

VT Downing Unique Opportunities Fund



August 2020 Commentary

In August, the price of accumulation class shares in the VT Downing Unique Opportunities Fund rose from 119.2758 pence to 128.3174 pence over the month period. There were 26 risers and three fallers. Of the risers, 12 rose by double digit percentages, and five by more than 20% in the month. There were no fallers in excess of 3%.

The top contributor to performance, Impax Asset Management Group, has seen a notable pick up in the rate of net quarterly inflows in the past year, with this increasingly being reflected in the share price. YouGov, which carries out predominantly online consumer research, said in a trading statement, that it had yet to see any material impact of Covid-19 on its business. Similarly, Dotdigital Group, whose software enables digital marketing by corporates, stated that the pandemic had minimal impact in its fourth quarter (to end of June) due to high levels of contracted recurring revenues. Home furnishings retailer Dunelm reported year on year growth in overall revenues of 59% in July and 24% in August, in part reflecting a strong performance in online ordering; in addition consumers who have been spending much more time at home have unsurprisingly been investing more in furnishings and refurbishment.

The other event of note in August was the proposed \$5 billion acquisition of privately-owned OSIs by Aveva. This deal has been well-received, supported as it is by 60% shareholder Schneider, and with the commercial logic that it adds real-time data monitoring capabilities to Aveva's leading 3D plant design, build and maintenance software.

Digital businesses are continuing to thrive and digital transformation has been accelerating in many areas of the economy as a result of the pandemic. The Fund's largest sector weighting at 24.73% is in the information technology sector, a clear beneficiary, but several of our other investments in the defence, media and retail sectors are also gaining from this trend.

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.

She 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 she 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.

She 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 August 2020.



Awarded August 2020.

Portfolio summary

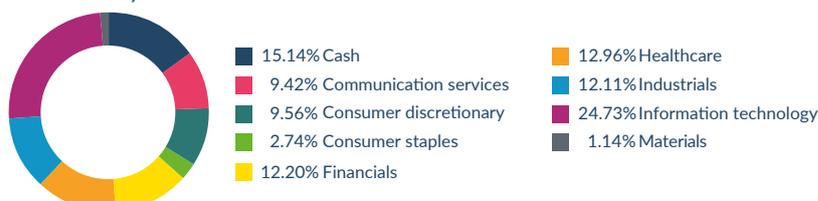
As at 31 August 2020

Top 5 holdings

	% of Fund
Kainos Group PLC	3.79%
Games Workshop Group PLC	3.68%
Impax Asset Management Group PLC	3.34%
James Fisher and Sons PLC	3.26%
Diploma PLC	3.26%

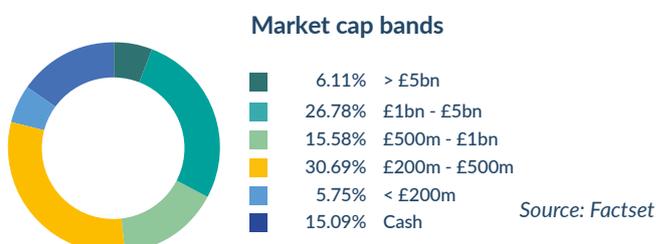
Source: Valu-Trac Investment Management Ltd.

Portfolio by sector



Source: Valu-Trac Investment Management

Portfolio by company size



Source: Factset

Key facts As at 31 August 2020

Structure

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

Launch date

17 March 2020

Fund Size

£6.80m (Accumulation and Income share classes combined)

Share price

Class A: 128.3174p (Acc.)

Class A: 131.2186p (Inc.)

No of holdings

29

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

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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/

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

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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