

VT Downing Global Investors Fund



December 2020 Commentary

The price of the F share class accumulation shares in the VT Downing Global Investors Fund went from 144.0601 pence to 152.3548 pence during the month.

There is a working assumption in markets that the virus can be contained, enabling a re-opening of the [global economy soon](#). So, if we assume that this is broadly correct, then we need to look at how the ducks are lined up for that outcome.

There are four of them in our view. **Money supply:** there is plenty of money in the system once it is needed. Firstly, there hasn't been much inflation around recently to erode the real value of existing stock. Secondly, a lot was created by way of, effectively, debt forgiveness in 2008 after the global financial crisis. Thirdly, that central bank balance sheet expansion programme is seeing the pedal pressed further to the metal during this Covid-19 period. The implication is that the cost of money should remain moderate for a good while yet and so, to that extent, we are in the very early stages of an upturn in an economic cycle that was anyway in fine form before being interrupted by Covid-19- which is quite different to a tired or late stage cycle, with high costs, being interrupted by a pandemic. **Labour:** if the gap between western wages and wages elsewhere can be seen as a crude pricing of supply, then there is adequate supply of labour to fuel economic recovery. **Wages were beginning to rise before Covid-19**, but moderately and so in that way good for all vested interests- the payers and earners of salaries, and the economies in which those incomes are spent. **Commodities:** commodities are beginning to pick up. That implies some tightening of supply relative to demand and, to us at least, is evidence of strengthening global activity, and the fund has meaningful exposure. Lastly, and maybe the biggest duck in the line: **Productivity.** Not much attention has been given to productivity (output per input) since the days of British Leyland and Red Robbo, when terrible labour relations pushed labour rates and inefficiency up and productivity down. That led to disastrous inflation. We suspect that productivity is returning to centre stage for the first time in around 45 years. Thanks to the digitalisation of everything and the ascent of the online economy, productivity is probably screaming upwards and could be perhaps the major driver of vigorous and inclusive economic expansion to come. We think that is why markets are so strongly signalling a leap forwards in prosperity.

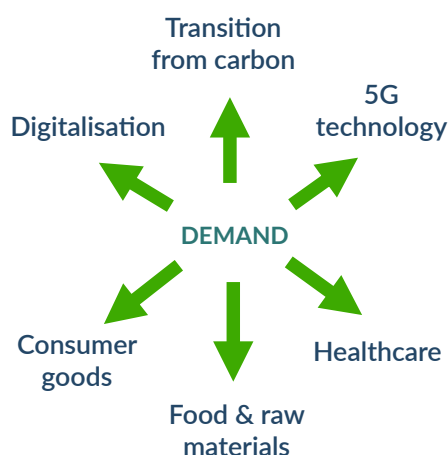
Opinions expressed represent the views of the fund manager at the time of publication, are subject to change, and should not be interpreted as investment advice.

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 18 December 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.

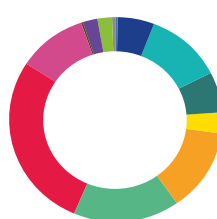
Portfolio summary

As at 31 December 2020

Top 5 holdings

	% of fund
Switchback Energy Acquisition Corp	1.36
Ivanhoe Mines Ltd	1.30
Plug Power Inc	1.13
Albemarle Corp	1.07
Farfetch Ltd	1.07

Portfolio by sector



0.35%	Cash	27.80%	Information technology
5.65%	Communication services	10.54%	Materials
11.60%	Consumer discretionary	0.26%	Property
6.38%	Consumer staples	2.27%	Real estate
3.41%	Financials	2.17%	Utilities
13.04%	Healthcare	0.35%	US equities
16.18%	Industrials		

Source: Valu-Trac Investment Management Limited.

Key facts As at 31 December 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

£33.15m (A & F share classes combined)

Share price

Class A 100.0000p (Acc and Inc)

Class F 152.3548p (Acc)

Class F 134.6521p (Inc)

Number of company holdings

197

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

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Orton, Moray

IV32 7QE

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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/

Also on the following platforms:

Aegon

AJ Bell

Hargreaves Lansdown

Interactive Investor

James Brearley

Old Mutual

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

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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