

VT Downing Global Investors Fund



May 2020 Commentary

It's all about the money (supply!) In 2008, central banks printed money to buy debt, and governments were doing austerity. By the end of 2019, the global economy was expanding at a historically high, and historically inclusive, rate. Then came the Covid-19 pandemic.

Now in 2020, central banks are printing **much more** money to support employment, keep people economically engaged and active, and ensure businesses have sufficient labour capacity when demand picks up. But this time governments are going on a whopping borrow-and-spend spree at the same time.

In the US, plans are currently focused on getting cash to citizens, but there will likely be infrastructure spending soon. The EU will use borrowing to pursue its objectives of climate neutrality and digital transformation, and to offer social and employment support, while reinforcing the EU's role as a global player. Japan's stimulus plans equate to around 20% of national annual output. Once the global economy restarts, we are likely to be further back down the economic cycle than when we left it in March, with plentiful supplies of labour, capital and materials, so strong growth can resume with little inflationary pressure.

It's important to note that pre-Covid-19, and despite a vigorous global economy, the 30-year US Treasury yield stood at around 2.5%. Now it is around 1.5%, and the supply of money is being increased in almost all jurisdictions. The implication of adequate supply, relative to demand, is that inflation will not reappear in the short term. If it does, and rates rise, the value of all that debt gets eroded and perhaps current issuance is the War Loan of our generation.

We believe this is why markets are showing more vigour than had seemed likely a few months ago. It is already becoming apparent that the virus is accelerating a number of trends - the digitalisation and on-lining of everything, rising healthcare and food budgets, and the transition from carbon - and these remain the driving investment themes for us. The Fund is now fully invested, primarily in larger cap businesses in these areas.

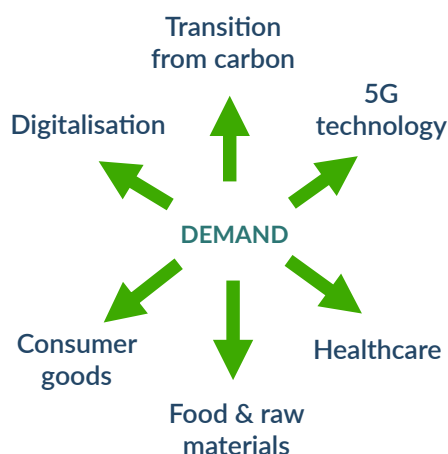
Opinions expressed represent the views of the Fund Manager at the time of publication, are subject to change, and should not be interpreted as investment advice.

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 3.3bn, we believe the global middle-class will be closer to 5.3 bn 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.*

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.

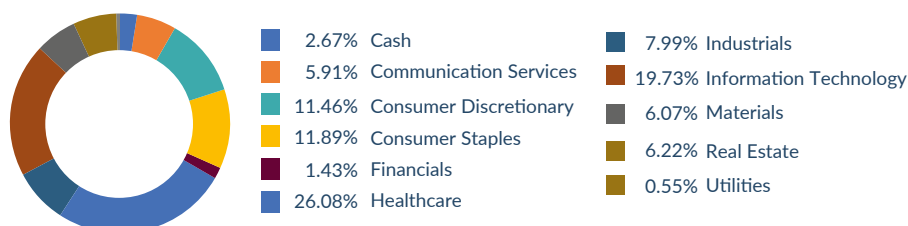
Portfolio summary

As at 31 May 2020

Top 5 holdings

	% of Fund
Top Glove Corporation Bhd	1.27%
Wilmar International Ltd	1.09%
Varta AG	1.04%
American Tower Corp	1.03%
Eurofins Scientific SE	1.03%

Portfolio by sector



Source: Valu-Trac Investment Management Limited.

Key facts As at 31 May 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

£16.15m (A & F share classes combined)

Share price

Class A 100.0000p (Acc. and Inc.)

Class F 113.8100p (Acc.)

Class F 101.0439p (Inc.)

Number of company holdings

160

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

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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