

VT Downing Global Investors Fund



March 2022 Commentary

The Daily Mirror is a bit of a 'ranter rag' aimed at its reader constituency much like the Daily Mail is to its audience. But it ran a fabulous front page on 1 April, which was up there with 'Gotcha' from the Falklands War period, and as investors, we should also pay attention. It reads; 'April Cruel Day - energy bills up, council tax up, national insurance up, water up, stamps up, broadband up'. They could have gone on, with food bills, secondhand car prices, domestic help costs also all rising.

The implied message is that a strong global economy, running along efficiently but serviced on a 'just in time' model, has steamed straight into a mounting series of supply bottlenecks aggravated by the war in Ukraine. Our interpretation is that pricing power is moving within the supply chain from the finished goods end to the primary inputs end. For example, from branded toothpaste to what toothpaste is made with, virtually across the board. That implies some extent of recession in the discretionary sector of the economy as a consequence of higher prices and widening margins in non-discretionary areas. The saving grace is that money supply remains adequate as defined by relatively low interest rates (its cost). Our view is that raising short term rates is an unforced error and will reverse. If we are right, in due course there will be a capex boom triggered by the supply response (or competitive response) that is stimulated by higher prices.

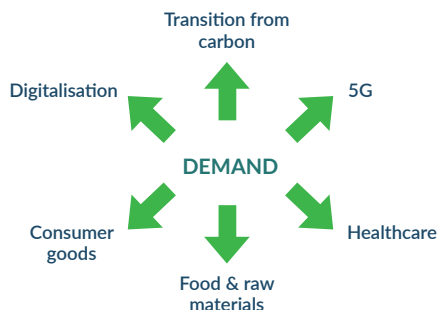
At the same time, it would be rational to expect that the 'just in time' supply model is looking riskier. It is fair to say that if much of the manufactured exports from China, and of food and energy products from the Russian sphere of influence are delivered on that basis, then perhaps they won't be in the future. That scenario both benefits competing suppliers based elsewhere and is likely to cause an expansion in the storage side of the logistics business relative to the 'move it as quick as possible' side. We believe that process may have already begun well before the Ukraine war. As the global economy becomes wealthier/moves upmarket so the proportion of finished goods costs represented by labour falls and there is less need to search for the cheapest labour as an end in itself.

The composition of our portfolio reflects these views and more than half of our investments are in businesses nearer the early stages of the modern industrial economy supply line than at the end of it.

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	5.60	-7.90	-3.61	-7.90	7.07	61.35
IA Global TR Index	4.53	-4.83	-0.38	-4.83	8.52	58.76
Quartile Ranking	1	3	3	3	3	2

Discrete performance (%)			
	31/03/2021 - 31/03/2020	31/03/2022 - 31/03/2021	
VT Downing Global Investors F Acc	7.07	50.75	
IA Global TR Index	8.52	40.59	
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.

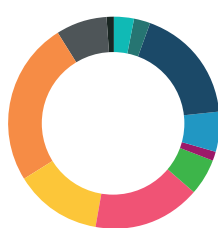
Portfolio summary

As at 31 March 2022

Top 5 holdings

	% of fund
Wilmar International Ltd	2.66
Archer Daniels Midland Co	2.56
Eramet SA	2.31
Glencore Plc	2.20
Ivanhoe Mines Ltd	2.07

Portfolio by sector



3.13%	Communications	24.87%	Materials
2.62%	Consumer Discretionary	7.76%	Real Estate
17.77%	Consumer Staples	1.10%	Cash
6.02%	Energy		
1.57%	Financials		
5.54%	Health Care		
16.39%	Industrials		
13.23%	Information Technology		

Source: Valu-Trac Investment Management Limited.

Key facts As at 31 March 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

£36.99m (A & F share classes combined)

Share price

Class A 109.0556p (Acc)

Class A 100.0000p (Inc)

Class F 161.3518p (Acc)

Class F 141.2662p (Inc)

Number of company holdings

113

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: 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/

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

* **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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