

VT Downing Global Investors Fund



September 2020 Commentary

September displayed interesting market dynamics with lots of signals being transmitted... As they say on all the best game shows, 'in no particular order';

Covid-19 tracking, testing and tracing is spurring digitalisation and personalisation of healthcare delivery which we believe will endure long after Covid-19 is a distant cough and resulting leaps in productivity and efficiency will benefit healthcare providers and consumers alike, everywhere. Similarly, the scale of human and financial resources being thrown at the hunt for a vaccine is likely to lead to great strides in the wider domains of drug discovery. So Healthcare is flat out attractive in our view.

Alternative energy (power not from carbon) seems to have the old fossil fuel brigade on the run. Alternative energy comes at a cost equivalent to, or lower than, fossil fuels in a broadening number of areas. Solar and wind are there. Hydrogen is some way off but attracting huge flows of capital. The [Tesla battery day](#) was slightly sniffed at by some commentators, but it did focus our minds, at least, on the strategic role that the electricity storage battery will play in the alternative energy food chain. Tesla is not alone now, but the market is huge and competition will drive delivery. Tesla itself could evolve into a major global electric power business of which only the first manifestation is the rather cool cars (that might ultimately become a smaller part of the whole business). And the broader technology sector is beginning to move on from [FAANG](#) alone which is encouraging. Data is pulling well for us. Data storage, data mining, robo data, interpreted data. Data Data.

The US political scene is messy with a whiff of Ancient Rome about it and we may all need to get more familiar with China as an axis in the global economy. [Chinese industrial profits grew 19.1%](#) on an annualised basis in August, representing the fourth straight month of progress. Industrial production, stable producer pricing index inflation numbers, and strengthening commodity prices are all noteworthy. Figures show that fully 75% of China's industrial sector recorded profit and revenue growth. China is the only country we are aware of that reported a second-quarter gross domestic product number that was higher than at the end of [2019](#). China's August trade balance data showed the surplus rising again after falling during early Covid-19. In the middle of a massive global disruption this is a striking outcome and reflects vigorous trade in both imports and exports.

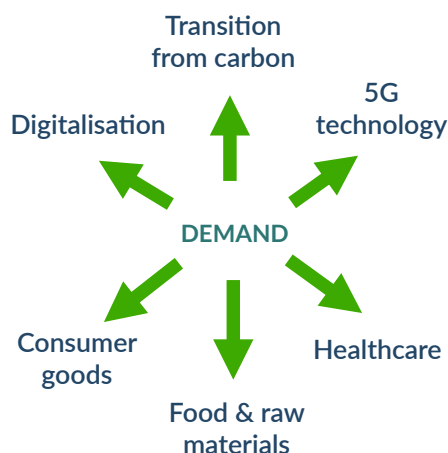
Opinions expressed represent the views of the Fund Manager at the time of publication, are subject to change, and should not be interpreted as investment advice.

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.*



Awarded on 17 July 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 30 September 2020

Top 5 holdings

	% of fund
Top Glove Corporation Bhd	1.54
Ivanhoe Mines Ltd	1.23
DocuSign Inc	0.93
Sea Ltd	0.92
Xinyi Solar Holdings Ltd	0.89

Portfolio by sector



Source: Valu-Trac Investment Management Limited.

Key facts As at 30 September 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

£24.93m (A & F share classes combined)

Share price

Class A 100.0000p (Acc and Inc)

Class F 131.6955p (Acc)

Class F 116.7661p (Inc)

Number of company holdings

189

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

Downing LLP, St Magnus House,
3 Lower Thames Street,

London EC3R 6HD

Tel: + 44 (0) 20 7416 7780

Email: customer@downing.co.uk

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.

This document is intended for retail investors and their advisers and has been approved and issued as a financial promotion under the Financial Services and Markets Act 2000 by Downing LLP ("Downing"). This document is for information only and does not form part of a direct offer or invitation to purchase, subscribe for or dispose of securities and no reliance should be placed on it. Downing does not offer investment or tax advice or make recommendations regarding investments. Downing is authorised and regulated by the Financial Conduct Authority (Firm Reference No. 545025). Registered in England No. OC341575. Registered Office: St Magnus House, 3 Lower Thames Street, London EC3R 6HD.