

VT Downing Global Investors Fund



July 2020 Commentary

Even though we are all aware of how rapidly the world is changing, it still requires some double taking to grasp just how quickly this is both happening and speeding up!

One of our larger investments, [Shopify](#), reported in [July](#). Shopify operates 'storefronts' online for third parties and is becoming a serious competitor to [Amazon](#) - it is now the second largest e-commerce platform in the USA. [Shopify](#) reported a 97% rise in revenues to \$714 million for the quarter ending in June. That result massively exceeded consensus forecasts from brokers, themselves an optimistic bunch. Gross merchandise value (the value of traded goods from which Shopify takes its cut), for that quarter alone, rose to \$30 billion and now exceeds volumes across the Ebay platform. These are really really big figures, rising really really strongly. Back in 2014, not that long ago, [Shopify](#) showed annual (not quarterly) revenues of \$105 million. Variations on this phenomenon are repeating themselves across the consumer facing spectrum. [Nestle](#), also reporting in July, referencing almost a 50% rise in e-commerce trade. Similarly, [L'Oreal](#) cited a 65% jump in e-commerce sales in H1, which now represent 25% of the group's total turnover, and are growing at almost twice the speed of the market and accelerating every month even as stores are reopening. For the first time, L'Oreal's online sales are growing faster in countries outside China, for example in the US and Western Europe.

The same online momentum is showing in healthcare (telemedicine), food delivery, streaming, research and data, and many other areas the Fund is exposed to, and perhaps the principal common link is going to be a potentially huge leap in productivity. That is perhaps the main point...we believe that the substantial supply of money, labour and materials will enable and drive substantial recovery across the global economy. But perhaps more importantly, a leap in productivity (output per unit of input) will accelerate this, keep inflationary pressures subdued, and keep margins up. We think markets are signalling this through their strength.

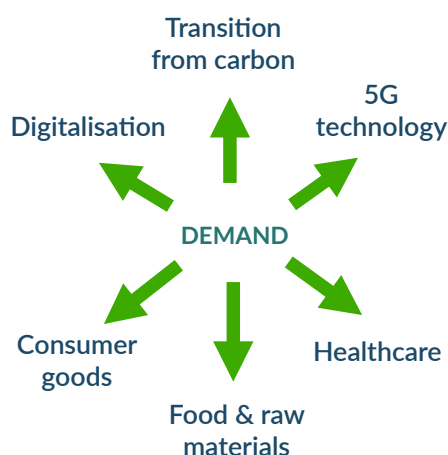
Opinions expressed represent the views of the Fund Manager at the time of publication, are subject to change, and should not be interpreted as investment advice.

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.

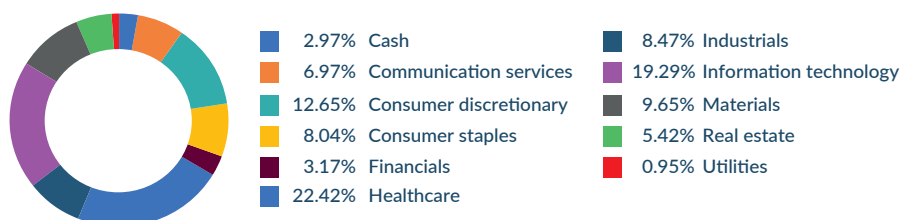
Portfolio summary

As at 31 July 2020

Top 5 holdings

	% of Fund
Top Glove Corporation Bhd	1.86%
Ivanhoe Mines Ltd	1.22%
DocuSign Inc	1.10%
Zscaler Inc	1.10%
Sony Corp	1.03%

Portfolio by sector



Source: Valu-Trac Investment Management Limited.

Key facts As at 31 July 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

£20.55m (A & F share classes combined)

Share price

Class A 100.0000p (Acc and Inc)

Class F 124.3113p (Acc)

Class F 110.2148p (Inc)

Number of company holdings

172

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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