

VT Downing Unique Opportunities Fund



July 2021 Commentary

In July, the price of accumulation class shares in the VT Downing Unique Opportunities Fund rose by 2.6% from 170.63 pence to 175.07 pence. There were 22 risers, eight fallers and two unchanged. Five of the risers were into double digit percentages, but none of the fallers. The UK stockmarket ended the month slightly ahead, with support from generally positive trading statements and an ongoing high level of private equity bids, which serve to highlight the attractiveness of the market.

The biggest positive contributor to the fund in July was Kainos, the provider of digitalisation services to the UK government, and implementation services and testing products for Workday software. Kainos made no trading statement in July, but it was encouraging that the manager in charge of the company's Workday business exercised share options and retained them all. Other positive newsflow came from Mortgage Advice Bureau, which announced significant new areas of lead generation from a leading price comparison website, a Lifetime Independent Savings Account (LISA) provider, and a telephone advice service, all of which will help results in 2022 and beyond to exceed the board's expectations. A third double-digit riser, AG Barr, announced positive trading helped by restocking in the hospitality sector and brand innovation.

There were no major detractors, but Elementis reported some supply chain constraints and cost inflation, albeit that much of its output is fortunately vertically integrated from raw material sources within its ownership. There was modest profit-taking in consumer-facing companies such as Dunelm and MJ Gleeson as Covid-19 infections rose once more. A broker note cautioning about the peaking of the semi-conductor cycle and margin pressures at XP Power afforded an opportunity to add to our holding. Interim results published very early in August allay these concerns.

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	2.60	5.16	19.01	21.85	46.78	75.07
IA UK All Companies TR Index	1.34	2.72	14.25	13.28	32.33	51.17
Quartile Ranking	1	1	1	1	1	1

*25 March 2020

	Discrete performance (%)	
	31/07/2020 -	31/07/2021
VT DUO A Acc	46.78	
IA UK All Companies TR Index	32.33	
Quartile Ranking	1	

Please note that past performance is not a reliable indicator of future performance.



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)**.

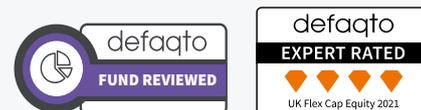
1 Investment Week - Best UK Growth Trust 2013 & 2014. Outstanding Industry Contribution Award 2015 - 1st May 2003 - 31st March 2016. (Lead manager)

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



Awarded 30 June 2020.



Rosemary's fund is 4 Diamond rated, defaqto 2021.



Awarded July 2021.



Awarded August 2020.

Portfolio summary

As at 31 July 2021

Top 10 holdings

	% of fund
Impax Asset Management Group plc	3.54
Kainos Group plc	3.45
4imprint Group plc	3.28
Games Workshop Group plc	3.25
Chemring Group plc	3.25
Aptitude Software Group plc	3.21
Elementis plc	3.20
dotDigital Group plc	3.17
Strix Group plc	3.13
Tatton Asset Management Ltd.	3.11

Source: Valu-Trac Investment Management Ltd.

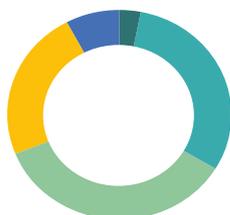
Portfolio by sector



7.67%	Cash	16.12%	Healthcare
9.07%	Communication services	14.53%	Industrials
11.81%	Consumer discretionary	21.03%	Information technology
2.91%	Consumer staples	5.70%	Materials
11.16%	Financials		

Source: Valu-Trac Investment Management

Portfolio by company size



Market cap bands

3.08%	> £5bn
30.69%	£1bn - £5bn
35.25%	£500m - £1bn
23.25%	£200m - £500m
0.10%	< £200m
7.63%	Cash

Source: Factset

Key facts As at 31 July 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

£42.16m (Accumulation and Income share classes combined)

Share price

Class A: 175.0686p (Acc.)
Class A: 176.4925p (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

www.downingunique.co.uk

* **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%.

Sector

IA All Companies Sector

ISIN Codes:

Class A Accumulation: GB00BHNC2614
Class A Income: GB00BHNC2721

Contact details

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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
AJ Bell
Allfunds
Aviva
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

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

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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DUO0037 Aug (Jul) 2021