

# VT Downing Global Investors Fund



## April 2020 commentary

The fund launched officially late March 2020 and was seeded with capital throughout April. That capital was, in turn, progressively invested to around 70% of end month NAV. The F accumulation share class rose from 99.9595p to 104.4421p during the month.

The Covid-19 pandemic will trigger multiple outcomes, some understood by markets, some not yet known. But it does seem to be accelerating a number of trends that were already building: the transition from offline to online, the digitalisation of everything, and a ratcheting up on an enduring basis, of personal and state budget allocation to healthcare are immediately apparent.

A more loosely defined move towards a more sustainable lifestyle, encompassing rising food quality (*which should enable higher margins for producers*) and a transition away from carbon, are at an earlier stage and more confined to the world's middle classes at present. The Fund is invested to engage with these themes.

Markets have recovered some of their March falls during April as the scale of fiscal stimulus sank in. The US, for example, is 'printing money' equivalent to around 13% of GDP, or around 2.5 times the amount it used during the 2008 global financial crisis. There are plans or aspirations to raise this closer to 20% which is up there with World War 2 levels. Central bank and Central government efforts, worldwide, to protect jobs through furlough schemes will likely be judged by history as a masterstroke in that they retain productive capacity for recovery post crisis plus ongoing spending power during the crisis. The latter supports the former and both are supported by a huge increase in the supply of money whose cost will remain low until there is sufficient demand in the global economy to get it all circulating.

Against that it is difficult to 'price' short term demand destruction and its implications for longer term recovery. A 'V' shaped recovery must be a pipedream and markets will remain volatile as they seek to price the bend at the bottom of the U! What we do expect is that the 2008 experience is relevant. The 'winner takes all' phenomenon will most likely also be accelerated as incumbents strengthen their position relative to competitors, particularly if there is another deferral of capital expenditure - if there is little demand, there is little competition. This was a feature of the post 2008 economy.

Our strategy is therefore to buy 'winners' within the areas of business we are interested in. We are not tempted to hunt for 'bargains' as 'cheap' is likely to mean 'trouble ahead'. 'Reassuringly expensive' is more our target.

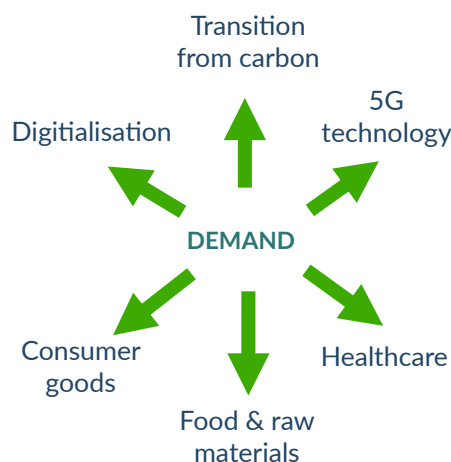
*Opinions expressed represent the views of the Fund Manager at the time of publication, are subject to change, and should not be interpreted as investment advice.*

## 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 5.3bn at the end of this decade.

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



Lead Fund Manager  
**Anthony Eaton**

Anthony joined Greig Middleton in 1991, being 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 from 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.

Past performance is not a reliable indicator of future performance.

## 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.

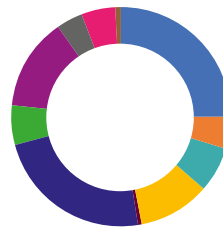
# Portfolio summary

As at 30 April 2020

## Top 5 holdings

	% of Fund
Wilmar International Ltd	1.12%
Shopify Inc	1.03%
Indofood Sukses Makmur Tbk PT	0.95%
Reckitt Benckiser Group PLC	0.93%
DocuSign Inc	0.83%

## Portfolio by sector



25.08%	Cash	6.05%	Industrials
4.67%	Communication Services	13.58%	Information Technology
6.88%	Consumer Discretionary	3.92%	Materials
10.45%	Consumer Staples	5.03%	Real Estate
0.50%	Financials	0.56%	Utilities
23.28%	Healthcare		

Source: Valu-Trac Investment Management Limited

## Key facts As at 30 April 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

£13.87m (A & F share class combined)

### Share price

Class A: 100.0000p (Acc. & Inc.)

Class F: 104.4421p (Acc.)

Class F: 100.0000p (Inc.)

### Number of company holdings

142

### 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:

A Accumulation: GB00BHNC2499 / BHNC249

A Income: GB00BHNC2507 / BHNC250

F Accumulation: GB00BHNC1N11 / BHNC1N1

F Income: GB00BMQ57900 / BMQ5790

**ISA Eligible:** Yes

### Contact details

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3 Lower Thames Street,  
London EC3R 6HD  
Tel: + 44 (0) 20 7416 7780

### Authorised Corporate Director

Valu Trac Investment  
Management Ltd  
Orton, Moray  
IV32 7QE  
+44 (0)1343 880 217  
www.valu-trac.com

### Fund charges

Initial charge: 0%

Annual management charge:

A: 0.75% per annum

F: 0.60% per annum

Ongoing charges\*

A Accumulation: 1.00%

F Accumulation: 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.

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

\* **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%.

**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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