

# VT Downing Global Investors Fund



## May 2022 Commentary

Our current view is that it's really a Russia market for now. Whatever Putin's territorial aims are, he has the world's attention. Russia and Ukraine are swing producers of many foodstuffs, energy, fertilizers and mined metals. Demand was already outstripping supply of many of these before the war and now it is driving prices up. The budgets of every family on earth are affected.

However, all clouds have silver linings and rising values of basic inputs raises not only the value of producers outside the orbit of the Orcs, but of cash flows into and ultimately within the often highly populated regions hosting them - income redistribution if you like. Simultaneously, higher energy prices in particular should drive a surge in demand for non-fossil fuel energies and ultimately massively assist the energy transition.

At the same time, it is becoming apparent that the world's middle classes are doing ok ish. Employment levels are high and salary levels are rising. So aggregate income creation is rising even if more of it is being diverted to non-discretionary spending than would be preferred by most of us.

We believe that the point will come when rising prices for basic inputs will calm, either because demand is rationed by price, or because supply rises, or both. Talk from the US Federal Reserve is less strident than of late. The 30-year US treasury rate has risen by a frightening amount recently but is now hovering around 3%. For what it is worth, our view is that raising rates to tamp down demand is a folly up there with those of King Canute. Higher prices stimulate higher output and increase the global economy. Raising rates to lower demand for things such as petrol and bread does the opposite. Supply remains static, prices remain elevated, and the poor remain poor. A dumb status quo.

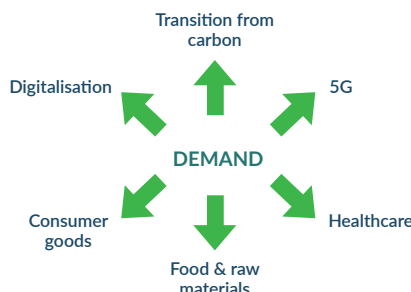
Our portfolio composition is therefore very barbell. We have plenty of exposure to basic foodstuffs, commodities, and recurring demand areas and plenty of exposure to all kinds of energies. We also have relevant exposure to higher end discretionary spending. Most as yet unprofitable businesses (the 'future profits' gang) have been culled and most of them were technology companies. Interestingly, our remaining tech investments are also among the highest return on equity businesses we hold.

These are difficult markets, but ones with dynamic areas to engage with. A bestial war is causing worse than arrested development for now, but ironically may be as great a promoter of the energy transition as Covid was of digitalisation. We are investing for such an invigoration of energy transition. Supply chain snafus have revealed an overdependence on other awkward countries and we are investing for much broader or localised supply chains as well.

*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:



Distribution information*						
Period end	Ex Dividend	Payment date	A Acc (GBP)	A Inc (GBP)	F Acc (GBP)	F Inc (GBP)
Jun-20	30/06/2020	28/08/2020	0.0000	0.0000	0.3645	0.1479
Dec-20	31/12/2020	26/02/2021	0.0000	0.0000	0.5239	0.4315
Jun-21	30/06/2021	31/08/2021	0.5432	0.0000	0.8949	0.7910
Dec-21	31/12/2021	28/02/2022	0.4518	0.0000	0.6681	0.5872

	Cumulative performance (%)					
	1m	3m	6m	YTD	1y	Since Launch**
VT Downing Global Investors F Acc	-2.62	1.29	-12.96	-11.66	-0.22	54.76
IA Global TR Index	-1.65	-0.65	-8.31	-9.55	0.04	50.88
Quartile Ranking	3	2	3	3	3	2

Discrete performance (%)			
	31/05/2021 - 31/05/2020	31/05/2022 - 31/05/2021	
VT Downing Global Investors F Acc	-0.22	36.29	
IA Global TR Index	0.04	24.59	
Quartile Ranking	3	1	

\* Distributions are subject to change and should not be utilised as a basis for an investment decision.

\*\* 24 March 2020

Please note that past performance is not a reliable indicator of future results.



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.

\* MI Thornbridge Global Opportunities Fund August 2019 factsheet.



Awarded on 02 March 2022



Anthony's fund is 3 Diamond rated, defaqto 2022



As at 30 August 2021

## 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

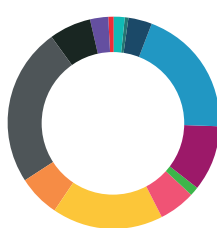
As at 31 May 2022

## Top 10 holdings

	% of fund
Glencore Plc	2.20
Archer Daniels Midland Co	2.18
Eramet SA	2.17
Thales SA	2.04
SLC Agricola SA	1.96
Wilmar International Ltd	1.94
Wacker Chemie AG	1.91
Nutrien Ltd	1.80
Ivanhoe Mines Ltd	1.69
Seaboard Corp	1.43

Source: Valu-Trac Investment Management Limited.

## Portfolio by sector



1.88%	Communications	6.40%	Information Technology
0.61%	Commodity & Energy	24.29%	Materials
3.51%	Consumer Discretionary	6.26%	Real Estate
19.75%	Consumer Staples	2.91%	Cash
10.00%	Energy	0.57%	Utilities
1.45%	Financials		
5.46%	Health Care		
16.91%	Industrials		

## Key facts As at 31 May 2022

### 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

£35.35m (A & F share classes combined)

### Share price

Class A 104.5758p (Acc)

Class A 100.0000p (Inc)

Class F 154.7625p (Acc)

Class F 135.4973p (Inc)

### Number of company holdings

119

### 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: 0.90%

Class F: 0.75%

### 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:

7IM

Aegon

AJ Bell

Aviva

Canada Life International

Elevate

Embark

FNZ

Fusion

Hargreaves Lansdown

Hubwise

Interactive Investor

M&G

Nexus Funds Service

Quilter

Raymond James

Standard Life

Transact

Zurich

\* **Please note:** The ongoing charges figure is based on expenses and the net asset value as at 31 December 2021. This figure 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%.

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)

**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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