

VT Downing Unique Opportunities Fund



January 2021 Commentary

In January, the price of accumulation class shares in the VT Downing Unique Opportunities Fund rose from 143.6729 pence to 147.0994 pence. There were 18 risers and 13 fallers.

The largest contribution in January came from [Aptitude Software](#), the provider of powerful financial management software to global businesses, which revealed that trading in 2020 was in line with expectations and the outlook for 2021 had improved, with new customers recently signed in the insurance, revenue management and lease accounting verticals.

Another month of positive contribution came from [Impax Asset Management](#), the specialist investment house focussing on sustainability. Impax announced a 24.8% increase in assets under management to £25.2 billion in the fourth quarter, as its 20 year record in sustainable investing continues to attract new customers.

Industrial software provider [Aveva](#) advanced after providing a reassuring trading update for 2020, following on from the recent substantial rights issue to buy OSISoft. The market was particularly reassured that OSISoft, which adds real time process monitoring to Aveva's historic plant data, achieved billings growth of 8.5% in 2020.

There were no detractors of significance, defined as falling by more than 10% in the month. In general, the companies which lagged behind were those serving the consumer, reflecting the impact of the present lockdown on short term demand. However, the rapid rollout of vaccinations in the UK gives hope that this period will soon come to an end.

Average cash balances in the fund moved below 10% for the first time since launch.

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



Fund Manager
Rosemary Banyard

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-winning¹ 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%² 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%³, 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 January 2021.



Awarded August 2020.

Portfolio summary

As at 31 January 2021

Top 10 holdings

	% of fund
Impax Asset Management Group plc	3.75
Kainos Group plc	3.72
Tatton Asset Management Ltd	3.55
Aptitude Software Group plc	3.41
Games Workshop Group plc	3.31
Ergomed plc	3.30
Diploma plc	3.23
Chemring Group plc	3.20
Softcat plc	3.19
Vitec Group plc	3.17

Source: Valu-Trac Investment Management Ltd.

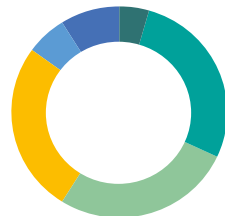
Portfolio by sector



8.68%	Cash	14.95%	Healthcare
8.41%	Communication services	11.56%	Industrials
11.63%	Consumer discretionary	23.64%	Information technology
3.09%	Consumer staples	5.59%	Materials
12.45%	Financials		

Source: Valu-Trac Investment Management

Portfolio by company size



Market cap bands

4.64%	> £5bn
27.56%	£1bn - £5bn
26.83%	£500m - £1bn
26.12%	£200m - £500m
6.16%	< £200m
8.69%	Cash

Source: Factset

Key facts As at 31 January 2021

Structure

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

Launch date

17 March 2020

Fund Size

£23.02m (Accumulation and Income share classes combined)

Share price

Class A: 147.0994 (Acc.)

Class A: 149.0763 (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

Canada Life International

Hargreaves Lansdown

Hubwise

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

* **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.

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"). This document is for information only and does not form part of a direct offer or invitation to purchase, subscribe for or dispose of securities and no reliance should be placed on it. Downing does not offer investment or tax advice or make recommendations regarding investments. Downing is authorised and regulated by the Financial Conduct Authority (Firm Reference No. 545025). Registered in England No. OC341575. Registered Office: St Magnus House, 3 Lower Thames Street, London EC3R 6HD.

DUO0019_Feb (Jan) 2021