

VT Downing Unique Opportunities Fund



September 2021 Commentary

In September, the price of accumulation class shares in the VT Downing Unique Opportunities Fund fell by 2.6% from 184.65 pence to 179.85 pence. This compares with a peer group (IA UK All Companies TR Index) decline of 1.8%. This is only the second time in the fund's 18 month life that there has been an absolute decline in the unit price. There were net cash inflows of £8.37 million into the fund during September, and net purchases of investments totalling £5.9 million. Thus cash balances drifted upwards from 9.7% to 12.4%.

On the positive side, Alfa Financial Software appreciated by 24% as interim results revealed two new customer wins for its leasing software, one in the new and significant area of wholesale car finance (where an automotive manufacturer provides finance to a dealer ahead of a new car sale). Alfa is moving towards a more diverse customer base and higher subscription revenues, which aid predictability, and has announced a second special dividend too. Advanced Medical Solutions appreciated by 15% as its interim results showed a recovery in demand for woundcare and wound closures, as routine elective surgery recovered towards pre-pandemic levels.

There were five companies exhibiting double digit declines in share prices. Mortgage Advice Bureau (-17.4%) produced interim results which delivered a greater than 50% increase in revenues and profits compared with two years previously, and recent developments in early lead generation should put the company in a position to accelerate its pace of growth: the shares have quickly recovered their lost ground. James Fisher (-14.2%) is still not firing on several cylinders and the market was disappointed that ship-to-ship fuel transfers remain subdued along with diving services. The recent hike in oil and gas prices could unlock some orders for them and deleveraging will continue. Games Workshop (-12.6%) in a quarterly update confirmed trading was in line with expectations but alluded to pressure from freight costs and exchange rates. A 25p distribution compared with 50p a year earlier could indicate more short-term caution and less surplus capital. Other declines at YouGov and Dotdigital were not obviously related to specific announcements, and probably just reflect the generalised profit-taking we have seen in high performing growth businesses after a strong run.

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	5.40	15.39	25.18	40.21	79.85
IA UK All Companies TR Index	-1.80	2.70	8.47	14.80	32.38	53.20
Quartile Ranking	3	1	1	1	1	1

*25 March 2020

	Discrete performance (%)
	30/09/2020 - 30/09/2021
VT DUO A Acc	40.21
IA UK All Companies TR Index	32.38
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.



As at August 2021.



Awarded August 2020.

Portfolio summary

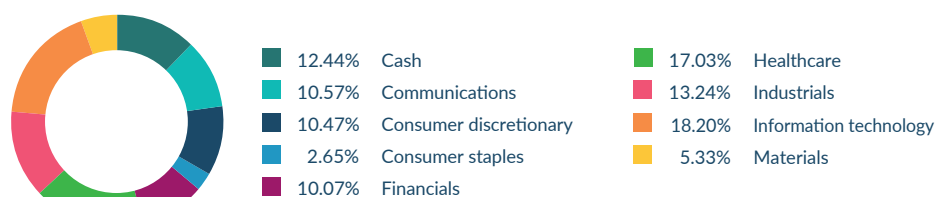
As at 30 September 2021

Top 10 holdings

	% of fund
EKF Diagnostics Holdings PLC	3.34
Dunelm Group PLC	3.22
Chemring Group PLC	3.19
EMIS Group PLC	3.14
Tatton Asset Management Ltd.	3.14
Aptitude Software Group PLC	3.10
Impax Asset Management Group PLC	3.03
Alfa Financial Software Holdings PLC	3.03
Rightmove PLC	2.92
Advanced Medical Solutions Group PLC	2.91

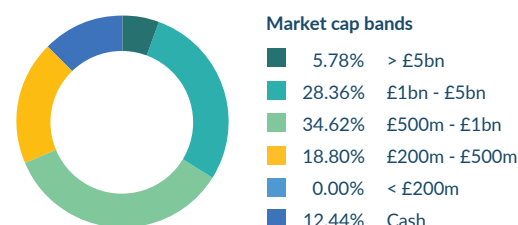
Source: Valu-Trac Investment Management Ltd.

Portfolio by sector



Source: Valu-Trac Investment Management

Portfolio by company size



Source: Factset

Key facts As at 30 September 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

£55.54m (Accumulation and Income share classes combined)

Share price

Class A: 179.8516p (Acc.)
Class A: 181.3483p (Inc.)

No of holdings

34

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

Downing LLP, St Magnus House,
3 Lower Thames Street,
London EC3R 6HD
Tel: + 44 (0) 20 7416 7780
Email: customer@downing.co.uk

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*
0.93% p.a.

How to apply:

Telephone: +44 (0) 1343 880 217 or visit:
<https://www.valu-trac.com/administration-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.

This document is intended for retail investors and their advisers and has been approved and issued as a financial promotion under the Financial Services and Markets Act 2000 by Downing LLP ("Downing"). This document is for information only and does not form part of a direct offer or invitation to purchase, subscribe for or dispose of securities and no reliance should be placed on it. Downing does not offer investment or tax advice or make recommendations regarding investments. Downing is authorised and regulated by the Financial Conduct Authority (Firm Reference No. 545025). Registered in England No. OC341575. Registered Office: St Magnus House, 3 Lower Thames Street, London EC3R 6HD.

DUO0040_Oct (Sep) 2021