

VT Downing Unique Opportunities Fund



August 2021 Commentary

In August, the price of accumulation class shares in the VT Downing Unique Opportunities Fund rose by 5.5% from 175.07 pence to 184.65 pence. There were 25 risers and 7 fallers. 7 of the risers were into double digit percentages, but none of the fallers. The UK stockmarket was well supported in the month despite rising infections from the Delta variant of Covid, with continuing bid activity highlighting the attractiveness of UK equities, especially in comparison with the negligible returns available on cash.

The biggest positive contributors to the fund in August were mainly from the wider technology sector. In information technology, Kainos, the provider of digitalisation services to the UK government and implementation services and testing products for Workday software, continued to advance. A positive trading statement in early September revealed revenues growing ahead of expectations, supported by a 19% increase in its workforce since March 2021. Aptitude Software reacted positively to interim results which saw net cash balances rise from £30.9 million to £46.8 million, and new multi-year subscriptions announced in the insurance and subscription economy segments. Vitec, which supplies equipment and software for content creation to the photographic, broadcast and cine markets, reported interim results with a record order book, order intake in July and August running 20% above 2019 levels, and comments that full year results will exceed expectations. Elsewhere, Ergomed, which manages clinical trials and safety monitoring for drug companies, announced organic first half constant currency growth of 24.5% and 16.2% in revenues from these two activities respectively.

There were no major detractors, but Rotork reacted negatively to news that its successful CEO Kevin Hostetler was leaving to return to the US for family reasons. Consumer facing businesses such as Dunelm and AG Barr underperformed modestly.

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	5.47	9.03	23.81	28.52	43.90	84.65
IA UK All Companies TR Index	3.24	4.38	14.64	16.91	32.44	56.01
Quartile Ranking	1	1	1	1	1	1

*25 March 2020

	Discrete performance (%)
	31/08/2020 - 31/08/2021
VT DUO A Acc	43.90
IA UK All Companies TR Index	32.44
Quartile Ranking	1

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-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)**.

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



Awarded 30 June 2020.



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



Awarded July 2021.



Awarded August 2020.

Portfolio summary

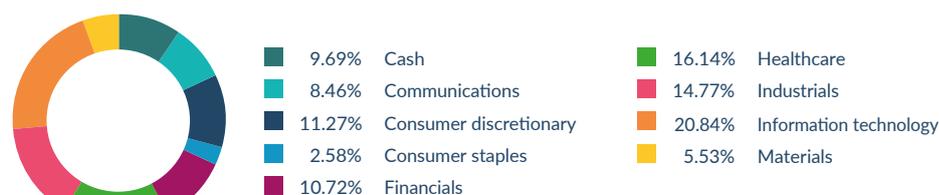
As at 31 August 2021

Top 10 holdings

	% of fund
Kainos Group PLC	3.42
Impax Asset Management Group PLC	3.29
dotDigital Group PLC	3.22
Aptitude Software Group PLC	3.22
Dunelm Group PLC	3.17
Elementis PLC	3.14
Games Workshop Group PLC	3.10
Strix Group PLC	3.09
Chemring Group PLC	3.07
James Fisher and Sons PLC	3.07

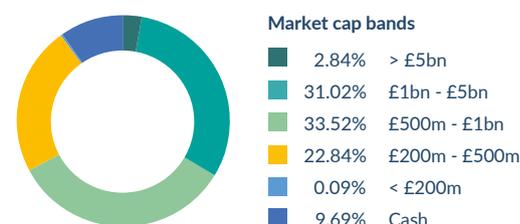
Source: Valu-Trac Investment Management Ltd.

Portfolio by sector



Source: Valu-Trac Investment Management

Portfolio by company size



Source: Factset

Key facts As at 31 August 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

£48.70m (Accumulation and Income share classes combined)

Share price

Class A: 184.6527p (Acc.)
Class A: 186.1540p (Inc.)

No of holdings

33

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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Authorised Corporate Director

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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
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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