

# VT Downing Global Investors Fund



## February 2021 Commentary

The price of the F share class accumulation shares in the VT Downing Global Investors Fund went from 155.8019 pence to 152.9267 pence during the month.

February was a month of split personality. Markets marched up in the first half and straight back down again in the second half, Duke of York style. For us, this amounted to a near 8% round trip. No 'tech tantrum' in particular, but widespread retreat. Aggravated by 'gloriously' strong sterling, which adds a little levity given the Brexit ho ha recently!

So what is that telling us? Longer term interest rates, as defined by the 30 year US Treasury rate, are steaming. Having spent most of the Covid period at around 1.5% the 30 year US Treasury yield closed the month at around 2.2%. These are small numbers in isolation, but one is 47% higher than the other. That is a big number.

The fact that so many input prices are rising off trough levels is a strong marker of upticking demand in our view. The cost of money, metals, foods, microchips, wood and energy are all notably rising. That implies a vigorous economic cycle to come and one that, after a prolonged 'stop', has effectively reset itself post Covid back at the start. In our view, the messaging is both that there are plentiful supplies of inputs, and that evidence of rising demand for them is now revealing itself.

The point in time was always going to come, although we can't predict when until it actually has, and it now has, at which markets are forced to address cross currents. On the one hand the value paid today for a future unit of profit (a share price for example) must fall in absolute terms, all other things being equal, as the cost of, or yield from, money rises. On the other hand, rising input costs imply rising demand which, in turn, implies a lot more profits (and a more valuable share price) in the future. So less value per unit of profit, but lots more units.

The implication is that there is likely to be a pivot of attention away from companies who could make huge profits in the future, from activities lavishly funded with capital upfront, to those that are making good recurring profits nearer term.

To some extent we have had that little dance during the month and upped engagement with companies delivering recurring profits and margins now at the expense of possible returns in the further out 'tomorrow'.

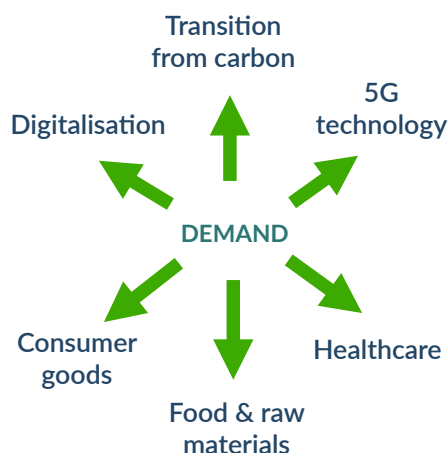
*Opinions expressed represent the views of the fund manager at the time of publication, are subject to change, and should not be interpreted as investment advice.*

## 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 homogeneous 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 18 December 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

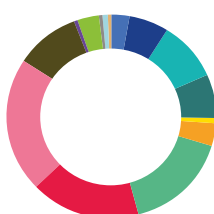
As at 28 February 2021

## Top 5 holdings

	% of fund
Ivanhoe Mines Ltd	1.27
Anglo American plc	1.09
Bolloré SE	1.07
SITC International Holdings Co Ltd	1.06
Switchback Energy Acquisition Corp	1.00

Source: Valu-Trac Investment Management Limited.

## Portfolio by sector



3.04%	Cash	21.40%	Information technology
5.94%	Communication services	9.95%	Materials
9.41%	Consumer discretionary	0.46%	Property
7.00%	Consumer staples	3.32%	Real estate
0.80%	Energy	0.56%	International equities
3.56%	Financials	0.95%	Utilities
16.11%	Healthcare	0.36%	US equities
17.14%	Industrials		

## Key facts As at 28 February 2021

### 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

£35.66m (A & F share classes combined)

### Share price

Class A 100.0000p (Acc and Inc)

Class F 152.9267p (Acc)

Class F 135.1573p (Inc)

### Number of company holdings

200

### 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](http://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

Aviva

Canada Life International

Hargreaves Lansdown

Hubwise

Interactive Investor

James Brearley

Old Mutual

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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