

VT Downing Unique Opportunities Fund



Fund launched
**March
2020**

Rosemary Banyard,
Fund manager

In March this year Downing Fund Managers hit the headlines when it announced the hire of Rosemary Banyard, to manage the newly launched VT Downing Unique Opportunities Fund.

Most well-known for managing both Schroder UK Smaller Companies and Schroder MidCap funds for almost 20 years alongside Andy Brough, Rosemary joined Sanford DeLand in 2016 to launch and manage the Free Spirit Fund.

Having left in October last year, she has now joined Downing Fund Managers, and says the VT Downing Unique Opportunities Fund aims to bring together her 25-year investment experience of investing in UK small and mid-cap companies.

Adam Lewis, at Portfolio Adviser, spoke to Rosemary to find out how her investment approach has evolved and what investors can expect from her new fund.



An evolved process

Rosemary says the VT Downing Unique Opportunities Fund invests in UK companies with market capitalisations between approximately £150 million and £10 billion at initial purchase. This means she holds no micro-caps and no mega-caps.

“Downing is a great fit for me because they have extensive experience in both micro-cap and income investing, and my target range of companies essentially starts where they leave off in terms of scale,” she says.

“I believe I have honed my investment philosophy and process over the years and this fund is the culmination of that evolution. For example, my portfolio has become more concentrated, with the fund aiming to invest in between 25 to 40 stocks, while I have also found myself increasingly drawn to companies with more predictable growth rates as these can be valued more easily.”

The portfolio aims to hold 25-40 investments

Unique opportunities

So just what is a unique opportunity? Rosemary describes them as those companies that have above average returns on equity.

“If a company is earning a superior return on equity, it usually means it has got something special to it,” she says.

“Something that keeps the competition out. To use the ‘economic moat’ term that Warren Buffet coined back in 1986, I look for companies with a moat to protect them against their peers. Once I have found these, I then try to invest in them at, or below, their intrinsic value.”

As there are not many companies with these attributes in the UK, Rosemary says she is seeking to find those “unique opportunities” that do.

Focus on companies with a sustainable competitive advantage



An unconstrained mentality

A bottom-up stock picker, Rosemary buys businesses unconstrained by benchmarks as per the fund's goal of delivering long term returns ahead of its peers.

"It's a deliberately focused portfolio," she says. "While theoretically I can invest across the board, in practice I have an aversion to certain sectors, partly because of predictability reasons."

"For example, I tend not to invest in oil and gas because the profitability is entirely dependent on the price of the mineral, which is something I don't feel I can forecast. For me, it is about focusing on the business first and how it makes money, then trying to find the opportunity to invest at the right price."

This leads Rosemary to adopt a long-term approach to investing to date across her latest funds, the annual stock turnover is approximately 15%, equating to an average holding period of five-to six years.

Key Themes:
Small/mid-cap focus
Unconstrained portfolio
High conviction investment strategy

Downing



For more information,
please visit:
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