VT Downing Global Investors Fund

Downing

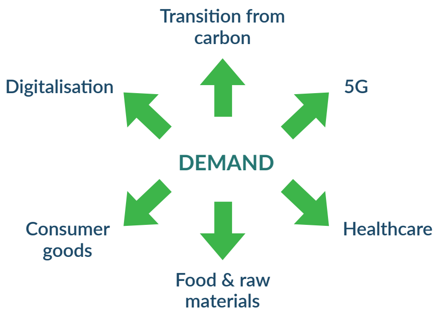
February 2022 Commentary

Markets were much more robust than we had expected in February given the Russian invasion of Ukraine. They fell, but not by as much as seemed likely once Putin's horns were out. We have continued our pirouette to the commodity complex in its broadest sense. That is metals, foodstuffs and the energy complex, across all energy sources, but also microchips and all other primary inputs and associated logistics. That has been funded by exiting pretty much all of the 'jam tomorrow' positions within the technology sector. That is those companies promising huge profits tomorrow, but none today. These were the darlings of the Covid and immediate post pandemic period but have slightly fallen from grace now. Once the mood changes (but you never know it has until it has) 50x sales as a valuation metric suddenly looks stretched against, say, 10x earnings. Commodity prices were already signaling a tightening of the supply/demand balance before Russia kicked off, and this may continue as trade restrictions and sanctions spread given the material Russian presence in most supply chains. Equally, and for the same reason, we feel that any global upturn in interest rates is likely to stall. The global economy is likely to be affected by Russian activities, but even if it is not the 'cost of living crisis' will temper any excess demand more effectively than piecemeal rate hikes. Rate hikes would simply tip the whole thing over. For that reason, we have much reduced our exposure to banks. They looked attractive to us as purveyors of a commodity (money) rising in price. They look less appealing if interest rates are static. In summary, for now, this portfolio is invested in businesses catering to recurring demand.

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	-1.01	-14.07	-12.34	-12.79	-0.09	52.79
IA Global TR Index	-1.93	-7.71	-6.59	-8.95	6.83	51.88
Quartile Ranking	1	4	4	4	4	2

Discrete performance (%)	
	28/02/2021 - 28/02/2022
VT Downing Global Investors F Acc	-0.09
IA Global TR Index	6.83
Quartile Ranking	4

** 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 28 February 2022

Top 5 holdings

	% of fund
Glencore Plc	2.05
Ivanhoe Mines Ltd	1.97
Wilmar International Ltd	1.96
Eramet SA	1.90
Archer Daniels Midland Co	1.87

Source: Valu-Trac Investment Management Limited.

Portfolio by sector

5.65%	Communications
6.59%	Consumer Discretionary
17.58%	Consumer Staples
6.01%	Energy
2.77%	Financials
4.70%	Health Care
12.93%	Industrials
16.69%	Information Technology
19.67%	Materials
6.05%	Real Estate
1.36%	Cash

Key facts

As at 28 February 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
£35.11m (A & F share classes combined)

Share price
Class A 103.2822p (Acc)
Class A 100.0000p (Inc)
Class F 152.7905p (Acc)
Class F 133.7716p (Inc)

Number of company holdings
130

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

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IV32 7QE
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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	**Hargreaves Lansdown**
Aegon	**Hubwise**
AJ Bell	**Interactive Investor**
Aviva	**M&G**
Canada Life	**Nexus Funds Service**
International	**Quilter**
Elevate	**Raymond James**
Embark	**Standard Life**
FNZ	**Transact**
Fusion	**Zurich**

We are currently working with other platforms so please let us know if yours is not listed above.

* ***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%.

www.downingglobalinvestors.com