companies sector.

Rosemary joined Downing in March 2020 to launch the **VT Downing Unique Opportunities Fund (DUO)**.

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

1 Investment Week - Best UK Growth Trust 2013 & 2014. Outstanding Industry Contribution Award 2015 - 1st May 2003 - 31st March 2016. (Lead manager)

2. Schroder UK Mid Cap Fund Plc Annual Reports & Accounts 2015. Rosemary was lead manager of this fund from 01/05/03 to 31/03/16

3. Financial Express 03/01/17 - 28/06/19



Rosemary was awarded the Citywire AA rating in December 2020.



Awarded August 2020.

# Portfolio summary

As at 31 December 2020

## Top 10 holdings

	% of fund
Games Workshop Group plc	3.68
Impax Asset Management Group plc	3.55
Elementis plc	3.42
Craneware plc	3.28
EKF Diagnostics Holdings plc	3.24
Softcat plc	3.18
Kainos Group plc	3.15
4imprint Group plc	3.05
A.G.Barr plc	3.04
Chemring Group plc	3.03

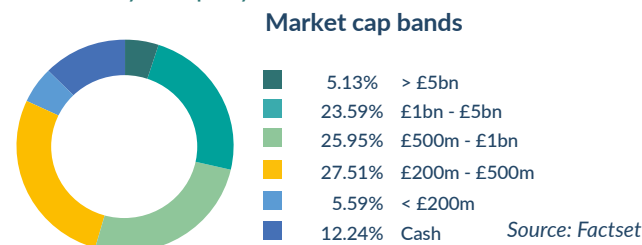
Source: Valu-Trac Investment Management Ltd.

## Portfolio by sector



Source: Valu-Trac Investment Management

## Portfolio by company size



Source: Factset

## Key facts As at 31 December 2020

### Structure

London listed Open Ended Investment Company (OEIC), established as a "UCITS scheme".

### Launch date

17 March 2020

### Fund Size

£21.25m (Accumulation and Income share classes combined)

### Share price

Class A: 143.6729 (Acc.)

Class A: 145.6039 (Inc.)

### No of holdings

31

### Minimum initial investment

Class A lump sum: £1,000

### Dividends

TBC

### Liquidity

Daily pricing and daily dealing

### ISA Eligible: Yes

### Sector

IA All Companies Sector

### ISIN Codes:

Class A Accumulation: GB00BHNC2614

Class A Income: GB00BHNC2721

### Contact details

Downing LLP, St Magnus House,  
3 Lower Thames Street,  
London EC3R 6HD

Tel: + 44 (0) 20 7416 7780

Email: customer@downing.co.uk

### Authorised Corporate Director

Valu-Trac Investment  
Management Ltd

Orton, Moray

IV32 7QE

Tel: +44 (0) 1343 880 217

www.valu-trac.com

### Fund charges

Initial charge: 0%

Annual management charge:

0.75% p.a.

Ongoing charges\*

1.00% p.a.

### How to apply:

Telephone: +44 (0) 1343 880 217 or

visit: <https://www.valu-trac.com/ad-ministration-services/clients/downing/unique-opportunities/>

Also on the following platforms:

7IM

Aegon

AJ Bell

Allfunds

Aviva

Hargreaves Lansdown

Interactive Investor

James Brearley

Nucleus

Old Mutual

Transact

Zurich

We are currently working with other platforms so please let us know if yours is not listed above.

[www.downingunique.co.uk](http://www.downingunique.co.uk)

\* **Please note:** As the fund only launched on 17 March 2020, the ongoing charges figure shown here is an estimate of the charges and may vary from year to year. It excludes portfolio transaction costs.

The Investment Manager of the fund has undertaken to absorb any costs that would otherwise cause the fund to have ongoing charges in excess of 1%.

**Risk warning:** Your capital is at risk. Investments into this fund should be held for the long term (5+ years). The value of your investment and income derived from it can fall as well as rise and investors may not get back the full amount invested. This fund has a small and mid-cap bias. Investments in smaller companies are generally higher risk compared to investments in blue chip companies. The fund does not have any particular industry or economic sector focus and as such weightings in these may vary as required and investments may be in the same sectors. Past performance is not a guide to future returns. Please refer to the latest full Prospectus and KIID before investing; your attention is drawn to the risk, fees and taxation factors contained therein.

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