

# VT Downing Unique Opportunities Fund



## September 2020 Commentary

In September, the price of accumulation class shares in the VT Downing Unique Opportunities Fund was largely unchanged at 128.2712 pence as against 128.3174 pence a month earlier. There were 15 risers, 14 fallers and one stock unchanged.

By far the biggest positive contribution came from leasing software company [Alfa Financial Software](#) which reported interim results significantly ahead of expectations and of the prior year, with revenues up 24% and operating profits up 92%. A special dividend of 15 pence per share was declared, a yield of over 10% at the time of writing, and the first payout since the IPO in 2017, which is encouraging. Another positive contributor was [Diploma](#), which announced the purchase of Windy City Wire, a US value-added distributor of low voltage wire and cables with applications in building automation, video communications, fire security and data centres. The acquisition, funded largely by debt and a small equity element, is much larger than previous deals but still retains typical Diploma attributes such as high operating margins and returns on capital, and has been well-received. [Games Workshop](#) announced first quarter (to end-August) trading to be above expectations driven by healthy growth in online and trade channels and rising royalty income, and declared another dividend payment, the second in three months. [EKF Diagnostics](#) announced interims and expressed confidence that full year results would exceed previously (upwardly) revised expectations.

The chief detractors to performance in the month, in order of significance, were [4Imprint](#), [Kainos](#), [Yougov](#) and [Tatton Asset Management](#). Of these, only Kainos made any announcement on trading, and its statement indicated results in line with consensus, so it looks as though there was generalised profit taking in these and some other names.

It is extremely reassuring that many companies in the fund are announcing strong trading, making dividend payments and demonstrating the confidence and opportunism to engage in acquisitions at this time, in sharp contrast to much of what we read in the national media.

*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-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 AAA rating in September 2020.



on our watchlist: FundCalibre.com

Awarded August 2020.

# Portfolio summary

As at 30 September 2020

## Top 10 holdings

	% of fund
Alfa Financial Software Holdings Plc	3.84
EKF Diagnostics Holdings Plc	3.69
Games Workshop Group Plc	3.63
Diploma Plc	3.61
Kainos Group Plc	3.51
Chemring Group Plc	3.48
Dunelm Group Plc	3.40
Tristel Plc	3.22
A.G.Barr Plc	3.17
Strix Group Plc	3.09

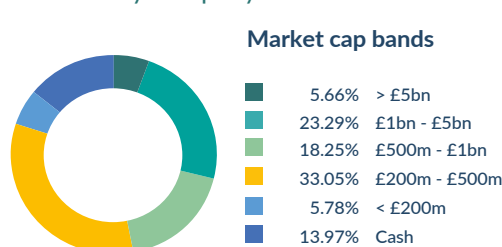
Source: Valu-Trac Investment Management Ltd.

## Portfolio by sector



Source: Valu-Trac Investment Management

## Portfolio by company size



Source: Factset

## Key facts As at 30 September 2020

### Structure

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

### Launch date

17 March 2020

### Fund Size

£8.27m (Accumulation and Income share classes combined)

### Share price

Class A: 128.2712 (Acc.)

Class A: 131.1703 (Inc.)

### No of holdings

30

### 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: [www.valu-trac.com/administration-services/clients/downing/](http://www.valu-trac.com/administration-services/clients/downing/)

Also on the following platforms:

Aegon

AJ Bell

Allfunds

Hargreaves Lansdown

Interactive Investor

James Brearley

Nucleus

Transact

Zurich

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

\* 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%.

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

**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.