

VT Downing Unique Opportunities Fund

September 2024 commentary

September was a tough month for the fund. In our view, this was due to investor behaviour ahead of the upcoming UK Budget on 30 October, rather than to the fundamentals of our underlying investments. Firstly, the facts: The price of the accumulation units fell by 3.35% to 161.98p, compared with a 1.29% decline in the FTSE All-Share Index. There were 11 risers and 20 fallers, with only one riser but six fallers by over 10% in the month. Of those six fallers, five are listed on AIM. The only subsector in the fund which rose in price was Consumer Durables, presumably reflecting hopes of a revival in the housing market.

Secondly, the interpretation: In our opinion, ahead of the new Labour government's first budget, the UK market is seeing selling (of companies and funds) ahead of expected increases in the Capital Gains Tax rate, and specifically seeing selling of companies listed on the Alternative Investment Market (AIM) due to fears of changes to the IHT regime. (More than 25% of the fund is invested in AIM listed companies). An example of the former might be the disposal of 4.9% of Dunelm (-6.96%) by the founding Adderley family, leaving the family stake at 37.6%. As to AIM, one of our largest holdings, disinfection specialist Tristel (-16.75%), announced that it had filed for US Food and Drug Administration (FDA) permission for use of its chlorine dioxide disinfection device on ophthalmology equipment, hoping for clearance by the end of the year. Ordinarily this would be considered good news! Mortgage Advice Bureau (-21.84%) reported interim results which showed a 40% year-on-year profit recovery, further market share growth, and adviser numbers returning to growth over the summer. The shares have fallen to the point where they are now trading on a 9% free cash flow yield, and this has attracted directors to purchase shares in the past week.

Rightmove (+10.97%) attracted a series of "proposals" by REA Group of Australia to take over this excellent UK business for a mix of Australian paper and cash. We were glad to see the board of Rightmove reject this unattractive approach. Rightmove was featured recently in a brokers note as being one of the few UK listed companies to achieve 14 years of unbroken earnings per share growth of >10% per annum.

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 Banyard 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 (five+ 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	3y	Since Launch*
VT DUO A Acc	-3.35	-0.35	3.51	7.64	18.36	-9.93	61.98
IA UK All Companies TR Index	-1.33	2.32	6.24	9.31	14.19	9.02	67.02
Quartile ranking	4	4	4	4	1	4	3
Position	215/227	214/227	212/228	175/228	35/227	191/221	134/213

*25 March 2020

Discrete performance (%)				
	30/09/2023 - 30/09/2024	30/09/2022 - 30/09/2023	30/09/2021 - 30/09/2022	30/09/2020 - 30/09/2021
VT DUO A Acc	18.36	5.02	-27.54	40.21
IA UK All Companies TR Index	14.19	12.77	-15.33	32.38
Quartile ranking	1	4	4	1
Position	35/227	202/225	190/221	41/216

Please note that past performance is not a reliable indicator of future performance.
Source for performance, FE Analytics



Rosemary Banyard
Fund Manager

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 awardwinning¹ 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



As at July 2024



Awarded August 2020

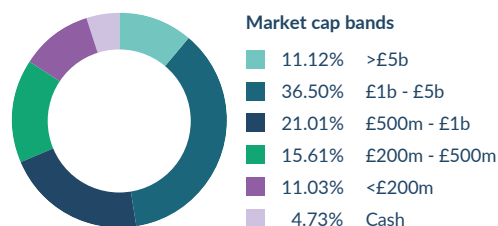
Portfolio summary

As at 30 September 2024

Portfolio by sector



Portfolio by company size



Distribution:

Period end	Ex Dividend	Date Payment	A Acc (GBp)	A Inc (GBp)
Jun-21	30/06/2021	31/08/2021	0.8922	0.9041
Dec-21	31/12/2021	28/02/2022	1.5653	1.5782
Jun-22	30/06/2022	31/08/2022	1.9295	1.9287
Dec-22	30/12/2022	28/02/2023	1.4374	1.4162
Jun-23	30/06/2023	31/08/2023	2.4066	2.3478
Dec-23	31/12/2023	29/02/2024	1.8575	1.7814
Jun-24	30/06/2024	31/08/2024	2.3148	2.1926

Distributions are subject to change and should not be utilised as a basis for an investment decision.

Source: Valu-Trac Investment Management Ltd

Top 10 portfolio holdings	%
Diploma Plc	4.66
Bloomsbury Publishing Plc	4.39
Alfa Financial Software Holdings Plc	4.19
Elementis Plc	4.19
Auto Trader Group Plc	4.17
Tatton Asset Management Ltd.	3.99
Games Workshop Group Plc	3.97
Softcat Plc	3.73
Tristel Plc	3.63
4imprint Group Plc	3.41

Source: Valu-Trac Investment Management Ltd.

Key facts (As at 30 September 2024)

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:

£40.49m (Accumulation and Income share classes combined)

Share price:

Class A: 161.9839p (Acc.)
Class A: 151.2434p (Inc.)

No of holdings:

31

Minimum initial investment:

Class A lump sum: £1,000

Dividends:

Semi-annual

Liquidity:

Daily pricing and daily dealing

ISA eligible:

Yes

Sector:

IA UK All Companies Sector

ISIN codes:

Class A Accumulation:
GB00BHNC2614

Class A Income: GB00BHNC2721

Fund charges:

Initial charge: 0%
Annual management charge:
0.75% p.a.
Ongoing charges* 1.00% p.a.

Contact details:

Downing LLP,
3rd Floor,
10 Lower Thames Street
London, EC3R 6EN
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

How to apply

Telephone: +44 (0) 1343 880217
or visit: <https://www.valu-trac.com/administration-services/clients/downing/unique-opportunities/>

Also on the following platforms:

- 7IM
- Aegon ARC
- Aegon Institutional
- Aegon Platform
- AJ Bell (Investcentre)
- AJ Bell (Youinvest)
- Aviva
- Canada Life
- Embark Advance
- Embark Platform
- Hargreaves Lansdown
- Hubwise
- Interactive Investor
- J Brearley
- James Hay
- M&G Wealth (Ascentric)
- Nucleus
- Praemium
- Quilter

- Raymond James
- Standard Life - Elevate
- Standard Life - Wrap
- Transact
- Utmost

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

For more information about this fund please visit:
downingunique.co.uk

* **Please note:** The ongoing charges figure is based on expenses and the net asset value as at 16 February 2024. 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%.

Risk warning: Your capital is at risk. The value of your investment is not guaranteed and may go down as well as up and you may not get back the amount invested. Any subscription to the fund should be made on the basis of the relevant product literature available from Downing, or from the ACD, Valu-Trac Investment Management Limited and your attention is drawn to the charges and risk factors contained therein.

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