VT Downing Unique Opportunities Fund

June 2021 Commentary

In June, the price of accumulation class shares in the VT Downing Unique Opportunities Fund rose by 0.8% from 169.35 pence to 170.63 pence. There were 18 risers and 14 fallers. Two of the risers were into double digit percentages, but none of the fallers. The UK stockmarket ended the month broadly flat, but with some gyrations as investors continued to fret about inflation and the spread of the Covid-Delta variant. Initial public offerings continued apace, a notable feature of 2021, but the VT Downng Unique Opportunities Fund has not participated in any.

The biggest positive contributor to the fund in June was Auto Trader, the dominant UK platform aiding car retailers to promote their used and new products to consumers. Auto Trader has weathered the pandemic and has recently launched a part-exchange enabler, soon to be followed by a financing application, putting more of the car-buying journey online. Dividends have recommenced, shortly to be followed by share buybacks. Tatton Asset Management reported final results showing a 35% increase in discretionary assets under management, a 12% increase in the number of IFA firms that use its discretionary and multi-manager services, and continuing growth in its mortgage adviser platform. The business is proving highly scaleable and this powered a 17% increase in the final dividend. Another strong performer was XP Power, supplier of power converters for mission critical equipment, albeit on no new information.

The largest detractor was Craneware, which announced a placing to part-finance the significant acquisition of Sentry Data Systems, a private US company providing software to simplify pharmacy procurement, utilisation and regulatory compliance. Sentry brings 147 million unique longitudinal patient records collected over 17 years, as well as access to about 400 US hospitals not currently served by Craneware. This should expand the take-up of Craneware's own software modules, and provide an even more extensive and valuable database to assist healthcare providers with enhanced healthcare outcomes at lower cost. The deal is of course "earnings accretive" not least because Craneware is moving from net cash to indebtedness, but the stability and predictability of cash flows in both businesses should see debt paid down pretty quickly. Reassuringly, Craneware founder Keith Neilson still retains a large percentage of the equity.

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	0.75	9.47	18.76	18.76	48.67	70.63
IA UK All Companies TR Index	-0.18	5.64	11.80	11.80	27.69	48.60
Quartile Ranking	1	1	1	1	1	1

*25 March 2020

Discrete performance (%)	
	30/06/2020 - 30/06/2021
VT DUO A Acc	48.67
IA UK All Companies TR Index	27.69
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[1] 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).**

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

defaqto FUND REVIEWED

defaqto EXPERT RATED UK Flex Cap Equity 2021

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

CITYWIRE AAA

Rosemary was awarded the Citywire AAA rating in June 2021.

ELITE RADAR™ on our watchlist: FundCalibre.com

Awarded August 2020.

Portfolio summary

As at 30 June 2021

Top 10 holdings

	% of fund
Impax Asset Management Group plc	3.62
Games Workshop Group plc	3.30
Kainos Group plc	3.28
4imprint Group plc	3.28
Dunelm Group plc	3.28
dotDigital Group plc	3.26
Strix Group plc	3.25
Elementis plc	3.16
Chemring Group plc	3.15
MJ Gleeson plc	3.11

Source: Valu-Trac Investment Management Ltd.

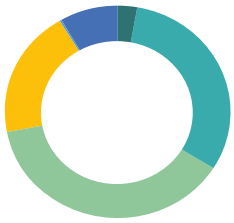
Portfolio by sector



- 8.25% Cash
- 8.79% Communication services
- 12.79% Consumer discretionary
- 2.83% Consumer staples
- 11.20% Financials
- 16.29% Healthcare
- 14.04% Industrials
- 20.02% Information technology
- 5.79% Materials

Source: Valu-Trac Investment Management

Portfolio by company size



Market cap bands

- 2.78% > £5bn
- 31.13% £1bn - £5bn
- 38.21% £500m - £1bn
- 19.52% £200m - £500m
- 0.11% < £200m
- 8.25% Cash

Source: Factset

Key facts As at 30 June 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
£38.74m (Accumulation and Income share classes combined)

Share price
Class A: 170.6292p (Acc.)
Class A: 172.0171p (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

Sector
IA All Companies Sector

ISIN Codes:
Class A Accumulation: GB00BHNC2614
Class A Income: GB00BHNC2721

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Fund charges
Initial charge: 0%

Annual management charge: 0.75% p.a.

Ongoing charges*
0.93% p.a.

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%.

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:

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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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