

VT Downing Global Investors Fund



December 2022 Commentary

Calendar dates and year-ends mean nothing in the cycle of life generally, but they do encourage reflection. The global economy is affected by many things, not least war, and the market's interpretation of them (sentiment). However, in our view, the greatest influences are probably input costs. Input costs can loosely be grouped into four; the cost of stuff from which things are made (commodities and capital equipment); the cost of labour to do the making; the cost of the energy consumed; and the cost of the money to finance everything. Generally speaking, and unless there is a supply response, as those costs rise, economic activity slows. When input costs start to drop, economic activity picks up again.

So where are we now? If we use the 30 Year US Treasury Yield as a proxy, the cost of money has nearly doubled over the past year. That is a major drag and free money is no more. However, the cost of many commodities, both foods and raw materials and metals are at or lower than where they were before Russia invaded Ukraine. Similarly, the costs of oil and gas are both lower than they were before the war started. That is relevant because the implication is that a major supplier of both energy and food to the world economy has been replaced with other sources. These have different origins (the US for example) or are a substitution (solar energy for example). Labour costs are rising, but at a rate that seems both good for those receiving the raise and affordable for the payers. Taken as a whole, the patterns of input cost behaviour seem to us to imply the global economy is in better shape, and more resilient shape, than is widely reported. The political actions of Russia and China are increasingly making both of them unattractive trade partners. This is serving to both diversify supply and trade routes, and broaden access to global trade (happy days for India for example), which further improves the robustness of the whole longer term.

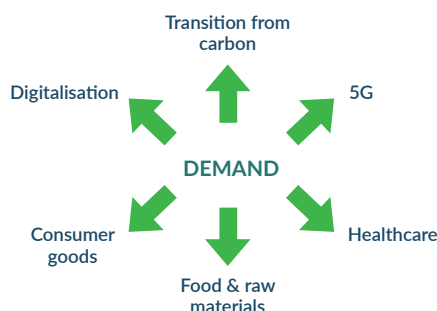
In our experience, this interpretation of circumstances appears to be supported by better than expected performances in the last few months of 2022, from exposures to both the Consumer and Technology sectors. In the closing weeks of 2022, it was energy suppliers in particular that began to weaken, implying adequate supply.

Happy New Year and thank you for your investment.

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
Jun-22	30/06/2022	31/08/2022	1.6622	0.0000	2.4595	2.1533
Dec-22	31/12/2022	28/02/2023	1.2642	0.0000	1.8728	1.6119

Cumulative performance (%)						
	1m	3m	6m	YTD	1y	Since Launch**
VT Downing Global Investors F Acc	-2.50	-0.29	3.39	-15.78	-15.78	47.55
IA Global TR Index	-2.88	2.19	4.02	-11.06	-11.06	48.35
Quartile Ranking	2	4	3	3	3	3

Discrete performance (%)			
	31/12/2021 - 31/12/2022	31/12/2020 - 31/12/2021	
VT Downing Global Investors F Acc	-15.78	14.99	
IA Global TR Index	-11.06	17.68	
Quartile Ranking	3	3	

Please note that past performance is not a reliable indicator of future results.

* Distributions are subject to change and should not be utilised as a basis for an investment decision.

** 24 March 2020



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 date 1 October 2022



Awarded on 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 December 2022

Top 10 holdings

	% of fund
Archer Daniels Midland Co	2.00
Glencore Plc	1.82
TotalEnergies SE	1.63
Unilever Plc	1.50
Wilmar International Ltd	1.46
Olam Group Ltd	1.45
Energia Innovacion y Desarrollo Fotovoltaico SA	1.36
Marubeni Corp	1.35
KRBL Ltd	1.30
PNE AG	1.26

Source: Valu-Trac Investment Management Limited.

Portfolio by sector



Key facts As at 31 December 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

£37.52m (A & F share classes combined)

Share price

Class A 99.6122p (Acc)

Class A 100.0000p (Inc)

Class F 147.5513p (Acc)

Class F 125.3531p (Inc)

Number of company holdings

158

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: 0.96%

Class F: 0.81%

How to apply:

Telephone +44 (0)1343 880 217 or

visit: www.valu-trac.com/administration-services/clients/downing/global

Also on the following platforms:

7IM

Aegon Institutional

Aegon Platform

AJ Bell (Investcentre)

AJ Bell (Youinvest)

Aviva

Canada Life

Embark Platform

Hargreaves Lansdown

Hubwise

Interactive Investor

J Brearley

Pershing

Praemium

Quilter

Standard Life - Elevate

Transact

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 24 June 2022. 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

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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