

# VT Downing Global Investors Fund



## April 2022 Commentary

It seems to us that the Russia Ukraine war, whether it ends tomorrow or drags on, changes or at least disrupts a great deal of what we have all recently taken for granted as far as capital allocation or valuation is concerned. Signs of tight supply relative to demand were emerging before the war across much of the primary input sectors of the global economy. 'Just in time' industrial supply chains were jamming up on the back of Covid aggravated bottle necks. Primary inputs were rising in price across the board, and central banks were beginning to lift short term interest rates to choke off what was being assessed as excess demand. So a massive shift in budgets from discretionary to non-discretionary spend was underway. The Russian invasion has made all of that a lot more acute. Even if the war were to stop near term we doubt Russia will return to trusted partner status anytime soon. And China looks questionable, so a reasonable working assumption might be that the current economic scenario is the new normal rather than an aberration.

So what might change for investors as a result? What is already apparent is that the cycle of upward re-rating of growth, and in particular profitless growth, is now looking to have overreached and a major de-rating appears to be underway. That is good old reversion to mean straight out of a textbook.

Beyond that there may be enduring changes as capital is reallocated. Reshoring, or shorter supply chains and more storage is one likely scenario we seek to engage with.

More exciting is the rising value being placed on both security and diversity of supply. There are other regions of the world that compete with the Russia/Ukraine orbit as suppliers of energy, raw material and food - they were just never as efficient. And so they plodded along in second place and we came to rely, particularly heavily in the case of Germany (and Europe) for energy, and many countries across Africa for food, on 'the Orcs' as by far the primary supplier. Those other suppliers now have perhaps the best chance in a generation to capitalise on reduced competition and higher pricing. This includes oil and gas, metals and materials, and for perhaps the big one, food. For the first time in many years we are investing in businesses in Latin America in particular, but also in Africa alongside existing Asia exposures, that supply vegetable oils, grains, energy and materials, together with the infrastructure required to get goods to market. A prolonged period of higher prices will additionally funnel money into these economic regions making them more attractive in their own right.

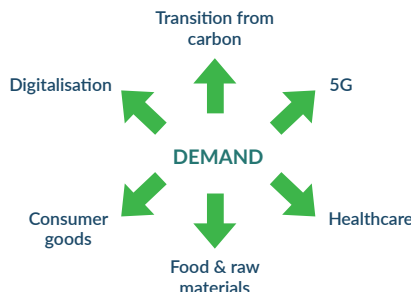
In the current environment these areas of activity look just as exciting to us as digitalisation did a couple of years ago. Perhaps more so to the extent they enable or prime greater economic engagement in formally less active populations.

Plus ça change. Everything changes and nothing changes. Capital flows to where it is most gainfully employed. Just as rising competition dilutes pricing power in streaming and tech platforms for example, so shortages appear in other areas of endeavour that have been ignored and for which demand is rising. Margins improve, capital is attracted and the caravan moves on.

*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	-1.51	2.97	-7.72	-9.29	0.81	58.92
IA Global TR Index	-3.24	-0.94	-5.98	-8.03	0.62	53.42
Quartile Ranking	1	1	3	3	3	2

Discrete performance (%)			
	30/04/2021 - 30/04/2022	30/04/2020 - 30/04/2021	
VT Downing Global Investors F Acc	0.81	50.94	
IA Global TR Index	0.62	33.52	
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.

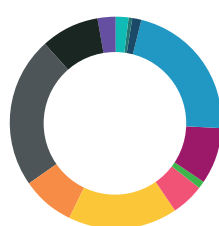
# Portfolio summary

As at 30 April 2022

## Top 5 holdings

	% of fund
Archer Daniels Midland Co	2.81
Thales SA	2.07
Glencore Plc	1.97
Alphamin Resources Corp	1.89
Ivanhoe Mines Ltd	1.89

## Portfolio by sector



2.07%	Communications	8.18%	Information Technology
0.48%	Commodity & Energy	22.93%	Materials
1.51%	Consumer Discretionary	8.90%	Real Estate
21.90%	Consumer Staples	2.64%	Cash
8.63%	Energy		
1.08%	Financials		
5.13%	Health Care		
16.55%	Industrials		

Source: Valu-Trac Investment Management Limited.

## Key facts As at 30 April 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

£36.54m (A & F share classes combined)

### Share price

Class A 107.4008p (Acc)

Class A 100.0000p (Inc)

Class F 158.9224p (Acc)

Class F 139.1393p (Inc)

### Number of company holdings

114

### 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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London EC3R 6HD

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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	Hubwise
Aegon	Interactive Investor
AJ Bell	M&G
Aviva	Nexus Funds Service
Canada Life International	Quilter
Elevate	Raymond James
Embark	Standard Life
FNZ	Transact
Fusion	Zurich
Hargreaves Lansdown	

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:** 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%.

**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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