

# VT Downing Unique Opportunities Fund



## March 2021 Commentary

The VT Downing Unique Opportunities Fund has just passed its first birthday! The accumulation class of shares, which went live on 25 March 2020, reached 155.8640 pence on 31 March 2021, a heady rise of 55.9% since launch. A year is too short a period over which to assess the performance of an equity fund. This should really be judged over at least an entire business or economic cycle. What can be said of the first year is that providentially the fund launched close to the market low after the Covid-19 sell-off. Furthermore, the strong advance over the past year was diluted by cash balances which averaged over 20% throughout the year. This demonstrates three things: the fund manager is very cautious, she cannot (and does not claim to) forecast market movements, and she has shown good stock selection in this very short initial period.

In the year to 31 March 2021, there were particularly strong performances from the fund's technology investments. Most notable among many were Kainos, which has enjoyed strong demand for its digitisation services from the NHS and for its Workday software and services expertise from commercial clients; Aptitude Software, which has seen improving annual recurring revenues for its accounting and insurance software; and Alfa Financial Software, which has upgraded earnings expectations several times as it has won many new orders for its leasing software. Elsewhere, major contributions came from Impax Asset Management as it continued to win new mandates in sustainable investing, and from Elementis which saw off a bid approach from a US competitor which highlighted the value in the shares.

Only one investment, Avon Rubber, ended March 2021 with a valuation below our acquisition cost, and that only marginally, reflecting some disappointment with the delay in product approvals for orders for body armour from the US Defense Logistics Agency.

*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	4.51	8.49	21.51	8.49	52.12	55.86
IA UK All Companies TR Index	3.83	5.89	22.10	5.89	38.06	41.23
Quartile Ranking	2	1	2	1	1	1

\*25 March 2020

Discrete performance (%)	
	31/03/2020-31/03/2021
VT DUO A Acc	52.12
IA UK All Companies TR Index	38.06
Quartile Ranking	1



**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 AA rating in March 2021.



Awarded August 2020.

# Portfolio summary

As at 31 March 2021

## Top 10 holdings

	% of fund
Kainos Group plc	3.79
EKF Diagnostics Holdings plc	3.66
Aptitude Software Group plc	3.65
Vitec Group plc	3.51
Impax Asset Management Group plc	3.49
Tatton Asset Management Ltd	3.40
Dunelm Group plc	3.35
Tristel plc	3.29
Games Workshop Group plc	3.27
Craneware plc	3.27

Source: Valu-Trac Investment Management Ltd.

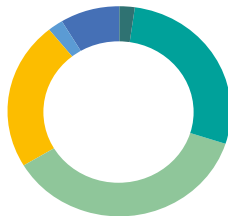
## Portfolio by sector



8.49% Cash	16.30% Healthcare
8.31% Communication services	10.80% Industrials
13.32% Consumer discretionary	21.56% Information technology
3.21% Consumer staples	6.00% Materials
12.01% Financials	

Source: Valu-Trac Investment Management

## Portfolio by company size



### Market cap bands

2.64% > £5bn
27.83% £1bn - £5bn
36.06% £500m - £1bn
22.72% £200m - £500m
2.26% < £200m
8.49% Cash

Source: Factset

## Key facts As at 31 March 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

£27.37m (Accumulation and Income share classes combined)

### Share price

Class A: 155.8640p (Acc.)

Class A: 157.9521p (Inc.)

### No of holdings

30

### 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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IV32 7QE

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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-](https://www.valu-trac.com/ad-ministration-services/clients/downing/unique-opportunities/)

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Canada Life International

Hargreaves Lansdown

Hubwise

Interactive Investor

James Brearley

Nucleus

Old Mutual

Transact

Zurich

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

[www.downingunique.co.uk](http://www.downingunique.co.uk)

\* 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%.

**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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