

VT Downing Global Investors Fund



June 2020 Commentary

Weird times as we all know and markets have closed a very good quarter. Who would have thought it? It is a salutary exercise to use the benefit of hindsight to map the collective behaviour to date. [Winnebago](#) make camper vans...many are more like lorries so they are expensive bits of kit requiring both confidence and earnings power to drive sales. Towards the end of February the shares topped \$62 reflecting both of these attributes. In the March sell off they fell below \$21 and that seemed pretty logical too. A massive lockdown 'stop' arrested a global economy displaying, otherwise, no signs at all of economic downturn. Now the shares are in higher ground than ever before, reaching \$70 towards the end of June. That is a big fat signal that markets now expect economic restart. Maybe a 'V', more likely a 'U', but quite possibly, in our view, triggering a prolonged economic expansion on the back of ample supplies of money, labour and materials.

Central banks and governments deserve much of the credit for this change in mood. The printing of money by central banks and the borrowing of it by governments (at very low rates) together with the retention of Labour and its spending power (furlough schemes) during the 'big stop' will likely enable a strong and enduring resumption of economic life. That is what the Winnebago share price is telling us. [Figures show](#) that the central banks of the G4 countries – US, Japan, Europe and the UK – will collectively expand their balance sheets by 28% of gross domestic over this cycle. The equivalent number during the 2008 financial crisis was 7%. Government spending in those countries looks set to reach around 17% of GDP in 2020. Whereas a lot of printed money in 2008 went into the financial system directly, this time it is getting to the real economy directly, first. Given the level of interest rates ([the 30 year US treasury yields](#) around 1.4%) it may well be that debts can be left to wither on the vine of time, war loan style, gradually eroded by inflation, when and if any appears.

Meanwhile the digitalisation and on-lining of everything, from shopping to meetings to healthcare delivery and manufacturing processes has been accelerated by the virus to the extent that it may well drive a leap in productivity to further enhance the resuming cycle we may be heading in to. So, as is so often the case, markets are probably right in what they are telling us.

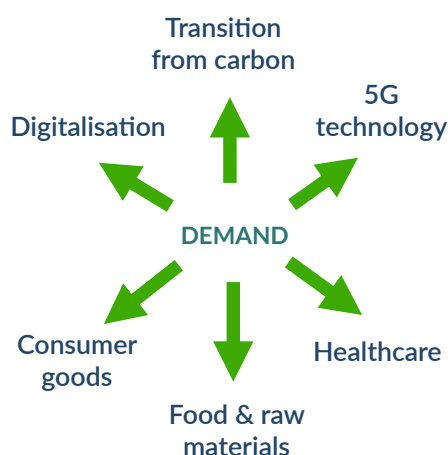
Opinions expressed represent the views of the Fund Manager at the time of publication, are subject to change, and should not be interpreted as investment advice.

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.

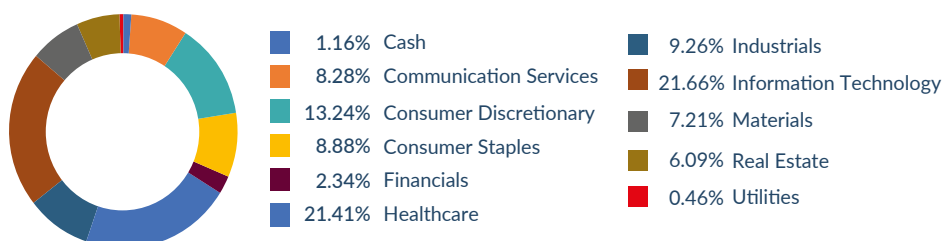
Portfolio summary

As at 30 June 2020

Top 5 holdings

	% of Fund
Top Glove Corporation Bhd	1.35%
Northern Data AG	1.34%
Zscaler Inc	1.06%
Shopify Inc	1.05%
DocuSign Inc	1.04%

Portfolio by sector



Source: Valu-Trac Investment Management Limited.

Key facts As at 30 June 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

£18.65m (A & F share classes combined)

Share price

Class A 100.0000p (Acc and Inc)

Class F 119.7512p (Acc)

Class F 106.1706p (Inc)

Number of company holdings

166

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/

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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