

VT Downing Unique Opportunities Fund



January 2023 Commentary

In January, the price of Accumulation units in the VT Downing Unique Opportunities Fund rose by 1.7% to 148.09p, but lagged behind a strong New Year rally. In the context of widespread gloom around the UK economy and smaller companies in particular, most January trading updates were not as bad as feared. There were 20 risers and 12 fallers.

The strongest performances came from consumer-facing businesses. Dunelm (+16.7%) reported an impressive 18% growth in second quarter sales, of which only 4% was attributable to the timing of their winter sale. Online revenues were particularly strong, and likely benefitted from capacity withdrawals elsewhere. Housebuilder MJ Gleeson (+18.8%) unsurprisingly reported a decline in winter reservations in the face of sharply higher mortgage rates and lower availability of finance, but highlighted that its core customer base would enjoy a 9.7% increase in the National Living Wage in April 2023, giving grounds for optimism on affordability. Strix (+17.9%), the world leader in the manufacture of kettle controls, commented that the disruption arising from lockdowns in China was abating and announced a restructuring programme and focus on inventory reduction to reduce debt levels. Auto Trader (+20.3%) and Rightmove (+12.8%) also performed strongly.

The chief detractors in January were Tristel (-16.7%) and EKF Diagnostics (-13.3%), both in the healthcare sector, neither newsworthy, and both reversing strong performances of prior months. Spirent (-15.6%) was the only real disappointment, failing to deliver an anticipated upgrade for 2022 and highlighting some delays in customer decision-making in 5G testing, albeit the order book currently remains strong.

The fund's cash levels remain around 5%, which is for us a relatively optimistic stance, since we observe widespread pessimism towards the UK economy, and to small and mid-caps as an asset class. We expect the strong businesses in which we invest to get stronger in a recessionary environment.

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	1.66	9.99	0.91	1.66	-7.97	48.09
IA UK All Companies TR Index	4.50	11.15	3.01	4.50	-1.36	48.70
Quartile Ranking	4	3	3	4	4	3

*25 March 2020

	Discrete performance (%)	
	31/01/2022 - 31/01/2023	31/01/2021 - 31/01/2022
VT DUO A Acc	-7.97	9.39
IA UK All Companies TR Index	-1.36	13.93
Quartile Ranking	4	4

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 date 1 October 2022



As at January 2023



Portfolio summary

As at 31 January 2023

Top 10 holdings

	% of fund
4imprint Group Plc	4.58
Dunelm Group Plc	4.08
Elementis Plc	3.66
Impax Asset Management Group Plc	3.64
A.G.Barr Plc	3.60
Kainos Group Plc	3.55
Diploma Plc	3.54
Games Workshop Group Plc	3.52
EKF Diagnostics Holdings Plc	3.50
Auto Trader Group Plc	3.43

Source: Valu-Trac Investment Management Ltd.

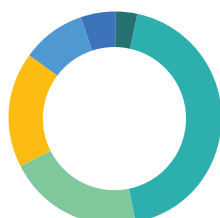
Portfolio by sector



5.14%	Cash	14.10%	Healthcare
14.03%	Communications	9.79%	Industrials
12.85%	Consumer discretionary	22.77%	Information technology
3.60%	Consumer staples	5.92%	Materials
11.80%	Financials		

Source: Valu-Trac Investment Management

Portfolio by company size



Market cap bands	Percentage
>£5b	3.43%
£1b - £5b	43.61%
£500m - £1b	20.60%
£200m - £500m	17.52%
<£200m	9.69%
Cash	5.14%

Source: Factset

Key facts As at 31 January 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

£49.69m (Accumulation and Income share classes combined)

Share price

Class A: 148.0901p (Acc.)
Class A: 144.4717p (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*
0.89% p.a.

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

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.

* Please note: The ongoing charges figure is based on expenses and the net asset value as at 24 June 2022. This figure may vary from year to year. It excludes portfolio transaction costs. The Fund's 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. 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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