

VT Downing Unique Opportunities Fund



May 2021 Commentary

In May, the price of accumulation class shares in the VT Downing Unique Opportunities Fund rose by 1.7% from 166.4738 pence to 169.3541 pence. There were 18 risers and 15 fallers. Six of the risers were into double digit percentages, but only two of the fallers. The UK stockmarket paused with continuing jitters about rising inflation and interest rates but good results and trading updates being generally reported by corporates.

The biggest positive contributor to the fund in May was 4Imprint, the provider of promotional materials to medium-sized corporates mainly in the US. 4Imprint announced a very encouraging trajectory in the recovery of demand, with order intake rising from 65% of 2019 levels in January and February to over 80% of 2019 levels in April and 85% in the latest three weeks. Games Workshop announced that revenues for the financial year ended May 2021 had risen by almost 30%, and pre-tax profits by at least two thirds from £89 million to at least £150 million. The profit increase was achieved after a much-increased staff bonus and despite a small reduction in the highly profitable royalty revenues from licensing out its IP, demonstrating a very strong underlying result.

Neither of the two largest detractors, Ergomed and Craneware, made any notable announcements in May, and both appear to have encountered profit-taking after strong share price advances during April. Many of the fund's information technology holdings came slightly off the boil, possibly a knee-jerk reaction to earlier profit-taking in the major US technology names.

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	1.73	13.55	22.84	17.87	44.66	69.35
IA UK All Companies TR Index	1.55	9.82	17.00	12.00	28.59	59.45
Quartile Ranking	2	1	1	1	1	1

	Discrete performance (%)	
	31/05/2020 -	31/05/2021
VT DUO A Acc	44.66	
IA UK All Companies TR Index	28.59	
Quartile Ranking	1	

*25 March 2020



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)**.

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's fund is 4 Diamond rated, defaqto 2021.



Rosemary was awarded the Citywire AAA rating in April 2021.



on our watchlist: FundCalibre.com
Awarded August 2020.

Portfolio summary

As at 31 May 2021

Top 10 holdings

	% of fund
Impax Asset Management Group plc	3.87
4imprint Group plc	3.79
Games Workshop Group plc	3.51
dotDigital Group plc	3.42
Strix Group plc	3.31
Elementis plc	3.30
Dunelm Group plc	3.28
Vitec Group plc	3.21
Chemring Group plc	3.20
EKF Diagnostics Holdings plc	3.15

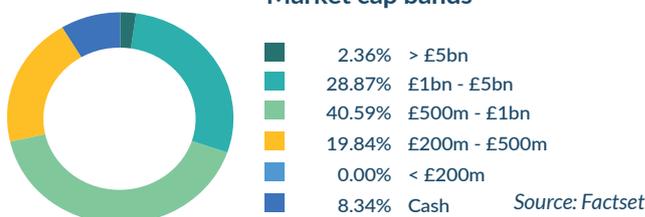
Source: Valu-Trac Investment Management Ltd.

Portfolio by sector



Source: Valu-Trac Investment Management

Portfolio by company size



Source: Factset

Key facts As at 31 May 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

£35.73m (Accumulation and Income share classes combined)

Share price

Class A: 169.3541p (Acc.)
Class A: 171.6290p (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

Sector

IA All Companies Sector

ISIN Codes:

Class A Accumulation: GB00BHNC2614
Class A Income: GB00BHNC2721

Contact details

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Orton, Moray
IV32 7QE
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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/ad-ministration-services/clients/downing/unique-opportunities/>

Also on the following platforms:

7IM
Aegon
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Allfunds
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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

www.downingunique.co.uk

We are currently working with other platforms so please let us know if

* 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%.

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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