

# VT Downing Unique Opportunities Fund



## November 2021 Commentary

November was a volatile month for the UK equity market and for individual shares. At one point, the price of accumulation units in the VT Downing Unique Opportunities Fund was 3% up on the end of October, but ended the month down 0.4% at 175.52p. This was a resilient performance in a falling market in the face of worries about rising interest rates and the emergence of a new Covid-19 variant. Cash balances ended the month at 10% and are allowing us to add tactically to holdings when market worries are overdone. For example, we added to our investment in drinks manufacturer AG Barr last month, believing (correctly as it turned out) that trading at Funkin cocktail mixers and in the on-trade was strong, and that its automated manufacturing and in-house delivery capability would help weather labour inflation and shortages.

There were 11 risers and 22 fallers in the portfolio. Notable among the risers was Auto Trader (+21.2%) where record interim results revealed a 15% rise in both revenues and operating profits compared with two years earlier. Auto Trader offset reduced revenues derived from lower used car stocks with increased numbers of retailer forecourts using the platform and a mix shift towards premium products. Impax Asset Management (+18.3%) reported a further increase in AUM to £38.9bn at the end of October, taking the year-on-year increase to 86% as sustainable investing gathers pace.

Amongst the fallers, Dotdigital (-21.2%) was punished for a margin squeeze driven by an understandable increase in lower margin text messaging by clients in the health and education sectors in response to Covid-19. Tristel (-14.3%) fell for a second month as the market appeared to doubt it would receive regulatory approval in the US for its chlorine dioxide disinfectant technology for ultrasound procedures.

*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

	Cumulative performance (%)					
	1m	3m	6m	YTD	1y	Since Launch*
VT DUO A Acc	-0.39	-4.95	3.64	22.16	27.31	75.52
IA UK All Companies TR Index	-2.48	-3.96	0.25	12.28	17.30	49.84
Quartile Ranking	1	3	1	1	1	1

Discrete performance (%)	
	30/11/2020 - 30/11/2021
VT DUO A Acc	27.31
IA UK All Companies TR Index	17.30
Quartile Ranking	1

\*25 March 2020

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



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-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)**.

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

<sup>2</sup> 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

<sup>3</sup> Financial Express 03/01/17 - 28/06/19



Awarded 30 June 2020.



Rosemary's fund is 4 Diamond rated, defaqto 2021.



As at November 2021.



Awarded August 2020.

# Portfolio summary

As at 30 November 2021

## Top 10 holdings

	% of fund
Tatton Asset Management Ltd.	3.85
Impax Asset Management Group PLC	3.61
Alfa Financial Software Holdings PLC	3.58
Auto Trader Group PLC	3.56
Rightmove PLC	3.40
A.G.Barr PLC	3.27
Dunelm Group PLC	3.23
Chemring Group PLC	3.19
Diploma PLC	3.13
Craneware PLC	3.04

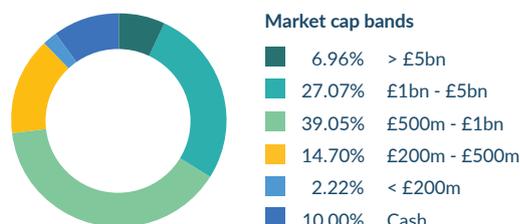
Source: Valu-Trac Investment Management Ltd.

## Portfolio by sector



Source: Valu-Trac Investment Management

## Portfolio by company size



Source: Factset

## Key facts As at 30 November 2021

### Structure

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

### Launch date

Income: 17 March 2020  
Accumulation: 25 March 2020

### Fund Size

£56.77m (Accumulation and Income share classes combined)

### Share price

Class A: 175.5172p (Acc.)  
Class A: 176.9776p (Inc.)

### No of holdings

34

### Minimum initial investment

Class A Lump sum: £1,000

### Dividends

TBC

### Liquidity

Daily pricing and daily dealing

### ISA Eligible: Yes

## www.downingunique.co.uk

\* **Please note:** The ongoing charges figure is based on expenses and the net asset value as at 16 April 2021. This figure may vary from year to year. It excludes portfolio transaction costs. The funds annual report for each financial year will include detail on the exact charges made.

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%.

### Sector

IA All Companies Sector

### ISIN Codes:

Class A Accumulation: GB00BHNC2614  
Class A Income: GB00BHNC2721

### Contact details

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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\*  
0.93% p.a.

## How to apply:

Telephone: +44 (0) 1343 880 217 or visit:  
<https://www.valu-trac.com/administration-services/clients/downing/unique-opportunities/>

Also on the following platforms:

7IM  
Aegon  
AJ Bell  
Allfunds  
Aviva  
Canada Life International  
Elevate  
Embark  
FNZ  
Hargreaves Lansdown  
Hubwise  
Interactive Investor  
James Brearley  
James Hay  
Nucleus  
Old Mutual  
Raymond James  
Standard Life Wrap  
Transact  
Utmost  
Zurich

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

**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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