

VT Downing Global Investors Fund



December 2021 Commentary

The price of the F share class accumulation units in the VT Downing Global Investors Fund went from 177.8040 pence to 175.1961 pence during the month.

Markets do appear to be having another look at inflation - we have noticed quite an upturn in demand for asset backed businesses, property listings globally in particular seem to be turning up. Demand for 'ether assets' is also rising. Last year the global art market was worth \$50.1bn, according to figures from UBS and Art Basel, but \$40.9bn was spent on the ethereum blockchain contracts used to create non-fungible tokens (NFTs) according to Chainalysis¹, a crypto analytics group. That total would be higher if it included NFTs minted on other blockchains.

But why is there inflation? Because there isn't enough stuff. If you don't make things, there are no things. It's that simple. Higher prices reflect levels of demand that exceed supply and should stimulate greater production. But potential producers must believe levels of demand are enduring to invest in greater production, so there is a lag. If they do, then not only does supply rise to meet demand (and lower pricing strength) but the economy grows, and its future capacity (growth potential) also grows.

Let's say the 'stuff' that is rising in price is non-discretionary, food or energy for example, and is traded all over the world. And let's say a local central bank raises interest rates because some old playbook (from the pre-globalised era) says that is the medicine. What happens then is that discretionary spending gets diverted to non-discretionary spending via the interest rate. This is wasted spending. You can eat your more expensive food and burn your more expensive gas, but an interest rate is purely a cost. So, a brake goes on consumption and activity and the economy slows. Worse, extra productive capacity is deterred and so the future economy, and its ability to grow, are stymied.

At the moment, to us, the future world economy looks massive and vibrant. No need for higher rates...let it rip! Greater investment in capacity will follow higher prices as sure as night follows day!

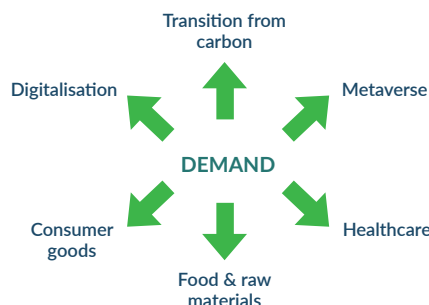
Happy New Year and thank you for your support.

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.

¹ Financial Times, 31 December 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	0.5432	0.0000	0.8949	0.7910
Dec-21	31/12/2021	28/02/2022	0.4518	0.0000	0.6681	0.5872

	Cumulative performance (%)					
	1m	3m	6m	YTD	1y	Since Launch**
VT Downing Global Investors F Acc	-1.47	4.66	9.15	14.99	14.99	75.20
IA Global TR Index	1.37	4.68	6.70	17.68	17.68	66.81
Quartile Ranking	4	3	2	3	3	1

Discrete performance (%)	
	31/12/2020 - 31/12/2021
VT Downing Global Investors F Acc	14.99
IA Global TR Index	17.68
Quartile Ranking	3

* 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 08 December 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.

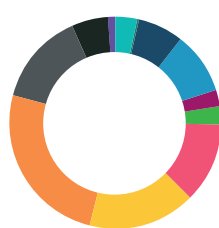
Portfolio summary

As at 31 December 2021

Top 5 holdings

	% of fund
Ivanhoe Mines Ltd	1.35
Croda International plc	0.98
Sony Corp	0.97
Archer Daniels Midland Co	0.94
Olam International Ltd	0.93

Portfolio by sector



3.39%	Communications	25.25%	Information technology
0.36%	Commodity & energy	14.10%	Materials
6.86%	Consumer discretionary	5.45%	Real Estate
9.42%	Consumer staples	1.00%	Cash
2.49%	Energy		
2.79%	Financials		
12.06%	Health Care		
16.35%	Industrials		

Source: Valu-Trac Investment Management Limited.

Key facts As at 31 December 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

£44.06m (A & F share classes combined)

Share price

Class A 118.4559p (Acc)

Class A 100.0000p (Inc)

Class F 175.1961p (Acc)

Class F 153.3926p (Inc)

Number of company holdings

191

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: 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/

Also on the following platforms:

7IM	Hargreaves Lansdown
Aegon	Hubwise
AJ Bell	Interactive Investor
Aviva	M&G
Canada Life	Nexus Funds Service
International	Quilter
Elevate	Raymond James
Embark	Standard Life
FNZ	Transact
Fusion	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

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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