

VT Downing Global Investors Fund



October 2020 Commentary

The price of the F share class accumulation shares in the VT Downing Global Investors Fund went from 131.6955 pence to 130.6932 pence during the month.

The October month end came just as lockdowns reappeared and the US election loomed, and so specific commentary stands a good chance of looking obsolete or silly, or both! However, on a bigger picture viewing, we are getting very excited by lots of compounding drivers beyond Covid-19; healthcare and technology are on all radars now to a greater or lesser extent, but we suspect the speed at which energy production may pivot away from fossil fuels is setting up a compounding chain of capital formation and value creation that we need to be at least as keenly engaged with.

Whether Covid-19 has been a catalyst or whether it is coincidental timing, both sides of the new energy trade have aligned during this Covid-19 period. On the supply side, [technology has lowered](#) the cost of solar and wind to a level approximate to or better than fossil fuels - now demand has arrived as well. The [Tesla](#) range is suddenly competing with Electric Vehicle offerings from all the auto majors, ([Renault](#) has said that EV sales exceed diesel sales this year) who were not joining the party until the 'demand diva' arrived.

Once phenomenons like that kick off, they accumulate staggeringly expansive momentum. Smart phones came into popular use only around 10 years ago and have, in turn, stimulated and enabled the entire online trading, social media and app economies which so [dominate economic behaviour now](#).

Governments worldwide are laying a legislative path to finish fossil fuels and gave a steer at the UN general assembly meeting in October. [China has committed to net zero](#) by 2060, and Japan and Korea by 2050. The Biden administration is running for office on a green energy platform and euro governments likewise. [Carbon emissions](#) are sure to form part of future trade negotiations, which will bind in even the most reluctant economies. This is a new, massive, wealth creating, job creating, value compounding industry emerging right in front of our eyes. The last word this month goes to [Spencer Dale](#), chief economist at BP: 'Renewable energy is likely to penetrate the energy system more quickly than any fuel ever seen in history'.

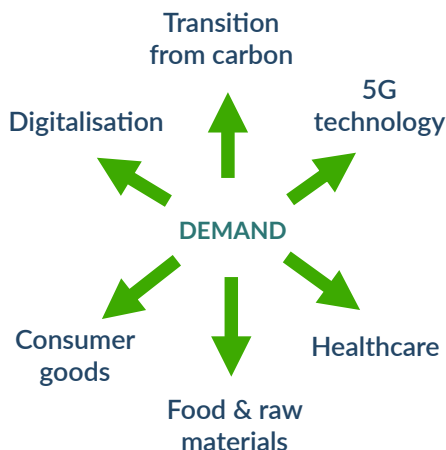
Opinions expressed represent the views of the fund manager at the time of publication, are subject to change, and should not be interpreted as investment advice.

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 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 31 October 2020

Top 5 holdings

	% of fund
Top Glove Corporation Bhd	1.45
Ivanhoe Mines Ltd	1.20
Archer Daniels Midland Co	1.02
Solaredge Technologies Inc	0.94
Xinyi Solar Holdings Ltd	0.93

Portfolio by sector



Source: Valu-Trac Investment Management Limited.

Key facts As at 31 October 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

£27.02m (A & F share classes combined)

Share price

Class A 100.0000p (Acc and Inc)

Class F 130.6932p (Acc)

Class F 115.8776p (Inc)

Number of company holdings

195

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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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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