

VT Downing Unique Opportunities Fund



July 2023 Commentary

The price of the Accumulation units nudged ahead by 0.3% in July, up from 141.81p to 142.25p. There were 21 risers and 12 fallers. Most companies that reported updates on the first half of their financial year were trading in line with previous expectations, in some cases leading to relief rallies. However, the fund was held back by the withdrawal of the private equity bid for Alfa Financial Software (-20%), presumably because rising interest rates have impacted the financing cost calculations; and by the unexpected departures of the CEO of Aptitude Software (-15.9%), and the finance director of EKF Diagnostics (-15.1%). At Aptitude, there is a rising level of churn in the subscription management software business near term, although it remains an area with significant long-term growth potential as the subscription economy continues to expand into new sectors. At EKF the installation of greenfield fermentation capacity remains on track and the core diagnostics business continues to trade well.

Among many reassuring trading updates, the best received were those where the market had been fearful. DotDigital (+10%), a supplier of marketing automation software, reported a return to growth in the US and an 11% rise in average revenue per customer. Ergomed (+11.4%), which provides clinical trial services and post-launch safety monitoring to the pharmaceutical industry, announced a 7% growth in constant currency revenues for the first half of 2023 and an 11% increase in its order book. Housebuilder MJ Gleeson (+12%) reported that average selling prices for its low-cost homes rose 11% to £186,200 in the year ended June 2023, and reservations were steady, albeit helped by the agreement to sell 288 homes to a housing investment manager, representing over 16% of annual output. Auto Trader, Rightmove, and Spirent continue to carry out share buy-backs, to which list we now add Chemring.

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 (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	0.31	-0.97	-3.94	-2.34	-3.06	42.25
IA UK All Companies TR Index	2.53	-0.74	-0.03	4.46	2.96	48.64
Quartile Ranking	4	3	4	4	4	3

*25 March 2020

	Discrete performance (%)		
	31/07/2022 - 31/07/2023	31/07/2021 - 31/07/2022	31/07/2020 - 31/07/2021
VT DUO A Acc	-3.06	-16.18	46.78
IA UK All Companies TR Index	2.96	-4.48	32.29
Quartile Ranking	4	4	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



Awarded 1 February 2023



As at 30 June 2023



Portfolio summary

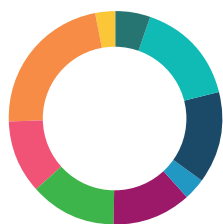
As at 31 July 2023

Top 10 holdings

	% of fund
Games Workshop Group Plc	4.96
Diploma Plc	4.44
4imprint Group Plc	4.16
Dunelm Group Plc	3.86
Tristel Plc	3.80
Auto Trader Group Plc	3.77
Softcat Plc	3.64
AJ Bell Plc	3.47
Chemring Group Plc	3.43
A.G.Barr Plc	3.32

Source: Valu-Trac Investment Management Ltd.

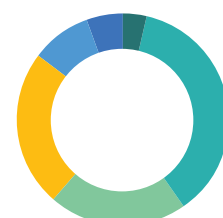
Portfolio by sector



5.37%	Cash	13.24%	Healthcare
15.92%	Communications	10.97%	Industrials
13.92%	Consumer discretionary	22.53%	Information technology
3.32%	Consumer staples	2.92%	Materials
11.81%	Financials		

Source: Valu-Trac Investment Management

Portfolio by company size



3.77%	>£5b
36.76%	£1b - £5b
20.90%	£500m - £1b
23.95%	£200m - £500m
9.25%	<£200m
5.37%	Cash

Source: Factset

Key facts As at 31 July 2023

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

£47.09m (Accumulation and Income share classes combined)

Share price

Class A: 142.2524p (Acc.)
Class A: 136.4213p (Inc.)

No of holdings

32

Minimum initial investment

Class A lump sum: £1,000

Dividends

Semi-annual

Liquidity

Daily pricing and daily dealing

ISA Eligible: Yes

www.downingunique.co.uk

Sector

IA UK All Companies Sector

ISIN Codes:

Class A Accumulation: GB00BHNC2614
Class A Income: GB00BHNC2721

Contact details

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Fund charges

Initial charge: 0%
Annual management charge:
0.75% p.a.
Ongoing charges*
0.88% p.a.

* Please note: * The ongoing charges figure is based on expenses and the net asset value as at 30 December 2022. 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%.

Distributions

Period end	Ex Dividend	Payment Date	A Acc (GBp)	A Inc (GBp)
Dec-20	31/12/2020	26/02/2021	1.2835	1.3126
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	31/12/2022	28/02/2023	1.4374	1.4162
Jun-23*	30/06/2023	31/08/2023	2.4066	2.3478

* Estimated

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

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

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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