

# VT Downing Unique Opportunities Fund



## July 2020 Commentary

During July, the price of accumulation class shares in the VT Downing Unique Opportunities Fund rose from 114.7711 pence to a high since launch of 119.2758 pence. There were 16 risers and 12 fallers.

A notable feature in July was the continuing advance of digital businesses, as the measures taken by governments to suppress the Covid-19 pandemic have boosted online consumer spending and have also accelerated moves by both businesses and governments towards greater digitalisation. The largest positive contributor to returns was [Kainos](#), which delivers digital services to the UK Central Government to enable it to transact ever more extensively with its citizens online. [Kainos](#) announced that it expected revenues and profits to be well ahead of consensus forecasts and reinstated its dividend. Other strong performances in the technology sector came from [Softcat](#), which supplies IT equipment to business and the government, and [Aptitude Software](#) which designs software to reduce manual processes in company finance departments. Technology is the largest sector exposure in the fund. Other notable contributors were [Games Workshop](#), where a [dividend announcement](#) indicated a return to generating surplus cash flows, and [Impax Asset Management](#) which is seeing a useful step-up in monthly inflows.

Amongst detractors, only two declined by double digit percentages. [Advanced Medical Solutions](#) is seeing a delayed return to elective and non-urgent surgery (such as hip replacements and hernia repairs), which is the main market for its advanced wound dressings. This is unlikely to be a permanent state of affairs. [James Fisher](#) announced project deferrals in subsea services to the oil & gas and renewables sectors, and an intention to reduce costs in this division.

The fund has deployed some cash over and above inflows such that cash levels are now around 19%. With many countries starting to see a [second wave](#) of the pandemic, and the phasing out of the furlough scheme in the UK, we will continue to invest with circumspection.

*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-winning<sup>1</sup> Schroder 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 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%<sup>3</sup>, 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 July 2020.



Awarded August 2020.

# Portfolio summary

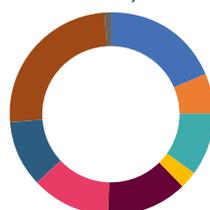
As at 31 July 2020

## Top 5 holdings

	% of Fund
Kainos Group PLC	4.38%
Games Workshop Group PLC	4.03%
Chemring Group PLC	3.56%
Aptitude Software Group PLC	3.54%
Impax Asset Management Group PLC	3.38%

Source: Valu-Trac Investment Management Ltd.

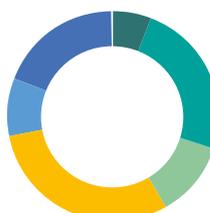
## Portfolio by sector



18.88% Cash	12.41% Healthcare
6.35% Communication services	10.68% Industrials
9.78% Consumer discretionary	25.23% Information technology
3.00% Consumer staples	1.03% Materials
12.64% Financials	

Source: Valu-Trac Investment Management

## Portfolio by company size



### Market cap bands

5.87%	> £5bn
24.14%	£1bn - £5bn
11.75%	£500m - £1bn
30.29%	£200m - £500m
9.04%	< £200m
18.92%	Cash

Source: Factset

## Key facts As at 31 July 2020

### Structure

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

### Launch date

17 March 2020

### Fund Size

£5.50m (Accumulation and Income share classes combined)

### Share price

Class A: 119.2758p (Acc.)

Class A: 121.9739p (Inc.)

### No of holdings

28

### 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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3 Lower Thames Street,  
London EC3R 6HD  
Tel: + 44 (0) 20 7416 7780

### 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.

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