

# VT Downing Global Investors Fund



## November 2020 Commentary

The price of the F share class accumulation shares in the VT Downing Global Investors Fund went from 130.6932 pence to 144.0601 pence during the month.

Now markets are looking beyond Covid-19, it is worth having a look at their possible trajectory. On a 'purchasing power parity (PPP)' basis (broadly the ability of the consumer to buy a basket of goods on an adjusted 'international dollar' basis - allowing for local costs), China is the numero uno at \$27.31 trillion versus \$21.44 trillion for the USA. This is not on a straight value of gross domestic product (GDP) expressed in dollars basis, but China is catching up fast. US GDP is likely to be \$20.49 trillion this year compared to \$13.4 trillion for China. The gap between 'PPP' value and 'GDP' value implies a mispricing in the currencies involved, or unsustainably low local costs where PPP is higher than GDP. So, in English, there is a gap that is probably going to close.

Given the size of these two economies alone, that suggests the global economy as a single whole is going to get a lot bigger. By 2023, US GDP is likely to reach around \$24.9 trillion. China is expected to reach \$19.5 trillion (just below where US is today). India should have progressed from \$2.7 trillion to \$4.3 trillion. In 2000, the US economy was four times the size of the BRIC economies (Brazil, Russia, India and China). By 2023, they are expected to be 10% bigger than the US economy. Russia and Brazil are not up to much in our view...which means China and India are motoring. These are very big numbers changing in very short periods compared to anything we have been used to.

So the big driver of the global economy, consumption, is likely to compound forwards at an extraordinary rate. Technology is turning over every stone of the economic world, digitalising it and enhancing both productivity and inclusiveness, which speed up the process further. In our experience, capital formation across, particularly, healthcare, consumer goods, technology and the transition from carbon, is spreading to commodity markets and our exposure to food and materials production has risen materially over the autumn.

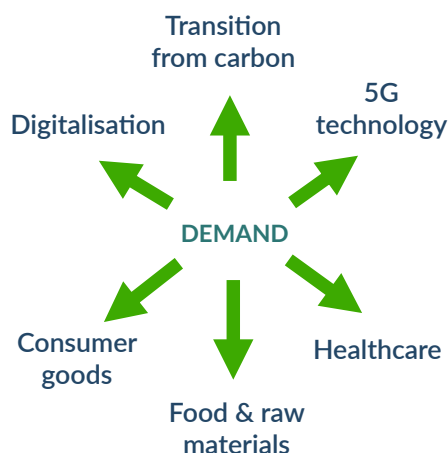
*Opinions expressed represent the views of the fund manager at the time of publication, are subject to change, and should not be interpreted as investment advice.*

## About the fund

The VT Downing Global Investors Fund is a thematically invested fund focused on the needs and wants of the growing middle-class population.

We believe this population is a homogenous borderless group, showing a single set of demands and aspirations. Currently numbering around 3.3 billion, we believe the global middle-class will be closer to 5.3 billion at the end of this decade.

That is a needle-moving demographic to be engaged with that will drive our six key themes:



Fund Manager  
**Anthony Eaton**

Anthony joined Greig Middleton in 1991 and was appointed a director in 1996. He moved to JM Finn & Co in 2001 and became lead manager on the CF JM Finn Global Opportunities Fund in 2005 where he returned a 10.4%\* compound annual growth rate through to August 2019 when it was sold to Thornbridge.

He has consistently applied an evolutionary strategy over the past 15 years as the global middle-class phenomenon has gained momentum. His investment process focuses on producing compounding returns, with a view to generating growth over the long-term.

**Please note that past performance is not a reliable indicator of future performance.**

\* MI Thornbridge Global Opportunities Fund August 2019 factsheet.



Awarded on 17 July 2020

## Investment strategy

We use pattern hunting strategies to identify areas of economic activity attracting capital. We buy equity stakes in businesses that supply the needs and wants of the expanding global middle class population. We seek to invest in the leading companies within any business grouping we identify.

## Liquidity

Our top-down conviction primarily leads to larger capitalisation businesses and aims to avoid undue exposure to any single factor. We balance defensive and cyclical stocks and sectors depending on where we are in the business cycle.

## Investment objective

The fund aims to achieve capital growth and income over the long term (5+ years) across global markets.

It will invest at least 70% in equities globally with up to 20% invested in higher risk emerging markets.

The fund will invest in any geographic, industry or economic sector on merit and weightings in these will vary with circumstances.

# Portfolio summary

As at 30 November 2020

## Top 5 holdings

	% of fund
Switchback Energy Acquisition Corp	1.35
Ivanhoe Mines Ltd	1.23
Palantir Technologies Inc	1.15
Farfetch Ltd	0.98
Plug Power Inc	0.96

## Portfolio by sector



Source: Valu-Trac Investment Management Limited.

## Key facts As at 30 November 2020

### Structure

London listed Open Ended Investment Company (OEIC), established as a "UCITS scheme".

### Launch date

24 March 2020 at 100.0000p per unit

### Fund size

£30.74m (A & F share classes combined)

### Share price

Class A 100.0000p (Acc and Inc)

Class F 144.0601p (Acc)

Class F 127.7292p (Inc)

### Number of company holdings

196

### Dividends

TBC

### Liquidity

Daily pricing and daily dealing

**Sector:** IA Global

### Minimum initial investment

Class A: £1,000 lump sum

Class F: £1,000,000 lump sum

### ISIN & Sedol Codes:

Class A Accumulation: GB00BHNC2499 / BHNC249

Class A Income: GB00BHNC2507 / BHNC250

Class F Accumulation: GB00BHNC1N11 / BHNC1N1

Class F Income: GB00BMQ57900 / BMQ5790

**ISA Eligible:** Yes

### Contact details

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### Authorised Corporate Director

Valu-Trac Investment

Management Ltd

Orton, Moray

IV32 7QE

Tel: +44 (0) 1343 880 217

www.valu-trac.com

### Fund charges

Initial charge: 0%

Annual management charge:

Class A: 0.75% per annum

Class F: 0.60% per annum

Ongoing charges\*

Class A: 1.00%

Class F: 0.90%

### How to apply:

Telephone +44 (0)1343 880 217 or  
visit: [www.valu-trac.com/administration-services/clients/downing/](http://www.valu-trac.com/administration-services/clients/downing/)

Also on the following platforms:

Aegon

AJ Bell

Hargreaves Lansdown

Interactive Investor

James Brearley

Transact

Zurich

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

\* **Please note:** As the fund only launched on 24 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%.

[www.downingglobalinvestors.com](http://www.downingglobalinvestors.com)

**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. Values may be affected by fluctuations in currency exchange rates and may cause the value of your investment to go up and down. In addition, investments in emerging markets or less developed countries may face more political, economic or structural challenges than developed countries and your money is at greater risk. 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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