

# VT Downing Global Investors Fund



## September 2021 Commentary

The price of the F share class accumulation units in the VT Downing Global Investors Fund went from 174.3060 pence to 167.3875 pence during the month.

September was a taper tantrum month. Extraordinarily rapid turnaround in economic activity around the world has caused multiple bottlenecks and the ghost of inflation has been spotted all over the place. Even the Bank of England governor trotted out the old saw that interest rates may need to rise to control it.

Really? We don't think so. Our view is that the global economy is rebounding strongly. Supplies and supply chains are stretched and the moderator or rationeer is the pricing mechanism. Rising prices for goods and services are signalling supply/demand imbalances. The solution, a rise in supply, will come if business feels confident enough. That increases the productive capacity and size of the economy. Happy days! That is what we all want. Putting up interest rates to restrain demand has the opposite effect. It adds cost, and reduces demand, promoting a static economy. The price of money (interest rates) is governed by supply relative to demand, like everything else, not by absolute levels of demand.

In the US, the September 2021 Manufacturing Purchasing Managers Index (PMI) stood at 61.1%<sup>1</sup>, the 16th consecutive month of growth (PMI's are private sector activity indices. A reading above 50 is an expansion). It showed new orders, employment, production, exports and imports all growing and prices increasing. A recent McKinsey global survey showed just over half of respondents in North America and Europe had increased investment in new technologies over 2020, and about 75% expect that to accelerate in 2020-24. Companies digitized activities 20-25 times faster than they had previously thought possible. All very vibrant.

And yet, at the time of writing, the 30 year US treasury rate stands at 2.1% approx. That implies adequate supply of money relative to reinvigorated demand. A good indicator of consumer price inflation is unit labour costs which have two inputs: wages and productivity. Production payrolls in the US saw average hourly earnings grow almost 5% year-on-year in August for example. But if productivity also accelerates, unit labour costs can remain stable. And it has. Labour productivity growth in the US and Eurozone averaged around 1% from 2013-18 and has now leapt. In the US, it grew an average of 3% in the first half of 2021. Unit labour costs actually fell 0.8% during the same period<sup>4</sup>.

This suggests to us that the global economy is in the early stages of a vigorous upturn. Our exposure to the basic materials and inputs needed to enable that has risen.

*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.*

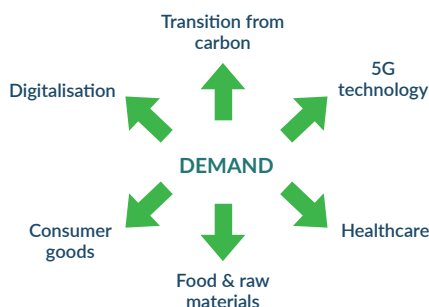
<sup>1</sup> Institute for Supply Management®, October 01 2021

## 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 homogeneous 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:



| Distribution information* |             |              |             |             |             |             |
|---------------------------|-------------|--------------|-------------|-------------|-------------|-------------|
| Period end                | Ex Dividend | Payment date | A Acc (GBP) | A Inc (GBP) | F Acc (GBP) | F Inc (GBP) |
| Jun-20                    | 30/06/2020  | 28/08/2020   | 0.0000      | 0.0000      | 0.3645      | 0.1479      |
| Dec-20                    | 31/12/2020  | 26/02/2021   | 0.0000      | 0.0000      | 0.5239      | 0.4315      |
| Jun-21                    | 30/06/2021  | 31/08/2021   | 0.0000      | 0.0000      | 0.8949      | 0.7910      |

|                                   | Cumulative performance (%) |      |       |       |       |                |
|-----------------------------------|----------------------------|------|-------|-------|-------|----------------|
|                                   | 1m                         | 3m   | 6m    | YTD   | 1y    | Since Launch** |
| VT Downing Global Investors F Acc | -3.97                      | 4.29 | 11.08 | 9.87  | 27.10 | 67.39          |
| IA Global TR Index                | -1.98                      | 1.94 | 8.93  | 12.43 | 23.20 | 59.36          |
| Quartile Ranking                  | 4                          | 1    | 2     | 4     | 1     | 1              |

| Discrete performance (%)          |                         |
|-----------------------------------|-------------------------|
|                                   | 30/09/2020 - 30/09/2021 |
| VT Downing Global Investors F Acc | 27.10                   |
| IA Global TR Index                | 23.20                   |
| Quartile Ranking                  | 1                       |

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

\*\* 24 March 2020

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



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.

\* MI Thornbridge Global Opportunities Fund August 2019 factsheet.



Awarded on 02 September 2021



Anthony's fund is 3 Diamond rated, defaqto 2021



As at 30 August 2021

## 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.

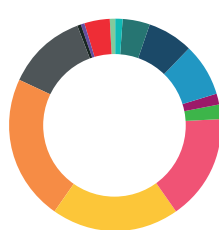
# Portfolio summary

As at 30 September 2021

## Top 5 holdings

|                                    | % of fund |
|------------------------------------|-----------|
| Bolloré SE                         | 1.06      |
| Ivanhoe Mines Ltd                  | 1.05      |
| SITC International Holdings Co Ltd | 1.04      |
| Olam International Ltd             | 1.01      |
| Itochu Corp                        | 0.94      |

## Portfolio by sector



|        |                        |        |                        |
|--------|------------------------|--------|------------------------|
| 1.30%  | Cash                   | 22.30% | Information technology |
| 4.22%  | Communications         | 12.20% | Materials              |
| 6.88%  | Consumer discretionary | 0.49%  | Property               |
| 7.92%  | Consumer staples       | 0.50%  | Preference shares      |
| 1.67%  | Energy                 | 3.83%  | Real estate            |
| 2.37%  | Financials             | 0.03%  | UK equities            |
| 15.95% | Healthcare             | 0.76%  | Utilities              |
| 19.58% | Industrials            |        |                        |

Source: Valu-Trac Investment Management Limited.

## Key facts As at 30 September 2021

### 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

£44.80m (A & F share classes combined)

### Share price

Class A 113.2132p (Acc)

Class A 100.0000p (Inc)

Class F 167.3875p (Acc)

Class F 147.1136p (Inc)

### Number of company holdings

223

### 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

Downing LLP, St Magnus House,

3 Lower Thames Street,

London EC3R 6HD

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

### Fund charges

Initial charge: 0%

Annual management charge:

Class A: 0.75% per annum

Class F: 0.60% per annum

Ongoing charges\*

Class A: 0.92%

Class F: 0.77%

### 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

Aviva

Canada Life International

FNZ

Hargreaves Lansdown

Hubwise

Interactive Investor

James Brearley

Old Mutual

Raymond James

Transact

Zurich

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 16 April 2021. This figure 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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