

VT Downing Global Investors Fund



August 2020 Commentary

Markets are very focused on leaps in activity and productivity within the technology area at present, and for good reason. However, it is easy to forget that the technology industry itself, like all areas of activity, requires basic inputs which have to be paid for. Several of these commodity areas are now reaching multi-year highs and that is significant because they are occurring as the global economy is only starting to unlock itself. Lumber, in the US at least, is fetching all time high prices and other staples such as copper and soybeans, whilst not at all time high levels are at their highest levels for several years. The implication is that supplies are tight and pricing power is moving to the seller. It is encouraging in that commodities are pretty much at the start of the economic food chain and reflect real current and anticipated demand levels all the way up it.

Commodity markets carry an extra frisson in that so much supply has to be imported into western economies from complicated partners. China is a globally significant origin for multiple ingredients into the pharmaceutical supply chain and for multiple processed metals. The Democratic Republic of Congo is probably the world's primary source of metals such as cobalt, required in the electric vehicle industry in particular, but also in the transition from carbon to electric power more generally. Various Latin American nations are primary sources of lithium and speciality metals including nickel and niobium.

The EU estimates that to meet its climate neutrality goal it will need up to 18 times more lithium and five times more cobalt, by 2030, than today. That rises to 60 times more lithium and 15 times more cobalt by 2050. The fund manager has therefore begun to accumulate positions across the commodity area for the first time in at least 10 years and the Fund seeks to engage with the whole chain of economic consequences. For example, Amazon and its peers are fabulous businesses and they need datacentres. Datacentres need efficient electric power and, increasingly, not from carbon. Electric power needs source, transmission, storage and control. All of that infrastructure requires commodities in general and metals in particular. With rising exposure to commodities, we are exposed to that complete chain from computer screen to copper smelter.

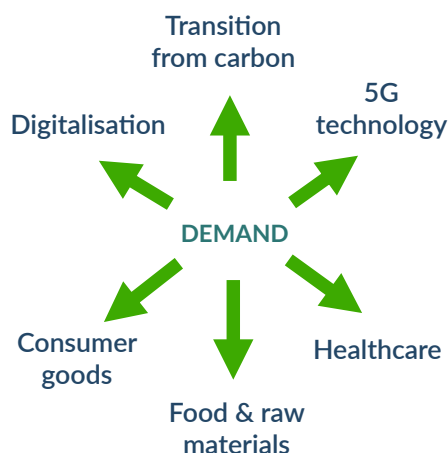
Opinions expressed represent the views of the Fund Manager at the time of publication, are subject to change, and should not be interpreted as investment advice.

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 31 August 2020

Top 5 holdings

	% of Fund
Top Glove Corporation Bhd	1.78%
Ivanhoe Mines Ltd	1.23%
Meituan Dianping	1.18%
Varta AG	1.08%
DocuSign Inc	1.03%

Portfolio by sector



Source: Valu-Trac Investment Management Limited.

Key facts As at 31 August 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

£21.88m (A & F share classes combined)

Share price

Class A 100.0000p (Acc and Inc)

Class F 129.3156p (Acc)

Class F 114.6526p (Inc)

Number of company holdings

177

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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