

# VT Downing Unique Opportunities Fund



## November 2020 Commentary

In November, the price of accumulation class shares in the VT Downing Unique Opportunities Fund rose from 131.4459 pence to 137.8673 pence. There were 15 risers and 15 fallers.

News of promising results from Covid-19 vaccine trials led to a massive relief rally, particularly in the shares of companies hardest hit in [recent months](#). This is reminiscent of the recovery in the middle of 2009, after the Global Financial Crisis, which came to be known as the “dash for trash”, the parallel being that companies facing the greatest levels of uncertainty, or with the highest levels of indebtedness, rallied most [strongly](#). This fund attempts to avoid businesses with stretched finances and weak competitive positions.

The standout contribution in November came from speciality chemicals producer [Elementis](#), a holding only established in the previous few weeks. Elementis has received a bid approach in the form of an indicative cash offer from US group Minerals Technologies Inc. which has been revised upwards once already. This provides at the very least, a useful underpin as investors await recovery in many of Elementis’ end markets such as coatings, cosmetics and paper. Another significant contribution came from [Craneware](#), where the company is signalling a return to growth in its US hospital software market, particularly in the use of data analytics.

Amongst the detractors, only two declined by more than 10% in the month. [James Fisher](#) issued a trading statement highlighting delays to subsea and offshore projects in renewables and oil & gas due to continuing Covid-19 restrictions. EKF Diagnostics saw profit-taking after a series of upgrades related to its Primestore MTM sample collection business, which has been a particular beneficiary of the pandemic. However, [EKF](#) has many strings to its bow, including a recent exclusive distribution agreement for a Covid-19 antibody test in Europe, and the optionality afforded by high cash levels.

*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 November 2020.



on our watchlist: FundCalibre.com

Awarded August 2020.

# Portfolio summary

As at 30 November 2020

## Top 10 holdings

	% of fund
Elementis Plc	4.39
Craneware Plc	4.35
EKF Diagnostics Holdings Plc	3.80
Kainos Group Plc	3.65
Games Workshop Group Plc	3.62
Impax Asset Management Group Plc	3.40
Chemring Group Plc	3.34
Softcat Plc	3.34
A.G.Barr Plc	3.31
4imprint Group Plc	3.20

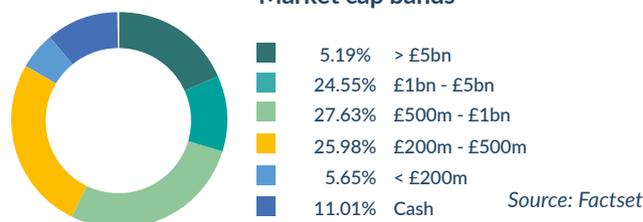
Source: Valu-Trac Investment Management Ltd.

## Portfolio by sector



Source: Valu-Trac Investment Management

## Portfolio by company size



Source: Factset

## Key facts As at 30 November 2020

### Structure

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

### Launch date

17 March 2020

### Fund Size

£16.92m (Accumulation and Income share classes combined)

### Share price

Class A: 137.8673 (Acc.)

Class A: 140.9806 (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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### 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: <https://www.valu-trac.com/ad-ministration-services/clients/downing/unique-opportunities/>

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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