



VT Downing Unique Opportunities Fund

Fund launched in
**March
2020**

Rosemary Banyard,
Fund Manager

Rosemary Banyard joined Downing Fund Managers in March 2020 to manage the VT Downing Unique Opportunities Fund.

In constructing the fund, Rosemary aims to bring together every bit of experience, knowledge and insight she has gained in her 26 years of researching and investing in UK small and mid-cap companies.

Most well-known for running both Schroder UK Smaller Companies and Schroder Mid Cap funds alongside Andy Brough for almost 20 years she joined Sanford DeLand in 2016 to launch and manage the Free Spirit Fund.

This profile looks at how Rosemary's investment approach has evolved, what she's searching for in an investment, and how she tries to take advantage of 'unique opportunities'.

The fund aims to hold 25-40 investments

Focus on companies with a sustainable competitive advantage

An evolved process

The VT Downing Unique Opportunities Fund invests in UK companies with market capitalisations between approximately £150 million and £10 billion at the time Rosemary initially buys the shares. This means she holds no micro-caps or mega-caps.

“Downing is a great fit for me because the company has extensive experience in both micro-cap and income investing, and my target range of businesses essentially starts where the micro-cap team leaves off in terms of scale,” she says.

“I believe I have honed my investment philosophy and process over many years and this fund is the culmination of that evolution. For example, my portfolio has become more concentrated and this fund aims to invest in between 25 to 40 stocks. I have also found myself increasingly drawn to companies with more predictable and consistent growth rates because they can be valued more easily.”

Unique opportunities

What exactly is a ‘unique opportunity’? For Rosemary it’s a company that has an above average return on equity.

“If a company is earning a superior return on equity, it usually means it has got something special to it,” she says.

“To use the ‘economic moat’ term that Warren Buffet coined back in 1986, I look for companies with one or more barriers around them, defences that are difficult to breach and that protect them against competition.”

“Once I have found a company with a strong and sustainable competitive advantage, I then try to invest in it either at, or below, its intrinsic value.”

In the UK there are not many companies with these qualities whose shares are good value. Rosemary’s mission is to find those ‘unique opportunities’ that are.

Freedom from benchmarks

As a bottom-up stock picker, Rosemary doesn’t refer to benchmarks when she is looking to buy businesses or put together a portfolio. This unconstrained approach reflects the fund’s goal of delivering long-term returns ahead of its rivals, rather than following the herd.

“It’s a deliberately focused portfolio,” she says. “Theoretically, I can invest across the board, but in practice I have an aversion to certain sectors, partly because of predictability reasons.”

“For example, I tend not to invest in oil and gas because profitability is entirely dependent

Key Themes:
Small/mid-cap
focus
Unconstrained
portfolio
High conviction
investment strategy

on the price of the mineral, which is something I don't feel I can forecast. For me, investing is about focusing first on the fundamentals of the business and how it makes money, then trying to find the opportunity to invest at the right price."

This leads Rosemary to adopt a long-term approach to investing. Across her latest funds to date, the annual stock turnover has been approximately 15% p.a., with an average holding period of five to six years.

The outcome of the evolution of Rosemary's process is the VT Downing Unique Opportunities Fund: an independently constructed, high conviction fund whose objective is long-term capital and income growth for investors.

For more information about the VT Downing Unique Opportunities Fund:

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“It is about focusing on the business first and how it makes money, then trying to find the opportunity to invest at the right price to drive maximum value for investors.”



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